## China

#### US influence in Latin America’s resilient and the thesis of the DA is wrong

Duddy & Mora 5-1

[Patrick – US Ambassador to Venezuela until 2010 and Senior Lecturer at Duke. And Frank – Director of Latin American Center at Florida Intl University and former Assistant Secretary of Defense – Western Hemisphere (09-13). “Latin America: Is U.S. influence waning?” 5/1/13 http://www.miamiherald.com/2013/05/01/3375160/latin-america-is-us-influence.html#storylink=cpy]

As Moises Naim notes in his recent book, The End of Power, there has been an important change in power distribution in the world away from states toward an expanding and increasingly mobile set of actors that are dramatically shaping the nature and scope of global relationships. In Latin America, many of the most substantive and dynamic forms of engagement are occurring in a web of cross-national relationships involving small and large companies, people-to-people contact through student exchanges and social media, travel and migration.¶ Trade and investment remain the most enduring and measurable dimensions of U.S. relations with the region. It is certainly the case that our economic interests alone would justify more U.S. attention to the region. Many observers who worry about declining U.S. influence in this area point to the rise of trade with China and the presence of European companies and investors.¶ While it is true that other countries are important to the economies of Latin America and the Caribbean, it is also still true that the United States is by far the largest and most important economic partner of the region and trade is growing even with those countries with which we do not have free trade agreements.¶ An area of immense importance to regional economies that we often overlook is the exponential growth in travel, tourism and migration. It is commonplace to note the enormous presence of foreign students in the United States but in 2011, according to the Institute of International Education, after Europe, Latin America was the second most popular destination for U.S. university students. Hundreds of thousands of U.S. tourists travel every year to Latin America and the Caribbean helping to support thousands of jobs.¶ From 2006-2011 U.S. non-government organizations, such as churches, think tanks and universities increased the number of partnerships with their regional cohorts by a factor of four. Remittances to Latin America and the Caribbean from the United States totaled $64 billion in 2012. Particularly for the smaller economies of Central America and the Caribbean these flows can sometimes constitute more than 10 percent of gross domestic product.¶ Finally, one should not underestimate the resiliency of U.S. soft power in the region. The power of national reputation, popular culture, values and institutions continues to contribute to U.S. influence in ways that are difficult to measure and impossible to quantify. Example: Despite 14 years of strident anti-American rhetoric during the Chávez government, tens of thousand of Venezuelans apply for U.S. nonimmigrant visas every year, including many thousands of Chávez loyalists.¶ Does this mean we can feel comfortable relegating U.S. relations with the hemisphere to the second or third tier of our international concerns? Certainly not. We have real and proliferating interests in the region. As the president and his team head to Mexico and Costa Rica, it is important to recognize the importance of our ties to the region.¶ We have many individual national partners in the Americas. We don’t need a new template for relations with the hemisphere as a whole or another grand U.S.-Latin America strategy. A greater commitment to work more intensely with the individual countries on the issues most relevant to them would be appropriate. The United States still has the economic and cultural heft in the region to play a fundamental role and to advance its own interests.

#### Economic engagement now

Valencia 5/20/13

(Robert – contributing writer for Global Voices Online, New York-based political analyst, “U.S. and Latin America – Economic Cooperation Without Militarization?” [www.worldpolicy.org/blog/2013/05/20/us-and-latin-america-economic-cooperation-without-militarization](http://www.worldpolicy.org/blog/2013/05/20/us-and-latin-america-economic-cooperation-without-militarization))¶

President Obama’s meeting with Mexico’s President Enrique Peña Nieto centered on the historic economic relationship between the two countries, and furthered their conversation on economic and commercial initiatives as well as immigration issues. Additionally, Peña Nieto highlighted Mexico’s economic growth and the necessity for bolstering student exchange. Both leaders agreed to create an economic team led by Vice President Joe Biden and Mexican Secretary of the Treasury Luis Videgaray. They resolved to create projects to improve infrastructure and security along the 3,000 kilometer-long border, one of the world’s largest.

**No link uq disproved by the fact that China moved into and stayed in the region while NAFTA was at its strongest**

#### US-China influence isn’t zero-sum

Xiaoxia 5-6

[Wang. Staff Writer for the Economic Observer. “In America's Backyard: China's Rising Influence In Latin America” The Economic Observer, 5/6/13 http://worldcrunch.com/china-2.0/in-america-039-s-backyard-china-039-s-rising-influence-in-latin-america/foreign-policy-trade-economy-investments-energy/c9s11647/ ]

For South America, China and the United States, this is not a zero-sum game, but a multiple choice of mutual benefits and synergies. Even if China has become the Latin American economy’s new upstart, it is still not in a position to challenge the strong and diverse influence that the United States has accumulated over two centuries in the region.

**No spillover the Zhang ev talks about world wide Chinese soft power not soft power in Latin America there’s a distinction**

#### The relationship is trilateral and US engagement helps China

Shaiken et al ‘13

[Harley. Prof in the Center for Latin American Studies at UC-Berkeley. And Enrique Peters – Center for Latin American Studies at the University of Miami. And Adrian Hearn – Centro de Estudios China-Mexixo at Universidad Nacional Autonoma de Mexico. China and the New Triangular Relationships in the Americas: China and the Future of US-Mexico Relations, 2013. Pg 32-33]

