#### Latin American engagement is a means for the US to accomplish its imperial objectives

Young 11 -- political organizer for Organization for a Free Society and PhD candidate in history at Stony Brook University (Kevin, 1/13/2011, "Two, Three, Many Colombias: The Logic and Consequences of the US Vision for Latin America," http://www.zcommunications.org/two-three-many-colombias-by-kevin-young)

Against what were these programs designed to defend? Declassified State Department correspondence provides clear answers. To take one example, officials worried that the 1952 Bolivian Revolution “might set off a chain reaction in Latin America” if not steered down a “moderate” path. Later, after the 1959 Cuban Revolution, US planners noted with alarm that the continent’s “poor and underprivileged, stimulated by the example of the Cuban revolution, are now demanding opportunities for a decent living.” The successful revolt in Cuba had convinced many onlookers “that the Latin American states can be masters of their own destinies” rather than remaining dependent on foreign masters. In 1961 a top Kennedy adviser, Arthur Schlesinger, expressed concern about “the spread of the Castro idea of taking matters into one’s own hand[s].” Rather than acting independently of the US, Latin Americans were supposed to let the US guide them down a constructive path toward a “middle-class revolution,” as opposed to a “workers-and-peasants” one [25]. The imperative of stifling independent nationalism and development, and punishing those who entertained such fantasies, goes far back in US imperial history; such imperatives were prominent, for example, in the correspondence of the nineteenth-century military commanders who sought to exterminate all Native Americans who refused to be confined on concentration-camp-style reservations [26]. The biggest problem with this defiance was the threat it posed to US elites’ control over strategic natural resources and labor and the maintenance of exploitative terms of trade. The dual threats of “statism and nationalism,” about which the 1958 Intelligence Estimate warned, derived from the desire of Latin Americans to have more control over their national economic resources. “Latin Americans,” according to State Department adviser Laurence Duggan, had become “convinced that the first beneficiaries of the development of a country’s resources should be the people of that country.” But that conviction was in conflict with certain US interests. As the US Ambassador to Bolivia, Philip Bonsal, wrote to his boss that same year, “This problem of maintaining the position of American oil companies in Bolivia and in other parts of South America is, as you are undoubtedly more aware than I am, one of the most important with which we are faced.” The problem, Bonsal said, resulted in large part from of Latin Americans’ distrust of foreign governments and corporations: “The fact is that it has been a tremendous task to overcome the belief of many people here that in the exploitation of Bolivia’s oil resources, Bolivian national interest would be neglected or, at least, be placed in a subordinate position.” Similar problems plagued US policymakers elsewhere, particularly in the Middle East [27]. Much of the need for militarization arose from these realities. The so-called internal security programs began popping up, including in Colombia, at about the same time that Ambassador Bonsal was writing in 1958 [28]. Leading Cold War architect George Kennan had articulated the problem a decade earlier: We have about 50% of the world’s wealth but only 6.3% of its population. This disparity is particularly great as between ourselves and the peoples of Asia. In this situation, we cannot fail to be the object of envy and resentment. Our real task in the coming period is to devise a pattern of relationships which will permit us to maintain this position of disparity without positive detriment to our national security. [29] Later US officials were just as blunt about the need for militarization. According to General Maxwell Taylor, one of the prime perpetrators of the Vietnam War, “As the leading affluent ‘have’ power, we may expect to have to fight for our national valuables against envious ‘have-nots.’” And as Jimmy Carter’s Secretary of Defense, Harold Brown, explained in 1980 while arguing for the increased use of “rapid deployment forces”: “Turbulence, the threat of violence and the use of force remain widespread. [These problems] have many and varied causes, [among which is the