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## The West

#### Contention 1: The Transatlantic

#### Including Mexico in Transatlantic Trade and Investment Partnership negotiations leverages the entire South American market – saves EU and US economies.

**Meacham 7/25** – director of the Americas Program at the Center for Strategic and International Studies in Washington D.C., former senior advisor for Latin America and the Caribbean on the Senate Foreign Relations Committee to Senator Richard Lugar (Carl, “The Trans-Atlantic Trade and Investment Partnership: Mexico Wants In – Why not?”, 7/25/13; < http://csis.org/publication/trans-atlantic-trade-and-investment-partnership-mexico-wants-why-not>)//Beddow

On Wednesday, July 24, the CSIS Americas Program hosted Mexico’s ambassador to the United States, Eduardo Medina Mora, to discuss North America’s competitiveness in the global economy. Under this broad umbrella, there has been one question increasingly posed by policymakers in the Western Hemisphere and the private sector alike: why isn’t Mexico part of the Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations?—and the ambassador affirmed Mexico’s firm support for the country’s inclusion. The negotiations for the TTIP, the long awaited free trade agreement (FTA) between the United States and the European Union (EU), launched two weeks ago. Though the start of the talks were initially marred by intense political tensions caused by the recent revelations of U.S. global espionage operations, both parties decided to move forward, given how much both stand to benefit from the agreement. The agreement aims to remove existing trade barriers on a variety of economic sectors between the EU and the United States in order to promote investment flows, facilitate commerce, and boost economic growth and job creation on both sides of the Atlantic**. If the negotiations are successful, the TTIP will be the biggest trade agreement in history, encompassing 40 percent of global output.** Yet, while **Mexico** is a member of the North American Free Trade Agreement (NAFTA), remains among the United States' top three trade partners, and already has an FTA with the European Union to build upon, it **remains on the negotiating sidelines.** And in recent talks at CSIS, including by the National Security Council’s Latin America head as well as the EU’s manager for the Americas, there does not appear to be much interest in including Mexico in talks that are, admittedly, already complex. But **if both the United States and the EU are looking to foster economic growth and employment through trade liberalization, why not transform these EU-U.S. talks into an EU-U.S.-Mexico agreement?** Q1: What does the Mexican economy look like today? What free trade agreements does the country already belong to? A1: While much of the focus on Mexico from the United States remains on security and immigration, it is the country's increasing competitiveness and economic liberalization that merit attention. Mexico, Latin America's second largest economy, is currently a member of 12 different FTAs involving 44 other nations, making it among the most open of the world's leading economies. In 2011, a full third of Mexico's gross domestic product (GDP) was comprised of exports and imports. In contrast, just 15 percent of U.S. GDP was derived from the same. Mexico's extensive network of FTAs includes most of the Western Hemisphere, Israel, and Japan. It also belongs to an economic partnership with the European Union (enacted in 2000) and to NAFTA—the world's largest FTA to date, with a combined GDP of $17 trillion linking 450 million people. Last year, Mexico joined the Trans-Pacific Partnership (TPP) negotiations, a high-standard FTA among a number of Pacific Rim countries that remains in the works. It is also a member of the World Trade Organization (WTO), the Asia Pacific Economic Cooperation (APEC), the Organization for Economic Cooperation and Development (OECD), the Latin American Integration Association (ALADI), and the emerging Pacific Alliance, a free trade and integration effort that hopes to become the commercial bridge between the Americas and the Asia Pacific region**. Mexico alone is a bigger market for the United States than all the BRIC economies combined, and growing opportunities for trade and investment in the economy solidify this status moving forward**. Q2: Why has Mexico been excluded from TTIP negotiations to date? A2: **While Mexico's recent economic growth has proven impressive, entering the TTIP would provide a meaningful surge for the Mexican economy, potentially propelling it into the proverbial big leagues**. Mexico's interest in being included in the agreement is no secret, but both the United States and the European Union have ignored the petition, claiming inopportune political circumstances. The reasoning here is twofold. First, given the years of encouragement that preceded the formal start of EU-U.S. negotiations, neither party wishes to jeopardize what could be the biggest FTA in history by bringing more participants on board--regardless of the value their inclusion adds. Leaders from both the United States and the EU think this would bring a long and burdensome political process that could prove detrimental for the negotiations. And though both have shied away from anything that might complicate the process of reaching an initial agreement, neither has rejected the idea of accepting more members down the road, once the agreement is consolidated. The second argument is more of a corollary to the first. At his talk with the Americas Program last week, Christian Leffler, the EU’s managing director for the Americas, explained that because Mexico already shares FTAs with the United States and the EU, including Mexico in the TTIP can be seen as superfluous—at least for now. Particularly given the drag additional parties could put on negotiations, the benefits of including Mexico, so the argument goes, fail to outweigh the potential costs. Q3: Why should Mexico be included in the ongoing TTIP negotiations? A3: In simplest terms**, all three parties stand to gain from including Mexico in the TTIP negotiations. While Mexico does have standing trade agreements with the United States and the European Union, both are seen as outdated**. EU Trade Commissioner Karel De Gucht called for the modernization of the current Mexico-EU agreement last November, and NAFTA modernization including the energy and telecommunications sectors, both of which were excluded when the agreement entered into force nearly 20 years ago, would greatly advance the political and economic interests of the United States. Mexico's stake in being included the agreement is straightforward. The sheer size of the proposed market, coupled with the added competitiveness Mexico would lose out on should it remain excluded, together provide a compelling rationale for why TTIP membership is in Mexico's interests. **It is important for the United States and the EU to remember that Mexico brings a lot to the negotiating table. First,** Europe, in dire need of economic reinvigoration and expanded employment, has much to gain from Mexico's liberalized trade with the rest of the world--and its need for foreign direct investment**. Second**, the U.S.-Mexican economic interdependence implies that indirectly, the more Mexico enhances its global trade relationships, the better off the United States is as well. **Finally,** because Mexican supply chains are already closely linked to the rest of Latin America and the Asia Pacific region, both the United States and the European Union stand to gain from increased access to those markets as well, and that access could come by means of Mexico's inclusion in the TTIP, given its membership in both the TPP and the Pacific Alliance. **Just as NAFTA transformed the relationship between the United States and Mexico, a TTIP that brought our southern neighbor on board could do the same for transatlantic relations.** Given its global commercial links, and growing economy and productivity, it makes more sense than ever to bring in one of our biggest economic partners to the TTIP. Conclusion: Mexico is reemerging as a leading destination for foreign investment given the country's low production costs, proximity to the U.S. market, recent sweeping reforms in key economic sectors (and more expected to come), and emerging economies of scale in high-skilled industries. Engaging in the dynamic free trade opportunities the TTIP offers will spur North American and transatlantic economic cooperation alike--and strengthen all parties' competitiveness globally.

#### Scenario 1: Europe

#### EU recovery’s fake – data doesn’t assume demand-side limits.

**Foroohar 8/15/13** assistance managing editor for Time in charge of economics and business(Rana Foroohar, 15 August 2013, “Europe’s False Recovery,” Time Magazine, http://business.time.com/2013/08/15/europes-false-recovery/)//KP

When is a recovery not a recovery? When it comes in the euro zone. On Wednesday, Europe officially vaulted out of its longest recession since the creation of the single currency, growing 0.3% after shrinking exactly that much in the first quarter. While that still only adds up to 0% growth, European officials are already lauding their “success” and attempting to rebrand their much maligned economic formula of austerity. “The data … supports, in my view, the fundamentals of our crisis response: a policy mix where building a stability culture and pursuing structural reforms supportive of growth and jobs go hand in hand,” said Olli Rehn, the E.U.’s Commissioner for Economic and Monetary Affairs. The markets, desperate for a bit of good news in Europe, are now hoping for more: investors are more bullish on euro-zone equities than at any time since January 2008, according to a monthly fund managers’ poll from Bank of America Merrill Lynch. But a better European stock market presupposes continued economic growth. And if you look closely as the last quarter recovery, it’s built on shaky foundations, like a one-off weather-related rebound (German and French construction picked up after a long, slow, cold winter), as well as a boost in export demand from outside Europe that German manufacturers themselves say probably won’t continue. Credit is still tight, which will constrain business investment, and while consumer spending has picked up a bit, French and German shoppers can’t make up for a lack of demand in countries like Spain, Italy and the Netherlands, which are still in recession. Meanwhile, some 20 million people in the euro zone are still out of a job — a record 12.1%. That’s unlikely to change anytime soon. The problem is as it always has been: an unresolved debt crisis precipitated by an E.U. built on faulty foundations. As I explained recently in a TIME magazine article about how Germany must save the euro to save itself, austerity hasn’t worked at all — and bailouts have merely papered over the fact that the E.U. isn’t an integrated economic union, but rather a collection of states operating on two speeds, with no integrated fiscal policy. “The return to modest rates of economic growth in the euro zone as a whole won’t do much to address the deep-seated economic and fiscal problems of the peripheral countries,” wrote Jonathan Lyons, chief European economist of London-based Capital Economics, in a note to clients. “Indeed, stronger growth in the core could even have some negative effects on the periphery by maintaining an undesirably strong euro and deterring the European Central Bank from providing further monetary stimulus.”