If one simply looks at China’s trade surplus with the United States and Mexico, one would assume that China plays a very influential role in the triangular relations between these three nations. However, as the Chinese saying goes, there is no diplomacy for a weak country, implying that developing nations inherently assume a submissive role in relations with economic superpowers. In this sense then, economic power becomes the most important factor in the context of international diplomatic relations. Applied to the framework of the trilateral relationship between China, the United States, and Mexico, this theory clearly assumes the existence of one key player.¶ There is no doubt that the United States is a superpower, not only among these three countries, but also in the world. Although the International Monetary Fund predicts that China will surpass the U.S. in 2016 to become the world’s largest economy, the fact remains that China is still a developing country and only one of the regional powers in Asia, unlike the United States, which is a leading global superpower. The economic performance of the United States remains very impressive. Even though the economy of the U.S. was significantly affected by the international financial crisis, and is still in the process of recovering from an economic recession, the United States finds itself even now in a “unipolar moment” of unchallenged superiority. Therefore, although China is referred to as the second largest economy in the world, such accolades would be dampened if China’s situation were viewed comparatively, as a whole, with the United States. It is clear that China’s economic status has been increasing in terms of purchasing power parity (PPP), which is the correct unit of measurement when examining the cost of living. However, “the traditional measure of GDP, calculated in dollars at current exchange rates, [indicates] that the U.S. economy remains nearly six times the size of China’s” (Stallings 2008:241). Furthermore, it is widely known that competitiveness indicates the level of a country’s productivity. According to a report by the World Economic Forum, the U.S. is ranked much higher than both China and Mexico (China: 26th and Mexico: 58th), even though “the U.S. continues its decline for the third year in a row, falling one more place to fifth position” (WEF 2011).¶ All of the above-mentioned data indicates that the United States continues to be a prevailing superpower in the world – a particularly relevant fact for both China and Mexico. As for these two nations, both are developing countries, both are listed among the middle-income countries, and their economic performance and GDP per capita are much lower than that of the U.S. However, when we compare China and Mexico to each other, we see that both countries are in the process of modernization, although comparatively speaking, Mexico’s per capita GDP is 2.3 times higher than that of China.¶ As the most powerful country in the triangular relationship, the United States has become the most important trade partner for both China and Mexico, as well as a key player in other facets of their relationship:¶ (1). For China, the United States is its most important economic partner, a status which is supported by the fact that the U.S. is the second largest export destination for China’s manufacturing products, following only behind Asia as a whole. What is more, China is the most significant shareholder of U.S. stock, and both countries enjoy a close, mutually beneficial relationship in terms of their economies, their militaries, and their cultural and interpersonal exchange. To a certain extent, China and the U.S. are mutually dependent on each other.¶ However, it is worth noting that the United States holds the upper hand in terms of the bilateral relationship between the two nations. Superficially speaking, China’s swift economic growth has greatly strengthened its economy, hence the reason it has been regarded as “world-class economic power” (Smith 2008:215). However, the “commodity boom” is unlikely to last forever (He 2012:31). China’s “manufacturing road” to modernity has become rocky and uncertain for a number of reason: The first is related to increasing labor costs in China, not only compared to what they were before, but also in terms of neighboring countries such as Vietnam and India. According to AlixPartner Consultancy, compensation costs in East Asia – a region that includes China but excludes Japan – rose from 32% of U.S. wages in 2002 to 43% in 2007. And since wages have been increasing at a rate of 8% to 9% a year, taxes have been increasing as well. East Asia’s overall costs have doubtlessly escalated even more during the last two years (Devonshire-Ellis 2011). The effects of wage increase in China have been exemplified by American companies like Adidas leaving China in response to escalated labor costs. What this ultimately means for China is a gradual loss of its comparative advantage as the lowest-cost producer in the manufacturing sector – a status that it has maintained for decades.¶ Secondly, United States-based multinational companies (MNCs) are crucial in determining the structure of the global production system, labor mobilization, and international trade flow. China, as the final assembler of goods produced by the MNCs, has enticed such companies with low costs of labor. This has incentivized many MNCs in the manufacturing sector to build accessory plants in China, which now account for over 60% of China’s exports.2 Consequently, MNCs receive a large percentage of these export profits, calling into question the true trade surplus that China has with the U.S. and Mexico. In other words, the United States, as a primary base for MNC-operations, will be a determining factor regarding China’s future economic performance if China continues to follow its manufacturing road.¶ Last but not least, China is currently facing numerous domestic problems, such as: (1) a rich government with poor citizens, suggesting that the benefits of economic growth have not been enjoyed by a significant portion of the population; (2) rampant social inequality; and (3) inefficiency of state-owned enterprises, incomplete economic reform, and a semi-market and semi-command economic system. Chinese economist Wu Jinglian has argued that China’s future will be decided based on whether the country advances to a law-based market economy or reverts back to a command economy and state capitalism (Wu 2012). The aforementioned factors have impeded China’s economic development, supporting the contention that “China’s economic clout and status should not be exaggerated” (Roett and Paz 2008:9). In short, it is necessary for China to explore a new model of development - that is, from an export-driven model to one based on innovation - in order to sustain its economic growth.

#### Chinese influence in Latin America is bad – US economic engagement is comparatively superior

Shaiken et al ‘13

[Harley. Prof in the Center for Latin American Studies at UC-Berkeley. And Enrique Peters – Center for Latin American Studies at the University of Miami. And Adrian Hearn – Centro de Estudios China-Mexixo at Universidad Nacional Autonoma de Mexico. China and the New Triangular Relationships in the Americas: China and the Future of US-Mexico Relations, 2013. Pg 7-8]

However, closer ties to China also have signifi­cant disadvantages for both Latin America and the United States:¶ Growing trade deficits. Latin American lead­ers who sign trade and investment deals with the PRC have noticed that China's exports are more affordable than their own goods, which contributes to trade deficits. Chinese goods are made by laborers who work for one-third of the wages of Latin American counterparts and who tolerate worse working conditions. Officials in Argentina, Brazil, and Mexico have signaled their unease about trade with such a hot com­petitor. In September 2005, Mexican President Vicente Fox made it clear to visiting President Hu Jintao that dumping electronics and cloth­ing was unacceptable. For every dollar that Mexico makes from exports to China, the PRC makes $31 from exports to Mexico.[9]¶ Disinterest in economic reform. Some ana­lysts believe that the commodities-based trade model used by China will undermine the progress that Latin America has made toward industrialization. While countries like Chile and Brazil have moved beyond raw materials exports, others with powerful presidents or rul­ing oligarchies may be tempted to fall back on plantation economics. Income gaps between the rich and poor may widen as a result. More­over, such narrowly focused economies are vul­nerable to downturns in commodity prices. Some 44 percent of Latin Americans already live below the poverty line. If these countries fail to adopt reforms, social inequality and political instability could depress U.S. exports to the region and increase migration problems.¶ Scramble for resources. To obtain commodi­ties, China offers tempting investments in infra­structure. In contrast, the United States cannot offer direct tie-ins to state industries and can only offer development aid, now in decreasing amounts. Chinese competition may make Mil­lennium Challenge Account (MCA) money a less effective incentive to democratize govern­ments and liberalize markets. The one-to-two year lead time from proposal to disbursement of MCA aid gives volatile governments a chance to back away from market-oriented perfor­mance requirements.¶ Evasion of American-style bottleneck diplo­macy. China's flexibility counters more rigid U.S. approaches. Obtaining any kind of assistance from the United States requires compliance on a battery of restrictions, including observing human rights, protecting the environment, prom­ising not to send U.S. military personnel to the International Criminal Court (ICC),[10] not assist­ing current or former terrorists, and not using U.S.-provided equipment for any other than its stated purpose. American commitments also depend on legislative approval and can be reversed if the mood in the U.S. Congress shifts.¶ Prying eyes on America. From electronic espi­onage facilities in Cuba to port facilities run by Hong Kong billionaire Li Ka-Shing's Hutchi­son-Whampoa conglomerate in Panama, China has an eye trained on the United States. U.S. intelligence agencies are aware of this, but Washington's penchant for focusing on one threat at a time, such as the war on terrorism, could leave America vulnerable to Chinese industrial and military espionage.

## China T/O

#### No tradeoff – the Chinese industry will still grow even with American investment – solves the DA

**Larson, 10** (Christina, contributing editor at Foreign Policy, correspondent for The New York Times, International Herald Tribune, The New Republic, The Washington Monthly, fellow at the New America Foundation, “America’s Unfounded Fears of A Green-Tech Race with China”, Yale University, Environment 360http://e360.yale.edu/feature/americas\_unfounded\_fears\_of\_a\_green-tech\_race\_with\_china/2238/)

“Even when you are looking at these big numbers that are coming out of China today, I think it really pays to give a close look at what is actually happening on the ground,” says Elizabeth Economy, director of Asia Studies at the Council on Foreign Relations and author of The River Runs Black. “Then you begin to get a different, more nuanced picture than what is blasted on the business section of the New York Times.” The first essential fact to be aware of is that most news stories about China’s greentech gains are about manufacturing. China is becoming the wind-turbine factory to the world for much the same reasons it has long been the TV and t-shirt factory to the world: lower wages, lower land prices, fewer regulatory and other requirements, etc. This isn’t particularly surprising, and it shouldn’t be seen as a reversal of the status quo. What’s changed most dramatically in the last five years has been growing global demand. With significant government investment, Chinese factories have planned for and stepped up production accordingly. Yes, this is bad news for [U.S. cities like Detroit](http://www.e360.yale.edu/content/feature.msp?id=2171" \t "_blank), where planners have recently been retrofitting old hot-rod factories into wind-turbine factories, such as an old Ford Thunderbird plant in Michigan that’s being converted into a green-tech manufacturing center in a bid to boost the local economy. China’s research labs are politically constrained, limiting their ability to attract top talent. Manufacturing in China, especially low and medium-tech manufacturing, has certain clear economic advantages. But it’s also worth considering a few other facts. Most of the green manufacturing jobs that the U.S. stands to “lose” haven’t in fact been created yet; China will gain thousands of new jobs, but not necessarily at America’s expense. Moreover, the United States will still gain many new green-collar jobs, in installation and maintenance, which can only be locally based, as well as sales teams, conference planners, and other positions already arising to support the growing green-tech field.

