## **Plan**

#### The United States Federal Government should substantially increase its economic engagement towards Mexico by expanding and making permanent the currency swap agreement with the Banco de Mexico

## **Contention 1 is the Peso:**

#### **Expectations of Fed tapering are devastating the peso despite growth predictions- perception of the US is key**

Bain 1/22 Ben Bain is a reporter for Bloomberg Business news, “Mexico’s Peso Trades at Lowest Since September on Fed Outlook”, 1/22/2014, http://www.bloomberg.com/news/2014-01-22/mexico-s-peso-trades-at-lowest-since-september-on-fed-outlook.html

Mexico’s peso traded at a four-month low as mounting concern that the Federal

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Financiero Santander Mexico SAB, said in a telephone interview from Mexico City.

#### The Fed is unwilling to support emerging markets – the plan is key

Bloomberg News 8/26

“Federal Reserve won’t consider problems abroad” <http://www.bostonglobe.com/business/2013/08/25/fed-officials-reject-calls-for-coordination/bW6J24GiaTCqb8bJsAkleO/story.html>

LONDON — Federal Reserve officials have rebuffed international calls to take the threat of fallout

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proposed ‘‘further lines of defense,’’ such as currency swap lines.

#### Higher interest rates disrupt the bond market—Mexican intervention backfires and crushes Latin American liquidity

LF 7/2/13—staff writer citing multiple emerging market economists, “Prep for Extended Volatility, warn experts”, Latin Finance, 7/2/13, http://www.latinfinance.com/Article/3226264/Prep-for-extended-volatility-warn-experts.html?ArticleId=3226264)

Latin ﬁnancial markets must dig in for an extended period of volatility as policymakers grapple

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fall, trading at 12.96 pesos to the dollar on Tuesday.

#### Empirically American fiscal policy can cause currency crises in Mexico which spread internationally— the internal link is only a few clicks away

Johnson 9/5

Simon, former chief economist of the International Monetary Fund, Ronald A. Kurtz Professor of Entrepreneurship at the M.I.T. Sloan School of Management. NYTimes Economix Blog <http://economix.blogs.nytimes.com/2013/09/05/the-next-emerging-market-crisis/?hp&_r=0>

Most financial crises begin with one weak country and then spread as investors re-

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DataMapper for growth numbers and watch how it changes color as forecasts change.)

#### Global banks are on the brink—current devaluation makes growth unsustainable and the incoming crisis collapses systemically important banks

Griffin 6/11, Donald Griffin, reporter for Bloomberg News , “Citigroup Facing $7 Billion Hit on Dollar Gain, Peabody Says”, Bloomberg, 6/11/13, <http://www.businessweek.com/news/2013-06-11/citigroup-facing-7-billion-currency-hit-on-dollar-peabody-says#p3>)

Last June, Peabody said Citigroup’s currency losses could reach $3 billion to $

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unaware and is likely to prove to be more detrimental than currently anticipated.”

### Scenario 1 is the Economy:

**Global economic decline leads to miscalculation and crisis escalation**

**Harris and Burrows, ‘09** [Mathew, PhD European History at Cambridge, counselor in the National Intelligence Council (NIC) and Jennifer, member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf>]

Increased Potential for Global Conflict Of course, the report encompasses more than economics and

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within and between states in a more dog-eat-dog world.

#### Alternatives to growth kill hundreds of millions and cause global conflict – we can’t “turn off” the economy

Barnhizer 6 [David Barnhizer – Professor of Law at Cleveland State University, Summer 2006, ‘Waking from Sustainability's "Impossible Dream”,’ Georgetown International Environmental Law Review, Lexis]

The scale of social needs, including the need for expanded productive activity, has

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social justice while avoiding and mitigating the most destructive consequences of our behavior.

#### Economics describe the world --- Err aff --- Historical analysis proves any alternative dooms us to disastrous consequences.

Morriss, 2008 (Andrew, University of St. Thomas Law Journal, Volume 5, Issue 1 2008 Article 8, “The Necessity of Economics: The Preferential Option for the Poor, Markets, and Environmental Law,” <http://ir.stthomas.edu/cgi/viewcontent.cgi?article=1140&context=ustlj>)

Economics offers many insights into how the world around us works, much more than

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short, tradeoffs matter, and we need to pay attention to them.