#### Increased Latin American trade key to European economic recovery.

**Ferreira 8/1** – candidate for Masters of Public Administration at Cornell University, writing for WorldPolicy (Luis A., “The European Union’s Trade with Latin America”, 8/1/13; <http://www.worldpolicy.org/blog/2013/08/01/european-unions-trade-latin-america)//Beddow

As the European Union searches for solutions to problems within its economic model, it is imperative that it finds ways to stimulate economic growth. Given that trade is one of the European Union’s foundational characteristics, it should look to expand trade as a means of promoting growth. Although Asia often grabs headlines due to its economic performance, and Brussels has begun negotiating a free trade agreement with the United States, **the European Union should put effort into expanding trade with Latin America**, a region that has seen significant economic growth in the last decade and has strong economic ties with Europe. In the last 10 years trade between the European Union and Latin America doubled to around $280 billion. The European Union has free trade agreements with the Central American and Caribbean countries, with the members of the Pacific Alliance -- Colombia, Chile, Mexico, and Peru -- while similar talks are in progress with Mercosur, which comprises of Argentina, Brazil, Paraguay, Uruguay, and Venezuela. Additionally, a recent UN Economic Commission for Latin America and the Caribbean (ECLAC) report shows that Europe is essential for Latin America’s development, with European foreign direct investments (FDI’s) outmatching those from China, India, and Russia. Europe already trades extensively with Latin America. Last year, the European Union exported over $145 billion to Latin America, or 6.5 percent of its total exports, with more than $52.12 billion to Brazil and $36.76 billion to Mexico alone. Meanwhile, America Móvil, a Mexican telecommunications company, doubled its investment in Europe to $25,597 billion from 2011, with Austria and the Netherlands receiving $4.48 billion. Spain is equally involved in Latin America, with half of the profits in 2011 from Spanish banks coming from their Latin American branches, while in 2010 these subsidiaries sent $151 billion to Spain. These figures illustrate strong regional commerce. While this is a good foundation, European-Latin American commerce must be expanded further. The European Union can aid this process by finalizing its free trade agreement with Mercosur, while also reducing agricultural tariffs. The end of the 20 years banana dispute last November, in which the European Union agreed to reduce its tariff on bananas, was a good step forward. While securing the free trade agreement and altering European Common Agricultural Policy tariff will not be easily accomplished, the completion of both would significantly boost trade and **invigorate European growth**. Given their strong economic and social ties with Latin America, Spain and Portugal can lead the way. In early June, Spanish Foreign Minister Jose Manuel Garcia-Margallo reiterated Latin America’s importance to Spain during talks with EU High Commissioner, Catherine Ashton. Portugal has also benefited tremendously from Brazil, with President Dilma Rousseff pledging solidarity and calling for an expansion of trade between the two countries. Similarly, both Madrid and Lisbon have led European ties with Latin America through the Organization of Ibero-American States (founded in 1949) and its annual Ibero-American Summits (started in 1991). Finally, despite their disappointment, the EU-Latin America summits, which began in 1999, should continue so that leaders from both sides have a forum to expand relations on strengthening democracy, the rule of law, international peace and political stability. This past January’s EU-Latin America summit in Chile failed to deliver on European leaders’ hope of finalizing the free trade agreement with Mercosur, yet it delivered a declaration calling on legal safety for European investments. Although the European Union’s largest problems are institutional and the Union cannot rely on trade alone to pull itself out of recession, it has a great opportunity to begin its economic recovery by expanding commerce with Latin America. As Latin American economies continue to increase, the European Union should use that opportunity for its own growth.

#### European economic decline causes EU-centralization.

**Schwarz 11** – International Committee of the Fourth International (Peter, “The Unravelling of the European Union”, 11/14/11; <http://www.wsws.org/en/articles/2011/11/pers-n14.html>)//Beddow

Less than a year ago the demise of the euro and the breakup of the European Union were generally conceived of as unthinkable. Now, they are the dominant themes in European politics and in the media. German Chancellor Angela Merkel recently warned parliament, “If the euro fails, Europe fails.” Similar warnings have been made by French President Nicolas Sarkozy. Not only the notoriously euro-skeptical British press, but also such pro-European papers as France’s Le Monde and Germany’s Die Zeit are no longer excluding the failure of the common European currency. European Commission President Jose Manuel Barroso has described the economic consequences of such a development in the starkest terms. **The collapse of the euro zone would cause an economic crash that would instantly wipe out half of the value of Europe's economy, plunging the continent into a depression** as deep as the 1930s slump, he has declared. But the alternative proposed by Merkel, Sarkozy and Barroso to avoid such a catastrophe is not less disastrous. It amounts to setting up a dictatorship of the financial markets over every aspect of social life. Recent events in Greece and Italy confirm this. In each country a government of experts selected by the EU is being formed without any democratic legitimacy. Its task is to decimate the living standards of the people by implementing unprecedented austerity measures. In fact, “saving” the euro by means of austerity measures and the breakup of Europe are not opposite, but rather parallel political strategies serving the same basic aim. The recent EU summit in Brussels set the course for both. It dictated punitive austerity measures for Greece and Italy and subordinated the Greek budget to the control of the “troika”—the European Union, the International Monetary Fund and the European Central Bank. At the same time, it did not exclude the exit of Greece from the euro zone. Merkel’s chancellery has already prepared studies on the financial implications of such a step, and if one country leaves the euro zone, it will hardly be possible to avoid the exodus of others. Yet another fault line in the EU has been deepened by the Brussels summit. Its decision to coordinate the financial and economic policies of the 17 euro nations more closely and form some sort of economic government will marginalize the ten EU member states that remain outside the euro zone. The division of Europe into a core dominated by Germany and France and an impotent periphery is being prepared. London, in particular, has sharply protested against this step. The European Union is faced with an insoluble dilemma. If the euro fails, the EU breaks up. But if the euro is kept alive by a core Europe dominated by Germany or by Germany and France, that will also lead to the breakup of Europe. In both cases the result will be the balkanization of Europe and a relapse into the type of national conflicts that produced two world wars in the last century. Marxists anticipated the breakup of the European Union long ago. In the 1920s, Leon Trotsky, who considered the unification of Europe an urgent necessity, published several articles on the theme. He pointed out that it was impossible to unify Europe on a capitalist basis because capitalist property is inseparably bound up with the nation-state. The bourgeoisie, in conflict with the working class and in competition with its international rivals, needs the nation state to defend its class interests and cannot do without it. In an article published by Pravda in 1923, Trotsky wrote: “Europe cannot develop economically within the state and customs frontiers imposed at Versailles. Europe is compelled either to remove these frontiers or face the threat of complete economic decay. But the methods adopted by the ruling bourgeoisie to overcome the frontiers itself had created are only increasing the existing chaos and accelerating the disintegration.” In 1989, when the Stalinist regimes in Eastern Europe were faltering and illusions about a prosperous capitalist Europe were being widely promoted, the International Committee of the Fourth International wrote in its European Election Manifesto: “The European single market does not mean the unity of Europe. Quite the opposite, it only creates the arena for the most powerful European conglomerates, which have already fought two world wars in this century, to renew their struggle for European domination. It goes along with a new wave of capital concentration and monopolization and raises existing political, economic and social contradictions to new heights.” Recent events have fully confirmed this analysis. The advances made in the economic integration of Europe during the second half of the Twentieth Century were the result of extraordinary historic circumstances—the suppression of the class struggle by Stalinism and Social Democracy and the immense economic power of the United States, which provided the basis for the revival of the war-ravaged European economy with the Marshall Plan and the establishment of the dollar as the world reserve currency. The common front against the Soviet Union in the Cold War also helped to weld the Western European powers together. But even the most economically powerful nation-state could not provide a lasting and viable framework for the progressive development of the world economy. The attempt of the United States to reconstruct world capitalism under its tutelage and domination only created the conditions for the rise of powerful rivals in Europe and Asia and its own decline. The conflicting national interests were never overcome, however. Rather, the process of European integration proceeded generally in accordance with the national interests of all those involved: Germany got easier access to export markets; France obtained a means to control its traditional German foe; Britain gained access to the European market after the demise of its empire while retaining the special role of the City of London. Now, the **economic decline of the US and the international financial crisis are reviving the national antagonisms in Europe.**

#### Here’s more evidence – the Eurocrisis is used as an excuse for rapid centralization.

**Issing 7/2** – President of the Center for Financial Studies at Frankfurt University, founding member of the Executive Board of the European Central Bank (Otmar, “The Risk of European Centralization”, 7/2/13; < http://www.project-syndicate.org/commentary/the-risk-of-european-centralization-by-otmar-issing>)//Beddow