#### Their link evidence concedes the DA’s non-unique – Germany and other actors are also rising – makes the impact inevitable

**Caperton et al, 11** (\*Richard W., Policy Analyst with the Energy Opportunity group at the Center for American Progress, \*\*Kate Gordon, Vice President for Energy Policy at the Center for American Progress, \*\*\*Bracken Hendricks, Senior Fellow at the Center for American Progress, \*\*\*Daniel J. Weiss, Senior Fellow and Director of Climate Strategy at the Center for American Progress, “Helping America Win the Clean Energy Race,” Center for American Progress, February 7, 2011, http://www.americanprogress.org/wp-content/uploads/issues/2011/02/pdf/ces\_brief.pdf, JKahn)

Unfortunately Senate Republican leaders blocked any energy legislation in 2010, just as the Recovery and Reinvestment Act funds began to run their course. The result: Cleantech companies now find themselves in a tight financial position, facing slackening market demand and a tightening supply of private-sector investment capital. This is no way to build a modern industry. Already we have seen cutting-edge solar power manufacturing companies begin to close their doors, either permanently or to move to other countries with strong and dedicated clean energy markets. Evergreen Solar Inc., for example, recently announced plans to close its Massachusetts plant to put more funds into solar panel manufacturing in China. The company followed on the heels of SpectraWatt Inc. in New York and Solyndra Inc. in California closing some of their facilities. As General Electric Co.’s chairman and chief executive, Jeff Immelt, said at last year’s ARPA-E summit, those countries with strong demand for renewable energy products will naturally pull these companies into their borders because “innovation and supply chain strength gets developed where the demand is the greatest.” Similarly, wind manufacturers in Iowa, once a state leader in this industry, are laying off workers as new orders fail to materialize. Leading global financier Deutsche Bank decided to move billions of investment dollars out of the U.S. clean energy market, and into China and Europe as soon as it was clear there would be no comprehensive climate and energy legislation coming out of the 111th Congress. China and our other economic competitors in Asia, Europe, and emerging markets are not waiting for America to regroup. The home team can win the clean energy race These stories share a common theme: investment dollars leaving the United States to be deployed among our global competitors who have fully embraced the economic and environmental imperative to enter a new era of cleaner, more sustainable and domestic energy. China is the most striking example. In 2009, even as the United States was installing more wind turbines, China driven by stable long-term demand for its products, became the world’s largest manufacturer of wind power systems. It was already the world’s largest solar manufacturer and developer of efficient nuclear and coal technologies. But China isn’t alone. Not by a long shot. Germany is not far behind in linking strong clean energy policies to market growth and manufacturing leadership, as the leading global manufacturer of solar inverters—a key part of solar power systems—and has made huge strides in energy storage solutions that will further accelerate the widespread adoption of renewable power. Denmark, Japan, and the United Kingdom are also global clean energy leaders with thriving domestic markets. All these countries have comprehensive programs in place to spur robust and stable demand for low-carbon energy, which then creates a market for businesses to manufacture and install the technologies to meet that demand. Last June, China announced its plan to meet a renewable energy standard of 20 percent by 2020, matching the European Union’s target. Germany has set a target of 60 percent by 2050. The country already gets 16 percent of all its power from renewables, well on its way to meeting this ambitious goal, and some think it may reach 100 percent by 2050. Denmark has gone a step further, actually announcing its intention to become 100 percent independent of fossil fuels by 2050, something that at least one of its islands has already achieved. This occurred in a country that in 1970 was almost completely dependent on foreign fossil fuels. These countries prove that strong clean energy standards build growing economies. But even more than that, strong clean energy standards are now imperative if we are to compete on the same playing field as China and Europe. America over the course of the 20th century took command of the Industrial Revolution and the communications revolution, and then led the world into the Information Age. It is time for us to lead the clean-tech revolution, too. Today, others are beating us to the punch, not because we lack the technology and innovation to lead this new revolution, but because we are not providing the market signals needed for our private-sector entrepreneurs need to invest over the long haul. This clean energy investment gap is rapidly becoming the greatest threat to America’s technology leadership. Smart policy for strong U.S. electricity markets Building on the pioneering renewable electricity or portfolio standards already in place in 30 states, a nationwide clean energy standard would provide much-needed certainty to electricity markets, utilities, energy investors, and state power regulators. With meaningful standards in place, these businesses could make smarter long-term planning decisions on engineering, capital budgets, and investment needs. But for a new generation of technology companies to grow up to meet the changing needs of this marketplace, any clean energy standard must be carefully crafted, setting a target that not only phases out older, more inefficient and polluting plants, but also accelerates the growth of diverse domestic renewable energy supplies to meet our changing energy needs.

## So, it turns out that the infamous Royal article you’ve all probably read is a bit misleading. Specifically, it’s a portion of the entire article which ultimately concludes the opposite direction that it’s traditionally cut in.

#### Economic crisis is net better for global security – external pressure and the collapse of internal cohesion discourages aggression.

**Royal ‘10** (director of Cooperative Threat Reduction at the U.S. Department of Defense (Jedediah, Economics of War and Peace: Economic, Legal, and Political Perspectives, pg 215-219. ECST – Economically costly signaling theory) BSH

