**China Disadvantage Affirmative**

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**Glossary**

**CCP** - Chinese Communist Party, the ruling political party in the People's Republic of China

Chavistas - supporters of Hugo Chavez, former president of Venezuela

Dissent - The expression or holding of opinions at variance with those previously, commonly, or officially held.

Empirically - Verifiable or provable by means of observation or experiment

Nicolas Maduro - newly elected president of Venezuela

Zero Sum - a contest in which one person’s loss is equal to another person’s gain

**Non Unique: US Investing in Venezueala Now**

**[ ] US investment in Venezuela high now.**

**Alvarado, former Venezuelan Diplomat to the Organization of American States -2013**

[Liza Torres, , "The U.S. Must Re-evaluate its Foreign Policy in Latin America" Diplomatic Courier -- [www.diplomaticourier.com/news/regions/latin-america/1457-the-us-must-re-evaluate-its-foreign-policy-in-latin-america](http://www.diplomaticourier.com/news/regions/latin-america/1457-the-us-must-re-evaluate-its-foreign-policy-in-latin-america), 5-13]

**Although there has been a decline in U.S. influence in the region, its presence is still there. In Venezuela, for example, U.S. oil companies have seen their actions limited, yet they still operate there. The United States is Venezuela’s top commercial partne**r**, as Venezuela supplies 12 percent of U.S. oil imports**

**No Link: Venezuela Oil not key**

**[ ] China doesn’t care about Venezuelan oil.**

**Dominguez, Professor of International Affairs at Harvard, 2006.**

[Jorge, Professor @ Harvard’s Weatherhead Center for International Affairs, "China's Relations With Latin America: Shared Gains, Asymmetric Hopes" Inter-American Dialogue Working Paper -- June -- www.thedialogue.org/PublicationFiles/china.pdf]

China has an interest in diversifying its ¶ sources of petroleum imports. This explains ¶ its interest in the Venezuelan energy sector. ¶ In fact, **the main surprise is how slow China ¶ has been in developing its energy sources in ¶ Venezuela. In December 2004**, President Hu ¶ **Jintao’s triumphal tour included Argentina, ¶ Brazil, Chile, and Cuba—not Venezuela.** As ¶ a Chinese government official explained, “the ¶ political conditions in Venezuela were too ¶ unstable and uncertain to permit a presidential visit.” In fact, **Venezuela was more stable ¶ in late 2004 than it had been in years, which ¶ suggests a high level of Chinese government ¶ risk aversion**. **The Chinese position regarding ¶ why there is so little Chinese investment in ¶ Venezuela is, “There is too much risk for little return.**” The Chinese government is aware ¶ of the economic costs of addressing the technical obstacles, noted above: “Venezuela’s ¶ oil business deals with the United States are ¶ more lucrative than any possible oil business ¶ deal with China because of the heavy costs ¶ entailed.” **That is why China buys so little** ¶ **Venezuelan oil,** focusing mainly on purchases ¶ of Orimulsion (a special emulsion used as ¶ a power station fuel in heavy industry and ¶ as boiler fuel). Venezuela offered China the ¶ option of buying 120,000 barrels of fuel oil ¶ per day but **China has so far declined: “We** ¶ **don’t need it; we have other sellers.”74**

**No Link: Trade is not Zero Sum**

**[ ] Latin America isn’t zero sum- China and US can both make gains**

**Feinberg, Professor of International Political Economy, 2011**

(Richard Feinberg, professor of international political economy, “China, Latin America, and the United States:Congruent Interests or Tectonic Turbulence?” 2011, Latin American Research Review volume 46 number 2 http://muse.jhu.edu/journals/latin\_american\_research\_review/v046/46.2.feinberg.html)

In China's and India's Challenge to Latin America: Opportunity or Threat?, **the various contributors—World Bank economists and consultants, including renowned specialists in international trade—come down solidly on the side of opportunity.** This is not surprising: in the neoclassical (or neoliberal) paradigm dating back to Adam Smith and David Ricardo, and widely accepted among trained economists, market-generated economic exchanges typically produce mutually beneficial gains, and any losers can be compensated from the resulting surplus. **In contrast to the security games realists imagine, in which there are triumphant winners and vanquished losers, economics is not a zero-sum game! In the arena of trade, the expanding Chinese economy is creating both direct and indirect gains for Latin America: direct gains as China sucks in massive quantities of raw materials** (e.g., iron ore, copper, petroleum, soybeans and other grains) **and indirect gains from the rising price of natural resources** (commodities in which Latin America and especially South America have a comparative advantage) **and from spillovers in third markets** (e.g., **demand from China bolsters the U.S. economy, which in turn can purchase more Latin American products at higher prices**).