FRANKFURT – **For many European leaders, the eurozone crisis demonstrates the need for “more Europe,” the final aim being to create a full-fledged political union**. Given the continent’s history of war and ideological division, and today’s challenges posed by globalization, a peaceful, prosperous, and united Europe that wields influence abroad is surely a desirable goal. But major disagreements about how to achieve that goal remain. Historically, monetary union was regarded as the route to political union. In the 1950’s, the French economist Jacques Rueff, a close adviser to Charles de Gaulle, argued that “L’Europe se fera par la monnaie, ou ne se fera pas” (Europe will be made through the currency, or it will not be made). Germany’s President Richard von Weizsäcker echoed this view almost a half-century later, declaring that only via a single currency would Europeans achieve a common foreign policy. More recently, German Chancellor Angela Merkel asserted that “if the euro fails, Europe will fail.” But the crisis confronting “Europe” is not so much about political union as it is about European Economic and Monetary Union. If anything, efforts to hold EMU together may have taken us further from the goal of a common foreign policy by re-igniting within member states (regardless of whether they give or receive financial aid) nationalist resentments that we hoped had died long ago. Politicians launched monetary union in 1999, despite warnings that the constituent economies were too diverse. It wasn’t long before several states violated the Stability and Growth Pact. Later, the eurozone’s “no bail-out” principle was abandoned. The response to these failings, however, was a demand for greater economic integration, including such intermediate steps as the creation of a “European finance minister” or an EU commissioner with sweeping powers to facilitate closer integration. Such ideas, of course, ignored the central issues of national sovereignty and democracy, and specifically the privilege of nationally elected governments and parliaments to determine their own taxes and public spending. The fact that sovereign member states did not deliver on their European commitments is hardly a convincing argument for giving up sovereignty now. In short, all of the measures that would implicitly support political union have turned out to be inconsistent and dangerous. They have involved huge financial risks for eurozone members. They have fueled tensions among member states. Perhaps most important, they have undermined the basis on which political union rests – namely, persuading European Union citizens to identify with the European idea. Public support for “Europe” depends to a large degree on its economic success. Indeed, it is Europe’s economic achievements that give it a political voice in the world. But, as the current crisis indicates, the best-performing EU economies are those with (relatively) flexible labor markets, reasonable tax rates, and open access to professions and business. Moreover, the impetus for economic reform has come not from the EU, but from national governments, one of the most successful examples being “Agenda 2010,” launched a decade ago by then-German Chancellor Gerhard Schröder. Numerous academic studies, following the work of the American economic historian Douglass North, support the notion that it is competition among states and regions that lays the groundwork for technological progress and economic growth. The total failure of the Lisbon Agenda, launched in March 2000 to make the EU “the most competitive and dynamic knowledge-base economy in the world” demonstrated the weakness of a centralized approach. Arguably, in earlier centuries, it was competition within Europe that generated unparalleled dynamism and prosperity across much of the continent. To be sure, this was also a time of wars. However, this does not mean that centralization is the best – much less the only – way to guarantee peace. But, once again, EU leaders responded by concluding the opposite: the Lisbon Agenda’s failure was interpreted as justifying still more harmonization and centralization of national policies. True to form, in his “State of the Union” address to the European Parliament in September 2012, European Commission President José Manuel Barroso called for a more powerful Commission. **This approach – harmonization, coordination, and centralized decision-making – continues to be regarded as a panacea for Europe’s problems.** It is the sort of pretense of knowledge that the economist Friedrich von Hayek denounced as a recipe for constraining freedom and ensuring economic mediocrity. Indeed, the European project should start from the premise that appropriate institutions, property rights, and competition, together with a growth-friendly tax system and solid fiscal policies, are the basis of economic success. The dangers of a centralizing approach can also be seen in the relationship between the 17 current eurozone members and the 11 non-eurozone EU states. As the former press on with greater integration, the adverse economic consequences of doing so are likely to deter the latter from EMU participation (which may be another sign that institutional competition cannot be suppressed forever). There are plenty of areas in which common action at the EU level is both appropriate and efficient. Environmental policy is clearly one. But **centralization of economic decision-making, as an end in itself, cannot underpin a prosperous and powerful Europe**. Jean Monnet, one of the EU’s founding fathers, once said that, given the chance to start the European integration process again, he would have begun with culture – a dimension in which we neither need nor want centralization. Europe’s cultural richness consists precisely in its diversity, and the basis for its finest achievements has been competition between people, institutions, and places. Its current economic malaise reflects European leaders’ prolonged efforts to deny the obvious.

#### Centralized European union results in a German federation – nukes US, UK, and Russia.

**MacDonald 10** – columnist from The Trumpet; Citing Franz Josef Stauss, former chairman of the German Christian Social Union (political party) and minister-president of the state of Bavaria, author of *The Grand Design* – it’s an outline for the political strategy of centralization that Angela Merkel is currently pursuing. Strauss and current German politicians think that the EU needs to be politically integrated into the United States of Europe, and that they need to secure European hegemony by entering into nationalist wars with perceived rivals like Britain, the US, and Russia (Brad, “Could Germany Soon Acquire Nuclear Weapons?”, 2/25/10; <http://www.thetrumpet.com/article/7010.5537.0.0/world/nato/could-germany-soon-acquire-nuclear-weapons>)//Beddow

At the height of the Cold War, the United States had roughly 7,000 nuclear warheads stationed in Europe. Today, America has about 200 B61 nuclear gravity bombs under the auspices of nato on the Continent. These bombs may soon be up for grabs. When the Cold War ended, the security equation dictating Europe’s defense changed, and America slashed the number of nukes it had stockpiled there. With Russia no longer perceived as a nuclear threat, it wasn’t long before some began calling on Washington to remove its few remaining nukes. The calls intensified with time. But officials in Washington and nato were concerned about the message a comprehensive nuclear drawdown would send to Russia (as well as those formerly under the Kremlin’s boot heel). So they ignored the requests and preserved the status quo. Until now. “In recent weeks it has become clear that the status quo is no longer an option,” Anne Penketh wrote in the Guardian Tuesday. The latest wave of pressure began last fall, when German and Dutch politicians demanded that America remove its nukes. It crested last week, when four senior Belgian politicians demanded that Washington remove its 20 or so B61s from their nation’s soil. And it seems the pressure on the White House will only intensify. Citing remarks from senior Belgian leaders, Agence France Presse reported last Friday that an impending joint proposal from five nato members will demand “that nuclear arms on European soil belonging to other nato member states are removed.” According to a spokesman for Belgium’s prime minister, Germany, Belgium, Luxembourg, the Netherlands and Norway will submit a petition “in the coming weeks” for more than 200 American warheads to be removed from Europe, including Turkey. We need to keep an eye on these nuclear weapons. In 1965, German politician Franz Josef Strauss wrote a visionary book in which he outlined his ambition for the creation of a united and independent German-led European superstate. Strauss envisioned this federalized European entity as much more than a globally dominant political and economic union. He believed it must possess military features that would forge it as an international force on par militarily with the United States. To Strauss, **this German-led European combine would inevitably have to go nuclear**. How? On page 52 of The Grand Design, Strauss wrote, “I can well see the day in which America, given the creation of a European nuclear force in which the United States is not itself a participant, would be entirely willing to cooperate with assistance in research and with deliveries of material” (emphasis mine throughout). After 45 years, that day may be about to dawn. Strauss’s vision of an independent European military—including a “European nuclear force” aided in its creation by the United States—could soon be reality! Any analysis of the decision to remove American nukes from Europe must factor in the broader debate currently underway between Europe and America over the future of the North Atlantic Treaty Organization. Put simply, nato is experiencing a major identity crisis. Its original mandate is redundant and it has grown so large it’s become unwieldy and cumbersome, a tangled mess of bureaucracy and conflicting ideologies and priorities. In spite of these maladies, demand for nato’s services is strong, and the alliance finds itself on the front lines of all sorts of major projects, including the ongoing war in Afghanistan. Hence the question being hotly debated by American and European leaders: What exactly is the role—or what officials have termed the new “strategic concept”—of nato? The answer to this pivotal question stands to impact us all. And we’re already getting a glimpse of what it will be. Europe is weighing heavily into the debate over nato’s future. European countries are not the dispirited, easily manipulated political and military dwarfs they were when nato coalesced as a distinctly American creation in 1949. Moreover, the European Union today is a legitimate superstate, replete with its own developing security apparatus, foreign-policy objectives and military ambitions—and is advancing its own distinct and far-reaching vision for the future of nato. In fact, 2010, as Trumpet columnist Ron Fraser recently explained, could be the year that nato transforms into a distinctly European instrument! Watching the creeping Europeanization of nato, one wonders whether this process might include the Europeanization of America’s nuclear bombs by Germany. Even now, those warheads exist under nato guidelines. **It doesn’t take much imagination to see nato’s new strategic concept including strictures that could place America’s nuclear bombs in the hands of the EU—which from its inception has been a German creation**. Of course, we don’t know for certain what will happen to these weapons. But conditions are crystallizing to where we could find out this year. In an address to world leaders at the Global Zero conference earlier this month, U.S. President Barack Obama assured his audience that America’s forthcoming “Nuclear Posture Review [npr] will reduce the role and number of nuclear weapons in our national security strategy.” According to Hans M. Kristensen of the Federation of American Scientists, “the European initiative would help the Obama administration justify a decision to withdraw the weapons from Europe by demonstrating that key nato allies no longer see a need for the deployment.” The problem is, any declaration by the White House that it plans to remove its nukes from Europe would preempt and potentially interrupt the debate over nato’s new strategic concept. But Mr. Obama is not without options, as Mr. Kristensen notes: “An alternative could be that the npr concludes that the U.S. sees no need for the continued deployment of nuclear weapons in Europe but leaves it up to nato’s new strategic concept to make the formal decision.” In other words, President **Obama could leave it up to nato—which is currently being cannibalized by European ambition—to determine what to do with America’s nuclear warheads**! Looking only at the initiative to remove American warheads from the Continent, it appears Europe would choose to banish all American bombs from its midst. But it’s not that simple. This initiative is being driven by liberal-socialist European politicians and media pundits. So far, Europe’s Catholic, conservative pro-military politicians have barely weighed in on this issue. This is the crop of leaders we must be watching—particularly **as the ongoing economic calamity intensifies the craving for closer political, economic and military union in Europe**. The debate over the future of nato will continue throughout 2010. As it does, expect Europe’s voice and role in nato to get stronger. Pay special attention to German politician Baron Karl-Theodor zu Guttenberg. Guttenberg recently lashed out at nato, calling it an inept organization in need of a radical overhaul. Germany’s defense minister believes, as do more than a few European politicians these days, that Europe needs a stronger military, one closely aligned with and heavily influencing nato. As Europe cannibalizes nato, don’t be surprised if it cannibalizes America’s nuclear weapons on the Continent! If this occurs, the most pressing question will be: What will this newly dominant European military power do with these nuclear warheads? The late Herbert Armstrong answered that question in the April 1980 issue of the Plain Truth. “You may be sure the West European leaders are conferring hurriedly and secretly about how and how soon they may unite and provide a united European military force so they can defend themselves!” he wrote. “And so **they will no longer have to give in meekly to Russia**! And who will they blame for their humiliation and their necessity now to have a united Europe, with a united government, a common currency, and a common military force as great or greater than either the ussr or the usa? **They will blame the United States**! And when they are strong enough to assert themselves, they will first attack Britain for standing firm with the U.S., and then they will return a lot of hydrogen bombs the U.S. has stored now in Europe!” To most people in 1980, that forecast probably sounded absolutely ridiculous—as did Franz Josef Strauss’s “grand design” for a united European constellation in which Germany shone as the leading and brightest star. But today each of these forecasts seem much less extreme and far more sobering. And if you think that’s sobering, consider how far advanced each of these trends could be this time next year, considering the rate at which world events are unfolding.