wealthier nations’ failure] to provide for the basic needs of people and narrow the explosive disparity between wealth and hunger” [30]. Recent discussion in US government circles contains echoes of these statements. Control over Latin American resources, particularly oil, remains a top priority today. In 2008 a Council on Foreign Relations Task Force argued that “Latin America has never mattered more for the United States.” Among a handful of reasons why, the first mentioned was that “[t]he region is the largest foreign supplier of oil to the United States” [31]. The promotion of “free trade”—understood in its technical sense, as policies that redirect public wealth into the hands of private corporations, sacrificing human and environmental welfare in the process—remains central to the US strategy. Yet this effort must overcome the usual obstacles, namely the resistance on the part of Latin American populations. A 2008 report by the US Director of National Intelligence (DNI) noted the threat posed by “a small group of radical populist governments” that “emphasize economic nationalism at the expense of market-based approaches,” thus “directly clash[ing] with US initiatives.” Unfortunately, the report said, this “competing vision” is quite popular in the region, where “high levels of poverty and striking income inequalities will continue to create a potentially receptive audience for radical populism’s message.” The 2010 DNI report from the Obama appointee repeats these basic concerns: governments in Venezuela, Bolivia, and Ecuador are “opposing US policies and interests in the region” by advancing “statist” alternatives to “market capitalism.” And as other establishment analysts have recently pointed out, “distrust of Washington’s motives still runs deep in the region” [32]. Hillary Clinton herself has been one of the most candid voices in the Obama administration with respect to US objectives in Latin America. This past March she blasted the Venezuelan government of Hugo Chávez, demanding that Venezuela “restore private property and return to a free market economy.” She has also advocated the easing of restrictions on travel to Cuba so that Cuban Americans would serve as “ambassadors…for a free market economy.” Clinton has contrasted the Venezuelan “dictator” with other regional governments, saying that “[w]e wish Venezuela were looking more to its south and looking at Brazil and looking at Chile” [33]. The promotion of “moderate” political alternatives to the current regimes in Venezuela and Bolivia has been a consistent focus of US policy in recent years. In Bolivia, for example, declassified US Embassy documents have revealed the work of USAID in funding opposition political parties in order to “serve as a counterweight to the radical MAS [the party of President Evo Morales] or its successors,” and “strengthening grassroots organizations in order to confront the MAS.” Recent revelations about the extent of US monetary assistance to opposition groups and media outlets in Venezuela—to the tune of $40 million per year—have further highlighted this strategy. State Department officials have also publicly advocated the strategy of dividing the “radical” from the “moderate” left, in order to form a “counterweight to governments like those currently in power in Venezuela and Bolivia which pursue policies which do not serve the interests of their people or the region.” Further confirmation of this strategy comes from the US diplomatic files recently released by Wikileaks, some of which offer evidence of US efforts to undermine or overthrow Hugo Chávez [34]. These statements and documents provide a fairly coherent picture of US priorities in Latin America: promote US-friendly political regimes while steering Latin American economies along an essentially neoliberal path (reducing or eliminating the social safety net, easing regulations on foreign corporations, prioritizing raw material exports, dismantling protections for national industry, etc.). The formulas of neoliberalism and the promotion of obedient client democracies are closely interlinked. And the more explicit statements of Clinton and others, rather than the more conciliatory speeches by Obama himself, seem to reflect the underlying logic behind the current administration’s policy in the region, which continues to reward regimes like those in Colombia, Peru, and Mexico that unabashedly favor corporate investors over human rights while seeking to undermine those in countries like Venezuela, Bolivia, and Cuba [35].