The rationalist theory of war suggests that ‘war is costly and risky, so rational states should have incentives to locate negotiated settlements that all would prefer to the gamble of war’ (Fearon, 1995). However, states are not always able to find negotiated settlements, and inter-state war does occur, often because states are uncertain about the private information of other states, such as resolve and capabilities, which can lead to miscalculation, escalation and conflict. Costly signalling, including through the use of economic costly signals as described above, is a means of overcoming uncertainty. However, economic costly signalling theorists have not described under what conditions economic costly signals are useful for settling disputes short of the use of force. For example, how useful is signalling among divergent types of political systems (autocratic and democratic), economic systems (capitalist and socialist) and dependency levels (asymmetric and co-dependent)? Each of these conditions are worthy of further study. This section considers the impact of economic crises on the practicality of ECST. I propose that economic crises have a dichotomous effect on the utility of economic costly signals. On the one hand, crises decrease the willingness of states to undertake economic costly signals because they are relatively more costly during crises. On the other hand, the very fact that they are more costly should increase the efficacy of such signals should they be used. However, the potential for states to ‘underbalance’ against foreign threats, including by declining to send economic costly signals, also increases as a result of economic crises. This tendency undermines the practical utility of ECST during and following economic crises. As economic growth becomes scarce, its value increases to states and their societies. Negative economic shocks, therefore, increase the costs of economic costly signals, because those signals further undercut the prospects for economic growth at a time when it is scarce. A corollary of this argument would be that a state that enjoys strong economic stability can accept economic (trade and financial) costs vis-a` -vis a potential adversary with less relative repercussion than an economically weakened state. At times of general economic growth, accepting some economic costs for the sake of national security is a more palatable policy adjustment than during times of economic weakness. Along with increasing economic (monetary) costs, the political costs of economic costly signals also increase as a result of economic crises. Economic stability is a key public good for which leaders of states, particularly in open societies, are held responsible. Given that leaders desire to retain power, and given that leaders consider their political survivability when crafting foreign policies (Bueno deMesquita, Smith, Siverson, & Morrow,2003), leaders are thus unlikely voluntarily to undermine economic recovery during and following economic crises. In other words, domestic political interests in economic growth are relatively stronger during an economic crisis, leading to a greater probability that a political leader would be punished by an electorate or selectorate for undermining foreign trade and financial linkages that promote economic growth.6 This problem of increased cost sought to be particularly acute for states that increase their role in the economy as a mechanism of supporting Economic recovery from a crisis. That is, governments have a strong interest in immediate stabilization of the domestic economy during a crisis. They may undertake interventionist policies such as economic stimulus packages, bailouts for vulnerable industries or even nationalization of companies that are particularly important for the country’s overall economic health. As a result, the involvement of the state in commerce, trade and financial flows tends to increase during economic crises as it takes a more activist role In directing the economy’s recovery. In the most recent economic crisis of 2007–2009, French President Nicholas Sarkozy went so far to announce that ‘laissez-faire is dead’, an emotive claim that can be attributed to political posturing rather than historical clairvoyance. Nevertheless, it does poignantly convey how an economic crisis can draw governments into new levels of engagement and commitment in the private sector. The increasing government role in the economy can lead to a blending of national and private sector interests: governments want to protect their investments. The problem for economic signaling is that states begin to act on this new set of interests in their foreign policies. The government is incentivized to ensure public funds are not lost, reducing its willingness to allow the very industries it has propped up to suffer for the sake of foreign policy posturing. The result is a further internal constraining of a state’s capacity to undertake economic costly signals. The link between changes in the amount of a government’s intervention in its domestic economy and changes in its foreign policy is an area worthy for further study in the economic-security literature. Yet another perspective of how economic crises increase the costs of signalling can be observed among the broader international audience. Where many states depend on a single system for their economic well-being, the costs of any one state signalling within that system impact the many. In periods of economic health, a costly move by one state would likely have little impact on the integrity of the system. However, during an economic crisis when the entire system is under duress, adverse economic moves by those relatively important to the functioning of the entire system could be interpreted by third-party states as undermining their own economic well-being. This external constraint is thus manifested as diplomatic audience costs. Indeed, one could posit that the aggregate level of importance of an interdependent dyad to crisis recovery would be inversely related to their willingness to take punitive economic measures. Pressure by third-party states on the dyad to support the integrity of the system through continued integration would be at a maximum during a period of economic crisis. Although states may be less inclined to undertake economic costly signals, the simple fact that they are so costly during an economic crisis should indicate that, if undertaken, the signal itself will be more credible and thus more effective. A receiving (targeted) state that recognises the severity of the cost assumed by the sending state ought to be more convinced of the genuine nature of the signal. The efficacy of the signal is made stronger by the elevated cost. One can therefore come to the conclusion that economic crises strengthen the conditions for economic costly signals to be successful. There is, however, another trend at play. Economic crises tend to fragment regimes and divide polities. A decrease in cohesion at the political leadership level and at the electorate level reduces the ability of the state to coalesce a sufficiently strong political base required to undertake costly balancing measures such as economic costly signals. Schweller (2006) builds on earlier studies (see, e.g., Christensen, 1996; Snyder, 2000) that link political fragmentation with decisions not to balance against rising threats or to balance only in minimal and ineffective ways to demonstrate a tendency for states to ‘underbalance’. Where political and social cohesion is strong, states are more likely to balance against rising threats in effective and costly ways. However, ‘unstable and fragmented regimes that rule over divided polities will be significantly constrained in their ability to adapt to systemic incentives; they will be least likely to enact bold and costly policies even when their nation’s survival is at stake and they are needed most’ (Schweller, 2006, p. 130). Papayoanou (1997) observes this tendency in British, French and American behavior towards Germany in the1930s.The Great Depression led states to become inward-looking, prioritizing domestic economic interests above external national security threats. The inherent weakness in the disparate political outlooks that coincided with the economic crisis hindered their ability to balance effectively against Germany .Indeed, in the case of Great Britain, Papayoanou indicates that even though the political elite wanted to break Britain’s strong economicties with Germany for fear of ‘sleeping with the enemy’, a weak political base and relatively stronger interests in domestic economic growth bound the hands of the British government. Great Britain thus elected not to undertake economic costly signals despite the presence of a clear and growing threat. Papayoanou (1997, pp.114–115) concludes that when ‘status quo powers have strong economic links with threatening powers, weaker balancing postures and conciliatory policies by status quo powers, and aggression by aspiring revisionist powers, are more likely’. Under balancing (In this case, by not sending economic costly signals) during economic crisis’s consistent with a growing body of literature on the influence of domestic ‘veto players’ on the decision to use force. Veto players are those vested interests within an electorate or selectorate that have the authority to resist change in status quo policies. The tendency to under- balance is disproportionately strong in states with large numbers of veto players, a situation more prevalent in democracies than autocracies. Where relatively higher numbers of veto players exist within a polity, the opportunity to change status quo economic and trade policies, for example, through costly signaling, decreases (Tsebelis,2002; Mansfield, Milner, & Pevehouse, 2008; St. Marie, Hansen, & Tuman, 2006; MacIntyre, 2001; Walsh, 2007). In summary, I hypothesize that the occurrence of an economic crisis increases the cost associated with ECST and thus decreases the willingness of states to send economic costly signals. Although the fact that increased costs should make the signal more effective, scholarship on under balancing theory and veto player theory provide rationale for why economic crises may inhibit the use of economic costly signals, even in the face of a direct threat.7 The logic of ECST supports arguments for greater economic interdependence to reduce the likelihood of conflict. This chapter does not argue against the utility of signaling theory. It does, however, suggest that when considering the occurrence of and conditions created by economic crisis, ECST logic is dubious as an organizing principle for security policymakers. The discussion pulls together some distinct areas of research that have no yet featured prominently in the ECST literature. Studies associating economic interdependence, economic crises and the potential for external conflict indicate that global interdependence is not necessarily a conflict-suppressing process and may be conflict enhancing at certain points. Furthermore, the conditions created by economic crisis decrease the willingness of states to send economic costly signals, even though such signals may be most effective during an economic crisis. These two points warrant further consideration in the debate over ECST and, more broadly, theories linking interdependence and peace. The debate takes on particular importance for policymakers when considering the increasingly important US-China relationship and the long-term prospects for peace in the Asia-Pacific. Recent US policy towards China, such as the ‘responsible stakeholder’ approach, assumes that greater interdependence with China should decrease the likelihood for conflict. Some have even suggested that the economic relationship is necessary to ensure strategic competition does not lead to major war (see e.g., Kastner, 2006). If US or Chinese policymakers do indeed intend to rely on economic interdependence to reduce the likelihood of conflict, much more study is required to understand how and when interdependence impacts the security and the defense behavior of states. This chapter contributes some thoughts to that larger debate.