#### Scenario 2: The U.S.

#### Latin American free trade key to U.S. growth and recovery

Noriega and Cardenas 12 – \*Former US State Dept Official, \*\* director with Vision Americas (“An action plan for US policy in the Americas,” December, http://www.aei.org/outlook/foreign-and-defense-policy/regional/latin-america/an-action-plan-for-us-policy-in-the-americas/)//BB

Key points in this Outlook: America’s economic crisis and threats to US security have undermined its traditional global-leadership role and weakened its connections to Latin American nations that continue to modernize their economies.¶ The United States must recover its regional credibility by taking bold initiatives to restore its fiscal solvency, while aggressively promoting trade, energy interdependence, technology transfer, and economic growth. ¶ The United States must then retool its strategy for its partners in the Americas by working with them to combat threats such as cross-border criminality and radical populism, encouraging dialogue with regional leaders, and ensuring law enforcement cooperation to develop a mutually beneficial relationship. ¶ ¶ A stable and prosperous Americas is indispensable to US economic success and security. The region is home to three of the top four foreign sources of energy to the United States, as well as the fastest-growing destinations for US exports and investment. Clearly, geography and shared values predetermine a united destiny for the United States and its neighbors in the Americas. How positive and fruitful that destiny will be depends on whether US policymakers, private businesses, and civil society move with a greater sense of purpose toward seizing promising opportunities and meeting critical challenges.¶ Times have changed. The US fiscal crisis and preoccupation with two distant wars have distracted policymakers in Washington and undermined US leadership in the Americas. Although access to the US market, investment, technology, and other economic benefits are highly valued by most countries in the Western Hemisphere, today, the United States is no longer the only major partner to choose from. Asia (principally China) and Europe are making important inroads. So, as US policymakers retool their strategy for the Americas, they must shelve the paternalism of the past and be much more energetic in forming meaningful partnerships with willing neighbors.¶ Of course, the United States must recover its credibility by making bold decisions to restore its own fiscal solvency, while aggressively promoting trade, energy interdependence, technology transfer, and economic growth. Then, Washington will be better positioned to cultivate greater economic and political cooperation among its neighbors, beginning with an open and candid dialogue with the region’s leaders about their vision, their challenges, and their priorities. Partnerships can thus be built on common ground.¶ The security challenges in the Americas are very real and growing more complicated every day. Illegal narcotics trafficking, transnational organized crime, and radical populism fueled by petrodollars and allied with dangerous extraregional forces pose daunting challenges. Although it is wise to prioritize a positive socioeconomic and political agenda, assessing and addressing threats is an indispensable prerequisite to achieving US security and regional leadership.¶ To make the most of their united destiny, the United States and its partners in the Americas should:¶ Promote and defend democracy, the rule of law, and human rights and private property as the building blocks of just societies, accountable governments, and prosperous economies;¶ Advocate and support the empowerment of individuals through the development of strong free-market economies, healthy private sectors, and free trade among nations;¶ Assist neighbors in addressing their essential security needs so they can grow in peace and be more effective allies to prevent or confront common threats;¶ Incentivize capital markets and encourage new and innovative technology cooperation to develop a regional community that is interdependent in the production and distribution of a range of products and services—particularly energy;¶ Confront international organized crime in Mexico and Central America by supporting effective law-enforcement institutions and competent judicial systems;¶ Work with willing allies to restore the Organization of American States to its essential mission of promoting and defending common values and meeting common threats;¶ Address the role of China and Russia in the Americas by encouraging open and transparent regional investment and trade and rejecting exploitive policies that undermine local societies, regional security, and economic growth;¶ Combat threats posed by authoritarian regimes and their ties with Iran, Hezbollah, and transnational criminal organizations; ¶ Assist the Cuban people in transitioning to a post–Castro Cuba by helping to jump-start their private sector, rehabilitate their economy, and restore their political freedoms when the dictatorship collapses.¶ ¶ Maximizing Mutual Global Competitiveness¶ Expanding regional economic cooperation is crucial to US economic growth. An aggressive trade promotion and investment strategy in today’s hypercompetitive, globalized economy is not a policy option; it is an imperative. Clearly, prosperity at home depends on success abroad. The economic opportunities in the Western Hemisphere are enormous, and US policy-makers and the private sector must recognize them as critical to US economic growth.¶ In 2011, US exports reached a record $2.1 trillion in total value, despite the fact that only 1 percent of US businesses export their products to foreign markets. The United States must expand on these opportunities. Exports benefit the US economy by offering companies opportunities to tap new markets, expand their production, and earn more consumer dollars. Today, 95 percent of the world’s consumers live outside the United States, and the International Monetary Fund predicts that, through 2015, some 80 percent of economic growth will take place beyond US shores.¶ It is indisputable that an aggressive US trade policy—meaning selling US goods and services in as many markets as possible—is essential for the US economy to hone its competitive edge in the 21st century. In this sense, America’s future is inextricably linked to the future of its neighbors in its own hemisphere. A prosperous hemisphere means a more prosperous United States.

#### Absent increased growth, US retrenchment and resultant wars are inevitable by the end of the decade.

**Lieberthal and O’Hanlon 12** – foreign policy scholars at the Brookings Institution (Kenneth and Michael, “The Real National Security Threat: America’s Debt”, 7/3/12; < http://articles.latimes.com/2012/jul/03/opinion/la-oe-ohanlon-fiscal-reform-20120703>)//Beddow