#### Security politics cause global destruction

**Der Derian 98** (James, Professor of Political Science – University of Massachusetts, On Security, Ed. Lipschutz, p. 24-25)

No other concept in international relations packs the metaphysical punch, nor commands the disciplinary power of "security." In its name, peoples have alienated their fears, rights and powers to gods, emperors, and most recently, sovereign states, all to protect themselves from the vicissitudes of nature--as well as from other gods, emperors, and sovereign states. In its name, weapons of mass destruction have been developed which have transfigured national interest into a security dilemma based on a suicide pact. And, less often noted in international relations, in its name billions have been made and millions killed while scientific knowledge has been furthered and intellectual dissent muted. We have inherited an ontotheology of security, that is, an a priori  argument that proves the existence and necessity of only one form of security because there currently happens to be a widespread, metaphysical belief in it. Indeed, within the concept of security lurks the entire history of western metaphysics, which was best described by Derrida "as a series of substitutions of center for center" in a perpetual search for the "transcendental signified." Continues... [7](http://libcat1.cc.emory.edu:32888/20050307122932441313c0=www.ciaonet.org:80/book/lipschutz/lipschutz12.html#note7) In this case, Walt cites IR scholar Robert Keohane on the hazards of "reflectivism," to warn off anyone who by inclination or error might wander into the foreign camp: "As Robert Keohane has noted, until these writers `have delineated . . . a research program and shown . . . that it can illuminate important issues in world politics, they will remain on the margins of the field.' " [8](http://libcat1.cc.emory.edu:32888/20050307122932441313c0=www.ciaonet.org:80/book/lipschutz/lipschutz12.html#note8) By the end of the essay, one is left with the suspicion that the rapid changes in world politics have triggered a "security crisis" in security studies that requires extensive theoretical damage control. What if we leave the desire for mastery to the insecure and instead imagine a new dialogue of security, not in the pursuit of a utopian end but in recognition of the world as it is, other than us ? What might such a dialogue sound like? Any attempt at an answer requires a genealogy: to understand the discursive power of the concept, to remember its forgotten meanings, to assess its economy of use in the present, to reinterpret--and possibly construct through the reinterpretation--a late modern security comfortable with a plurality of centers, multiple meanings, and fluid identities. The steps I take here in this direction are tentative and preliminary. I first undertake a brief history of the concept itself. Second, I present the "originary" form of security that has so dominated our conception of international relations, the Hobbesian episteme of realism. Third, I consider the impact of two major challenges to the Hobbesian episteme, that of Marx and Nietzsche. And finally, I suggest that Baudrillard provides the best, if most nullifying, analysis of security in late modernity. In short, I retell the story of realism as an historic encounter of fear and danger with power and order that produced four realist forms of security: epistemic, social, interpretive, and hyperreal. To preempt a predictable criticism, I wish to make it clear that I am not in search of an "alternative security." An easy defense is to invoke Heidegger, who declared that "questioning is the piety of thought." Foucault, however, gives the more powerful reason for a genealogy of security: I am not looking for an alternative; you can't find the solution of a problem in the solution of another problem raised at another moment by other people. You see, what I want to do is not the history of solutions, and that's the reason why I don't accept the word alternative. My point is not that everything is bad, but that everything is dangerous, then we always have something to do. The hope is that in the interpretation of the most pressing dangers of late modernity we might be able to construct a form of security based on the appreciation and articulation rather than the normalization or extirpation of difference. Nietzsche transvalues both Hobbes's and Marx's interpretations of security through a genealogy of modes of being. His method is not to uncover some deep meaning or value for security, but to destabilize the intolerable fictional identities of the past which have been created out of fear, and to affirm the creative differences which might yield new values for the future. Originating in the paradoxical relationship of a contingent life and a certain death, the history of security reads for Nietzsche as an abnegation, a resentment and, finally, a transcendence of this paradox. In brief, the history is one of individuals seeking an impossible security from the most radical "other" of life, the terror of death which, once generalized and nationalized, triggers a futile cycle of collective identities seeking security from alien others--who are seeking similarly impossible guarantees. It is a story of differences taking on the otherness of death, and identities calcifying into a fearful sameness.

#### The alternative is to reject dominant security discourse – no one policy solves every problem – good theory now drives better policies later

Bruce 96 (Robert, Associate Professor in Social Science – Curtin University and Graeme Cheeseman, Senior Lecturer – University of New South Wales, Discourses of Danger and Dread Frontiers, p. 5-9)