## Diversionary/Conflict theory

#### **Economic decline causes conflict – Diversionary theory**

Bennett and Nordstrom 2k (D. Scott Bennett and Timothy Nordstrom, , Department of Political Science Professors at Pennsylvania State., Department of Political Science Professors at Pennsylvania State. The Journal of Conflict Resolution, Vol. 44, No. 1, Substitutability in Foreign Policy: Applications and Advances (Feb., 2000), JSTOR ‘Foreign Policy Substitutability and Internal Economic Problems in Enduring Rivalries’ p. 43) BSH

In this article, we applied arguments about substitutability to the problem of how economic conditions influence state behavior in international rivalries. We first developed a general argument about how substitutability might be handled theoretically and statistically and then explored how states respond to internal economic problems by substituting between diversionary behavior and seeking rivalry termination. After conducting a multinomial logit analysis, we found significant support for the application of the diversionary conflict hypothesis within rivalries; we found that states experiencing slower rates of growth in their per capita GDP appear to be more likely to initiate a conflict against a rival than do states with higher growth rates. We also found no support for the Blainey targeting hypothesis; rivals initiated with higher probability against states without economic problems (consistent with the strategic application of diversionary conflict theory). We also found that diversionary conflict was a more likely reaction to internal problems than was rivalry termination; rivalry termination actually appeared most likely in the context of good economic conditions within the rivals. The relatively larger support for externalization in our analysis compared to previous studies may have been revealed by our more sophisticated model, which allows for the possibility of another policy choice, namely, rivalry termination; by our focus on rival states; and by our analysis of economic growth as a precursor to manifest conflict behavior within states.

### Now Key

Cuba is changing in a direction that is favorable of US capitalism

Heuvel 7-2 “The U.S. should end the Cuban embargo” Katrina vanden Heuvel, writer for the Washington Post July 02, 2013 <http://articles.washingtonpost.com/2013-07-02/opinions/40316090_1_embargo-limited-private-enterprise-odebrecht>

A recent visit reveals a Cuba that is already beginning a new, post-Castro era. That only highlights the inanity of the continuing U.S. embargo, a cruel relic of a Cold War era that is long gone. Cuba is beginning a new experiment, driven by necessity, of trying to build its own version of market socialism in one country. Just as populist movements in the hemisphere looked to Castro and Cuba for inspiration, now Cuba is learning from its allies as it cautiously seeks to open up its economy. A former minister of the economy spoke of how Cuba is committed to fostering private coops and businesses, and is beginning a push to make more state enterprises make their own way. This month, 100 state-run produce markets and 26 other establishments are scheduled to become private cooperatives. The government says many more establishments will follow, beginning in 2014, as an alternative to small and medium-size state businesses in retail and food services, transportation, light manufacturing and construction, among other sectors. Despite the embargo, José Martí International Airport displays the new vitality. Hundreds of Cuban Americans fly into see relatives, bringing everything from flat-screen TVs to consumer basics. Since President Obama lifted restrictions on family visits in 2009, remittances and material support from Cuban Americans play a growing role in the microeconomy of the island. Whereas in the 1990s, Havana was willing to permit only limited private enterprise as an emergency measure, government officials now speculate openly about aiming toward 50 percent of Cuba’s GDP in private hands within five years. Of course, an expanding small business sector won’t resolve some central issues facing the island: access to large-scale credit and investment and the need to boost exports and address anemic productivity, not to mention the demands of an aging population.

### Solvency – Econ

#### The Cuban transition is stable but stalling – US action is key to spur further economic development

Hanson & Lee ’13 (Brianna Lee Senior Production Editor, Stephanie Hanson, January 31, 2013, U.S.-Cuba Relations, http://www.cfr.org/cuba/us-cuba-relations/p11113)

Raúl Castro has implemented a number of significant changes to the structure of the Cuban government and economy. Several changes related to agriculture, including a decision in 2008 to give individuals land for farming, were meant to spur food production on the island. He liberalized the real estate and auto markets, created space for small businesses, and cracked down on corruption. "Raúl Castro, though no democrat, is clearly a more practical man than his brother," said a 2010 Economist article. "He recognizes that time is running out for his island. The population is shrinking and ageing, the economy is hopelessly unproductive and the state can no longer pay for the paternalist social services of which Cuba was once proud." However, Raúl Castro's steps toward capitalism have been "both remarkable and extremely limited," writes Damien Cave for the New York Times. "What Cuba has ended up with is handcuffed capitalism: highly regulated competitive markets for low-skilled, small family businesses." In 2012, Raúl Castro made a historic change to the country's travel laws. Under the new policy, which took effect in January 2013, Cubans are eligible to apply for passports to travel abroad, rather than having to acquire a formal letter of invitation and exit visa. Furthermore, Cubans are able to stay outside of the country for twenty-four months--extended from eleven months--without losing their status as Cuban residents. The new policy makes exceptions for "citizens who have obligations with the state or are not authorized under rules designed to preserve the skilled workforce and protect official information," in which case the state exercises its own judgment. Raúl Castro has signaled he is willing to engage in dialogue with Washington. At the same time, says CFR's Sweig, seeking normalized bilateral relations is clearly not a priority for the Cuban government, which has moved to diversify its relationships in the region. "Cuba no longer seems to need to see the relationship with the United States improve as rapidly as it might well have, for example, when the Soviet Bloc collapsed and it lost its Soviet subsidy overnight," Sweig told CFR.org in a March 2009 interview. A 2009 Human Rights Watch report found that Cuba's judicial system remained oppressive, saying, "Raúl Castro's government uses draconian laws and sham trials to incarcerate scores more [political prisoners] who have dared to exercise their fundamental freedoms."

### Transition Stable Now

#### Cuba is denationalizing oil now- this allows US oil companies a market and capitalism developing in Cuba now

Frank 7/8 July 08, 2013 Marc Frank Reuters Chicago Tribune News “Cuba to embark on deregulation of state companies” <http://articles.chicagotribune.com/2013-07-08/news/sns-rt-us-cuba-reform-companies-20130708_1_marino-murillo-cubapetroleo-state-capitalism>

Cuba will begin deregulating state-run companies in 2014 as reform of the Soviet-style command economy moves from retail services and farming into its biggest enterprises, the head of the Communist Party's reform efforts said. Politburo member and reform czar Marino Murillo said the 2014 economic plan included dozens of changes in how the companies, accountable for most economic activity in the country, did business. He made the comments in a closed-door speech to parliament deputies on Saturday, and some of his remarks were published by official media on Monday. "The plan for the coming year has to be different," Murillo was quoted as saying by Communist Party daily newspaper Granma. He said that of 136 directives for next year "51 impact directly on the transformation of the companies." The reforms will affect big state enterprises like nickel producer Cubaniquel and oil company Cubapetroleo and entail changes like allowing the firms to retain half of their profits for investment and wage increases and giving managers more authority. The plan also threatens nonprofitable concerns with closure if they fail to turn themselves around. "Murillo's empowerment of state-run companies is a milestone on the road toward a new Cuban model of state capitalism, where senior managers of government-owned firms become market-driven entrepreneurs," said Richard Feinberg of the Washington-based Brookings Institution and an expert on Cuba's economy.