Economic renewal and fiscal reform have become the preeminent issues, not only for domestic and economic policy but for foreign policy as well. As the former chairman of the Joint Chiefs of Staff, Adm.Michael G. Mullen, was fond of saying, national debt has become perhaps our top national security threat. And neither major presidential candidate is doing enough about it. **This issue needs to be framed as crucial not just for our future prosperity but for international stability as well**. The United States has been running trillion-dollar deficits, resulting in a huge explosion in the country's indebtedness. Publicly held debt now equals 70% of gross domestic product, a threshold many economists consider significant and highly worrisome. Making matters worse, half of our current deficit financing is being provided by foreigners. We are getting by with low interest rates and tolerable levels of domestic investment only because they find U.S. debt attractive, which may not last. According to the nonpartisan Committee for a Responsible Federal Budget, President Obama's long-term budget plan would allow publicly held debt as a fraction of GDP to rise further, up to 75%, within a decade. Mitt Romney's proposal, featuring tax cuts and defense spending increases and as-yet-unspecified (and thus less than fully credible) entitlement reform, appears worse. It would probably drive publicly held debt to 95% of GDP over the same period. Put differently, though both are serious and pragmatic men, neither major party's presidential candidate is adequately stepping up to the plate, with Romney's plan the more troubling of the two. Why is this situation so serious? First, we are headed for a level of debt that within a decade could require us to spend the first trillion dollars of every year's federal budget servicing that debt. Much less money will be left for other things. That is a prescription for a vicious cycle of underfinancing for our infrastructure, national education efforts, science research and all the other functions of government that are crucial to long-term economic growth**.** Robust defense spending will be unsustainable too**.** Once we get in this rut, getting out will be very hard. Second, **such a chronic economic decline would undercut what has been 70 years of strong national political consensus in favor of an activist and engaged American foreign policy**. One reason the United States was so engaged through the Cold War and the first 20 years of the post-Cold War world was fear of threats. But the other reason was that the strategy was associated with improvements in our quality of life as well. America became even more prosperous, and all major segments of society benefited. Alas, globalization and automation trends of the last generation have increasingly called the American dream into question for the working classes. Another decade of underinvestment in what is required to remedy this situation will make an isolationist or populist president far more likely because much of the country will question whether an internationalist role makes sense for America — especially if it costs us well over half a trillion dollars in defense spending annually yet seems correlated with more job losses. Lastly, **American economic weakness undercuts U.S. leadership abroad**. **Other countries sense our weakness** and wonder about our purported decline. If this perception becomes more widespread, and the case that we are in decline becomes more persuasive, countries will begin to take actions that reflect their skepticism about America's future. Allies and friends will doubt our commitment and may pursue nuclear weapons for their own security, for example; adversaries will sense opportunity and be less restrained in throwing around their weight in their own neighborhoods. The crucial Persian Gulf and Western Pacific regions will likely become less stable. Major war will become more likely**.** When running for president last time, Obama eloquently articulated big foreign policy visions: healing America's breach with the Muslim world, controlling global climate change, dramatically curbing global poverty through development aid, moving toward a world free of nuclear weapons. These were, and remain, worthy if elusive goals. However, for Obama or his successor, there is now a much more urgent big-picture issue: restoring U.S. economic strength. Nothing else is really possible if that fundamental prerequisite to effective foreign policy is not reestablished.

#### Heg is key to prevent great power conflict – social science and empirics prove

**Brooks et al 13** (Stephen, Associate Professor of Government at Dartmouth College, John Ikenberry is the Albert G. Milbank Professor of Politics and International Affairs at Princeton University in the Department of Politics and the Woodrow Wilson School of Public and International Affairs, William C. Wohlforth is the Daniel Webster Professor in the Department of Government at Dartmouth College “Don’t Come Home America: The Case Against Retrenchment,” International Security, http://belfercenter.ksg.harvard.edu/files/IS3703\_Brooks%20Wohlforth%20Ikenberry.pdf)

A core premise of deep engagement is that it prevents the emergence of a far more dangerous global security environment. For one thing, as noted above, the United States’ overseas presence gives it the leverage to restrain partners from taking provocative action. Perhaps more important, its core alliance commitments also deter states with aspirations to regional hegemony from contemplating expansion and make its partners more secure, reducing their incentive to adopt solutions to their security problems that threaten others and thus stoke security dilemmas. The contention that engaged U.S. power dampens the baleful effects of anarchy is consistent with influential variants of realist theory. Indeed, arguably the scariest portrayal of the war-prone world that would emerge absent the “American Pacifier” is provided in the works of John Mearsheimer, who forecasts dangerous multipolar regions replete with **security competition, arms races**, nuclear proliferation and associated preventive war temptations, regional rivalries, **and** even runs at regional hegemony and **full-scale great power war**. 72 How do retrenchment advocates, the bulk of whom are realists, discount this benefit? Their arguments are complicated, but two capture most of the variation: (1) U.S. security guarantees are not necessary to prevent dangerous rivalries and conflict in Eurasia; or (2) prevention of rivalry and conflict in Eurasia is not a U.S. interest. Each response is connected to a different theory or set of theories, which makes sense given that the whole debate hinges on a complex future counterfactual (what would happen to Eurasia’s security setting if the United States truly disengaged?). Although a certain answer is impossible, each of these responses is nonetheless a weaker argument for retrenchment than advocates acknowledge. The first response flows from defensive realism as well as other international relations theories that discount the conflict-generating potential of anarchy under contemporary conditions. 73 Defensive realists maintain that the high expected costs of territorial conquest, defense dominance, and an array of policies and practices that can be used credibly to signal benign intent, mean that Eurasia’s major states could manage regional multipolarity peacefully without the American pacifier. Retrenchment would be a bet on this scholarship, particularly in regions where the kinds of stabilizers that nonrealist theories point to—such as democratic governance or dense institutional linkages—are either absent or weakly present. There are three other major bodies of scholarship, however, that might give decisionmakers pause before making this bet. First is regional expertise. Needless to say, there is no consensus on the net security effects of U.S. withdrawal. Regarding each region, there are optimists and pessimists. Few experts expect a return of intense great power competition in a post-American Europe, but many doubt European governments will pay the political costs of increased EU defense cooperation and the budgetary costs of increasing military outlays. 74 The result might be a Europe that is incapable of securing itself from various threats that could be destabilizing within the region and beyond (e.g., a regional conflict akin to the 1990s Balkan wars), lacks capacity for global security missions in which U.S. leaders might want European participation, and is vulnerable to the influence of outside rising powers. What about the other parts of Eurasia where the United States has a substantial military presence? Regarding the Middle East, the balance begins to swing toward pessimists concerned that states currently backed by Washington— notably Israel, Egypt, and Saudi Arabia—might take actions upon U.S. **retrenchment** that **would intensify security dilemmas**. And concerning East Asia, pessimism regarding the region’s prospects without the American pacifier is pronounced. Arguably the principal concern expressed by area experts is that **Japan and South Korea are likely to obtain a nuclear capacity** and increase their military commitments, **which could stoke a destabilizing reaction from China**. It is notable that during the Cold War, both South Korea and Taiwan moved to obtain a nuclear weapons capacity and were only constrained from doing so by a still-engaged United States. 75 The second body of scholarship casting doubt on the bet on defensive realism’s sanguine portrayal is all of the research that undermines its conception of state preferences. Defensive realism’s optimism about what would happen if the United States retrenched is very much dependent on its particular—and highly restrictive—assumption about state preferences; once we relax this assumption, then much of its basis for optimism vanishes. Specifically, the prediction of post-American tranquility throughout Eurasia rests on the assumption that security is the only relevant state preference, with security defined narrowly in terms of protection from violent external attacks on the homeland. Under that assumption, the security problem is largely solved as soon as offense and defense are clearly distinguishable, and offense is extremely expensive relative to defense. Burgeoning **research across th**e social and other **sciences**, however, undermines that core assumption: states have preferences not only for security but also for prestige, status, and other aims, and they engage in trade-offs among the various objectives. 76 In addition, they define security not just in terms of territorial protection but in view of many and varied milieu goals. It follows that even states that are relatively secure may nevertheless engage in highly competitive behavior. **Empirical studies** show that this is indeed sometimes the case. 77 In sum, a bet on a benign post retrenchment Eurasia is a bet that leaders of major countries will never allow these nonsecurity preferences to influence their strategic choices. To the degree that these bodies of scholarly knowledge have predictive leverage, U.S. retrenchment would result in a significant deterioration in the security environment in at least some of the world’s key regions. We have already mentioned the third, even more alarming body of scholarship. Offensive realism predicts that the withdrawal of the American pacifier will yield either a competitive regional multipolarity complete with associated insecurity, arms racing, **crisis instability, nuclear proliferation, and** the like, or bids for regional hegemony, which may be beyond the capacity of local great powers to contain (and which in any case would generate intensely competitive behavior, possibly including regional **great power war**46). Hence it is unsurprising that retrenchment advocates are prone to focus on the second argument noted above: that avoiding wars and security dilemmas in the world’s core regions is not a U.S. national interest. Few doubt that the United States could survive the return of insecurity and conflict among Eurasian powers, but at what cost? Much of the work in this area has focused on the economic externalities of a renewed threat of insecurity and war, which we discuss below. Focusing on the pure security ramifications, there are two main reasons why decision makers may be rationally reluctant to run the retrenchment experiment. First, overall higher levels of conflict make the world a more dangerous place. Were Eurasia to return to higher levels of interstate military competition, one would see overall higher levels of military spending and innovation and a higher likelihood of competitive regional proxy wars and arming of client states—all of which would be concerning, in part because it would promote a faster diffusion of military power away from the United States. Greater regional insecurity could well feed **proliferation cascades**, as states such as Egypt, Japan, South Korea, Taiwan, and Saudi Arabia all might choose to create nuclear forces. 78 It is unlikely that proliferation decisions by any of these actors would be the end of the game: they would likely generate pressure locally for more proliferation. Following Kenneth Waltz, many retrenchment advocates are proliferation optimists, assuming that nuclear deterrence solves the security problem. 79 Usually carried out in dyadic terms, the debate over the stability of proliferation changes as the numbers go up. Proliferation optimism rests on assumptions of rationality and narrow security preferences. In social science, however, such assumptions are inevitably probabilistic. Optimists assume that most states are led by rational leaders, most will overcome organizational problems and resist the temptation to preempt before feared neighbors nuclearize, and most pursue only security and are risk averse. Confidence in such probabilistic assumptions declines if the world were to move from nine to twenty, thirty, or forty nuclear states. In addition, many of the other dangers noted by analysts who are concerned about the destabilizing effects of nuclear proliferation—including the risk of accidents and the prospects that some new nuclear powers will not have truly survivable forces—seem prone to go up as the number of nuclear powers grows. 80 Moreover, the risk of “unforeseen **crisis dynamics**” that **could spin out of control** is also higher as the number of nuclear powers increases. Finally, add to these concerns the enhanced danger of nuclear leakage, and a world with overall higher levels of security competition becomes yet more worrisome. The argument that maintaining Eurasian peace is not a U.S. interest faces a second problem. On widely accepted realist assumptions, acknowledging that U.S. engagement preserves peace dramatically narrows the difference between retrenchment and deep engagement. For many supporters of retrenchment, the optimal strategy for a power such as the United States, which has attained regional hegemony and is separated from other great powers by oceans, is offshore balancing: stay over the horizon and “pass the buck” to local powers to do the dangerous work of counterbalancing any local rising power. The United States should commit to onshore balancing only when local balancing is likely to fail and a great power appears to be a credible contender for regional hegemony, as in the cases of Germany, Japan, and the Soviet Union in the midtwentieth century. The problem is that China’s rise puts the possibility of its attaining regional hegemony on the table, at least in the medium to long term. As Mearsheimer notes, “The United States will have to play a key role in countering China, because its Asian neighbors are not strong enough to do it by themselves.” 81 Therefore, unless China’s rise stalls, “the United States is likely to act toward China similar to the way it behaved toward the Soviet Union during the Cold War.” 82 It follows that the United States should take no action that would compromise its capacity to move to onshore balancing in the future. It will need to maintain key alliance relationships in Asia as well as the formidably expensive military capacity to intervene there. The implication is to get out of Iraq and Afghanistan, reduce the presence in Europe, and pivot to Asia— just what the United States is doing. 83 In sum, the **argument that U.S.** security **commitments are unnecessary** for peace **is countered by a lot of scholarship**, including highly influential realist scholarship. In addition, the argument that Eurasian peace is unnecessary for U.S. security is weakened by the potential for a large number of nasty security consequences as well as the need to retain a latent onshore balancing capacity that dramatically reduces the savings retrenchment might bring. Moreover, switching between offshore and onshore balancing could well be difªcult. Bringing together the thrust of many of the arguments discussed so far underlines the degree to which the case for retrenchment misses the underlying logic of the deep engagement strategy. By supplying reassurance, deterrence, and active management, the United States lowers security competition in the world’s key regions, thereby preventing the emergence of a hothouse atmosphere for growing new military capabilities. Alliance ties dissuade partners from ramping up and also provide leverage to prevent military transfers to potential rivals. On top of all this, the United States’ formidable military machine may deter entry by potential rivals. Current great power military expenditures as a percentage of GDP are at historical lows, and thus far other major powers have shied away from seeking to match top-end U.S. military capabilities. In addition, they have so far been careful to avoid attracting the “focused enmity” of the United States. 84 All of the world’s most modern militaries are U.S. allies (America’s alliance system of more than sixty countries now accounts for some 80 percent of global military spending), and the gap between the U.S. military capability and that of potential rivals is by many measures growing rather than shrinking. 85