This goal is pursued in ways which are still unconventional in the intellectual milieu of international relations in Australia, even though they are gaining influence worldwide as traditional modes of theory and practice are rendered inadequate by global trends that defy comprehension, let alone policy. The inability to give meaning to global changes reflects partly the enclosed, elitist world of professional security analysts and bureaucratic experts, where entry is gained by learning and accepting to speak a particular, exclusionary language. The contributors to this book are familiar with the discourse, but accord no privileged place to its ‘knowledge form as reality’ in debates on defence and security. Indeed, they believe that debate will be furthered only through a long overdue critical re-evaluation of elite perspectives. Pluralistic, democratically-oriented perspectives on Australia’s identity are both required and essential if Australia’s thinking on defence and security is to be invigorated. This is not a conventional policy book; nor should it be, in the sense of offering policy-makers and their academic counterparts sets of neat alternative solutions, in familiar language and format, to problems they pose. This expectation is in itself a considerable part of the problem to be analysed. It is, however, a book about policy, one that questions how problems are framed by policy-makers. It challenges the proposition that irreducible bodies of real knowledge on defence and security exist independently of their ‘context in the world’, and it demonstrates how security policy is articulated authoritatively by the elite keepers of that knowledge, experts trained to recognize enduring, universal wisdom. All others, from this perspective, must accept such wisdom or remain outside the expert domain, tainted by their inability to comply with the ‘rightness’ of the official line. But it is precisely the official line, or at least its image of the world, that needs to be problematised. If the critic responds directly to the demand for policy alternatives, without addressing this image, he or she is tacitly endorsing it. Before engaging in the policy debate the critics need to reframe the basic terms of reference. This book, then, reflects and underlines the importance of Antonio Gramsci and Edward Said’s ‘critical intellectuals’.15 The demand, tacit or otherwise, that the policy-maker’s frame of reference be accepted as the only basis for discussion and analysis ignores a three thousand year old tradition commonly associated with Socrates and purportedly integral to the Western tradition of democratic dialogue. More immediately, it ignores post-seventeenth century democratic traditions which insist that a good society must have within it some way of critically assessing its knowledge and the decisions based upon that knowledge which impact upon citizens of such a society. This is a tradition with a slightly different connotation in contemporary liberal democracies which, during the Cold War, were proclaimed different and superior to the totalitarian enemy precisely because there were institutional checks and balances upon power. In short, one of the major differences between ‘open societies’ and their (closed) counterparts behind the Iron Curtain was that the former encouraged the critical testing of the knowledge and decisions of the powerful and assessing them against liberal democratic principles. The latter tolerated criticism only on rare and limited occasions. For some, this represented the triumph of rational-scientific methods of inquiry and techniques of falsification. For others, especially since positivism and rationalism have lost much of their allure, it meant that for society to become open and liberal, sectors of the population must be independent of the state and free to question its knowledge and power. Though we do not expect this position to be accepted by every reader, contributors to this book believe that critical dialogue is long overdue in Australia and needs to be listened to. For all its liberal democratic trappings, Australia’s security community continues to invoke closed monological narratives on defence and security. This book also questions the distinctions between policy practice and academic theory that inform conventional accounts of Australian security. One of its major concerns, particularly in chapters 1 and 2, is to illustrate how theory is integral to the practice of security analysis and policy prescription. The book also calls on policy-makers, academics and students of defence and security to think critically about what they are reading, writing and saying; to begin to ask, of their work and study, difficult and searching questions raised in other disciplines; to recognise, no matter how uncomfortable it feels, that what is involved in theory and practice is not the ability to identify a replacement for failed models, but a realisation that terms and concepts – state sovereignty, balance of power, security, and so on – are contested and problematic, and that the world is indeterminate, always becoming what is written about it. Critical analysis which shows how particular kinds of theoretical presumptions can effectively exclude vital areas of political life from analysis has direct practical implications for policy-makers, academics and citizens who face the daunting task of steering Australia through some potentially choppy international waters over the next few years. There is also much of interest in the chapters for those struggling to give meaning to a world where so much that has long been taken for granted now demands imaginative, incisive reappraisal. The contributors, too, have struggled to find meaning, often despairing at the terrible human costs of international violence. This is why readers will find no single, fully formed panacea for the world’s ills in general, or Australia’s security in particular. There are none. Every chapter, however, in its own way, offers something more than is found in orthodox literature, often by exposing ritualistic Cold War defence and security mind-sets that are dressed up as new thinking. Chapters 7 and 9, for example, present alternative ways of engaging in security and defence practice. Others (chapters 3, 4, 5, 6 and 8) seek to alert policy-makers, academics and students to alternative theoretical possibilities which might better serve an Australian community pursuing security and prosperity in an uncertain world. All chapters confront the policy community and its counterparts in the academy with a deep awareness of the intellectual and material constraints imposed by dominant traditions of realism, but they avoid dismissive and exclusionary terms which often in the past characterized exchanges between policy-makers and their critics. This is because, as noted earlier, attention needs to be paid to the words and the thought processes of those being criticized. A close reading of this kind draws attention to underlying assumptions, showing they need to be recognized and questioned. A sense of doubt (in place of confident certainty) is a necessary prelude to a genuine search for alternative policies. First comes an awareness of the need for new perspectives, then specific policies may follow. As Jim George argues in the following chapter, we need to look not so much at contending policies as they are made for us but at challenging ‘the discursive process which gives [favoured interpretations of “reality”] their meaning and which direct [Australia’s] policy/analytical/military responses’. This process is not restricted to the small, official defence and security establishment huddled around the US-Australian War Memorial in Canberra. It also encompasses much of Australia’s academic defence and security community located primarily though not exclusively within the Australian National University and the University College of the University of New South Wales. These discursive processes are examined in detail in subsequent chapters as authors attempt to make sense of a politics of exclusion and closure which exercises disciplinary power over Australia’s security community. They also question the discourse of ‘regional security’, ‘security cooperation’, ‘peacekeeping’ and ‘alliance politics’ that are central to Australia’s official and academic security agenda in the 1990s. This is seen as an important task especially when, as is revealed, the disciplines of International Relations and Strategic Studies are under challenge from critical and theoretical debates ranging across the social sciences and humanities; debates that are nowhere to be found in Australian defence and security studies. The chapters graphically illustrate how Australia’s public policies on defence and security are informed, underpinned and legitimised by a narrowly-based intellectual enterprise which draws strength from contested concepts of realism and liberalism, which in turn seek legitimacy through policy-making processes. Contributors ask whether Australia’s policy-makers and their academic advisors are unaware of broader intellectual debates, or resistant to them, or choose not to understand them, and why?