### Scenario 2 is Global Warming:

#### Warming is real, anthropogenic, and we are on the brink of drastic and irreversible warming. Healthy banking sector is critical to political will and financing tech to solve.

Reynolds 8/20

Owen, Economist at the Federal Energy Regulatory Commission, “In defense of the financial industry: stocking up to end climate change” http://news.mongabay.com/2013/0820-reynolds-finance-climate.html#2FI2cHs4THkqHBGv.99

On a cross-country bus trip through the American Midwest, I watch cool

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to ensure that she can, but the projects need to be financed.

#### Extinction

Deibel 07 [Terry L. Professor of IR @ National War College, 2007. “Foreign Affairs Strategy: Logic for American Statecraft”, Conclusion: American Foreign Affairs Strategy Today]

Finally, there is one major existential threat to American security (as well as

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States, but potentially to the continued existence of life on this planet.

#### Warming acts as a conflict multiplier and turns all the impacts

**Zinni, 7**- Sanford Distinguished Lecturer in Residence at Duke University, Nimitz Chair at the University of California-Berkeley, the Hofheimer Chair at the Joint Forces Staff College, the Harriman Professor of Government on the board of the Reves Center for International Studies at the College of William and Mary, Weissberg Chair in International Studies at Beloit College, former Commander in Chief of CENTCOM

(Anthony, “National Security and the Threat of Climate Change,” http://securityandclimate.cna.org/report/National%20Security%20and%20the%20Threat%20of%20Climate%20Change.pdf)

Climate change acts as a threat multiplier for instability in some of the most volatile

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foster political instability where societal demands exceed the capacity of governments to cope.

## Contention 2 is the Dollar:

#### **China is racing to dethrone the dollar now- yuan expansion is eroding dollar demand, which will kill dollar hegemony**

Charrel 10/13 Marie Charrel is a reporter for the New York Times, “France talks about currency: How the Chinese yuan is threatening the dollar's hegemony”, 10/23/13, http://profit.ndtv.com/news/global-economy/article-france-talks-about-currency-how-the-chinese-yuan-is-threatening-the-dollars-hegemony-370237

Paris: Will the yuan dethrone the dollar one day? The Chinese currency may

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And according to HSBC, the proportion should reach 30% by 2018.

#### **Currency swaps increase dollar demand, which is key to economic leadership and global trade stability**

Baker 13 Associate Professor University of Notre Dame Law School. Ph.D. The

Wharton School, University of Pennsylvania, JD/MBA University of Virginia, “THE FEDERAL RESERVE’S USE OF INTERNATIONAL SWAP LINES”, http://www.arizonalawreview.org/pdf/55-3/55arizlrev603.pdf

The U.S. dollar is the international currency and the main international ¶

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and promoting its ¶ international role should be a critical public policy objective.

#### Trade solves war—economic interdependence

Deudney et al 9 (Daniel, professor of political science at John Hopkins, and John Ikenberry, professor of international affairs at Princeton, Foreign Affairs, “The Myth of Autocratic Revival,” http://www.foreignaffairs.com/articles/63721/daniel-deudney-and-g-john-ikenberry/the-myth-of-the-autocratic-revival)  
This bleak outlook is based on an exaggeration of recent developments and ignores powerful countervailing factors and forces. Indeed, contrary to what the revivalists describe, the most striking features of the contemporary international landscape are the intensification of economic globalization, thickening institutions, and shared problems of interdependence. The overall structure of the international system today is quite unlike that of the nineteenth century. Compared to older orders, the contemporary liberal centered international order provides a set of constraints and opportunities -- of pushes and pulls -- that reduce the likelihood of severe conflict while creating strong imperatives for cooperative problem solving. Those invoking the nineteenth century as a model for the twenty-first also fail to acknowledge the extent to which war as a path to conflict resolution and great-power expansion has become largely obsolete. Most important, nuclear weapons have transformed great-power war from a routine feature of international politics into an exercise in national suicide. With all of the great powers possessing nuclear weapons and ample means to rapidly expand their deterrent forces, warfare among these states has truly become an option of last resort. The prospect of such great losses has instilled in the great powers a level of caution and restraint that effectively precludes major revisionist efforts. Furthermore, the diffusion of small arms and the near universality of nationalism have severely limited the ability of great powers to conquer and occupy territory inhabited by resisting populations (as Algeria, Vietnam, Afghanistan, and now Iraq have demonstrated). Unlike during the days of empire building in the nineteenth century, states today cannot translate great asymmetries of power into effective territorial control; at most, they can hope for loose hegemonic relationships that require them to give something in return. Also unlike in the nineteenth century, today the density of trade, investment, and production networks across international borders raises even more the costs of war. A Chinese invasion of Taiwan, to take one of the most plausible cases of a future interstate war, would pose for the Chinese communist regime daunting economic costs, both domestic and international. Taken together, these changes in the economy of violence mean that the international system is far more primed for peace than the autocratic revivalists acknowledge.