## The Rest

#### Contention 2: WTO

#### Mexican TTIP inclusion is key to WTO credibility.

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However, a TTIP is not without risks for global trade and the multilateral trade system. Discrimination against third countries is a central problem of preferential agreements. Selective tariff abolition can eliminate protectionism and distortions between the signatories of such an agreement and create trade-generating and growth-boosting effects. As the economist Jacob Viner demonstrated in the 1950s, the bilateral/plurilateral abolition of trade barriers can increases trade if domestically produced goods and services or imports from third countries are substituted by cheaper (i.e. more efficiently produced) goods and services from the partner country. But frequently such an agreement leads to discrimination against third countries with trade-diverting effects. According to Viner, trade diversion occurs when the dismantling of trade barriers gives goods and services from the partner country a competitive advantage and consequently trade with third countries is diverted to the partner country even if the third country can produce the relevant goods and services more efficiently. One particular problem of preferential trade agreements is that they contain many different and contradictory rules. This applies above all to the rules of origin in free trade agreements (FTAs), which define which goods are granted preferential treatment. To enjoy preferential market access a particular proportion of the product must be produced in one of the FTA signatory countries. This is intended to prevent nonsignatories from profiting from preferential treatment without themselves making concessions. Cumulatively, the multiplicity of preferential trade agreements has produced a confusion of different rules of origin that tangibly obstruct trade. Small and mediumsized enterprises in particular suffer from high transaction costs. Worries that a TTIP would exacerbate the “spaghetti bowl effect” identified by economist Jagdish Bhagwati in the 1990s are certainly justified. A study by the German ifo-Institut published in January 2013 argues that countries geographically close to the United States or the European Union, countries with a high volume of trade with either or both of them, and countries with free trade agreements with either or both must expect to lose trade through a TTIP. For the United States this means in the first place Canada and Mexico, primarily through erosion of the preferential access to the US market both enjoy through the North American Free Trade Agreement (NAFTA), but also through trade-diverting effects. Australia, which has a FTA with the United States, is also a loser in both liberalisation scenarios (comprehensive agreement or tariff elimination). Another problem is that the TTIP talks could tie up a considerable proportion of EU and US negotiating capacity. Both sides are already involved in numerous bilateral and plurilateral negotiations. The European Union is currently negotiating FTAs with Canada, Japan and Mercosur, the United States, as already mentioned, with the TPP countries. Additional Transatlantic talks thus threaten to overstretch both executives and could further diminish interest in a successful conclusion of the Doha Round. Should the European Union and United States fail to conclude the bilateral talks within a reasonable timeframe they also risk damage to their reputations as capable political actors and their credibility as proponents of open markets. But speedy conclusion will be no easy matter with so many sensitive topics involved. Many European states reject liberalisation of agricultural trade, and France has recently succeeded in excluding cultural services from the talks. Finally, a TTIP could also have unintended political repercussions. Emerging economies and developing countries could interpret it as an instrument of exclusion or even an attempt to blackmail them into making concessions in the Doha Round. In the worst case this threatens to block the already difficult WTO talks. While such scenarios are certainly plausible, the Transatlantic partners have options for counteracting them. Ensure WTO Compatibility Their economic and political weight lends the European Union and United States a special responsibility for the world trade order. Thus, how must the TTIP be designed if it is to benefit rather than harm the multilateral trading system? In the first place it must be compatible with WTO rules and serve as a stepping stone for future global liberalisation regimes. Firstly, the Transatlantic Partnership should liberalise trade and address trade plus issues. Secondly, it should standardise rules in order to simplify the “spaghetti bowl” of competing and contradictory rules. Thirdly, it should be open for new members to avoid exclusion. And fourthly, it should recognise the WTO as the central arbitration instance and avoid undermining its dispute settlement procedure. Comprehensive Liberalisation Preferential trade agreements contradict the central WTO principle of most-favoured nation treatment (MFN), because they grant partners benefits that are denied to others. Accordingly, they are permitted only as an intermediate step in the multilateral liberalisation process and subject to rules laid out in GATT Article XXIV (for trade in goods) and GATS Article V (for trade in services). Paragraphs 4 to 10 of the GATT Article define the conditions under which customs unions and free trade zones may be created. These involve definition of such entities, duty of notification, treatment of third countries, etc. Paragraphs 8 (a) (i) (customs unions) and 8 (b) (free trade agreements), under which the tariffs for “substantially all the trade” must be dismantled, are especially important. Under paragraph 5 (b), the external duties of countries participating in a free trade zone must not be higher than before conclusion of the agreement. Given that these conditions would also apply to the TTIP, it would be impossible to exclude whole sectors from liberalisation. Removing agriculture from the TTIP talks, as proposed by Renate Künast, leader of the Green Party parliamentary group in the German Bundestag, would thus contradict WTO rules. GATS Article V defines the conditions for economic integration in the service sector a little more loosely. The Partnership would only need to have “substantial sectoral coverage” rather than covering all sectors. Agreements must also provide for “the absence or elimination of substantially all discrimination … between or among the parties”. Exceptions are thus permitted, and GATS also provides exemptions for cultural services, but the goal should be for a TTIP to cover at least all services that are in line for liberalisation through the WTO. But the ambitions of the TTIP should not end with the scope and depth of WTO regulation. Instead it would be desirable for the talks to reach beyond the traditional realm of the WTO and address the aforementioned trade plus issues. New cross-cutting issues like treatment of state-run companies and stronger integration of small and medium-sized enterprises (SMEs) should also be included. With these issues of broader interest a first step could be taken towards global regulation. Harmonised Rules As already mentioned, one drawback of the numerous existing preferential agreements is that they create an increasingly complex tangle of rules that tend to hamper rather than ease free trade. Special attention must be given to rules of origin. The European Union and the United States should ensure that any new rules of origin do not worsen the global regulatory chaos and are compatible with the pre-existing FTAs of both sides. The rules should also be as generous as possible in order to prevent the danger of trade diversion and the associated discrimination against third states. At the same time it would make sense to extend market access and new rules for investment or procurement to other trade partners that are willing in return to liberalise their markets to the same extent. Openness to New Members If a preferential agreement is not to harm the multilateral trading order it must be open to third countries. The TTIP is no exception. Initially it will be negotiated solely between the European Union and the United States. But in the long term it would be desirable to expand it to the whole NAFTA region, especially given that the European Union already has a free trade agreement with Mexico and is currently negotiating one with Canada. The more members a preferential agreement comprises, the smaller the trade-diverting effects and the greater the chances of multilateralisation.