### Russia Drills Now

#### Foreign actors are attempting to drill for Cuban Oil; Russia is close, but temporarily plagued by problems. The time to act is now

Miami Herald 5-31-13(<http://www.miamiherald.com/2013/05/31/3424471/russian-oil-company-suspends.html>; “Russian oil company suspends exploration in Cuba”; )

A Russian state oil company drilling off Cuba’s northern shores has reportedly confirmed that it is temporarily halting its exploration — the fourth disappointment for Cuba’s dreams of energy self-sufficiency in less than two years. The announcement by Zarubezhneft signaled an end to the only active exploration program on the island, which now relies on highly subsidized oil from the beleaguered Venezuelan government of President Nicolas Maduro. Zarubezhneft confirmed this week that it was halting work due to “geological” problems but added that it will resume its exploration next year, the Reuters news agency reported Thursday in a dispatch from Havana. The Russians withdrawal had been expected because the Norwegian company that owns the drilling platform they have been leasing, the Songa Mercur, already had announced that it would be leaving Cuban waters in July for another contract. Zarubezhneft’s confirmation, nevertheless, signals “another disappointment” for Cuba’s dreams of finding oil in its waters, said Jorge Pinon, a Cuba energy expert at the University of Texas in Austin. The U.S. Geological Survey has estimated that Cuba’s offshore waters have “significant undiscovered conventional oil potential” — between 4.6 billion and 9.3 billion barrels. Cuban officials estimate the potential reserves at 20 billion. “This is the second geological area in Cuba that … seemed to be promising,” Pinon said of Zarubezhneft’s exploration block. But finding the oil means “you have to go into your pocket to drill exploratory wells.” Spain’s Repsol oil company spent $100 million in the early part of 2012 unsuccessfully exploring with the Scarabeo 9 drilling platform, especially built in China to avoid the restrictions of the U.S. embargo, in deep waters northwest of Havana. Petronas of Malaysia, Russia’s Gazprom and Petroleos de Venezuela SA (PDVSA) later leased the Scarabeo platform but also struck out, and the rig left Cuban waters at the end of last year. Zarubezhneft then gave it a try, leasing the Songa Mercur to explore waters not as deep and east of Havana starting late last year. Neighboring Bahamas also has expressed interest in that area, but the Russians also drilled a dry hole. The Russians are considered likely to meet their promise to return next year because President Vladimir Putin’s government has been pushing hard to warm up political and commercial ties with Moscow’s one-time allies in Havana. Cuba’s oil explorations have caused concern among U.S. environmentalists and tourism officials that any spills would impact the entire Eastern Seaboard, from the Florida Keys to Cape Cod in Massachusetts. Supporters of improving U.S. relations with Cuba argued that Washington should allow American oil firms to get a piece of the potential profits. The U.S. embargo adds about 20 percent to that island’s exploration costs, according to Cuban officials Repsol publicly allowed U.S. officials to inspect the Scarabeo rig before it reached Cuban waters. Zarubezhneft privately allowed the U.S. inspectors to examine the Songa Mercur, according to some reports. Zarubezhneft’s announcement means that for at least the next couple of years Cuba will have to continue relying on the estimated 96,000 barrels of oil it receives each day from Venezuela – about two thirds of its consumption. Under highly advantageous deals signed by the late President Hugo Chávez, Cuba pays for part of the already subsidized oil with the vastly overpriced salaries that Venezuela pays for the 45,000 medical and other personnel working in the South American country. Maduro has promised Cuba that he will continue the subsidies, but Venezuela’s oil production has been shrinking, its economy is in turmoil and the president’s political rivals are pushing for his removal.

#### Russia will drill now

David LaGeese ’12 Personal tech writer, with recent articles that have appeared in National Geographic, <http://news.nationalgeographic.com/news/energy/2012/11/121119-cuba-oil-quest/>

But an energy-poor Cuba also has its risks. One of the chief concerns has been over the danger of an accident as Cuba pursues its search for oil, so close to Florida's coastline, at times in the brisk currents of the straits, and without U.S. industry expertise on safety. The worries led to a remarkable series of meetings among environmentalists, Cuban officials, and even U.S government officials over several years. Conferences organized by groups like the nonprofit Environmental Defense Fund (EDF) and its counterparts in Cuba have taken place in the Bahamas, Mexico City, and elsewhere. The meetings included other countries in the region to diminish political backlash, though observers say the primary goal was to bring together U.S. and Cuban officials.EDF led a delegation last year to Cuba, where it has worked for more than a decade with Cuban scientists on shared environmental concerns. The visitors included former U.S. Environmental Protection Agency administrator William Reilly, who co-chaired the national commission that investigated BP's 2010 Deepwater Horizon disaster and spill of nearly 5 million barrels of crude into the Gulf of Mexico. (Related Quiz: "How Much Do You Know About the Gulf Oil Spill?") They discussed Cuba's exploration plans and shared information on the risks."We've found world-class science in all our interactions with the Cubans," said Douglas Rader, EDF's chief oceans scientist. He said, however, that the embargo has left Cubans with insufficient resources and inexperience with high-tech gear. Although the United States and Cuba have no formal diplomatic relations, sources say government officials have made low-profile efforts to prepare for a potential problem. But the two nations still lack an agreement on how to manage response to a drilling disaster, said Robert Muse, a Washington attorney and expert on licensing under the embargo. That lessens the chance of a coordinated response of the sort that was crucial to containing damage from the Deepwater Horizon spill, he said."There's a need to get over yesterday's politics," said Rader. "It's time to make sure we're all in a position to respond to the next event, wherever it is."In addition to the environmental risks of Cuba going it alone, there are the political risks. Piñon, at the University of Texas, said success in deepwater could have helped Cuba spring free of Venezuela's influence as the time nears for the Castro brothers to give up power. Raúl Castro, who took over in 2008 for ailing brother Fidel, now 86, is himself 81 years old. At a potentially crucial time of transition, the influence of Venezuela's outspoken leftist president Hugo Chávez could thwart moves by Cuba away from its state-dominated economy or toward warmer relations with the United States, said Piñon. Chávez's reelection to a six-year term last month keeps the Venezuelan oil flowing to Cuba for the foreseeable future. But it was clear in Havana that the nation's energy lifeline hung for a time on the outcome of this year's Venezuelan election. (Chávez's opponent, Henrique Capriles Radonski, complained the deal with Cuba was sapping Venezuela's economy, sending oil worth more than $4 billion a year to the island, while Venezuela was receiving only $800 million per year in medical and social services in return.)So Cuba is determined to continue exploring. Its latest partner, Russia's Zarubezhneft, is expected to begin drilling this month in perhaps 1,000 feet of water, about 200 miles east of Havana. Piñon said the shallow water holds less promise for a major find. But that doesn't mean Cuba will give up trying.