#### **Dollar Hegemony is a key internal link into economic leadership**

Zoffer 12 Joshua Zoffer is a staff writer for the Harvard international review, “Future of Dollar Hegemony”, July 7 2012, http://hir.harvard.edu/crafting-the-city/future-of-dollar-hegemony?page=0,2

As the issuer of the international reserve currency, the United States has garnered two

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on the dollar’s position as the international reserve currency to fund this spending.

#### Economic leadership is key to facilitate interdependence—the alternative is conflict

James O'Connor 8 is an American sociologist and economist. He is currently an Emeritus Professor of Sociology and Economics at the University of California , “Economic Rise of the East” November 26, 2008 http://www.acus.org/new\_atlanticist/economic-rise-east

In its latest report entitled Global Trends 2025: A Transformed World, the National

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antagonistic, fragmented and regional. The time to address this is now.

#### Hegemony is unsustainable without economic primacy. Regional balancing makes war inevitable

**White 8** - Professor of Strategic Studies @ Australian National University [Hugh White (Visiting Fellow @ the Lowy Institute), “Conflict in Asia 'Why War in Asia Remains Thinkable'” The International Institute for Strategic Studies, Conference 2-4 June 2008 pg. http://tiny.cc/53rus]

We face questions about Asia’s future peace today because the order they built is under

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find itself slipping.  And this would make war a lot more thinkable.

#### Decline triggers positional competition and war. Bargaining will become impossible

**Wohlforth 09** [[William C. Wohlforth](http://muse.jhu.edu/journals/world_politics/v061/61.1.wohlforth.html#back), Professor of government @ Dartmouth College, “Unipolarity, Status Competition, and Great Power War,” World Politics, Volume 61, Number 1, January 2009]

Second, I question the dominant view that status quo evaluations are relatively independent of

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in security and/or prosperity. Pg. 33-35//1ac

## Contention 3 is Solvency:

#### Economic Engagement with Mexico now- DA’s are Non-UQ

Stras ’13 (Marcy Stras, JD Supra Law News Reporter, “The U.S. Mission in Mexico Increases Corporate Eligibility to Participate in its Business Facilitation Program”, <http://www.jdsupra.com/legalnews/the-us-mission-in-mexico-increases-cor-13097/>, January 15, 2013)

The United States Embassy in Mexico city announced the expansion of its Business Facilitation Program

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.S. Embassy’s or Consulates’ Consular Section. According to the announcement:

#### Currency swaps are key

-derivatives increase the risk of currency collapse

-swap lines solve mexico, empirics

-alternative is capital controls

Mehrotra et al 12 (Aaron, Economist in the monetary department of International Settlements, Bank for International Settlements, "BIS Papers No 67 Fiscal policy, public debt and monetary policy in emerging market economies" Monetary and Economic Department, October 2012, [www.bis.org/publ/bppdf/bispap67.pdf](http://www.bis.org/publ/bppdf/bispap67.pdf) NP)

Recent episodes of market volatility have highlighted two kinds of risks associated with more ¶

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on inflows, ¶ minimum holding periods and currency-specific reserve requirements).

#### The ESF is key – solves investor confidence

Humpage 08 [Owen, Senior Economic Advisor Specializing in International Economics in the Research Department of the Federal Reserve Bank of Cleveland, August, “A New Role for the Exchange Stabilization Fund,” *Economic Commentary*, pg. 2]

The Treasury’s surprising decision to offer insurance to money-market mutual funds through the

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Reserve System. The latter prospect risks awakening some long-dormant controversies.