#### That generates a perception of non-discriminatory trade regime – key to successful Doha accords.

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The security dimension was real, because in addition to the projected economic benefits, past experience showed that as governments liberalized their trade regimes, they generally liberalized their political regimes. Adherence to an agreed set of trade rules and support for the W.T.O. dispute settlement mechanism encourages nondiscrimination, transparency and rule of law, which contribute to increased stability. The Doha negotiations broke down in 2005 and have made little progress since. Trade commentators are declaring Doha dead and multilateral negotiations obsolete as governments increasingly have turned to negotiating bilateral and regional trade agreements that create conflicting rules and distort trade by creating trade preferences for the signatories at the expense of those that do not participate. There is legitimate concern that the proliferation of bilateral and regional trade agreements could render the W.T.O. irrelevant and destroy the enormous benefits we derive from our multilateral trading system. What could bring the 159 W.T.O. members back to the table? Ironically, history demonstrates that the successful negotiation of a major regional trade agreement of high quality can provide the necessary catalyst. In 1990, the Uruguay Round collapsed in Brussels. In June 1991 the United States, Mexico and Canada launched the negotiations of a North American Free Trade Agreement (Nafta). Fourteen months later negotiations were concluded. President George H.W. Bush signed the agreement in December 1992; President Clinton secured congressional approval of the agreement the following year. By joining the economies of Canada, Mexico and the U.S., Nafta created a regional market of over 400 million people. It was the first comprehensive free trade agreement to join developed and developing nations, and it achieved broader and deeper trade liberalization than any prior trade agreement. The world’s reaction was broad, deep and fast. In just a few months following the passage of the Nafta, trade negotiators returned to the bargaining table, completed the Uruguay Round, and created the W.T.O. to the enormous benefit of the global economy. If we are to repeat the success of two decades ago, we will require an even greater catalyst: a regional trade agreement of such quality and scope that the rest of the world is galvanized. The Trans-Atlantic Trade and Investment Partnership recently announced by the European Union and the United States could be that catalyst. That negotiation would involve roughly half the global economy. The negotiation need not be protracted. The E.U. and the U.S. each recently concluded free trade agreements with South Korea that could serve as a template upon which to build. The proposed Trans-Atlantic Partnership could have even more heft if Canada and Mexico were added — which makes sense, since Mexico already has a free trade agreement with the E.U., and Canada is in the final stages of negotiating one. Including them would avoid having different rules covering trade involving our two largest trading partners. The global reaction to Nafta 20 years ago shows that “competitive liberalization” can be a powerful catalyst. When governments see others taking economic action that generates growth and stability, they do not want to be left out. A broad, gold-standard trade agreement across the Atlantic could be such a catalyst for reigniting support for multilateral trade liberalization, bringing W.T.O. members back to the table to finish the Doha Round, which would give a real boost to the global economy. It was done before with the Nafta, and it could be done again with the successful conclusion of the Trans-Atlantic Trade and Investment Partnership.

#### That’s key to global free trade.

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The third issue of concern is multilateral negotiations in the Doha Round. A failure to successfully conclude Doha could freeze multilateral trade cooperation for several years. The consequent fate of global trade would depend on whatever scenario—spread of protectionism, unilateral liberalization, the rise of FTAs, and so on—developed in the vacuum left by a multilateral failure. Building on a prior work by Patrick Messerlin (2008), a November 2008 assessment by economists Antoine Bouët and David Laborde showed that in a scenario where all tariffs were brought back to bound levels, world trade would sink by $1.77 trillion, equivalent to a tenth of U.S. GDP, and welfare by $448 billion. In a less extreme scenario, whereby all tariffs, except preferences covered by FTAs, were moved to their applied levels at the end of the Uruguay Round in 1994 (bound tariffs are still capped by the Uruguay Round commitments), trade would drop by $728 billion and world GDP by $167 billion. The greatest gains and losses would be in agriculture. Many would see the proliferation of FTAs, currently the only active area of global trade policymaking, as the more likely scenario in the face of a Doha failure, but the trade creation provided by FTAs crucially hinges on the fortunes of multilateral most favored nation (MFN) opening. Further, proliferation of FTAs without some regional and multilateral vigilance and coordination could splinter the global trading system into miniblocs that forgo economies of scale. In contrast, a successful conclusion of the Doha Development Round would deliver trade gains of $336 billion and welfare gains of $79 billion annually.32 Admittedly, the figures on gains from a successful Doha Development Round are not staggering. But they are meaningful in light of the economic doldrums. And hundreds of billions of dollars of new trade would certainly ignite more economic activity than a trillion in lost trade. Even more importantly, concluding Doha is an antidote to bad trade policies and the ongoing (albeit still moderate) backtracking on trade policy commitments. It would be the single best way to demonstrate support for the multilateral trade agenda, a lock-in device for countries to commit to lowered barriers, and a signaling device to markets about the future direction of international trade policies. The standstill pledge by the G20 on a host of distortionary instruments is not enough. Recent months have shown that there are a great many ways in which countries can work around such a pledge and introduce distorting trade measures. In addition, quantitative studies do not account for the hammer blow that a Doha failure could deal to the very legitimacy of the bodies and rules of the multilateral trading system—MFN treatment, the dispute settlement mechanism, the attraction of WTO accession, the trade policy review process, and so on. Thus far, the global economic heavyweights have had an astonishingly good record in complying with the dispute settlement body’s verdicts, even when the claimant has been a small country that would have relatively little to hand, in terms of retaliatory tariff measures, that would be of economic significance to larger ones if they fail to comply (Levy 2007). This indicates that the members see a benefit in the WTO as an institution, and value the dispute settlement system. However, should trade talks fail to deliver further gains in terms of liberalization, the credibility of multilateralism could be eroded, and with that the interest in complying with dispute settlement rulings and a valuing of the WTO’s opinions. Further, some of the issues that should be dealt within the WTO context—those that have an immediate bearing on trade and that must be dealt with multilaterally, such as environmental regulations and the spread of FTAs—could be left by the wayside. A failure of the Doha Round would thus entail not only the loss of the static and dynamic gains from augmented economic exchange; it would also wreak havoc on the future of global trade and economic cooperation. Yet, such cooperation is even more imperative today because of the global economic downturn. A failure at the multilateral negotiating table would do little to inspire market confidence in a prompt global economic recovery, let alone in the ability of governments to come together to constructively deal with major issues. Trade cooperation is an economic and political lifeline that must and should not be severed.

#### Free trade averts war.

**JOE 10 -** United States Joint Forces Command Center for Joint Futures, informational arm of Department of Defense (Joint Operating Environment, “The JOE 2010”, 11/25/08; <http://www.jfcom.mil/newslink/storyarchive/2010/JOE_2010_o.pdf>)//Beddow