#### Economic engagement is international trade of goods, services, capital or labour. No trade, no economic engagement.

Rose, 8 -- UC Berkeley Haas School of Business Administration [Andrew, and Mark Spiegel, "Non-Economic Engagement and International Exchange: The Case of Environmental Treaties," April 2008, [www.nber.org/papers/w13988.pdf?new\_window=1](http://www.nber.org/papers/w13988.pdf?new_window=1)]

Non-Economic Engagement and International Exchange: The Case of Environmental Treaties We examine the role of non-economic partnerships in promoting international economic exchange. Since far-sighted countries are more willing to join costly international partnerships such as environmental treaties, environmental engagement tends to encourage international lending. Countries with such non-economic partnerships also find it easier to engage in economic exchanges since they face the possibility that debt default might also spill over to hinder their non-economic relationships. We present a theoretical model of these ideas, and then verify their empirical importance using a bilateral cross-section of data on international cross-holdings of assets and environmental treaties. Our results support the notion that international environmental cooperation facilitates economic exchange. Countries, like people, interact with each other on a number of different dimensions. Some interactions are strictly economic; for instance, countries engage in **international trade of goods, services, capital, and labor**. But many are not economic, at least not in any narrow sense. For instance, the United States seeks to promote human rights and democracy, deter nuclear proliferation, stop the spread of narcotics, and so forth. Accordingly America, like other countries, participates in a number of international institutions to further its foreign policy objectives; it has joined security alliances like NATO, and international organizations such as the International Atomic Energy Agency. In this paper, we concentrate on the interesting and understudied case of international environmental arrangements (IEAs). We ask whether participation in such **non-economic** partnerships tends to enhance international economic relations. The answer, in both theory and practice, is positive.

#### Increased trade widens the trade deficit- hurts the economy

Beachy 5/8 (Ben Beachy is Research Director with Public Citizen's Global Trade Watch, Eyes on Trade is a blog by the staff of Public Citizen's Global Trade Watch (GTW) division, “As Korean President Addresses Congress Today, First Year of Korea Free Trade Agreement Data Shows U.S. Exports Down, Trade Deficit with Korea Up”, <http://citizen.typepad.com/eyesontrade/trade_deficit_economic_impact/>, May 08, 2013)