**Impact Turn: Chinese Engagement Bad - Environment**

**China economic engagement bad – speeds up deindustrialization and exploits environmentally sensitive areas**

**Gallagher, professor of international relations at Boston University, 2013**

(Kevin, [professor of international relations](http://www.bu.edu/ir/faculty/gallagher.html) at Boston University and a research fellow at the [Global Development and Environment Institute](http://ase.tufts.edu/gdae/policy_research/globalization.html), “[Latin America playing a risky game by welcoming in the Chinese dragon](http://www.bu.edu/bucflp/2013/05/30/5464/)” 5/10/2013, <http://www.bu.edu/bucflp/2013/05/30/5464/>) (JN)

 While the Chinese do not attach policy conditions to their loans, they have required that borrowers contract Chinese firms, buy Chinese equipment, and sometimes sign oil sale agreements that require nations to send oil to China in exchange for the loans instead of local currency.

**Chinese investment accentuates the deindustrialisation of Latin America**. Large scale, c**apital intensive commodities production is not very employment-intensive**, **nor does it link well with other sectors of an economy.** **Dependence** on commodities **can cause a "**[**resource curse**](http://en.wikipedia.org/wiki/Dutch_disease)" where **the exchange rate appreciates such that exporters of manufacturing and services industries can't compete in world markets** – and thus contribute to deindustrialisation and economic vulnerability.

**Producing natural resource-based commodities also brings major environmental risk**. Many of **China's iron, soy and copper projects are found in Latin America's most environmentally sensitive areas.** In areas such **as the Amazon and the Andean highlands, conflict over natural resources, property rights and sustainable livelihoods have been rife for decades.**

In our report, we find that Chinese banks actually operate under a set of [environmental guidelines](http://www.wri.org/event/2011/06/book-launch-environmental-policies-chinas-investment-overseas) that surpass those of their western counterparts when at China's stage of development. Nevertheless, those guidelines are not on par with 21st century standards for development banking. Stronger standards should be in place at a time when environmental concerns are at an all-time high.

**Impact Turn: Chinese Engagement Bad- Latin America Economic Growth**

**[ ] Chinese influence in Latin America is bad – US economic engagement is comparatively superior**

**Shaiken et al, Professor in the Center for Latin American Studies at UC-Berkeley, 2013**

[Harley, 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**.¶

**Impact Turn: Chinese Engagement Bad- Latin American Government Stability**

**[ ] Chinese demand in Latin America is bad – corrupts governments and unbalances economies**

**Gallagher, Professor of International Relations at Boston University, 2012**

(Kevin P. Gallagher, professor at Boston University IR Department and an expert on: Economic Development, “Capitalizing on the China Cycle: Time is Running out for Latin America”, <http://ase.tufts.edu/gdae/Pubs/rp/GallagherCapitalizeChinaCycle.pdf>) (JN)

Even if commodities prices remain high, they may not lead to prosperity for the region. **Chinese trade and investment have been concentrated in six Latin American countries and a handful of sectors, chiefly in primary commodities.** Research shows that **development has remained elusive**

**for commodity-dependent countries because they become subject to the resource curse**. Demand tends to attract investment toward certain commodities at the expense of

others.

Such **trade and investment can strengthen a nation’s currency as well, making it even harder for firms outside of the extractive sector to export** their products. Demand **also attracts speculative investment in commodities, associated currencies, and public debt**. Such **investment is highly volatile and can make a nation prone to crises.** It is also said **that natural resources development spurs corruption, making it hard for governments to be disciplined enough to channel the profits of commodity exports into productive development**. **The result** can be **de-industrialization, an erosion of noncommodity (**and often employment-intensive) **economic sectors, and costly environmental degradation.**

These trends eventually can lead to **increased imports and decreased exports, creating balance-of-payments problems**, and leading to poor economic performance.

**Impact Turn: Latin America not key to Chinese Growth**

**[ ] Domestic commerce key to Chinese economy – not exports**

**Weihua,writer for ChinaDaily citing IMF official, 3/14/13**

(Chen,, “Domestic Demand Holds Key to Chinese Growth”, <http://www.chinadaily.com.cn/bizchina/2013-03/14/content_16307121.htm>) (JN)

**A top International Monetary Fund official warned** on Tuesday of **the need for China to followthrough on plans to shift its economy from an investment-driven model to one that relies on** [**domestic consumption**](http://www.chinadaily.com.cn/bizchina/domestic-consumption.htm)**.**

Zhu Min, one of the IMF's three deputy man[aging](http://www.chinadaily.com.cn/bizchina/ageing-population.htm) dire[cto](http://www.chinadaily.com.cn/bizchina/2006-09/27/content_698091.htm)rs, said **the key to this transition is economic reform and the quality, rather than the rate, of growth.**

Chinese [GDP](http://www.chinadaily.com.cn/bizchina/2006-09/27/content_697807.htm) grew 7.8 percent in 2012, higher than the government's adjusted forecast of 7.5percent. Although it was China's slowest rate of economic expansion since 1999, theperformance was among the strongest in the world. This year, GDP is expected to grow 8 to8.25 percent.