For the most part, the developed world recognizes that it has a major stake in the continuing progress of globalization. The same can be said for those moving into the developed world. Nevertheless, one should not ignore the histories and passions of popular opinion in these states as they make their appearance. One should not confuse developed world trappings for underlying stability and maturity of civil societies. **A more peaceful, cooperative world is possible only if the pace of globalization continues**. In particular, this means engaging China and other nations politically and culturally as they enter into the developed world. The critics of globalization often portray its dark side in the inequality of rich and poor. In some worst- case scenarios, they portray the rise of resentment and violence throughout the world as a direct result of globalization. Not surprisingly, the future is likely to contain both good and bad as globalization accelerates the pace of human interaction and extends its reach. Remittances sent home by emigrant workers are often overlooked as a facet of globalization, but represent the single biggest income source for developing nations. The total amount sent home by foreign workers exceeds the amount that the whole world spends on foreign aid and capital investments combined. For 2007, world-wide remittances were estimated by the World Bank at $318 billion, of which $240 billion went to developing countries. This estimate includes only remittances sent through formal banking channels; the actual amount is certainly much greater. Remittances are strategically important to developing countries for a number of reasons, not the least of which is that they provide a source of foreign exchange in addition to a stabilizing force for economies in turbulent times. The top three recipients of emigrant remittances in 2007 were: India, $27 billion; China, $25.7 billion; and Mexico, $25 billion. In the case of Mexico, remittances were the second largest source of hard currency after the sale of oil. These flows of money are generally resilient in economic downturns and add a measure of stability to families that would otherwise be at or near thresholds of poverty. Furthermore, remittances are spent in the local economy, providing business for shop owners and other parts of the local middle classes. However, as a prolonged economic downturn reduces work opportunities for emigrants, the reduction of this key source of income may also stunt the growth of the middle classes in developing countries, which are the driving force for the development and support of democratization and the rule of law, all of which are central to the evolution of stable and orderly states around the world. The processes propelling globalization over the next two decades could improve the lives of most of the world’s population, particularly for hundreds of millions of the poorest. **Serious violence resulting from economic trends has almost invariably arisen where economic and political systems have failed to meet rising expectations**. A failure of globalization would equate to a failure to meet those rising expectations. Thus, the real danger in a globalized world, where even the poorest have access to pictures and media portrayals of the developed world, l**ies in a reversal or halt to global prosperity. Such a possibility would lead individuals and nations to scramble for a greater share of shrinking wealth and resources, as they did in the 1930s** with the rise of Nazi Germany in Europe and Japan’s “co-prosperity sphere” in Asia. Admittedly, some will also be left behind by globalization, either through the misfortunes of geography, culture, or design. Many of these nations will be weak and failing states and will require an international array of economic, diplomatic, and military resources to establish or sustain stability. **In a globalized world of great nations, the United States may not always have to take the lead in handling the regional troubles that will arise.** By the 2030s, every region of the world will likely contain local economic powers or regional organizations capable of leadership. In any case, the United States will often find it prudent to play a cooperative or supporting role in military operations around the world and will almost certainly provide support in organizing or convening global coalitions for some time to come. In most cases the assisting of, or intervention in, failing states will require a cooperative engagement between the United States and regional powers. Again, the skills of a diplomat in working with other people and military organizations from different cultures must be in the tool kit of commanders, staffs, and personnel throughout the Joint Force.

## Plan

#### Thus the plan: The United States federal government should facilitate Mexico’s entrance into the Transatlantic Trade and Investment Partnership.

#### We reserve the right to clarify.

## Solvency

#### TTIP negotiations will succeed – empirics, Merkel, and Italy overcome obstacles.

**Pardo 10/31** – Washington DC Correspondent of El Mundo specializing in international economics and politics (Pablo, “Even NSA cannot derail TTIP”, 10/31/13; <http://www.thecorner.eu/world-economy/even-nsa-cannot-derail-the-ttip/32559/>)//Beddow

Since then, another crisis has hit the negotiations. This time, the main culprit seems to be Edward Snowden and his revelations about how the US National Security Agency (NSA) is bugging everyone’s phones and computers—including, German Chancellor Angela Merkel’s mobile phone, for instance. US defense and national security apparatus have responded to the crisis with a simple shrug of the shoulders. However, the concern is much more palpable in the US Treasury, the Commerce Department and the USTR (the office of the US Trade Representative). The issue at stake is not so much one of national security, but one of trade. The EU has far more strict privacy rules than the US, and that regulatory difference is already a contentious point in the negotiations. Now, it is clear that the US has a, let’s say, ‘flexible’ approach to the concept of privacy. The question, therefore, is: if the EU is going to relax its privacy regulations even more in order to make the TTIP happen, where will Americans end up? Will Angela Merkel discover one day that the NSA has not only tapped her cellphone, but that the US Navy has already a nuclear submarine in her bathtub? So far, however, it seems that **Merkel is ready let the Americans do it their own way. The German Chancellor has made the TTIP her ‘pet project’. For a mercantilist like Merkel, nothing is more important than guaranteeing free trade**—as long as the German companies, of course, keep the upper hand—, **and she incessantly lobbied the Obama Administration until she got Washington’s nod to the free trade agreement. The Italian Government considers the TTIP the cornerstone of its presidency of the EU, which starts on January 1st, 2014**. Then, there are the numbers. Brussels is firmly convinced that the US has more to win from the TTIP than the US. Therefore, withdrawing from the negotiations or putting additional problems to an already complicated process would be akin to what China did in 1999, when the US Air Force bombed its Embassy in Belgrade. In that occasion, Beijing withdrew from the negotiations to enter the World Trade Organization (WTO), just to come back, cap in hand, a few months later. So, it seems that even the NSA cannot derail the TTIP. At least for now, Ted Cruz is far much a worry for trade negotiators than Edward Snowden is.

#### TTIP will pass, your disads are non-unique, and plan is popular.

**Barker and Workman 13** – director of Transatlantic relations, Bertelsmann Foundation/associate director, Global Business and Economics Program, Atlantic Council (Tyson and Garrett, “The Transatlantic Trade and Investment Partnership: Ambitious but Achievable A Stakeholder Survey and Three Scenarios”, April 2013; < http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-CA819006-5438477D/bst/xcms\_bst\_dms\_37655\_37656\_2.pdf>)//Beddow

The politics, for the moment, are good for a US-EU trade deal. In the United States, increasing trade with the EU has been received positively by Congress, organized labor, and the general public. Some members of Congress have already called for Trade Promotion Authority (TPA) for the TTIP discussions**. TPA would afford considerable room to maneuver to the US administration, and ensure that Congress, while retaining its ultimate oversight over international trade agreements, does not interfere with the minute details of the process.** Additionally, the AFL-CIO offered qualified support for a potential trade agreement, citing European Union member states’ “advanced economies, high national incomes, and well-developed legal and regulatory regimes designed to protect the environment and defend workers’ rights.” 5 Finally, a 2010 Pew Research Survey also found that American public support for increased trade with the EU remains high. 58 percent of those surveyed see it as advantageous for the United States compared to 28 percent who think it would negatively impact the US economy. 6 On March 20, **the Obama administration formally notified Congress of its intent to launch negotiations on the TTIP**, triggering a 90 day period during which it will consult Congress. Its aim is to guarantee consistency with legislative priorities and to hold “regular and rigorous” consultations with stakeholders. 7 The European Commission requested a formal negotiating mandate from the member states at the Council of Ministers meeting on March 12. The European Parliament will also subject the eventual agreement to an up or down vote. As the two sides begin these talks in earnest, the Bertelsmann Foundation and the Atlantic Council conducted a survey of stakeholders on both sides of the Atlantic for their expectations on upcoming negotiations. Participants were asked to assess the likelihood, scope, and potential timetable of an agreement. They were then asked to rate a series of seventeen sectoral and horizontal issues expected to be part of TTIP talks on degree of importance to the success of negotiations and degree of difficulty of achieving agreement. The authors are aware of the limitations of such a survey, but it does present a valuable snapshot. Additionally, since discussions about the TTIP have focused on whether it is achievable or not, this issue-by-issue view may show policymakers the best avenues for moving forward. Based on the results of the survey, this paper outlines three possible scenarios of the TTIP negotiations: 1) a moderate agreement could be concluded that removes many barriers to trade and investment but avoids some of the most contentious issues; 2) the two sides could fail to secure even a basic deal as a focus on problematic issues thwarts movement on areas where they already largely agree; or 3) the United States and Europe could achieve a broad- ranging agreement relatively quickly if leaders are actively engaged. The Basics of an Agreement: Stakeholder Perceptions on If, When, and How Big On the most elemental question—whether an agreement would be concluded—the participants surveyed **provide a strong basis for optimism**, with an overwhelming 88 percent of respondents saying yes. In this sense, stakeholder sentiment seems consistent with final report of the US-EU High Level Working Group on Jobs and Growth (HLWG) and public statements by leading officials.

#### Negotiations are on track – TTIP will pass

**Gardner 11/21** (Andrew, 21 November 2013, “TTIP talks back on track” European Voice, http://www.europeanvoice.com/article/imported/ttip-talks-back-on-track/78772.aspx)//SL

Talks on a transatlantic trade deal are now “fully back on track”, Karel De Gucht, the European commissioner for trade, said on Friday (15 November) after a week of negotiations between teams from the European Union and United States.¶ The talks had been scheduled to take place on 7-11 October but were delayed after a battle over the US budget and healthcare forced the partial shutdown of the US government. The effects of the shutdown were evident in the smaller set of working groups that gathered in Brussels for the 11-15 November talks, but video conferences are being used extensively to make up ground.¶ The negotiations, which began in July, “remain very much in the exploratory stage”, an EU official said. But the message sent out by both teams was that they expected an eventual agreement that would be deep and far-reaching.¶ Formal texts will be prepared for the third round of talks in Washington, DC, on 16-20 December, after which both sides will prepare specific offers. Only then might the most difficult topics be taken off the agenda. It already appears, though, that one of the potential benefits for European professionals – US recognition of their qualifications – will be difficult to achieve, as recognition is a right devolved to individual US states.