After First Year of U.S.-Korea FTA, U.S. Exports to Korea Down 10 Percent, Imports from Korea Up and Deficit With Korea Swells 37 Percent, Contradicting Obama Promises of U.S. Export and Job Growth Just-released government trade data, covering the first year of implementation of the U.S.-Korea Free Trade Agreement (FTA), shows a remarkable decline in U.S. exports to Korea and a rise in imports from Korea, provoking a dramatic trade deficit increase that defies the Obama administration’s promises that the pact would expand U.S. exports and create U.S. jobs, Public Citizen said today. The coincidence of the dismal trade data coming out just before the Korean president’s Wednesday address to a joint session of Congress can only heighten attention to the gap between the administration’s promises and the outcomes of its trade agreements. “The Korea pact’s damaging outcomes being the opposite of the administration’s promises will certainly complicate the administration’s current efforts to use the same claims about export expansion to persuade Congress to delegate away its constitutional trade authority or to build support for the administration’s next trade deal, a massive 11-nation Trans-Pacific Partnership (TPP) based on the same model,” said Lori Wallach, director of Public Citizen’s Global Trade Watch. U.S. export growth to countries with NAFTA-style pacts like the U.S.-Korea FTA has been particularly lackluster; growth of U.S. exports to countries that are not FTA partners has exceeded U.S. export growth to countries that are FTA partners by 38 percent over the past decade. In contrast to the Obama administration’s promise that the U.S.-Korea FTA would mean “more exports, more jobs,” U.S. goods exports to Korea have dropped 10 percent (a $4.2 billion decrease) under the Korea FTA’s first year, in comparison to the year before FTA implementation. U.S. imports from Korea have climbed 2 percent (a $1.3 billion increase). The U.S. trade deficit with Korea has swelled 37 percent (a $5.5 billion increase). The ballooning trade deficit indicates the loss of tens of thousands of U.S. jobs. “Most Americans will not be shocked that another trade agreement has increased our trade deficit, because they know that these NAFTA-style deals are losers, but anger toward the politicians who keep supporting these deals is soaring,” said Wallach. “The question is why any member of Congress would buy the same tired promises that once again have proven false and cede to the administration’s demands that Congress give away its constitutional authority over trade to allow the administration to Fast Track into effect yet another deal, TPP, that will increase our trade deficit and cost U.S. jobs.” The decline in U.S. exports under the Korea FTA contributed to an overall disappointing U.S. export performance in 2012, placing the United States far behind Obama’s stated goal to double U.S. exports by the end of 2014. At the sluggish 2012 export growth rate of 2 percent, the United States will not achieve the president’s goal until 2032, 18 years behind schedule. “The sorry Korea FTA numbers beg the question: How can the administration call for a rebirth of American manufacturing and job growth while pushing the TPP, a sweeping deal that would expand the failed Korea FTA model to low-wage countries like Vietnam, ban Buy American provisions and offshore tens of thousands more U.S. jobs,” said Wallach.

#### Sustained trade deficit will collapse the economy- job creation and debt *key*

Yerasi ’12 (Raj Yerasi, Raj Yerasi is a money manager who has invested in public and private companies across the US and emerging markets. He spent the last seven years based in India and helped manage a top-performing hedge fund, Guest Writer for Global Post, “Analysis: Cutting US trade deficit the 'one big solution' to reducing debt”, <http://www.globalpost.com/dispatches/globalpost-blogs/commentary/US-economy-solution-the-trade-deficit-stupid>, March 16, 2012)