Zhu pointed out that **China's economy has been moving from a long-established focus on exports to investment**. However, the 48 percent of Chinese GDP that investment accounted forlast year was far too high, he told a seminar at Johns Hopkins University's Paul H. Nitze Schoolof Advanced International Studies in Washington.

Overcapacity is a major challenge in China, where utilization of manufacturing resources hasdropped to 60 percent, a level Zhu described as risky.

"Over-investment is a big concern and the quality of growth is a big concern," he said.

Zhu, who assumed his current post in July 2011, blamed over-investment for constraining thewages of Chinese workers. Household income remains a very small share of the country'seconomy, he said.

**To maintain growth at or near current levels, China needs to keep moving toward consumption as its key economic driver**, the IMF official said.

This goal is stre[sse](http://www.chinadaily.com.cn/bizchina/2006-10/17/content_710141.htm)d in the 12th [Five-Year Plan](http://www.chinadaily.com.cn/bizchina/2006-09/27/content_697057.htm) (2011-15), as well as the Government WorkReport delivered last week by Premier Wen Jiabao at the National People's Congress.

The transition has sparked heated debate in China, and Zhu said on Tuesday that how peopletalk about it is important.

**No Impact: Chinese Economic Decline**

**[ ] Economic decline won’t collapse the Chinese government**

**Pei, senior associate in the China Program at the Carnegie Endowment for International Peace 2009**

(MinxinPei is a, 3-12**-**09, “Will the Chinese Communist Party Survive the Crisis?” Foreign Affairs, <http://www.foreignaffairs.com/articles/64862/minxin-pei/will-the-chinese-communist-party-survive-the-crisis>)

With no end to the global crisis in sight, many are wondering how long China's economic doldrums will last and what the political impact of stagnation will be. **The conventional wisdom is that low growth will erode the party's** political **legitimacy and fuel social unrest** as jobless migrants and college graduates vent their frustrations through riots and protests. Although **this forecast** is not necessarily wrong, it **is incomplete.** Strong economic performance has been the single most important source of legitimacy for the CCP, so prolonged economic stagnation carries the danger of disenchanting a growing middle class that was lulled into political apathy by the prosperity of the post-Tiananmen years. And economic policies that favor the rich have already alienated industrial workers and rural peasants, formerly the social base of the party. **Even in** recent **boom years, grass-roots unrest has been high, with** close to **90,000 riots,** strikes, demonstrations, and collective protests reported **annually**. Such frustrations will only intensify in hard times. It might seem reasonable to expect that challenges from **the disaffected urban middle class**, frustrated college graduates, **and unemployed migrants** will constitute the principal threat to the party's rule. **If those groups were** in fact **to band together** in a powerful coalition, then **the** world's longest-ruling **party would** indeed **be in** deep **trouble**. **But that is not going to happen**. **Such a** revolutionary **scenario overlooks two critical forces blocking political change** in China and similar authoritarian political systems: **the regime's capacity for repression and the unity among the elite**. Economic crisis and **social unrest may make it tougher for the CCP to govern, but they will not loosen the party's hold on power.** **A glance at** countries such as **Zimbabwe, North Korea, Cuba, and Burma shows that a** relatively **unified elite** in control of the military and police **can cling to power through** brutal **force, even in the face of abysmal economic failure**. Disunity within the ruling elite, on the other hand, weakens the regime's repressive capacity and usually spells the rulers' doom. **The CCP has already demonstrated its remarkable ability to** contain and **suppress** chronic **social protest** and small-scale dissident movements. The regime maintains the People's Armed Police, a well-trained and well-equipped anti-riot force of 250,000. In addition, **China's secret police are among the most capable in the world and are augmented by a vast network of informers. And although the Internet may have made control of information more difficult, Chinese censors can still react quickly and thoroughly to end the dissemination of dangerous news**.

**Answers to: Regional Stability Impact**

**[ ]**

**[ ] Chinese economy is not the driving factor for stabilizing influence in the region. Previous downturns prove.**

**Blackwill, former associate dean of the Kennedy School of Government, 2009 –**

(Robert, RAND, “The Geopolitical Consequences of the World Economic Recession—A Caution”, http://www.rand.org/pubs/occasional\_papers/2009/RAND\_OP275.pdf)

Next, China. Again, five years from today. **Did the recession undermine the grip of the Chinese Communist Party** on the People’s Republic of China (PRC)? **No**. Again, as Lee Kuan Yew stressed in the same recent speech, “**China has proven itself to be pragmatic, resilient and adaptive. The Chinese have survived severe crises—the Great Leap Forward and the Cultural Revolution—few societies have been so stricken**. **These are reasons not to be pessimistic**.” Did the crisis make Washington more willing to succumb to the rise of Chinese power because of PRC holdings of U.S. Treasury Bonds? No. **Did it alter China’s basic external direction** and especially its efforts, stemming from its own strategic analysis, to undermine the U.S. alliance system in Asia? **No. Did it cause the essence of Asian security to transform? No**