### Cuba Says Yes/Solves Relations

#### Cuba welcomes the plan – drilling for oil is a key first step to normalizing relations

Miroff 09 (Nick Miroff, May 16, 2009. “Cuba's Undersea Oil Could Help Thaw Trade With U.S.” The Washington Post. <http://www.washingtonpost.com/wp-dyn/content/article/2009/05/15/AR2009051503416.html>)

The potential for deepwater drilling has also raised concerns about emergency contingencies in the event of another oil spill in the Gulf of Mexico. The United States has a longstanding agreement with Mexico, but there is no bilateral agreement between Cuba and the United States that would outline how to proceed in the wake of a disaster, one which could potentially send oil to U.S. shores in a matter of days. seawater and bitter relations.¶ Oil, up to 20 billion barrels of it, sits off Cuba's northwest coast in territorial waters, according to the Cuban government -- enough to turn the island into the Qatar of the Caribbean. At a minimum, estimates by the U.S. Geological Survey place Cuba's potential deep-water reserves at 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas, stores that would rank the island among the region's top producers.¶ Drilling operations by foreign companies in Cuban waters are still in the exploratory stage, and significant obstacles -- technological and political -- stand between a U.S.-Cuba rapprochement eased by oil. But as the Obama administration gestures toward improved relations with the Castro government, the national security, energy and economic benefits of Cuban crude may make it a powerful incentive for change.¶ Limited commercial ties between U.S. businesses and the island's communist government have been quietly expanding this decade as Cuban purchases of U.S. goods -- mostly food -- have increased from $7 million in 2001 to $718 million in 2008, according to census data.¶ Thawing relations could eventually open up U.S. investment in mining, agriculture, tourism and other sectors of Cuba's tattered economy. But the prospect of major offshore reserves that would be off-limits to U.S. companies and consumers has some Cuba experts arguing that 21st-century energy needs should prevail over 20th-century Cold War politics.¶ "The implications of this have the potential to be a sea change, literally and figuratively, for the Cubans," said Jonathan Benjamin-Alvarado, a political scientist at the University of Nebraska-Omaha who studies Cuba's energy sector.¶ At a House subcommittee hearing last month on U.S.-Cuba policy, former oil executive Jorge Piñón told lawmakers that the United States has a strategic interest in helping Cuba tap its potentially vast hydrocarbon stores and that U.S. companies should receive special permission to do so.¶ "American oil and oil equipment and service companies have the capital, technology and operational know-how to explore, produce and refine in a safe and responsible manner Cuba's potential oil and natural gas reserves. Yet they remain on the sidelines because of our almost five-decade-old unilateral political and economic embargo," said Piñón, a member of a Brookings Institution advisory group on Cuba policy reform.¶ Cuba has said it welcomes U.S. investment, but American companies remain largely silent on the issue, at least in public, bound by trade sanctions that were established under the Kennedy administration. When Cuban oil officials and U.S. companies attended a joint energy conference at an American-owned hotel in Mexico in 2006, the Bush administration forced the facility to expel the Cuban delegation, attempting to thwart any potential for partnership.¶ "Until trade barriers are removed, Chevron is unable to do business in Cuba," said Chevron spokesman Kurt Glaubitz. "Companies like us would have to see a change in U.S. policy before we evaluate whether there's interest."¶ Robert Dodge, a spokesman for the American Petroleum Institute, said his organization is not lobbying for access to Cuba, and Texas congressional representatives with ties to the oil industry said they are focused on opening U.S. territorial waters to drilling. But observers of U.S.-Cuba relations say American companies haven't been sitting on their hands and remain in conversations with Cuban counterparts.¶ At the 2006 Mexico energy conference, U.S. oil companies "all had plans to move forward as soon as the U.S. government gives them the go-ahead," said Benjamin-Alvarado, who attended the conference.¶ If that go-ahead is granted, American companies would be entering a drilling contest crowded with foreign competitors. Several global firms, including Repsol (Spain), Petrobras (Brazil) and StatoilHydro (Norway) are exploring in the Gulf of Mexico through agreements with the Castro government, and state companies from Malaysia, India, Vietnam and Venezuela have also signed deals.¶ Sherritt International, a Canadian company, has had oil derricks pumping heavy crude along Cuba's north coast for more than a decade, extracting about 55,000 barrels a day, mostly for Cuba's domestic energy consumption.¶ But most of Cuba's undiscovered reserves are thought to be in two offshore areas. The oil and gas that make up the USGS estimate lie in an area known as the North Cuba Basin, a short distance off the island's northwest coast.¶ The larger deposit is thought to be in a section of the gulf known as the Eastern Gap, to which Mexico and the United States also have a claim. Cuban officials believe there are 10 billion to 15 billion barrels of crude stored there under more than 5,000 feet of seawater and 20,000 feet of rock-- costly to extract but accessible with existing technology. By comparison, U.S. proven reserves total 21 billion barrels.¶ The Eastern Gap area is also coveted by American companies, but in Florida, where anti-Castro and anti-drilling sentiments run high, the Cuban government's energy ambitions have alarmed lawmakers who see the threat of ecological calamity in Cuba's plans to drill in that part of the gulf.¶ "They'd be drilling right in the Gulf Stream," Sen. Bill Nelson (D-Fla.) said in a telephone interview, describing a nightmare scenario in which ocean currents could carry spilled crude into Florida's marine sanctuaries and blacken beaches along the Eastern Seaboard.

### Now Key – Relations

#### Cuba-US relations are transitioning to a thawed state – capitalist reforms and dialogues prove

Padgett ’13 (Tim Padgett, WED JULY 3, 2013, A U.S. native from Indiana, Padgett received his bachelor’s degree in 1984 from Wabash College as an English major. In 1985 Padgett received a master’s degree in journalism from Northwestern University’s Medill School before studying in Caracas, Venezuela, at the Universidad Católica Andrés Bello. <http://wlrn.org/post/why-summer-offers-hope-better-us-cuba-relations>)

Like a lot of idealistic U.S. presidents, Barack Obama took office in 2009 hoping to establish better dialogue with communist Cuba. Remember his plan to “pursue direct diplomacy” with Havana? Then he quickly discovered what most U.S. presidents find out: First, communist Cuba really doesn’t want improved dialogue with Washington, since conflict with the U.S. offers more political payoff on the island. Hence Cuban leader Raúl Castro’s 2009 Christmas gift to Obama: the arrest of U.S. aid subcontractor Alan Gross on dubious espionage charges. Second, the hardline U.S. Cuban exile lobby doesn’t want improved dialogue with Havana, since conflict with Cuba offers (or has traditionally offered) more political payoff here. Hence the Cuban-American congressional caucus’ efforts in 2011 to keep Obama from letting convicted Cuban spy René González return home to finish his probation, a fairly benign gesture that might have enhanced the chances of Gross’ release. And yet, despite all that recent cold-war commotion, could this finally be the summer of love on the Florida Straits? Last month the Obama Administration and the Castro dictatorship started talks on re-establishing direct mail service; this month they’ll discuss immigration guidelines. Diplomats on both sides report a more cooperative groove. So what happened that’s suddenly making it possible for the two governments to start some substantive diplomatic outreach for the first time in years? First, Castro finished crunching the numbers on Cuba’s threadbare economy, and the results scared him more than one of Yoani Sánchez’s dissident blog posts. To wit, the island’s finances are held up by little more than European tourists and oil charity from socialist Venezuela. He’s adopted limited capitalist reforms as the remedy, and to make them work he has to loosen the repressive screws a turn or two. That finally includes letting Cubans travel freely abroad, which gives them better opportunities to bring back investment capital. As a result, says Carlos Saladrigas, a Cuban-American business leader in Miami and chairman of the Washington-based Cuba Study Group, “The timing is right” for some U.S.-Cuban rapprochement. “Cuba is clearly in a transitionary mode,” says Saladrigas. “They need to change to reinsert themselves in the global order, they need to become more normal in their relations with other nations.” Second, although the White House is still intimidated by the Cuban exile lobby, it’s had its own numbers to ponder -- namely, poll results from South Florida’s Cuban-American community. Over the past five years, surveys have consistently shown that Cuban-Americans, especially the more moderate younger generation and more recently arrived Cubans, favor engagement with Cuba as a way of promoting democratization there. Some polls even indicate that a majority want to ditch the failed 51-year-old U.S. trade embargo against Cuba. As a result, Obama -- who according to one exit poll won 48% of Florida’s Cuban vote in last year’s presidential election, which would be a record for a Democratic candidate -- feels more elbow room for diálogo with the Castro regime. The Administration even recently let González return to Cuba. “The Cuban-American community in Miami is definitely changing,” says Cuban-American Elena Freyre, president of the Foundation for Normalization of U.S.-Cuba Relations in Miami. “It’s reached kind of a critical mass at this point, and I think people are ready to try something different.” Freyre notes that Obama’s appointment this year of former Massachusetts Senator John Kerry as the new U.S. secretary of state is also having an impact. “Mr. Kerry has always felt [the U.S.’s] position with Cuba made no sense,” she says. “He’s been very vocal about thinking that if we engage Cuba we will get a lot further.” Kerry, for example, believes the U.S. should lift its ban on U.S. citizen travel to Cuba. Still, there are just as many reasons to be pessimistic -- starting with the imprisonment of the 64-year-old Gross, who is serving a 15-year prison sentence in Cuba. Saladrigas says that’s a sign that communist hardliners still hold sway on the island. “Conflict with the U.S. has been the perfect scapegoat for many of the problems and failures of [their] revolution,” he notes. The Castro regime says the U.S. does its own part to further that conflict by keeping Cuba on a list of state sponsors of terrorism, even though there appears to be scant evidence for doing so. Cuban-American Congressman Mario Diaz-Balart recently told Fox News that Cuba should be viewed “more like North Korea, or compare it to Iran.” To a growing number of Cuban-Americans in South Florida, however, that sounds more like hardliner hyperbole. Last week, in fact, many Cuba watchers wondered whether fugitive U.S. intelligence leaker Edward Snowden did not board a flight from Moscow to Havana because Castro, given the new U.S.-Cuba dialoguista climate, preferred (for the moment anyway) not to irritate Washington. If so, let’s see if the love lasts longer than the summer.

### U.S key to the global economy

#### ( ) U.S key to the global economy

Caploe ‘9

(David Caploe is CEO of the Singapore-incorporated American Centre for Applied Liberal Arts and Humanities in Asia., “Focus still on America to lead global recovery”, April 7, The Strait Times, lexis)

IN THE aftermath of the G-20 summit, most observers seem to have missed perhaps the most crucial statement of the entire event, made by United States President Barack Obama at his pre-conference meeting with British Prime Minister Gordon Brown: 'The world has become accustomed to the US being a voracious consumer market, the engine that drives a lot of economic growth worldwide,' he said. 'If there is going to be renewed growth, it just can't be the US as the engine.' While superficially sensible, this view is deeply problematic. To begin with, it ignores the fact that the global economy has in fact been 'America-centred' for more than 60 years. Countries - China, Japan, Canada, Brazil, Korea, Mexico and so on - either sell to the US or they sell to countries that sell to the US. This system has generally been advantageous for all concerned. America gained certain historically unprecedented benefits, but the system also enabled participating countries - first in Western Europe and Japan, and later, many in the Third World - to achieve undreamt-of prosperity. At the same time, this deep inter-connection between the US and the rest of the world also explains how the collapse of a relatively small sector of the US economy - 'sub-prime' housing, logarithmically exponentialised by Wall Street's ingenious chicanery - has cascaded into the worst global economic crisis since the Great Depression. To put it simply, Mr Obama doesn't seem to understand that there is no other engine for the world economy - and hasn't been for the last six decades. If the US does not drive global economic growth, growth is not going to happen. Thus, US policies to deal with the current crisis are critical not just domestically, but also to the entire world. Consequently, it is a matter of global concern that the Obama administration seems to be following Japan's 'model' from the 1990s: allowing major banks to avoid declaring massive losses openly and transparently, and so perpetuating 'zombie' banks - technically alive but in reality dead. As analysts like Nobel laureates Joseph Stiglitz and Paul Krugman have pointed out, the administration's unwillingness to confront US banks is the main reason why they are continuing their increasingly inexplicable credit freeze, thus ravaging the American and global economies. Team Obama seems reluctant to acknowledge the extent to which its policies at home are failing not just there but around the world as well. Which raises the question: If the US can't or won't or doesn't want to be the global economic engine, which country will? The obvious answer is China. But that is unrealistic for three reasons. First, China's economic health is more tied to America's than practically any other country in the world. Indeed, the reason China has so many dollars to invest everywhere - whether in US Treasury bonds or in Africa - is precisely that it has structured its own economy to complement America's. The only way China can serve as the engine of the global economy is if the US starts pulling it first. Second, the US-centred system began at a time when its domestic demand far outstripped that of the rest of the world. The fundamental source of its economic power is its ability to act as the global consumer of last resort. China, however, is a poor country, with low per capita income, even though it will soon pass Japan as the world's second largest economy. There are real possibilities for growth in China's domestic demand. But given its structure as an export-oriented economy, it is doubtful if even a successful Chinese stimulus plan can pull the rest of the world along unless and until China can start selling again to the US on a massive scale. Finally, the key 'system' issue for China - or for the European Union - in thinking about becoming the engine of the world economy - is monetary: What are the implications of having your domestic currency become the global reserve currency? This is an extremely complex issue that the US has struggled with, not always successfully, from 1959 to the present. Without going into detail, it can safely be said that though having the US dollar as the world's medium of exchange has given the US some tremendous advantages, it has also created huge problems, both for America and the global economic system. The Chinese leadership is certainly familiar with this history. It will try to avoid the yuan becoming an international medium of exchange until it feels much more confident in its ability to handle the manifold currency problems that the US has grappled with for decades. Given all this, the US will remain the engine of global economic recovery for the foreseeable future, even though other countries must certainly help. This crisis began in the US - and it is going to have to be solved there too.

Judge, picture this. A bunch of fat men on a scale and a bunch of skinny men on the other side of the scale. The fat men outweigh. The fat men are our impact. OUR IMPACTS OUTWEIGH! We read all of our links in the forst speech. Our opponents have read one awful impact. And we showed it was not possible BY THERE AUTHOR. Any new information read in the last speech should be thrown out. NO NEW EVIDENCE IS ALLOWED TO BE READ IN THE REBUTTALS.

Why would China go to war with Taiwan? Because they can’t get into cuba. We read 3 cards SAYING THIS ISN’T ZERO SUM!!

OUR ADVANTAGE IS RELEATION. CUBA NEEDS OUR HELP, RELATIONS ARE NEEDED.