US economy policymakers have missed one big solution that would likely reduce our debt: cutting the trade deficit. BOSTON — The biggest challenge facing the US economy today is job creation. Despite massive fiscal stimulus and unprecedented liquidity injections, unemployment remains stubbornly high. Policymakers are now groping for solutions that won’t take our national debt further into the red zone, debating the effectiveness of tax cuts versus spending increases. However, they seem to have missed one big solution that wouldn’t increase our debt and in fact would likely reduce it: cutting the trade deficit. It’s surprising that people aren’t up in arms over the trade deficit the way they used to be. Perhaps we simply got used to it; it’s old news and it didn’t seem to hurt our growth before (despite the hysteria over Japan in the ‘80s), so there may be skepticism that it’s hurting our growth now. However, what’s missing from this view is that we are in a fundamentally different economic environment today, and unlike before, every dollar of trade deficit is now like a dollar of negative stimulus. To understand why, one must look at the trade deficit from a flow-of-funds perspective. When the US runs a trade deficit, money spent by Americans on goods and services flows out of the US rather than to other Americans. If that money had flowed to other Americans, it would have increased employment of those Americans, and they in turn would have saved a portion of that money and spent the rest (helping even more Americans). But when there is a trade deficit and the money flows out of the US, there is no spending or savings that accrues to Americans. So far, the trade deficit looks destimulative. However, the money sent abroad finds its way back into our banking system. This is because foreign governments buy those dollars from their exporters in exchange for local currency and invest those dollars into dollar-denominated assets, primarily US Treasuries. During normal times, our banking system lends out this money for consumption and investment by Americans, largely replacing the direct spending that was lost due to the money flowing out of the country. This is credit-financed spending, not direct spending, but it is spending nonetheless and also puts Americans to work. When credit is expanding, therefore, the trade deficit does not seem destimulative. More from GlobalPost: Obama: "The economy is getting stronger" The issue with today’s environment is that our banking system isn’t working the way it normally does. During normal times, banks want to lend and consumers and businesses want to borrow. Today, after the bursting of the credit bubble, banks are wary of lending, consumers are still deleveraging, and businesses don’t have the confidence to borrow for investment. The trade deficit is causing a drop in direct spending that is no longer being offset by credit-financed spending. The result is simply lost spending. The negative stimulus involved is huge. After spiking and subsiding in the 80s, US trade deficits have increased over the last 20 years from 1 percent of GDP to almost 5 percent today. Our trade deficit with China alone reached an all-time high last year of 2 percent of GDP, accounting for over 40 percent of our overall trade deficit. Including China’s regional trading partners, one could say that China accounts for 50 percent of our trade deficit. The US actually imports more from Europe ($382 billion) than China ($365 billion), but the difference is that Europe also buys a substantial amount from the US ($286 billion), whereas China does not ($92 billion). In fact, imports from China are 4 times exports. This multiple is 1.3 for Europe, 1.4 for Canada, and 1.1 for Mexico (our other top trading partners). More from GlobalPost: Chinese cars, made in Bulgaria This lopsided imbalance is due at root to China’s pegging its currency to the dollar at an artificially low rate. Some blame export subsidies, import barriers, under-consumption or low labor costs. All those exist. However, without its central bank involved, China’s exporters would sell their dollars on the open market to buy renminbi and the renminbi would appreciate, making our imports pricier and exports cheaper until the two reached parity. Instead, China’s central bank prints renminbi to buy these dollars and stockpiles them, investing them in dollar-denominated assets like US Treasuries. China’s regional trading partners have done the same, in part emboldened by the Chinese example and in part to remain competitive with China. Today, China’s purchases of Treasuries, just like the Fed’s purchases of Treasuries, are effectively “pushing on a string” since there is already ample liquidity in the banking system that is not translating into additional lending. What we urgently need from China now is not help with quantitative easing but more purchases of American goods and services. That will provide not just jobs but also the private savings to help consumers pay down debt. More from GlobalPost: How Israel dodged the economic crisis Three years after the financial crisis, cutting our trade deficit is now more urgent than ever. Till now, massive government stimulus of 8 to 10 percent of GDP has contained what would have been a depression, overcoming the destimulative impact of our trade deficit and setting us on a path to recovery. However, with support for deficit spending waning, paralysis in Washington and state and local governments cutting spending, there may well be total cuts to stimulus of 2 percent of GDP this year, and much more the following years. Combined with possible demand shocks from Europe, there is a real risk of our recovery foundering. Reducing our trade deficit now could completely offset lower government stimulus and assure a continued recovery. Seen another way, reducing our trade deficit will reduce the stimulus spending required, reducing our national debt by up to a trillion dollars over the next few years. And longer term, it also means that we’ll own more of our own assets. President Barack Obama’s recent statements about bringing manufacturing jobs back to the US are a good start, but they need to be followed up with effective actions to force real change from trading partners like China. Fears of sparking a trade war are overblown as China stands to lose a lot more than the US, as are fears of a sell off in Treasuries as we can buy our own Treasuries with the extra savings we’ll have. Furthermore, China has the political will and the balance sheet to support their economy as domestic consumption catches up. The US, meanwhile, cannot afford to wait any longer.

#### Low economic growth causes power imbalances that cause war

Royal ‘10 (Director of CTR Jedediah, Director of Cooperative Threat Reduction – U.S. Department of Defense, “Economic Integration, Economic Signaling and the Problem of Economic Crises”, Economics of War and Peace: Economic, Legal and Political Perspectives, Ed. Goldsmith and Brauer, p. 213-215)

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Feaver, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level, Copeland's (1996, 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write: The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other. (Blomberg & Hess, 2002. p. 89) Economic decline has also been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. "Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DeRouen (1995). and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. In summary, recent economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels.5 This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention.