FREE TRADE COUNTERPLAN
1.0
August 15, 2007

FILE NOTES

This is the first volume in a larger file. The staff at Debate-Central will continue to produce more evidence on the merits of free trade and its potential to improve the health conditions of people in Sub-Saharan Africa (SSA).

This counterplan argues that the United States should enact policies to facilitate more free trade between the United States and SSA. These free trade policies (including the reduction of American agricultural subsidies) would boost economic growth and personal income in SSA. A growing SSA with people lifting themselves out of poverty through competitive economic activity would generate more spending on health programs by Africa governments. Rising income levels in SSA would also encourage people to adopt more healthy behaviors. Evidence also indicates that the economic growth resulting from the counterplan would be a better way of addressing public health problems in SSA than increasing foreign assistance. In other words, the counterplan alone is a superior policy option compared to the affirmative plan or any legitimate permutation.

The counterplan also has the extra benefit of demonstrating American leadership in the realm of free trade. Evidence here helps to support the idea that countries (such as those in Europe) would follow the example of the U.S. and move to enact similar policies in regard to trade and subsidies. Also, the counterplan would reinvigorate the current so-called Doha round of diplomatic talks of the World Trade Organization (WTO). Sustained progress of the WTO would, in turn, facilitate more international trade and cooperation worldwide and therefore decrease the risk of international conflict.

Potential net benefits to this counterplan include spending or fiscal discipline disadvantages, aid trade-off disadvantages, general arguments on the negative effects of foreign assistance, and many others. Politics disadvantages might be suitable net benefits under some conditions but this is probably a risky strategic option for the negative since the literature on the domestic political effects of the counterplan tends to indicate that the counterplan would generate controversy and anger among many powerful political elements, such as the farm lobby. Forthcoming Debate-Central files will present evidence on both sides of this issue so please check back often.

TRADE COUNTERPLAN SHELL – 1NC

TEXT: The United States Federal Government should lift all trade barriers to products from countries in Sub-Saharan Africa and encourages all other countries to enact similar policies.

COMPETITION: The Counterplan competes through net benefits. It avoids links to the disadvantages and solves the case harms through a different route.

1. U.S. lifting all trade barriers to products from SSA and encourage others to do the same. This would boost African economic growth more than foreign assistance

Schafer 2K

[Brett D. Schaefer, Jay Kingham fellow in International Regulatory Affairs at The Heritage Foundation, Master's degree in international development economics from American University (Washington, D.C.), Backgrounder #1369, "The Keys to an African Economic Renaissance," May 10, http://www.heritage.org/Research/Africa/bg1369.cfm accessed: 8-13-07]

In order to speed development, sub-Saharan African countries must have access to the markets of developed countries. Currently, the United States and Europe maintain prohibitive barriers on the exports, particularly textile and agricultural goods, which these countries' economies specialize in producing. It is hypocritical for Washington to make development in these countries a foreign policy priority while simultaneously undermining their ability to compete in U.S. markets because of trade barriers.22 The United States should remove all barriers to products from sub-Saharan Africa, particularly textiles and agricultural products that are subject to the most onerous barriers, and use its influence to persuade other countries to follow suit.23

Opportunities exist to advance these policy goals, particularly through policies like those embodied in legislation like the Technical Assistance, Trade Promotion, and Anti-Corruption Act of 2000 (S. 2382), which authorizes debt relief and foreign assistance. Other measures also could enhance these efforts. For instance, the Fair Competition in Foreign Commerce Act of 1999 (S. 1169) would require aid recipients to adopt anti-corruption measures and would subject all development assistance to independent third-party auditing of procurement to increase transparency. The African Growth and Opportunity Act Conference Report (H.R. 434) adopted on May 4, 2000, by a vote of 309-110, would expand U.S. trade with more than 70 African and Caribbean nations.

CONCLUSION

If poor countries in sub-Saharan Africa are to develop, they must work to build free markets and participate more competitively in the global economy. This region lacks the capital to sustain a level of economic growth necessary to reduce its relative poverty.

Specifically, the sub-Saharan African nations should increase exports to developed countries and foreign investment in their own economies. But this will require that developed countries lower their barriers to these exports and that the leaders of sub-Saharan Africa embrace social and economic policies that will increase economic growth and attract foreign investors. The United States can assist in this process by forgiving the debt they owe. It should also reform the foreign assistance program and open America's markets to their goods.

These steps will not immediately transform sub-Saharan Africa into a region of wealthy countries or even middle-income developing countries. However, they will set the stage for economic growth--something the current system has not done despite 40 years of aid.

2. Unilateral trade liberalization spurs other countries to follow suit and boosts the WTO

Norberg '04

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Globalisation – golden straitjacket or goldmine?" Lecture at the Progress Foundation, Zürich, Switzerland, December 1, http://www.johannorberg.net/?page=articles&articleid=131 accessed: 8-14-07]

The big steps towards liberalisation and globalisation around the world has been unilateral decisions on the part of countries who have seen the potential. In his book Free Trade Today, the famous trade economist Jagdish Bhagwati points out that unilateral trade liberalization induces imitation by demonstrating success and by increasing the influence of exporters in other nations. Nations such as Estonia, Australia, New Zealand, Chile, India, Singapore and Hong Kong have demonstrated the success of unilateral free trade reforms. An interesting example is that the EU and Japan refused to negotiate reciprocal reductions in protections for their financial and telecommunications sectors. But when the US successfully opened up these sectors, both the EU and Japan unilaterally reduced protectionism in those sectors. The WTO has been able to make progress only because the member countries got convinced by the value of free trade, and liberalised themselves, and it fails now that there is a lack of interest from the nations. The WTO is like a car without an engine, it has to be pushed by the states in order to move forward.

TRADE COUNTERPLAN SHELL – 1NC

3. More international free trade involving Africa would boost economic growth, improving health, and decreasing disease, hunger, mortality, and poverty

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Poor Man's Hero: Controversial writer Johan Norberg champions globalization as the best hope for the developing world," interview by Nick Gillespie in Reason Magazine, December, http://www.reason.com/news/show/28968.html accessed: 8-13-07]

Reason: Your book is titled In Defense of Global Capitalism. Can you summarize your case?
Johan Norberg: The core is that capitalism and globalization -- by which I basically mean free and open markets and the liberal political, economic, and social institutions that support them -- bring freedom of choice to people in countries that have never experienced this before. If we want to defend globalization -- and we should -- our focus must be on developing countries, not our own Western countries. Global capitalism means that people are no longer confined by the decisions of national elites. These could be the local monopolies, the local powers, politicians, and so on.
By making local powers compete or by bypassing them altogether, globalization gives people more freedom to decide over their own consumption, to buy things from abroad, to get the cultural influences they want, to travel, to meet friends, and to cross borders.
Reason: What's the evidence that global capitalism benefits people in poor countries?
Norberg: Take just about any statistic, any indicator of living standards in the world, and you can see the progress that has been made over the exact period that worries globalization critics. In the last 30 years we've seen chronic hunger and the extent of child labor being halved. In the last 40 years, we've seen life expectancy going up to 64 years in developing countries. We've seen literacy levels approaching the maximum in most countries in the world. According to World Bank statistics, 200 million people have left absolute poverty -- defined as living on the equivalent of less than $1 a day -- over the past 20 years. What's more, the most progress is found in the countries that increased trade and contacts with the outside world.
Globalization has also helped extend rights to women that had long been confined to men. These include being able to go into business, get an education, inherit money, and so on. One reason for this is simple economics. In a globalized, competitive economy, women are a potential resource. They are able to have new ideas, to produce, and to work. If you discriminate against women -- or anyone else -- you lose opportunities as a society or as an employer. Take the discussion that's going on now in Saudi Arabia about whether women should be allowed to drive, which they can't legally do now. While it's unlikely the situation there will change anytime soon, it's progress just to have the discussion. People are saying it's extremely costly to hire drivers, often from other countries, to drive women around. You can see how basic economics, basic capitalism, creates the incentive to give women more rights.
A second reason is that all the goods, ideas, and people that cross borders under globalization allow people to see more alternatives, to see other ways of living. When women and other oppressed groups in poor countries see how their counterparts in Western societies are treated, they begin to have ideas about how they want to be treated. Globalization is a great influence because people everywhere get all sorts of new ideas. They say, "Wow, things can be very different than I'm used to."
This isn't to say everything is rosy. Most things are getting better in the developing world, but there are new problems, including AIDS. Yet we can see the old scourges, the old diseases, being abolished. Life expectancy wouldn't be getting longer if things were getting worse in terms of health, hunger, and the environment. We have the few exceptions in sub-Saharan Africa, which also happens to consist of the very countries that are the least globalized. They have the least foreign investment and, generally speaking, the least political and economic liberty. More than anything, they need the sort of economic growth that will allow them to buy not simply relatively expensive AIDS drugs but penicillin and vaccines for more basic sorts of illnesses.

TRADE COUNTERPLAN SHELL – 1NC

4. Counterplan solves the case. Free trade brings economic growth, higher incomes and more spending on health. India and China prove.

Goodman, President, National Center for Policy Analysis, **'07**

[John, Ph.D. in Economics from Columbia University (NY) and prominent author, "Message to Debaters," Revised version of 7/19/2007, http://www.debate-central.org/research/message-to-debaters#II accessed: 8-12-07]

If foreign aid is not the answer, what is? Higher income is the answer. To see why, we need two more economic concepts: "superior goods" and "economic growth."

Superior Goods. In the lexicon of economics, there are three types of consumer goods:

* When income rises and consumers spend fewer dollars on the good, it is called an inferior good.
* When income rises and consumers spend more dollars on the good, it is called a normal good.
* If income rises and consumers spend a greater proportion of their income on the good, it is called a superior good.

So why is this important? Because health care is a superior good. And it's not just a little bit superior. It's a lot superior. That is, as people move from poor to rich, they don't just spend a slightly higher percent of their income on health; they spend a lot more of their income on health.

For example, in Sub-Saharan Africa, per capita income is only $1,500 (US$), and the typical country spends only 4.5 percent of its gross domestic product (GDP) on health. By contrast, in Western Europe, where per capita income is about $28,000, average health care spending is about 11 percent of GDP. In the United States, the figure is 17 percent.

This is illustrated in Figure II. As the production possibility curve shifts out, away from the origin, it illustrates higher standards of living. On a higher production possibility curve, people can have more of everything. However, the figure also illustrates (by the arrow) how consumption changes as income grows. Note that, at a higher standard of living, (A à B à C à D) people are spending more and more of their income on health. This conclusion is borne out by studies of individuals, by studies of countries over time and by cross-country studies at a point in time.

The bottom line: As countries grow wealthier, people will want to spend more of their own income on health; they will want more of their tax dollars spent on health; and if they receive foreign aid, they will want more aid dollars spent on health. However, the opposite is also true. If income is not growing - or even worse, if it is contracting - people will not want to spend more of their resources on health and will resist attempts by outsiders to artificially force them to do so. (For more on how economic growth leads to health gains visit our Topic Overview.)

Economic Growth. Debaters will not spend long on this topic before confronting a stark reality. Personal income per capita in the United States is about $36,000. Yet in Africa, the average annual income is about $4.00 per day.

Why is there such a disparity? This is precisely the type of question that was asked by Adam Smith, the founder of the discipline of economics, in his book, An Inquiry into the Nature and Cause of the Wealth of Nations.

Before turning to Smith, however, let's consider some recent successes and failures. One study concludes that:[6]

* Between 1970 and 2000, the number of people living below a standard poverty line in China fell by 250 million; this occurred despite a 400 million person increase in the total population and rising income inequality.
* Over the same period of time, the poverty count in India fell by 140 million people.
* By contrast, the number of people in poverty rose by 200 million in Sub-Saharan Africa.

So what did China and India do that Sub-Saharan Africa didn't do? Writing in the Wall Street Journal, Harvard economist Robert Barro says there are two important differences:[7]

1. China and India adopted market based institutions (substantially substituting capitalism for communism in China and for socialism in India); with a few exceptions, African governments did not become more market oriented.
2. China and India received little, if any, foreign aid - while Africa received an enormous amount of aid, relative to the size of the economies.

By making appropriate changes in public policies, China and India have been able to enjoy some of the highest rates of economic growth found anywhere in the world. Other countries that have also had remarkable economic success and enjoyed very high rates of economic growth are Hong Kong, Singapore and Chile. African countries, by contrast, have experienced a much lower rate of growth and, at times, no growth or even negative growth.

What is economic growth? It is the rate of increase of a country's output of goods services. If a country is experiencing a 3 percent rate of growth, for example, each year it is producing 3 percent more output than the year before. What difference does economic growth make? Consider that a 7 percent growth rate is certainly within the realm of possibility for a typical African country - at least for a period of time. Moreover, at this rate, national income doubles every 10 years. With that in mind, compare two countries: Country A growing at 7 percent per year and Country B not growing at all. Beginning at the same starting line:

* In 10 years, Country A will have twice the national income of Country B.
* In 20 years, Country A will be four times richer than Country B.
* After 30 years it will be eight times richer.

This is why a well-known economist once said, "Once you start thinking about economic growth, it's hard to think about anything else." The effects of growth are so overwhelming; in time they completely swamp everything else. Indeed, had African countries established the conditions necessary for growth a quarter of a century ago, the public health problems in Africa today would be minor compared to the current crisis.

AT: PERM - FOREIGN AID ↓ FREE TRADE

Foreign Aid diverts political and economic focus from business and trade, fuels autocratic centralization in Africa

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Poor Man's Hero: Controversial writer Johan Norberg champions globalization as the best hope for the developing world," interview by Nick Gillespie in Reason Magazine, December, http://www.reason.com/news/show/28968.html accessed: 8-13-07]

Reason: How much does the legacy of colonialism contribute to conditions in the developing world?
Norberg: It's part of the problem, though not in the sense that people usually claim. A lot of critics of globalization say that developed nations exploited and destroyed former colonies' natural resources and that's why former colonies are poor. That might be a problem in some cases, but what we see today is that, many times, the more natural resources a country has, the worse off things are for the general population. If there is a single valuable resource, then there are fierce power struggles to keep control of it within a small elite. Places without natural resources, such as Taiwan, Hong Kong, and Singapore, have developed relatively broad-based economies, where countries rich in oil or minerals often have not. The broader an economy is, the more wealth and income are spread around. The best thing that could happen to the Arab world would be for them to run out of oil. Then they'd have to open up to trade, and a small number of people wouldn't be in control all of the wealth, as is the case in Saudi Arabia.
This sort of economic and political centralization is the really problematic legacy of colonialism. It created new, very strong power centers in a lot of places where they hadn't really existed before. You can see this in Africa. As the scholar George Ayittey has shown, in many African countries there once existed regional markets and local democracies where the chief was accountable to his people and had to follow their decisions. But when the colonizers appeared, they created power structures that weren't accountable in the same way. They extracted resources and, with the help of small groups of locals, became autocratic occupiers of the land. When they left, the local elites just took over the power structures and became the new occupation forces. They simply took over the machinery of power left by the colonizers.
That creates a sense that the only way to improve things is to seize centralized power, to control a country's political machinery. Many Western countries exacerbated this problem by distributing billions of dollars into these very centralized governments in extremely miserable and poor countries. The rulers would use some of this to buy off the people, but they mostly kept it for themselves and their associates. Everybody living there could see that if they wanted a good life for themselves and for their family, they had to seize political power -- as opposed to, say, going into business or trade.

Reducing foreign aid topples dictators, spurs economic and political liberalization – Kenya proves

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Poor Man's Hero: Controversial writer Johan Norberg champions globalization as the best hope for the developing world," interview by Nick Gillespie in Reason Magazine, December, http://www.reason.com/news/show/28968.html accessed: 8-13-07]

Reason: Yet as you note, trade and economic liberalization are proceeding apace. Why now?
Norberg: For a number of reasons. The most important reason has to do with the end of the Cold War. During the Cold War, these power centers were supported by outside forces, mostly by the Soviet Union or the U.S. They poured money into these places to maintain influence, giving huge amounts to dictators with very little expectation that it would be used to improve things. Without that sort of money coming in, tyrants now have a harder time of it.
Kenya, where I've also been recently, is a perfect example of this. Daniel arap Moi, the longtime dictator, never would have lasted as long if he didn't get so much foreign aid from the U.S. and European countries. But in the early '90s, those countries started to say, "We won't continue to support you unless you do these things to improve your country." I'm not sure that foreign aid is a good way to create liberal policies, but what happened was that he was no longer given the support that he needed to stay in power. Suddenly you saw new power centers arise, new forces that began to challenge arap Moi. He had to implement elections and, though he always threatened the opposition forces, eventually they overtook him. Late last year, they won a presidential election, against his handpicked successor.
Now we have a new situation in Kenya. The government is actually supporting reforms, including economic liberalization.

AT: PERM – FOREIGN HEALTH ASSISTANCE FAILS

Foreign Assistance will not get results in status quo – more health aid will not change preference and spending levels in SSA unless economic development rises first

Goodman, President, National Center for Policy Analysis, **'07**
[John, Ph.D. in Economics from Columbia University (NY) and prominent author, "Message to Debaters," Revised version of 7/19/2007, http://www.debate-central.org/research/message-to-debaters#II accessed: 8-12-07]

If public health is not the highest priority for Africans, why should it be the highest priority for us? To Americans who live in comparative luxury, the value of malaria control might be quite high. But if you live in Africa and you are starving, living in a hut with no electricity, running water or sewage system, and wearing only the clothes you have on your back, malaria control may not be your highest priority.
What difference do local preferences make when the aid is given by outsiders? Answer: They make a great deal of difference.
Revealed Preferences. How do we know what people's preferences are? We could take polls. Or conduct surveys. Economists have a more reliable solution. They assume people reveal their preferences through their actions. For example, if a person is allowed to choose between an apple and an orange, and she chooses the apple, economists conclude she preferred the apple.
This may seem like a trivial observation, but what comes next is not trivial. If we give the chooser the apple rather than the orange, economists conclude she is better off from her own point of view. If we take away the apple and exchange it for an orange, economists conclude she is worse off from her own point of view. To see the relevance to the debate topic, consider a recent National Public Radio report which concluded that:[3]
"For want of a condom or the will to use one, there were seven million infections of HIV last year."
Commenting on that tragedy, Terri Bartlett (Vice President for Public Policy and Strategic Initiatives, Population International) had this to say:[4]
"You know, we travel around the world, and at the end of every dirt road, there's bottled water, a Coca-Cola and a pack of Marlboros. Why can't we have a condom there, too?"
Why indeed? Anyone who can afford bottled water, a Coca-Cola or a pack of Marlboros could easily purchase a condom instead. If the condom is not there, in all likelihood the reason is that people are not going to purchase it. Put differently, the goods that are at the end of every dirt road reflect the buying preferences of the people who live there.
Much of what happens in international public health efforts is an attempt to substitute Western preferences for local preferences. And that, we shall see, usually does not work.
Substitution. This is one of the most important concepts in all of economics. For example, capital and labor are substitutes for each other in production. Most food stuffs are substitutes for each other in consumption. An important application for this debate topic is the realization that foreign aid is a substitute for domestic aid.
Suppose an African country is spending 5 percent of its national income on health (broadly defined). Americans might naively believe that foreign aid targeted at health will increase the country's spending in that area. They may be surprised to learn that for each $100 in aid, net spending on health increases by only $5. Why? Domestic preferences do not change simply because people get a gift. If their preference is to spend 5 percent of their income on health, it is also likely to be their preference with regard to any new funds given by a foreigner.
On paper, the foreign gift will appear to have been spent on health care. But as foreigners spend more, the local population will tend to spend less on health from their own resources. Foreign health dollars substitute for domestic health dollars. People satisfy their preferences through acts of substitution. (For more on why aid does not achieve its goals read Debate Central's Topic Overview.)
Public Choice. This is the name given to a relatively new field of economics in which scholars use traditional economic tools to try to understand political decision-making. In our case, a few simple principles will help explain why the goals of developed-country donors rarely get realized in African countries.
Consider a textbook example of democratic voting in which political outcomes tend to reflect the preferences of the average voter, or more precisely, the median voter. Let's suppose the median voter wants the government to collect taxes and spend 5 percent of national income on health care. Of the remaining voters, half want to spend more than 5 percent. The other half wants to spend less than 5 percent. The preferences of the median voter (5 percent) prevail because no other platform can win a majority of voters in a contest with it.
Note that many African countries are not democracies. But even in those that are not, rulers still depend upon political support from those who are governed. And the further a ruler veers away from the preferences of the median voter, the more support he will lose and the more vulnerable he will become against a potential challenger.
So one reason why African governments so rarely see eye-to-eye with the governments of a typical developed country is that the median voters in both countries are very different people with very different preferences. Americans (at a very high level of economic development) want African countries (at a very low level of economic development) to accept donations to create elements of an American-style public health system. But since the average African has very different options, small wonder that African countries take the money and spend it on something else.
An example of a misguided approach is the one proposal by Colombia University economist Jeffery Sachs, in his role as an advisor to the World Health Organization (WHO).[5] Sachs wants developed countries to spend billions of dollars on health care in places like Sub-Saharan Africa-effectively doubling the share of national income devoted to health care and bringing it up to the European average. Although Europeans apparently prefer to spend 10 percent of their income on health, Africans prefer 5 at their current level of development and will almost certainly resist any attempt to force European standards on them. (See the discussion of "superior goods" below.)
Of course, idealized voting does not tell the whole story. In both democracies and nondemocracies, people with common interests band together to offer politicians support in return for favorable government policies. When this happens the question is: How much are opposing interest groups willing to offer (in terms of votes, money or other forms of support) in return for benefits they hope to receive?
On the one hand, there are victims of AIDS, malaria, dengue fever and tuberculosis - scattered here and there, sick and poor. How much will they be able to offer politicians per dollar of spending compared to groups that are well organized, rich and powerful? Probably not nearly as much. This is yet another reason why the goals of Western giving entities are so often thwarted. (For more on corruption see Debate Central's Topic Overview.)
For all of these reasons, the money developed countries give Africa will likely displace the money they currently spend on health. As the U.S. and other countries give more to Africa, the local population will tend to spend less on health from their own resources.

AT: PERM – IMPROVED HEALTH NOT NECESSARY FOR ECONOMIC GROWTH

No proof that disease blocks economic growth

Bieker, Policy Analyst, National Center for Policy Analysis, **'07**
[Christa, "Overview of the 2007-2008 CX Topic," Revised edition of 7/18/07, http://www.debate-central.org/research/overview-of-the-2007-2008-cx-topic#V accessed: 8-12-07]

Columbia University economist Jeffrey Sachs and other public health advocates maintain that low economic growth rates in Africa are due to the excess burden of disease.[45] Indeed, Sachs argues that the way to improve the economic growth in poor countries is for wealthy countries to create a massive global fund to fight AIDS, tuberculosis and malaria.[46] The World Health Organization's Commission on Macroeconomics and Health also argues that the poorest countries are poor because they are sick and expenditures on health are a precondition for economic growth.[47] (See the Message to Debaters for a discussion on why Sach's plan will likely fail.)
However, other economists find little evidence to support the notion that a high disease rate necessarily restrains economic growth. Countries that have a high degree of poverty can still adopt policies that will spur economic growth.[48] Daron Acemoglu, an economist at the Massachusetts Institute of Technology, finds that disease burden does not explain most of the difference in economic growth rates between rich and poor countries. Differences in growth can be better explained by the quality of political, legal and social institutions. Acemoglu and his colleagues acknowledge that disease can reduce an individuals' ability to work and produce income, but it's not the primary factor limiting growth. They analyzed efforts to reduce disease and mortality for countries in Africa, Asia and Latin America between 1930 through 1960. They found that as a result of disease intervention, the mortality gap in Latin America narrowed by nine years compared to the OECD average. The mortality gap for parts of Asia narrowed 3.5 years. If health status had a significant impact on economic development, one would expect income to rise significantly in Latin America and Asia compared to growth in OECD countries. Yet, despite this significant extension in longevity in Latin America and Asia, income did not rise at the same rate as the OECD. [49]
Without the improved economic opportunities that come from institutional reform, investments in health will return less in the way of economic benefits and will not necessarily be sustained over the long term. Improve the institutions and economic growth will ensue. With economic growth, health status will improve in a way that is sustainable. For the economic explanation see NCPA President John Goodman's Message to Debaters.

Multiple studies prove that Foreign Aid reduces Economic growth

Bieker, Policy Analyst, National Center for Policy Analysis, **'07**
[Christa, "Overview of the 2007-2008 CX Topic," Revised edition of 7/18/07, http://www.debate-central.org/research/overview-of-the-2007-2008-cx-topic#V accessed: 8-12-07]

Yet is it possible that increased aid could do more harm than good? There are a number of reasons to think that it might. It is easy to find cases where countries have done worse after receiving aid. For example, Liberia received over $3 billion in development aid between 1980 and 2004, but its GDP per capita actually decreased from $744 to $130 over the same period of time![78] Indeed, for Africa as a whole it appears that the more foreign aid that is given, the worse conditions seem to get. (See Figure I below.) The question is: Did aid make Africa worse off or would conditions there have been even worse without the aid?
Economic Studies. A number of studies have tried to sort out the answers to this question:

* Economist Vu Minh Duc examined how foreign aid affected the economic growth of developing countries over the period from 1975 to 2000 and found that foreign aid had a negative effect on GDP per capita growth.[79]
* Deborah A. Brautingham, professor at American University, and Stephen Knack, a World Bank economist, also found a negative relationship between high aid levels and poor governance in Africa, even after accounting for the tendency of donors to give more aid to African countries that are instituting reforms. They found that African governments receiving the most aid are not transparent or accountable, poorly enforce the rule of law, and have bureaucracies that are ineffective and unresponsive.[80]
* International Monetary Fund chief economist Raghuram G. Rajan and his colleagues also found that aid does not lead to higher rates of economic growth - but instead appears to undermine the conditions necessary for growth.[81]

As noted above, a series of studies have produced seesaw results - with one study favorable to the effects of aid on growth followed by another study rebutting it, etc. These results are summarized in Easterly's book. On balance, one would have to say that the pro-aid advocates at this point face a very difficult burden of proof.

TRADE PROTECTIONISM NOW

Trade liberalization declining in the status quo. More unilateral protectionist policies now would spiral to global trade wars

Ikenson, Associate Director, Cato Institute's Center for Trade Policy Studies, **8-13-07**
[Daniel, holds a M.A. in economics from George Washington University, "Dark Days Ahead? A storm is brewing on Capitol Hill over the future of U.S. trade policy," August 13, 2007, http://www.freetrade.org/node/727 accessed: 8-14-07]

The era of trade liberalization is dead. Yet it could get worse still. Not only have prospects for liberalization over the next few years been dashed, but Congress is considering legislation that could precipitate a retreat from the trade policies and institutions that have served U.S. interests for 60 years.

These are indeed dark days for trade. The Democratic Party, which has grown increasingly hostile to trade over the past decade, controls the legislature. The president's authority to negotiate trade agreements and present them to Congress for an up-or-down vote has expired, and will not be renewed. The bilateral trade agreements completed with South Korea, Colombia, Peru and Panama will likely rot on the vine, as Congress shunts them aside to consider instead trade legislation that is either antagonistic or protectionist. And for the first time in post-World War II history, a multilateral trade negotiating round has ended in failure. The era of negotiation and accommodation may yield to one of confrontation and litigation.

One thing that has become clear this year is that Democratic Party opposition to trade runs much deeper than the leadership has been willing to admit. When the Democrats assumed control of Congress in January, the party's leadership whispered assurances that, notwithstanding the strident anti-trade rhetoric adopted by its rank and file, they understood the importance of continuity in U.S. trade policy. With some modifications to the U.S. trade agreement template to reflect Democratic priorities on labor and environmental issues, the Congressional leadership would be able to help the administration move the agenda forward.

A grand bargain was struck in the spring, which was nothing more than a wholesale capitulation by the administration to Congressional demands for strict, enforceable labor and environmental provisions in prospective trade agreements, including the four pending congressional consideration. But as the ink was drying, the Democrats moved the goalposts.

The South Korea agreement was deemed unsupportable by House Ways and Means Chairman Charles Rangel (DNY) and Ways and Means Trade Subcommittee Chairman Sander Levin (D-MI) because its terms do not condition Korean automobile access to the U.S. market on the performance of U.S. automobile exporters in the Korean market. Of course, such a provision, which was put forward by Rangel and Levin in the waning days of the negotiations, would leave the U.S. auto producers in a position to decide just how much competition it wanted from Korean producers. Accordingly, that provision was a nonstarter.

The Colombia agreement was deemed unsupportable because the Uribe government allegedly has done an inadequate job of finding and prosecuting thugs who have terrorized and killed Colombian unionists over the years. Thus, Democratic disdain for a right-of-center Latin American government, which also happens to be one of the few regional governments not openly hostile to U.S. policy, suffices for justification to deprive Colombian citizens of the opportunity to improve their lots through better trade terms with the United States.

Consideration of the Peru agreement was sidelined until Chairman Rangel and others have a chance to visit Peru, see first hand how its factories are run, and possibly change the agreement's terms, again. Democrats have used the labor conditions excuse to camouflage Big Labor's real motive, which is to kill trade deals at all costs. At least that truth now has been exposed. But regrettably, the anti-trade objectives of organized labor and import competing interests have dovetailed conveniently with proliferating misconceptions and myths about imports, jobs, and manufacturing to produce a phony sense of crisis.

Most of the anti-trade legislation introduced this Congress is premised on the myth of U.S. manufacturing decline at the hands of rising imports, mostly from China. But U.S. manufacturing is thriving. In 2006 the manufacturing sector achieved record output, record sales, record profits, record profit rates, and record return on investment.

Imports are not a bane for U.S. producers. In fact, there is a strong correlation between manufactured imports and manufacturing output, as U.S. producers account for more than half of the value of all U.S. imports. When imports rise, output rises. When imports fall, output falls. In the past quarter century, imports have increased six-fold, while real GDP has grown by more than 130 percent, creating an average of 1.8 million net new jobs each year.

But policymakers fail to acknowledge this crucial relationship. Instead, too many in Congress view exports as good, imports as bad, and the trade account as the scoreboard. Given the large and growing U.S. trade deficit, policymakers conclude that we are losing at trade. And we are losing at trade because our trade partners are cheating.

In China's case the alleged cheating involves currency manipulation, subsidization of industry, unfair labor practices, hidden market barriers, dumping, and other transgressions. Some of these allegations may carry a degree of truth, but by and large the trade relationship has been conducted within the rules and consensually, yielding huge benefits for Americans.

In any event, the proper course for redress for complaints is through the dispute settlement system of the World Trade Organization. The Bush administration lodged three formal complaints earlier this year, which are working their way through the process. Congress should allow that process to continue and restrain its urge to be seen doing something. There is a distinct risk that unilateral, punitive actions on trade could severely damage the trade relationship and lead to a contagious deterioration of respect for the WTO and its decisions. That, ultimately, would take us back to the days when tit-for-tat trade wars were common, and uncertainty in trade prevailed.

TRADE PROTECTIONISM NOW

SSA remains protectionist in status quo, even with the WTO

Schaefer and Markheim '06

[Brett D. Schaefer, Jay Kingham Fellow in International Regulatory Affairs in the Margaret Thatcher Center for Freedom, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, and Daniella Markheim, Jay Van Andel Senior Analyst in Trade Policy in the Center for International Trade and Economics, The Heritage Foundation, June 5, '06, The Free Trade Future of AGOA, WebMemo #1108, http://www.heritage.org/Research/Africa/wm1108.cfm accessed: 8-11-07]

The best way to achieve this goal is through the Doha Round of the WTO. However, even a successful completion of the Doha Round would not bring about global free trade. Many barriers would remain, as the WTO's trade rules do not require duty-free trade and permit developing countries to maintain higher tariff barriers than developed nations. Indeed, the U.S. Department of State reports that "Seventy percent of tariffs paid by developing countries go to other developing countries."[11] This is particularly true of sub-Saharan Africa, one of the world's most protectionist regions.

FREE TRADE ↑ ECONOMIC GROWTH & HEALTH

Decreasing trade barriers would boost economic growth and prosperity in SSA and result in more overall health – the history of Sweden and comparative studies prove

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "How Globalization Conquers Poverty," September 9, 2003, http://www.johannorberg.net/?page=articles&articleid=43 accessed: 8-11-07]

In 1870, Sweden was poorer than Congo is today. People lived twenty years shorter than they do in developing countries today, and infant mortality was twice as high as in the average developing country. My forefathers were literally starving.
But reforms for liberalization at home and free trade abroad changed all of this. A trade agreement with England and France in 1865 made it possible for Swedes to specialize. We couldn´t produce food well, but we could produce steel and timber, and sell it abroad. For the money we made, we could buy food.
In 1870, the industrial revolution began in Sweden. New companies exported to countries across the world, and production grew rapidly. The competition forced our companies to become more efficient, and old industries were closed so that we could meet new demands, such as better clothes, sanitation, health care and education.
By 1950 - when the Swedish welfare state was no more than a glint in the social democrat´s eye - the Swedish economy had quadrupled. Infant mortality had been reduced by 85 per cent and life expectancy had increased by a miraculous 25 years. We were on our way to abolishing poverty. We had globalized.
Even more interesting is that Sweden grew at a much faster rate than the developed countries it traded with. The wages in Sweden grew from 33 per cent of the average wage in the US in 1870 to 56 per cent in the early 1900s, even though American wages soared at the same time.
This shouldn´t surprise anyone. Economic models predict that poor countries should have higher growth rates than affluent ones. They have more latent resources to harness, and they can benefit from the existence of wealthier nations to which they export goods and from which they import capital and more advanced technology, whereas affluent countries have already captured many of those gains.
It´s a clear-cut case. Except for one small problem. This relationship does not exist.
Most poor countries grow more slowly than the industrialized countries. The reason is simple: most developing countries cannot make use of these international opportunities. And the two most significant reasons for this are man-made: domestic and external obstacles. Domestic barriers such as a lack of the rule of law, a stable climate for investment, and the protection of property rights. External barriers such as rich country protectionism in goods of particular importance to the third world - textiles and agriculture - that (according to UNCTAD) deprives developing countries of nearly $700 billion in export income a year - almost 14 times more than they receive in foreign aid. But when we look at the poor countries with good institutions, and which are open to trade, we see that they are making rapid progress, much faster than the wealthy countries. A classic study by Jeffrey Sachs and Andrew Warner of 117 countries in the 1970s and 1980s showed that open-developing countries had an annual growth rate of 4.5 percent, compared with 0.7 per cent in closed-developing countries and 2.3 percent in open industrialized countries. A recent World Bank report concluded that 24 developing countries with a total population of 3 billion are integrating into the global economy more quickly than ever. Their growth per capita has also increased from 1 per cent in the 1960s to 5 per cent in the 1990s (compared to a rich country growth of 1.9 per cent). At the present rate, the average citizen in these developing countries will see her income doubled in less than 15 years.
This points to the conclusion that globalization, the increase in international trade, communications and investments, is the most efficient means in history of extending international opportunity. The anti-globalists are correct when they claim that large parts of the world are left out, especially Sub-Saharan Africa. But that also happens to be the least liberal part of the world, with the most controls and regulations, and the weakest tradition of property rights. When anti-globalists blame globalization for African misery, it rings just as bizarre as the North Korean officials who once explained to a visiting Mongolian politician that the average North Korean is unhappy and miserable because he is sad about American imperialism.

FREE TRADE ↑ ECONOMIC GROWTH

Expansion of Free Trade programs like AGOA will boost SSA economic development more than foreign assistance

Schaefer and Markheim '06

[Brett D. Schaefer, Jay Kingham Fellow in International Regulatory Affairs in the Margaret Thatcher Center for Freedom, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, and Daniella Markheim, Jay Van Andel Senior Analyst in Trade Policy in the Center for International Trade and Economics, The Heritage Foundation, June 5, '06, The Free Trade Future of AGOA, WebMemo #1108, http://www.heritage.org/Research/Africa/wm1108.cfm accessed: 8-11-07]

Congress and the administration are on the right track. AGOA offers economic opportunity to the region that will do far more to achieve long-term development than economic assistance. Despite hundreds of billions of dollars in development assistance, sub-Saharan Africa remains little better off than it was decades ago. The bulk of evidence shows that while there may be a role for assistance and donor nations, the key to development lies in the hands of the governments of developing countries. They must remove obstacles to development by adopting policies that bolster economic freedom, good governance, and the rule of law—policies that are the key to economic growth and development with or without foreign assistance. AGOA encourages these policies by making its benefits contingent on progress towards them.

However, the benefits of AGOA are limited. The U.S. continues to undermine the competitiveness of African entrepreneurs with domestic subsidies and other tariff and non-tariff barriers, and African governments rob their people of the full benefits of trade by maintaining trade barriers to imports from other African nations and from the U.S. U.S. policymakers should take advantage of the next ten years of AGOA to use the its preferential trade access as a lever to lower trade barriers on essential medicines and supplies from abroad, spur the establishment of a region-wide customs arrangement, and transform AGOA into a free trade agreement between the U.S. and sub-Saharan Africa.

FREE TRADE ↑ ECONOMIC GROWTH

Many economic studies prove trade openness boosts economic growth, productivity, and income in developing countries

Berg and Kruger '02

[Andrew, First Deputy Managing Director of the IMF, and Anne Krueger, Deputy Division Chief of the Financial Studies Division of the IMF's Research Department, "Lifting All Boats: Why Openness Helps Curb Poverty," Finance & Development: A Quarterly Magazine of the IMF, September 2002, Volume 39, Number 3, http://www.imf.org/external/pubs/ft/fandd/2002/09/berg.htm accessed: 8-10-07]

But how important is the contribution of trade openness to higher incomes, and how does trade openness affect poverty and inequality? We attempt in this article to cut through the mass of material on this topic by focusing on a number of key issues and by keeping in mind a few important methodological concerns. One such concern is the measurement of openness. The openness of an economy is the degree to which foreigners and nationals can transact without government-imposed costs (including delays and uncertainty) that are not levied on a transaction between two domestic citizens. Tariffs and other charges, nontariff barriers, domestic content requirements, and health and safety requirements (or inspection delays) above and beyond those imposed on domestic products raise the cost of buying from abroad.

As should be clear from this definition, it is extremely difficult to compare degrees of openness over time or, especially, across countries. In our survey of empirical work, we necessarily take an eclectic approach. We consider case studies and microeconomic studies, which often allow for the most detailed and careful measurement of trade barriers. We also consider many analyses that use policy-based measures, particularly the work of Jeffrey Sachs and Andrew Warner. Finally, we look at studies using outcome-based measures of openness, such as the share of exports and imports in GDP. In a foreshadowing of our own conclusion, it turns out that measurement error is not strong enough to bury the positive effect of trade on growth.

A second methodological concern is that we pay close attention to the difference between opening and openness. Considerable trade restrictions remain in many economies that have opened substantially, for example, and trade opening may increase growth for a time even in an economy that remains quite closed (and poor). Thus, we might look for a relationship between trade opening and growth, or between trade openness and the level of incomes, but it would, in general, be a mistake to expect one between, say, growth and the level of trade openness.

Openness and average incomes

We look in our paper at various pieces of evidence on the relationship between trade and growth—cross-country regressions, case studies, and firm- and industry-level analyses. The story that emerges is overwhelmingly that openness contributes greatly to higher productivity and income per capita and, similarly, that opening to trade contributes to growth. Empirical work from the past 15 years has concentrated on cross-country and panel regression analyses. Many papers have concluded that openness to trade is a significant explanatory variable for the level or the growth rate of real GDP per capita. Rather than review the many papers in this area, we concentrate on two complementary strands.

The first looks at the relationship between levels of income and trade openness across countries. Research by Robert Hall, Charles Jones, Andrew Rose, Jeffrey Frankel, and others has shown that the huge differences across countries in the level of output per capita are systematically and importantly related to openness.

This result holds up across various measures of openness, when the possible feedback from income to openness is controlled for and when a variety of other variables that may explain income are included. It also turns out, though, that institutional quality—defined broadly as the rule of law, the effectiveness of the government, and so on—is also an important determinant of cross-country variation in the level of productivity and income per capita. Moreover, institutional quality is closely correlated with openness. It is thus difficult to separate the effects of openness and institutional quality in a satisfactory way in this context.

In an effort to unravel the overlap between openness and institutional quality, we turn to a second strand of analysis that examines the relationship between changes in openness and changes in per capita GDP over time within countries. This approach avoids the difficulty associated with distinguishing the roles of slowly changing geographic, institutional, and cultural factors from trade openness by looking only at these differences over time.

The basic result is that changes in trade volumes are important determinants of changes in growth, after controlling for possible reverse causality from growth to trade. David Dollar and Aart Kraay estimate that an increase in the trade share of GDP from 20 percent to 40 percent over a decade would raise real GDP per capita by 10 percent. For example, if a country with a trade share of 20 percent of GDP and 1 percent annual growth in real per capita GDP were to raise its trade share to 40 percent, real per capita GDP growth would increase to 2 percent a year. This result turns out to hold even when other control variables are included.

Case studies have also shown the benefits of trade liberalization. Perhaps the central finding of the large multicountry studies of trade liberalization in the 1970s and 1980s was how distortionary the import-substituting regimes were before liberalization. In more recent years, a variety of studies have followed this approach, attempting to define liberalization episodes in a sample of cases and examine the effects. They also find that strong and sustained liberalization episodes result in rapid growth of exports and real GDP.

Recent studies at the firm and industry levels have delineated some of the ways that trade liberalization and the resulting increase in import competition work to increase productivity and, hence, growth. Trade helps spread knowledge that contributes to productivity, partly through access to imported inputs. It lowers margins and increases turnover and innovation. Exit of firms is only the most visible part of the story—entry of new firms is also higher in sectors that liberalize imports.

Clearly, import competition helps. So does an emphasis on exports. While many studies have shown that exporting firms are more productive, the reasons are harder to establish. Recent evidence from several African countries and China, however, reveals unusual increases in productivity after firms begin to export. Moreover, recent evidence from East Asia suggests that firms aim at export markets, so that even pre-entry productivity increases are, at least in part, due to the promise of the export market. Finally, exporting firms are highly productive, and exporting allows them to grow faster. Thus, over time, resource shifts into these higher-productivity plants increase economy-wide average productivity.

In sum, the weight of the evidence is overwhelming on the positive effect of openness on growth.

FREE TRADE ↑ ECONOMIC GROWTH

Empirically, Free Trade Acts like AGOA boost actual US-SSA trade and economic growth in the SSA

Schaefer and Markheim '06

[Brett D. Schaefer, Jay Kingham Fellow in International Regulatory Affairs in the Margaret Thatcher Center for Freedom, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, and Daniella Markheim, Jay Van Andel Senior Analyst in Trade Policy in the Center for International Trade and Economics, The Heritage Foundation, June 5, '06, The Free Trade Future of AGOA, WebMemo #1108, http://www.heritage.org/Research/Africa/wm1108.cfm accessed: 8-11-07]

AGOA has been successful in increasing trade between the U.S. and eligible countries. The U.S. was the region's single largest export market in 2005, and overall trade between the U.S. and Africa has increased sharply since AGOA was adopted. According to the U.S. Trade Representative,

Since its inception in 2000, AGOA has helped increase U.S. two-way trade with sub-Saharan Africa by 115 percent. In 2005, U.S. total exports to sub-Saharan Africa rose 22 percent from 2004, to $10.3 billion. U.S. total imports from Africa increased by 40 percent to $50.3 billion. In 2005, over 98 percent of U.S. imports from AGOA-eligible countries entered the United States duty-free.[7]

While a large part of this increase is due to increased oil imports and higher oil prices, the legislation has also helped increase non-oil imports from AGOA-eligible countries since 2000. Although there was a decline in overall non-oil imports from AGOA-eligible countries from 2004 to 2005, many sectors saw substantial growth over that period, including chemicals, agricultural products, fruits, nuts, and flowers.[8] Since 2000, sub-Saharan Africa has experienced GDP growth of over 3 percent—far above the average of less than 1 percent in the 1980s and 1990s.[9]

FREE TRADE ↑ ECONOMIC GROWTH, ↓ CORRUPTION

Greater openness to trade brings the greatest benefits to the poorest economies, spurs a positive cycle of reform, and reduces corruption

Berg and Kruger '02

[Andrew, First Deputy Managing Director of the IMF, and Anne Krueger, Deputy Division Chief of the Financial Studies Division of the IMF's Research Department, "Lifting All Boats: Why Openness Helps Curb Poverty," Finance & Development: A Quarterly Magazine of the IMF, September 2002, Volume 39, Number 3, http://www.imf.org/external/pubs/ft/fandd/2002/09/berg.htm accessed: 8-10-07]

Positive spillovers

Much of the evidence in favor of openness spurring growth and reducing poverty is vulnerable to the criticism that the effect of openness has not been isolated from that of many other reforms that were often implemented at the same time. In our view, the fact that trade openness tends to happen at the same time as other beneficial reforms and, indeed, is associated with strong institutional environments is an econometric problem but also a policy opportunity. First, insofar as the evidence gives us a lead, it suggests that openness is a particularly important component of reform. Second, there is little evidence that other reforms must precede effective trade reform, though there are many reforms that are complementary. Finally, trade openness has positive spillovers on other aspects of reform so that, on the whole, the correlation of trade with other proreform policies speaks to the advantages of making openness a primary part of the reform package.

In our view, there are few true preconditions—that is, conditions in the absence of which trade openness is a poor idea. Openness seems to promote growth in the poorest countries at least as well as in others. For example, in closed economies, low initial income reduces potential benefits from economies of scale, suppressing growth. But trade openness, by allowing access to broader markets, helps overcome this impediment. To this extent, the poorest economies, with the smallest home markets, may benefit the most. More broadly, there is little evidence of a "growth trap" in the sense of a situation in which countries become too poor to take off. The growth miracles of the twentieth century occurred in countries starting far behind the richest.

Many factors can make trade reform more successful, or less so. For example, a more egalitarian initial income distribution implies that a given amount of average growth has a larger impact on the poverty rate, all else held equal. Certain factors, such as higher rates of education, may permit the poor to benefit more fully from growth. Of course, these are arguments not against trade reform but rather in favor of pursuing these complementary reforms as well.

The most important set of relationships, in our view, has to do with positive spillovers from trade reform. In many cases and in many ways, trade liberalization is itself a precondition or a complement to other sorts of reforms and thus facilitates their success. Openness provides powerful channels for feedback on the effect of various policies on productivity and growth. For example, competition with foreign firms can expose inefficient industrial policies. Trade raises the marginal product of other reforms, in that better infrastructure, telephones, roads, and ports translate into better performance of the export sector. Moreover, though less visibly, productivity for domestic goods rises as well. Trade liberalization may change the political reform dynamic by creating constituencies for further reform.

It is sometimes argued that an absence of adequate prior institutional reform may limit the gains from openness. In our view, strong institutions are likely to be a powerful complement to trade liberalization, but there is little or no evidence to suggest that waiting for institutional reform is a good idea. On the contrary, there is strong evidence that openness may encourage institutional reform and, in particular, reduce corruption. Corruption is higher in countries where domestic firms are sheltered from foreign competition, and the estimated size of this effect is large.

Conclusion

Openness is not a "magic bullet"; much else matters for growth and poverty reduction. But this conclusion should not distract us from the importance of trade liberalization in developing countries. Trade is only one aspect of the development process. However, the breadth of evidence on openness, growth, and poverty reduction, and the strength of the association between openness and other important determinants of high per capita income, such as the quality of institutions, should give long pause to anyone contemplating the adoption of a novel (or tested and failed) development strategy that does not center on openness to trade.

FREE TRADE ↑ ECONOMIC GROWTH, ↓ POVERTY

Hong Kong example proves – free trade brings prosperity and less poverty

Meadowcroft, Lecturer in Public Policy, King's College, University of London, **'05**
[John Meadowcroft, PhD, University of London, "Fair trade will lead to more misery for Africa," originally published: Yorkshire Post, 27 April 2005, http://www.iea.org.uk/record.jsp?type=pressArticle&ID=179 accessed: 8-14-07]

In his sermon on African poverty the Archbishop of Canterbury has added his voice to the growing chorus of religious leaders, politicians, pop stars and even television presenters who believe that 'fair trade' offers a solution to Africa's plight.
While the Archbishop and others are right to draw our attention to the fate of the world's poorest continent, unfortunately 'fair trade' will not end global poverty and could make things worse.
'Fair trade' undermines economic efficiency and has the potential to increase corruption.
It involves governments or aid agencies picking winners – businesses they believe merit special treatment in the marketplace – that are then supported even if they are uneconomic or badly run. It has the potential to increase corruption as different businesses compete to be the one favoured by government or agencies. Economic prosperity cannot be based upon policies that support inefficient or uneconomic enterprises. That is the way to economic ruin.
There are many myths about the causes of Africa's malaise, but the truth is that economic prosperity is actually relatively easy to achieve.
In fact, it is so easy that Hong Kong – a tiny former colony with almost no natural resources – has managed to achieve it; Hong Kong's per capita GDP is now more than $25,000, compared to the UK's $23,000.
Indeed, the example of Hong Kong is instructive for all of us who wish to see an end to global poverty. In 1950 Hong Kong was classed as a developing country, but in the last fifty years it has caught up with and now surpassed many of the world's richest nations.
Hong Kong's economic prosperity has been built upon free trade; it has one of the most open economies in the world with few barriers to imports or exports. Its prosperity was not based upon rich people buying 'fair trade' products but on participation in the global economy, initially at relatively low wage levels.
Indeed, when I was growing up in Huddersfield in the 1970s my parents were reluctant to buy goods with the 'Made in Hong Kong' label because they believed such products were made by exploited workers slaving in sweatshops. Today, those 'exploited' workers are richer than we are!
In Hong Kong, free trade has been supported by a government that has provided an institutional framework of private property rights, the rule of law and sound money, without burdening the economy with high taxes, over-regulation or restrictions on imports and exports.

FREE TRADE ↑ ECONOMIC GROWTH, ↓ POVERTY

Trade is key to African economic growth and poverty reduction. Just an increase of ONE PERCENT in Africa's share of global trade would bring three times the amount of total assistance from all donors

Portman '06

[Remarks by Ambassador Rob Portman, United States Trade Representative, Corporate Council on Africa, Washington, DC, February 7, 2006 As Delivered, http://www.ustr.gov/assets/Document_Library/Transcripts/2006/February/asset_upload_file596_8921.pdf accessed: 8-14-07]

The development challenges Africa faces have received a lot of attention in the last few years. If you think about it, at the G-8 summit, many of you know that Africa was the subject of a lot of discussion. Global initiatives have also been focused on Africa, including of course public health initiatives, poverty alleviation, education.

In my view, I will just tell you I do not believe any U.S. President has been a more forceful and stronger advocate for Africa than George W. Bush. He has a passion for it. Under his administration, as you know, the United States has tripled aid to Africa and has committed now to doubling development assistance again by 2010. This is no small commitment given the budget pressures we face as we all see with the President's budget being announced yesterday. There's lots of competition for these funds.

President Bush has also launched what I think are historic initiatives including the Millennium Challenge Account, which Frank mentioned, and the Emergency Plan for HIV/AIDS Relief. I see CCA has their own HIV/AIDS program that I was just reading about. And of course President Bush has been a leader in trying to secure more international debt relief particularly for Africa. African nations have been the main beneficiaries of these initiatives.

As important as these specific initiatives are, the long-term solutions to the problems African countries face, we believe, are increasingly tied to their ability to become full participants in, and beneficiaries of, the global trading system. And again, my focus is on trade so perhaps I'm a little biased about that. But here too, the United States will continue to play a leading role.

Trade is not a zero-sum game. The wonderful thing about trade is that it can benefit both parties. The free and peaceful flow of commerce makes the pie bigger for Africa and the pie bigger for the United States. Now that's what AGOA was all about in my view - encouraging investment as well as encouraging trade.

Our work at USTR is all about that. It's about enhancing commerce by opening markets, removing barriers to two-way trade to create new opportunities for U.S. exporters and for investors, some of whom are in this room.

But it's not just about U.S. exporters, it's also about promoting the development of our trading partners, modernizing economies in Africa, alleviating poverty and promoting political stability and economic freedom. This is especially true in my view in Africa. Our goal is to help African countries use trade as a means to enable their citizens to enjoy more productive lives, to live in freedom and in peace. It's a model that's worked elsewhere around the world. It's worked in Europe, in Asia, in Latin America – and it's a model that can and does work in Africa.

African leaders themselves have identified trade as one of the key tools in their efforts to alleviate poverty and boost economic growth and development. Each of you probably have had this experience, but I remember when one of our partner heads of state was here several months ago visiting Washington and he took me aside to say, "You know, I appreciate the aid initiative," and I talked about the Millennium Challenge; in that case the opportunities that we had with that country. He said, "But what's most important to us is trade." And he said specifically that, "AGOA has done more us than all of the western economies pledges and even implementations of their pledges over the last couple decades." And so this is something that I think is increasingly being acknowledged on the continent itself. Many African leaders did raise this issue at the recent WTO ministerial meeting in Hong Kong. We talked about the importance of trade.

According to the Blair Commission on Africa, Africa's current share of world trade is about two percent. Two percent. If Africa were to increase that by just one percentage point – from two percent to three percent of world trade – it would generate additional export revenues of $70 billion a year. Now, that's nearly three times the amount of annual assistance that sub-Saharan Africa receives from donors globally. Now, we can argue about where that money actually ends up and how it's distributed and so on, but think about that. The fact that by increasing the global share of trade by one percent you are providing more than three times the amount that comes from all the annual assistance from all donors globally.

Simply put, international trade can be a powerful engine for economic growth and poverty reduction in Africa, and we need to do all we can to help African countries to participate more effectively in the global trading system.

FREE TRADE ↓ POVERTY

Trade liberalization boosts the income of poor people in developing countries

Berg and Kruger '02

[Andrew, First Deputy Managing Director of the IMF, and Anne Krueger, Deputy Division Chief of the Financial Studies Division of the IMF's Research Department, "Lifting All Boats: Why Openness Helps Curb Poverty," Finance & Development: A Quarterly Magazine of the IMF, September 2002, Volume 39, Number 3, http://www.imf.org/external/pubs/ft/fandd/2002/09/berg.htm accessed: 8-10-07]

Now we turn to the question of whether the usual strong association between growth and poverty reduction is somehow modified by openness.
Openness and the poor
There are strong reasons to suppose that trade liberalization will benefit the poor at least as much as it benefits the average person. Trade liberalization tends to reduce monopoly rents and the value of connections to bureaucratic and political power. In developing countries, it may be expected to increase the relative wage of low-skilled workers, who are likely to be scarcer in the more developed world economy than at home. Liberalization of agriculture may increase (relatively low) rural incomes. If, nonetheless, trade liberalization worsens the income distribution enough, then it is possible that it is not, after all, good for poverty reduction, despite its positive overall effect on growth.
After examining the cross-country evidence and reviewing some of the vast microeconomic literature on the effects of trade liberalization on income distribution, we find that there is no systematic relationship between openness and the income of the poorest, beyond the positive effect of openness on overall growth. The aggregate evidence shows that the income of the poorest tends to grow one-for-one with average income. Of course, in some countries, the poor sometimes do better than average, and sometimes they do worse. But, as Dollar and Kraay have shown, openness does not help explain which of these outcomes occurs. On the question of whether the poor benefit more or less than others, no clear pattern emerges from the numerous studies of individual liberalization episodes. This is not surprising, as any particular liberalization will change relative prices and incentives throughout the economy in idiosyncratic ways.

FREE TRADE = ↑ WAGES, ↓ POVERTY

Free Trade and foreign investment brings higher wages and less poverty – Vietnam proves

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "The Noble Feat of Nike," June 7 2003, http://www.johannorberg.net/?page=articles&articleid=53 accessed: 8-11-07]

Nike. It means victory. It also means a type of expensive gym shoe. In the minds of the anti-globalisation movement, it stands for both at once. Nike stands for the victory of a Western footwear company over the poor and dispossessed. Spongy, smelly, hungered after by kids across the world, Nike is the symbol of the unacceptable triumph of global capital. A Nike is a shoe that simultaneously kicks people out of jobs in the West, and tramples on the poor in the Third World. Sold for 100 times more than the wages of the peons who make them, Nike shoes are hate-objects more potent, in the eyes of the protesters at this week´s G8 riots, than McDonald´s hamburgers. If you want to be trendy these days, you don´t wear Nikes; you boycott them.

So I was interested to hear someone not only praising Nike sweatshops, but also claiming that Nike is an example of a good and responsible business. That someone was the ruling Communist party of Vietnam.

Today Nike has almost four times more workers in Vietnam than in the United States. I travelled to Ho Chi Minh to examine the effects of multinational corporations on poor countries. Nike being the most notorious multinational villain, and Vietnam being a dictatorship with a documented lack of free speech, the operation is supposed to be a classic of conscience-free capitalist oppression.

In truth the work does look tough, and the conditions grim, if we compare Vietnamese factories with what we have back home. But that´s not the comparison these workers make. They compare the work at Nike with the way they lived before, or the way their parents or neighbours still work. And the facts are revealing. The average pay at a Nike factory close to Ho Chi Minh is $54 a month, almost three times the minimum wage for a state-owned enterprise.

Ten years ago, when Nike was established in Vietnam, the workers had to walk to the factories, often for many miles. After three years on Nike wages, they could afford bicycles. Another three years later, they could afford scooters, so they all take the scooters to work (and if you go there, beware; they haven´t really decided on which side of the road to drive). Today, the first workers can afford to buy a car.

But when I talk to a young Vietnamese woman, Tsi-Chi, at the factory, it is not the wages she is most happy about. Sure, she makes five times more than she did, she earns more than her husband, and she can now afford to build an extension to her house. But the most important thing, she says, is that she doesn´t have to work outdoors on a farm any more. For me, a Swede with only three months of summer, this sounds bizarre. Surely working conditions under the blue sky must be superior to those in a sweatshop? But then I am naively Eurocentric. Farming means 10 to 14 hours a day in the burning sun or the intensive rain, in rice fields with water up to your ankles and insects in your face. Even a Swede would prefer working nine to five in a clean, air-conditioned factory.

Furthermore, the Nike job comes with a regular wage, with free or subsidised meals, free medical services and training and education. The most persistent demand Nike hears from the workers is for an expansion of the factories so that their relatives can be offered a job as well.

These facts make Nike sound more like Santa Claus than Scrooge. But corporations such as Nike don´t bring these benefits and wages because they are generous. It is not altruism that is at work here; it is globalisation. With their investments in poor countries, multinationals bring new machinery, better technology, new management skills and production ideas, a larger market and the education of their workers. That is exactly what raises productivity. And if you increase productivity - the amount a worker can produce - you can also increase his wage.

Nike is not the accidental good guy. On average, multinationals in the least developed countries pay twice as much as domestic companies in the same line of business. If you get to work for an American multinational in a low-income country, you get eight times the average income. If this is exploitation, then the problem in our world is that the poor countries aren´t sufficiently exploited.

The effect on local business is profound: ´Before I visit some foreign factory, especially like Nike, we have a question. Why do the foreign factories here work well and produce much more?´ That was what Mr Kiet, the owner of a local shoe factory who visited Nike to learn how he could be just as successful at attracting workers, told me: ´And I recognise that productivity does not only come from machinery but also from satisfaction of the worker. So for the future factory we should concentrate on our working conditions.´

If I was an antiglobalist, I would stop complaining about Nike´s bad wages. If there is a problem, it is that the wages are too high, so that they are almost luring doctors and teachers away from their important jobs.

But - happily - I don´t think even that is a realistic threat. With growing productivity it will also be possible to invest in education and healthcare for Vietnam. Since 1990, when the Vietnamese communists began to liberalise the economy, exports of coffee, rice, clothes and footwear have surged, the economy has doubled, and poverty has been halved. Nike and Coca-Cola triumphed where American bombs failed. They have made Vietnam capitalist.

I asked the young Nike worker Tsi-Chi what her hopes were for her son´s future. A generation ago, she would have had to put him to work on the farm from an early age. But Tsi-Chi told me she wants to give him a good education, so that he can become a doctor. That´s one of the most impressive developments since Vietnam´s economy was opened up. In ten years 2.2 million children have gone from child labour to education. It would be extremely interesting to hear an antiglobalist explain to Tsi-Chi why it is important for Westerners to boycott Nike, so that she loses her job, and has to go back into farming, and has to send her son to work.

The European Left used to listen to the Vietnamese communists when they brought only misery and starvation to their population. Shouldn´t they listen to the Vietnamese now, when they have found a way to improve people´s lives? The party officials have been convinced by Nike that ruthless multinational capitalists are better than the state at providing workers with high wages and a good and healthy workplace. How long will it take for our own anticapitalists to learn that lesson?

FREE TRADE ↑ FOOD SECURITY

Trade liberalization would boost food productivity and incomes, which are key to solving malnutrition and hunger

Nash and Mitchell '05

[John Nash, Advisor for Commodities and Trade in the World Bank's Rural Development Department, and Donald Mitchell is Lead Economist in the Bank's Development Prospects Group, "How Freer Trade Can Help Feed the Poor: An Agenda for Easing Hunger Worldwide by reducing trade protectionism," Finance & Development: A Quarterly Magazine of the IMF, March 2005, www.internationalmonetaryfund.org/external/pubs/ft/fandd/2005/03/pdf/nash.pdf accessed: 8-12-07]

Because chronic food insecurity comes mainly from insufficient purchasing power of the poor, the real question is how the poor can be provided with opportunities to earn sufficient income so they can meet their consumption needs, regardless of whether they do so through food produced at home or abroad. Here, trade liberalization can have a major impact, as it would open markets for producers in developing countries not only to sell their products at higher prices, but also to buy better production technology, which in turn would help boost their productivity and raise their incomes. But this requires strong commitment from developing and industrialized countries to sweeping liberalization in the Doha trade negotiations.

A successful Doha Round could produce huge benefits for the developing world and lift millions out of poverty (World Bank, 2003). However, in the Doha talks, discussions of food security continue to center on domestic production, which is reflected in negotiating positions calling for more flexibility for developing countries—or some subset such as net food importing countries—to be exempted from the general obligations, so they can maintain high import barriers to food products under the rubric of "special products" or as a component of the "development box."

The focus on domestic production may be a holdover from the past, when the global food distribution system was less developed, food imports were primarily the responsibility of often inefficient state enterprises, and poor macroeconomic policies created the specter of foreign exchange shortages at times when food imports were most needed. But under current conditions, the strategy should aim at reducing poverty, not increasing domestic food production. While a comprehensive strategy to fight hunger needs to have many components, including nutritional education, health infrastructure, safety nets, and more, the main determinant of undernutrition is income (see Chart 3). Whereas it is difficult to find an example of a country where large numbers of people were lifted out of poverty but are still going hungry because of a lack of locally produced food, there are prominent cases of countries that are food self-sufficient at a national level—even holding large surplus stocks—but where large numbers of poor people continue to go hungry.

Protectionism increases food insecurity, food prices, and perpetuates rural poverty in developing countries

Nash and Mitchell '05

[John Nash, Advisor for Commodities and Trade in the World Bank's Rural Development Department, and Donald Mitchell is Lead Economist in the Bank's Development Prospects Group, "How Freer Trade Can Help Feed the Poor: An Agenda for Easing Hunger Worldwide by reducing trade protectionism," Finance & Development: A Quarterly Magazine of the IMF, March 2005, www.internationalmonetaryfund.org/external/pubs/ft/fandd/2005/03/pdf/nash.pdf accessed: 8-12-07]

In spite of adequate global supplies, and in part thanks to relatively low world prices, many countries impose import tariffs on food to encourage and protect higher-cost domestic production. While this is true of both industrialized and developing countries, the latter bear the brunt of much of the cost of both their own protectionist policies and those of the richer countries. Food protectionism results in higher domestic food prices, which mostly hurt poor consumers as they spend disproportionately on food. Protectionism does not benefit the rural poor equally as it leaves out two large groups: those who do not own farmland, but have to pay higher prices as consumers; and those who own farmland, but do not produce for commercial purposes. And even commercial farmers, who may see a short-term increase in their income, will not experience long-term benefits such as a significant narrowing of the income gap with nonfarmers; this will come only from measures that raise agricultural productivity and facilitate the movement of labor.

Policymakers often view protectionism as a substitute for more productive methods in support of agriculture, such as increased spending on rural education, infrastructure, research, and technical assistance. It keeps them from investing in efficient food distribution systems that would improve their ability to respond quickly to food emergencies. Simulations have shown that replacing the implicit tax on consumption that results from protectionism with an equivalent explicit tax and investing the revenue in agricultural research can be enormously beneficial for increasing employment, income, and consumption, particularly of food (Diaz-Bonilla and others, 2003). Protectionism also indirectly encourages farmers to continue planting low-value food crops instead of diversifying into high-value nontraditional exports that would be a better way of raising income and escaping poverty. In turn, the lack of export production reduces the country's ability to earn foreign exchange and undermines its structural capacity to import food and other products. And when many developing countries protect their food crops by imposing import tariffs, they are effectively creating high barriers to South-South trade. Thus, although there is a case to be made for temporary limited safeguard measures for developing countries with low import tariffs, in general, trade barriers on food make poor consumers less food secure, and even the temporary benefits to producers are debased in the longer run as the protectionism undermines more productive use of public and private investment resources and provokes reactive protection in other countries.

FREE TRADE ↑ WOMENS RIGHTS

Free trade competition brings extension of women's rights

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Poor Man's Hero: Controversial writer Johan Norberg champions globalization as the best hope for the developing world," interview by Nick Gillespie in Reason Magazine, December, http://www.reason.com/news/show/28968.html accessed: 8-13-07]

Globalization has also helped extend rights to women that had long been confined to men. These include being able to go into business, get an education, inherit money, and so on. One reason for this is simple economics. In a globalized, competitive economy, women are a potential resource. They are able to have new ideas, to produce, and to work. If you discriminate against women -- or anyone else -- you lose opportunities as a society or as an employer. Take the discussion that's going on now in Saudi Arabia about whether women should be allowed to drive, which they can't legally do now. While it's unlikely the situation there will change anytime soon, it's progress just to have the discussion. People are saying it's extremely costly to hire drivers, often from other countries, to drive women around. You can see how basic economics, basic capitalism, creates the incentive to give women more rights.
A second reason is that all the goods, ideas, and people that cross borders under globalization allow people to see more alternatives, to see other ways of living. When women and other oppressed groups in poor countries see how their counterparts in Western societies are treated, they begin to have ideas about how they want to be treated. Globalization is a great influence because people everywhere get all sorts of new ideas. They say, "Wow, things can be very different than I'm used to."

↑ ECONOMIC GROWTH & INCOME = ↑ HEALTH, ↓ DISEASE

Economic growth and rising incomes produce better health, less mortality, and less disease spread

Bieker, Policy Analyst, National Center for Policy Analysis, **'07**
[Christa, "Overview of the 2007-2008 CX Topic," Revised edition of 7/18/07, http://www.debate-central.org/research/overview-of-the-2007-2008-cx-topic#V accessed: 8-12-07

Wealthier populations live longer than those that are poorer. Economist Angus Deaton shows a lack of income is a leading cause of the high mortality rates in lower income countries.[31] In fact, any number of poor health outcomes from infant and child mortality to malnutrition are consistently linked to lower incomes. On the flip side, as incomes rise, health outcomes improve. Deaton found that for every percentage point of economic growth, infant mortality falls by a quarter of a percent. (For the economic explanation see NCPA President John Goodman's Message to Debaters.)
Evidence from Developed Countries. In general, the higher one's income, the more options individuals have to change their lifestyles, regulate their diets and select their risks. Higher incomes open the door to literally thousands of opportunities to improve health and safety. For example:[32]
* In England, adult males in the highest socioeconomic class earn more than twice as much as individuals in the lowest socioeconomic class.
* Death from cancer among males in the highest socioeconomic class is 25 percent below the national average and death from respiratory disease is 63 percent below average.
* In contrast, among males in the lowest socioeconomic class death from cancer and respiratory disease is 31 percent and 87 percent above the national average, respectively.

Similar evidence exists for the United States. One study of mortality and income for U.S. counties found that a 20 percent increase in income reduces mortality by 1.0 percent.[33] Based on this study, Peter Huber calculated that increasing the income of a 45-year-old male manufacturing worker by 15 percent would do more to extend his life expectancy than eliminating every single hazard from his workplace.[34]
Evidence from Less Developed Countries. World Bank economist Lant Pritchett and former U.S. Treasury Secretary Lawrence H. Summers have studied the relationship between income and health worldwide. They conclude:[35]
* If incomes were just 1 percent higher in the developing countries, between 33,000 and 53,000 child deaths would be averted annually.
* More than 450,000 infant deaths would have been averted had countries been able to maintain the same rate of growth in the 1980s as in the period from 1960 to 1980.
* Some 400,000 of these infant and child deaths occurred in Africa and Latin America.

Case Studies and Comparisons. Within Sub-Saharan Africa, stronger economic growth is correlated with lower rates of disease infection, including HIV/AIDS. For example:[36]
* The Central African Republic had a gross domestic product (GDP) per capita of only $227 and a 1 percent growth rate in 2005; the rate of HIV/AIDS infection was 13.5 percent of the adult population, one of the highest in the region.
* Angola, on the other hand, had a GDP per capita of $891 and an 11 percent growth rate; the HIV/AIDS rate is one of the lowest in the region (3.9 percent).

Contrast the experience in Africa with Hong Kong, which was once an impoverished area. Hong Kong has achieved strong economic growth by becoming the freest market in the world. It liberalized trade, privatized the production of goods and services, adopted a flat-rate income tax and removed agricultural monopolies to achieve economic growth.[37] Its experience highlights how increased economic growth can positively affect health:
* In 1960, Hong Kong, then a British colony, had a GDP per capita of only $3,073.[38]
* Today, as an economically independent former colony, Hong Kong has a GDP per capita of $29,945 - which is higher than per capita GDP in Great Britain.
* Life expectancy in Hong Kong has risen to 82 years and its HIV/AIDS prevalence rate is only 0.1 percent.

By contrast, life expectancy in several Sub-Saharan African counties is actually falling, while per capita GDP has stagnated. For example, between 1960 and 2004, per capita GDP in Zimbabwe fell $200 and life expectancy fell from 42 to 38 years. In less than 30 years, the rate of HIV infection in the adult population has risen to more than 20 percent![39]
Effects of Education on Health. Primary education in particular is a strong determinant of health outcomes. [40] Adriana Lleras-Muney, an economist at Princeton University, studied the effects of education on individuals in the U.S., for example, and found that one extra year of compulsory education increased life expectancy by as much as 1.7 years.[41] In general, education enables individuals to plan for the future, enhances cognitive ability and increases understanding of health issues. Despite this fact, 42 million school-age children in Sub-Saharan Africa are not even in school.[42]

↑ ECONOMIC GROWTH & INCOME = ↓ DISEASE

Economic growth and income levels prevent disease spread – more assistance without raising growth and incomes INCREASES disease spread

Goodman, President, National Center for Policy Analysis, **'07**
[John, Ph.D. in Economics from Columbia University (NY) and prominent author, "Message to Debaters," Revised version of 7/19/2007, http://www.debate-central.org/research/message-to-debaters#II accessed: 8-12-07]

Economist Theodore Schultz notes that people will invest more in activities that improve their skills if they benefit economically. For example, people who expect to have a long life span are more likely to invest in their own education or on the job training. Conversely, if life spans are short, people are less likely to spend the few productive years they have in activities that produce benefits they may not live long enough to realize.[35]

Here is how the concept of human capital in especially relevant to the debate topic: When incomes are low, lives are short and prospects for a better future are dim, people have less reason to avoid risky behaviors that lead to the spread of infectious disease. Sub-Saharan Africans particularly have weak economic incentives to lead healthy lives. University of Chicago economist Emily Oster has analyzed how income levels in Sub-Saharan Africa and the U.S. affect risky behaviors that increase their chances of contracting HIV.[36] Individuals in wealthier nations take greater precautions to prevent HIV transmission, she finds. What motivates people to change their behavior is not fully understood. This may be partially due to the greater expectation of having long lives. A young adult who expects to live another 20 years has less to lose from contracting HIV than the same person who expects to live an additional 40 years. In rich countries, people with higher incomes appear to take fewer chances with their health than lower-income individuals. The same is true for individuals in poor countries. Those with higher incomes tend to take fewer chances that could result in HIV transmission. Since Africans are poorer, reasons Oster, they have less to lose if they become infected with HIV (from an economic point of view). If they already have a short expected life span, they may also be more apt to engage in risky behavior.

Additionally, Oster found that as viable AIDS treatments became more readily available, risky behaviors tended to rise. AIDS drugs are not a cure for HIV. Rather, treatments tend to delay the onset of symptoms and death from the disease by a few years. This suggests that providing access to AIDS treatments without increasing opportunities to improve individual's standard of living may increase risky behavior that leads to the transmission of HIV. Ironically, access to inexpensive AIDS drugs could make the problem of AIDS even worse!

CP ↑ WTO

Now is Key. U.S. cutting of tariffs and farm subsidies would save the Doha round of the WTO. Other countries are watching closely

Palmer '07

[Doug Palmer, Reuters, "World watching U.S. for leadership on Doha: Lamy," April 23, http://www.reuters.com/article/politicsNews/idUSN2330596120070423?feedType=RSS accessed: 8-13-07]

U.S. leadership over the next few months could determine the success or failure of world trade talks after nearly six years of negotiations, the head of the World Trade Organization said on Monday.

In a speech to the U.S. Chamber of Commerce, WTO Director General Pascal Lamy said the world community was watching for signs of U.S. commitment to the Doha round of world trade talks, which have long been stuck on the sensitive issue of how far to cut farm subsidies and tariffs.

"U.S. leadership is always required to sustain the WTO, but exercise of this leadership by the administration and Congress in the weeks and months ahead will be key to the fate of the round. At this critical juncture in the negotiations, the WTO urgently needs their full support," Lamy said.

However, other countries must also quickly do their part to keep the multilateral trade talks alive, he said.

"If WTO members do not energize the negotiations soon, governments will be forced to confront the unpleasant reality of failure," Lamy said.

The negotiations also are intended to open new markets around the world for industrial products and services such as banking and telecommunications. But those issues have taken a back seat to politically sensitive farm sector concerns.

Lamy is in Washington for talks with Bush administration officials and members of Congress at an important juncture in world trade talks. After years of stalemate, key WTO members have set a new deadline for reaching a deal by year end.

At the same time, the White House's trade promotion authority expires at the end of June. That legislation, which is considered essential for U.S. participation in trade talks, allows the White House to negotiate trade agreements that Congress must approve or reject without making changes.

Lamy, who will meet with lawmakers on Tuesday and Wednesday, said it was important that Congress be seen abroad as working toward a new extension of trade promotion authority, even if that doesn't occur right away on July 1.

If there's no movement toward renewal, many WTO members will see that as a sign "that the U.S. has lost faith in the Doha round," Lamy said.

House of Representatives Ways and Means Committee Chairman Charles Rangel, a New York Democrat, has recently said he believed Congress would approve a limited extension to finish the Doha round. However, opponents are already gearing up to fight against renewal and many Democrats are deeply suspicious of the White House's handling of trade.

WTO members are also closing watching Congress' work on the 2007 farm bill for any hint of U.S. movement on farm subsidies -- one of the central issues in the talks, Lamy said.

On that point, U.S. Chamber of Commerce President Tom Donohue seemed to signal support for deeper U.S. farm subsidy cuts than the Bush administration has so far proposed.

"It's once again up to the United States to assume a leadership role and help get these talks back on track," Donohue said to the business group.

"American business must step forward to support moves to further cut U.S. agricultural subsidies. Brazil, India and the European Union must do the same," Donohue said.

After years of negotiations, trading partners know what they need to do to do reach a deal, Lamy said.

"The challenge is less technical, than political," Lamy said, adding countries will have to move in concert on the key issues of cutting farm subsidies and tariffs because of the political difficulty of anyone going first.

WTO ↓ Nuclear War

Successful WTO boosts peaceful trading and prevents nuclear war

Copley News Service '99 [December 1, lexis-nexis]

For decades, many children in America and other countries went to bed fearing annihilation by nuclear war. The specter of nuclear winter freezing the life out of planet Earth seemed very real. Activists protesting the World Trade Organization's meeting in Seattle apparently have forgotten that threat. The truth is that nations join together in groups like the WTO not just to further their own prosperity, but also to forestall conflict with other nations. In a way, our planet has traded in the threat of a worldwide nuclear war for the benefit of cooperative global economics. Some Seattle protesters clearly fancy themselves to be in the mold of nuclear disarmament or anti-Vietnam War protesters of decades past. But they're not. They're special interest activists, whether the cause is environmental, labor or paranoia about global government. Actually, most of the demonstrators in Seattle are very much unlike yesterday's peace activists, such as Beatle John Lennon or philosopher Bertrand Russell, the father of the nuclear disarmament movement, both of whom urged people and nations to work together rather than strive against each other. These and other war protesters would probably approve of 135 WTO nations sitting down peacefully to discuss economic issues that in the past might have been settled by bullets and bombs. As long as nations are trading peacefully, and their economies are built on exports to other countries, they have a major disincentive to wage war. That's why bringing China, a budding superpower, into the WTO is so important. As exports to the United States and the rest of the world feed Chinese prosperity, and that prosperity increases demand for the goods we produce, the threat of hostility diminishes.

Free trade interdependence reduces risk of nuclear war

Spicer '96
[Michael, *The Challenge from the East and the Rebirth of the West*, p. 121]

The choice facing the West today is much the same as that which faced the Soviet bloc after World War II: between meeting head-on the challenge of world trade with the adjustments and the benefits that it will bring, or of attempting to shut out markets that are growing and where a dynamic new pace is being set for innovative production. The problem about the second approach is not simply that it won't hold: satellite technology alone will ensure that he consumers will begin to demand those goods that the East is able to provide most cheaply. More fundamentally, it will guarantee the emergence of a fragmented world in which natural fears will be fanned and inflamed. A world divided into rigid trade blocs will be a deeply troubled and unstable place in which suspicion and ultimately envy will possibly erupt into a major war. I do not say that the converse will necessarily be true, that in a free trading world there will be an absence of all strife. Such a proposition would manifestly be absurd. But to trade is to become interdependent, and that is a good step in the direction of world stability. With nuclear weapons at two a penny, stability will be at a premium in the years ahead.

WTO Doha Success ↑ Economic Growth, ↓ Poverty in Africa

Successful Doha round brings huge economic gains to Africa through trade

Portman '06

[Remarks by Ambassador Rob Portman, United States Trade Representative, Corporate Council on Africa, Washington, DC, February 7, 2006 As Delivered, http://www.ustr.gov/assets/Document_Library/Transcripts/2006/February/asset_upload_file596_8921.pdf accessed: 8-14-07]

As important as these efforts are, the AGOA, the bilateral work and the regional work, I believe that the success of the World Trade Organization's Doha Development Agenda, our current round of trade talks, is perhaps the most central to Africa's future.

Now, why do I say that? Well, because I believe that this offers a once in a generation opportunity to lift literally tens of millions of people out of poverty through trade.

No other region in the world, I think, has more to gain from a successful Doha outcome, or, by the way has the most to lose should Doha fall apart. An ambitious outcome could give African countries the improved access to markets and greater competitiveness that they need to boost their economies and to decrease poverty.

Consistent with President Bush's guidance and in response to calls for U.S. leadership in the WTO which you know, the United States has put forward bold and detailed proposals on the table. We did so last October. It includes an agricultural proposal that calls for major reforms in global farm trade – extremely important to Africa where more than 50 percent of employment is related to agriculture and where more than 25 percent of the GDP is in agriculture. We are willing to undertake these difficult reforms including sharp reductions in U.S. subsidies and trade-distorting domestic supports, but it's only fair that others join us in this and that's what we're asking for. In fact, we can only win the political support necessary to implement our proposed reforms if others match our ambition by being willing to cut their own subsidies in other developed economies, and reduce tariff barriers which are higher in other countries than they are as you know in the United States.

I think no area of the negotiations holds greater promise for Africa than the agriculture area. I talked a moment ago about the importance of agriculture in Africa. I'm going to give you a couple of interesting statistics. 63 percent of the income gains by developing countries from the Doha round, if you assume complete liberalization, will come from agriculture. 63 percent of the gain will come from agriculture – small part of world trade, but extremely important to the developing countries in Africa.

Another statistic: 93 percent of those gains from the agricultural trade liberalization will come from market access. In other words, lowering tariffs, and not just tariffs into the developed country markets. Not just tariffs into the EU or Japan or Korea, but also access into other developing country markets – trading with neighbors. In fact, if you look at the World Bank analysis, just over half the benefit will actually come from south to south trade in agriculture as compared to south to north trade. So, the Doha round holds tremendous potential for Africa in terms of market access, in terms of reducing trade-distorting domestic support and it can only happen through a successful Doha round coming together. African exports, particularly farm exports, is where many African countries have a comparative advantage and they have a lot to gain if we can bring the Doha round together.

We are consulting closely with our Africans partners on all aspects of the Doha round. In fact, I spent a lot of time working with my colleagues from Africa in Hong Kong at the ministerial meeting. I met with the African delegations more than any other delegation. And they've been great partners frankly and allies of the United States in trying to move forward with an aggressive approach and an ambitious approach in the Doha round

WTO ↑ FREE TRADE

WTO creates the political foundation for the expansion of international free trade

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Poor Man's Hero: Controversial writer Johan Norberg champions globalization as the best hope for the developing world," interview by Nick Gillespie in Reason Magazine, December, http://www.reason.com/news/show/28968.html accessed: 8-13-07]

Reason: The WTO is meeting in Cancun as we're talking. What do you think of the WTO, which is a major target both of anti-globalizers and many free market advocates?
Norberg: It's a good thing that it exists, but it's rightlybeen called the free traders' deal with the devil. The best solution for all of us would be unilateral free trade: Just open our borders. We don't need protection from cheap goods; they're exactly what we want!
Unfortunately, we don't live in a perfect world, and in that case I think that the WTO is important for two reasons. One is that it's hard to combat the special interests that are against opening up market access for other countries. But if we do it in multilateral negotiations, we can face the special interests and say: "OK, we might lose jobs in those sectors that we open up to competition. But in exchange we get access to new markets over here." That helps convince people in the export business. It helps get, say, unions on our side for free trade, and that's a good thing. The other reason that the WTO is important is that helps create a rule of law in the international trade system. We lock in free trade reform so that politicians can't backtrack every time there's a failure or a downturn in their national or local economy.

AT: Africans oppose Free Trade & Globalization

Critics are funded by the leftist West, actual people in the developing world want globalization and trade

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Poor Man's Hero: Controversial writer Johan Norberg champions globalization as the best hope for the developing world," interview by Nick Gillespie in Reason Magazine, December, http://www.reason.com/news/show/28968.html accessed: 8-13-07]

Reason: If the benefits of globalization are so obvious, why is there so much opposition to it, especially in the West? Vietnamese workers may be clamoring for more Nike factories, but protesters in Europe and North America are tossing bricks through the windows of McDonald's and Starbucks.

Norberg: The further you get from the West, the more positive people are toward globalization, toward more business and trade ties with the rest of the world. The most vocal opponents of globalization in poor countries are often funded by critics from wealthier countries. For instance, Vandana Shiva [director of the New Delhi-based Research Foundation for Science, Technology, and Ecology] is a very vocal opponent of economic liberalization and biotechnology, and she's funded by a lot of different Western groups. Actual farmers in the developing world mostly would like these new crops to actually get something done.

There are the old groups that have always been scared of foreign competition. Corporations that wouldn't be able to beat competition from other countries are one of them. In the U.S., that includes the textile industry, which has funded a lot of the anti-sweatshop propaganda. You see the same thing when it comes to unions that are trying to educate people against free trade, trying to block the NAFTA agreements, the World Trade Organization negotiations, and similar things. But there are newer pressure groups too. These include nongovernmental organizations that have been mostly interested in domestic issues, which could be anything from workplace safety to opposing privatization and outsourcing. In a globalized world, it makes sense for these groups to make their case in front of international bodies. Probably more than most, environmental groups understood that they have an interest in challenging the new globalization forces. They are used to being able to lobby their own governments to stop certain substances, to stop genetically modified crops and the like. They understand that they have to take their issues to the WTO and to be able to fight for them there.

All these groups may have different agendas -- the unions are interested in domestic jobs and the greens in air quality -- but they're willing to collaborate. They don't have the same views, and they don't have the same goals. But they do have the same enemy.

Free Trade Advocacy ↑ Free Trade Mindsets & Policy

Young proponents of Free Trade must engage in debates and advocacy. This can change mindsets of people and shift public policy

Norberg '03

[Johan Norberg., M.A. in History of Ideas, Stockholm University, a fellow at the Swedish think tank Timbro, author of *In Defence of Global Capitalism* which won the Sir Antony Fisher International Memorial Award by the Atlas Economic Research Foundation; "Why we should fight anti-globalists," originally published in Wall Street Journal Europe on 22 October 2003, http://www.johannorberg.net/?page=articles&articleid=72 accessed: 8-13-07]

Back in 1936, Liberal economist F.A. Hayek received a new book from a colleague, and contemplated writing a detailed criticism of it, but in the end decided against it. The theories in it were too flawed and incoherent, he thought, so no one would take them seriously. Surely the author himself would soon change his mind. Why waste time that could be used to develop his own thoughts?

The colleague was John Maynard Keynes, and the book was the General Theory of Employment, Interest and Money. When Keynesianism conquered the world's economic ministries one by one, Hayek regretted his decision for the rest of his life.

We risk repeating Hayek's error when we choose not to take anti-globalists seriously. Many serious thinkers adopt this approach, however. Typical are the comments of a trade economist who told me that it was a great waste of time to confront anti-capitalists. They are guided by ideology and not facts, and do not understand economic principles, so reasonable arguments won't change their minds anyway.

This argument is fine as far as it goes, but it misses the point that anti-globalists must be met head on not to convince them, but to make sure they don't convince others. If they are not challenged in a public debate, their confused views will guide all public policy soon. People and politicians in general get their knowledge from the media, not from university economic departments. And if the media is filled with the likes of Naomi Klein, John Pilger and Ralph Nader every day, the public will come to share their perspective. Anti-capitalist NGOs have already given politicians an excuse to ban genetically modified organisms, they have given intellectual property rights a bad name and they regularly humiliate corporations, which all too often react to public criticism by quickly apologizing for doing what all companies should do, try to make money.

Anti-capitalist NGOs also contributed in their way to the collapse of the WTO talks in Cancun. They had helped to radicalize developing countries so that in the end officials from these countries refused to offer lower tariffs on manufactured goods in exchange for agricultural liberalization. Slowly but steadily these groups gain a bigger influence in--and more resources from--institutions like the U.N. and the World Bank. In these institutions' headquarters you can nowadays count more NGO-activists than employees.

But the long-term influence of the movement goes beyond even these immediate events. Anti-capitalists are changing the intellectual climate among the young and the students in the West. Being anti-market is today the "in" position; it is fashionable whereas globalization is associated with bureaucracies like the EU and the IMF. According to surveys, globalization (that is, free interaction in data, products, etc., between the people of the world) is now associated with negative connotations among the young in Europe and America.

Some market advocates reassure themselves that at bottom this is all about trade policies, and that the anti-globalists are no different from other traditional protectionist forces, and therefore won't have a more dramatic effect. But that is a misconception. The globalization debate is not primarily about tariffs and quotas, it is about corporations, taxes, capital movements, regulations, environmental policies, privatization, etc. If we ignore the discussion of today, we lose the battle of tomorrow.

Right now a young generation in its formative years spends its time at seminars or with books that teach them to distrust private enterprise and to believe in the state's ability to save the world. And they happen to be the best educated students, in the best universities, from the better-off families. They are right now commencing their long march through the institutions. In a few years we will meet them as professors, as politician, as journalists and editors. This is the same process we saw after the student revolts in the late 1960s.

But this is not inevitable. The excitement that we saw over globalization in the 1990s was due in part to the fact that, for the first time in years, a broad public had become interested in the global economy and its effects. That should have been a golden opportunity to explain the complex process that is the market economy. When there was a growing attention to poverty issues, people were willing to listen to the explanation that global poverty and hunger have been reduced faster in the era of globalization than ever before in world history, and that it happened fastest in countries that opened themselves to trade with the outside world.

We can rekindle this excitement if we meet anti-globalists in public forums. But apart from such trade economists as Columbia University's Jagdish Bhagwati, who does an important job as a traveling salesman for traveling salesmen, the free traders have been mostly notable for their absence. The intellectual plane was slowly ceded to the anti-capitalists.

My personal experience from meetings and debates with anti-globalists is that--if you can stand being booed and hissed at--it's worth meeting them head on in public debates. If you keep pointing to the facts, most people in the audience will be willing to listen. You can't be disappointed that your opponent does not change his mind, you're not there for him but for those spectators who are intellectually open and have a sincere interest in the issues. If you are not there, they will only have the anti-capitalists to listen to. Often times they have not rejected the pro-capitalist arguments--they just have never heard it. Hayek is not precisely required reading in their curricula.

And one should not even give up on the anti-globalists themselves. My experience debating and challenging anti-capitalists has taught me that, once intellectually pushed, many of them do try to think up more constructive solutions to the problems they point. Many leave much of the anti-capitalist rhetoric behind. Some can even be converted to the wisdom of the free-market position.

One of the leading European anti-capitalists, George Monbiot, recently admitted that the protectionism and emphasis on local production he defended in the past would make poor nations even poorer. In time for the WTO-meeting, the British left-wing paper the Guardian started a web site against agricultural subsidies. And the biggest campaign against rich country protectionism and the EU's common agricultural policy has not been organized by free trade economists, but by the development and relief organization Oxfam. Many traditional anti-globalists have been influenced by that.

The direction in which this movement will go in the future will depend on the extent to which its activists are confronted and forced to be constructive. And that's important if we are interested in what kind of perspective the young generation is going to be influenced by. As Keynes put it at the end of the General Theory: "soon or late, it is ideas, not vested interests, which are dangerous for good or evil."

FARM SUBSIDIES BAD: ↓ U.S. ECONOMY

Subsidies damage U.S. economy, removal would strength the agricultural industry

Edwards, Director of Tax Policy, The Cato Institute, **'07**
[Chris, former senior economist on the congressional Joint Economic Committee examining tax, Social Security, and entrepreneurship issues; M.A. in Economics from George Mason University; "Ten Reasons to Cut Farm Subsidies," June 28, 2007, http://www.freetrade.org/node/697 accessed: 8-14-07]

A major farm bill being debated in Congress gives policymakers a good opportunity to cut costly subsidy programs. Farm subsidies cost taxpayers up to $35 billion annually and tie farmers in a knot of unproductive regulations.
Most farm programs originated in the Great Depression of the 1930s, but they make little sense in today's more prosperous and dynamic economy. Here are 10 reasons for Congress to reconsider the need for farm programs and to begin cutting them:
» Farm subsidies transfer the earnings of average taxpaying families to well–off farm businesses. In 2005, the average income of farm households was $79,965, or 26 percent higher than the $63,344 average for all U.S. households. Farm subsidies are welfare for the well–to–do — even millionaire farmland owners such as David Rockefeller and Edgar Bronfman receive farm subsidies.
» Although politicians love to discuss the plight of small farmers, the vast majority of farm subsidies go to the largest farms. In recent years, the biggest 10 percent of farm businesses have received 72 percent of farm subsidies, according to the Environmental Working Group.
» Farm subsidies damage the economy. In most industries, market prices balance supply and demand and encourage efficient production. But Congress short–circuits market mechanisms in agriculture. Farm programs cause overproduction, the overuse of marginal farmland, land price inflation and excess borrowing by farm businesses.
» Farm programs are prone to fraud and scandal. The Government Accountability Office found that improper farm payments amount to as much as $500 million each year. Since 2000, the government has paid $1.3 billion in subsidies to people who own "farmland" that is not even used for farming. The government also frequently distributes disaster payments to farmers who don't need them and often didn't even ask for them.
» Farm subsidies are a serious hurdle to progress on global trade agreements that could help productive U.S. exporters. Agricultural trade barriers also damage U.S. security and global stability because they hinder the ability of poor countries to achieve stronger economic growth.
» Farm programs damage the environment. Subsidy programs and trade barriers draw marginal farmland into production and encourage the overuse of fertilizers. Lands that might otherwise be used for parks, forests or wetlands get locked into farm use. Florida sugar cane cultivation, for example, causes substantial damage to the Everglades, yet it thrives only because of import protections.
» Some farm programs raise food prices and hurt consumers directly. Federal controls on the dairy industry raise milk prices to consumers. Controls on the sugar industry raise U.S. sugar prices to about twice the world level, pushing up consumer costs for breakfast cereals, chocolate and other food products.
» If farm subsidies ended, U.S. agriculture would continue to thrive. Farms would adjust, planting different crops and diversifying their sources of income. A stronger and more innovative agriculture industry would emerge, as occurred in New Zealand after it repealed all its farm subsidies in 1984.
» Farm households have more stable finances today and are better able to deal with a free market in agriculture than the past. Many farm households earn the bulk of their income from non–farm sources. Federal data shows that only 38 percent of farm households have farming as their primary occupation.
» Substantial cuts to farm subsidies would save taxpayers money and reduce the federal budget deficit. Ongoing deficit spending on farm subsidies and other programs is causing large amounts of debt to be foisted on the next generation.
In winning the congressional elections last year, Democrats portrayed themselves as reformers willing to take on special interests for the benefit of average families. This year's farm bill gives them a chance to prove it. They should end subsidies for well–off farmers, remove agricultural trade barriers to cut food costs for families and reduce the debt load being imposed on young Americans.

Farm Subsidies hurt the U.S economy

Edwards, Director of Tax Policy, The Cato Institute, **'07**
[Chris, former senior economist on the congressional Joint Economic Committee examining tax, Social Security, and entrepreneurship issues; M.A. in Economics from George Mason University; "Agricultural Subsidies," June 13, http://www.cato.org/downsizing/agriculture/agriculture_subsidies.html accessed: 8-14-07]

The extensive federal welfare system for farm businesses is costly to taxpayers and creates distortions in markets. Subsidies induce farmers to overproduce, which pushes down prices and creates demands for further subsidies. Subsidies inflate land prices in rural America. And the flow of subsidies and regulations from Washington hinders farmers from innovating, cutting costs, diversifying their land use, and taking the actions needed to prosper in a competitive global economy.
The distortions caused by federal farm policies have long been recognized. In 1932 a member of Congress noted that the Agriculture Department spent "hundreds of millions a year to stimulate the production of farm products by every method, from irrigating waste lands to loaning and even giving money to the farmers, and simultaneously advising them that there is no adequate market for their crops, and that they should restrict production."6 The folly is the same seven decades later, except that the subsidies have increased from "hundreds of millions" to tens of billions of dollars.

FARM SUBSIDIES BAD: ↓ U.S. ECONOMY

Farm Subsidies distort market mechanisms, hurting the U.S. economy

Edwards, Director of Tax Policy, The Cato Institute, **'07**
[Chris, former senior economist on the congressional Joint Economic Committee examining tax, Social Security, and entrepreneurship issues; M.A. in Economics from George Mason University; "Agricultural Subsidies," June 13, http://www.cato.org/downsizing/agriculture/agriculture_subsidies.html accessed: 8-14-07]

The extent of federal micromanagement of the agriculture sector is probably unique in America industry. In most industries, market prices balance supply and demand, profit levels signal investment opportunities, market downturns lead to cost cutting, and entrepreneurs innovate to provide better products at lower prices. All of those market mechanisms are blunted or nonexistent in government-controlled agriculture markets. As a result, federal agriculture policies produce substantial "deadweight losses" and reduced American incomes. Farm programs result in overproduction, overuse of marginal farmland, and land price inflation, which results from subsidies being capitalized in land values. Subsidy programs create less efficient planting, induce excess borrowing by farmers, cause insufficient attention to cost control, and result in less market innovation. And policies often work against the claimed goals of Congress. As an example, while members of Congress say that they support small farms, owners of large farms receive the largest subsidies, and that has given them the financing they need to merge with and acquire smaller farms.23

In 2006 the Congressional Budget Office reviewed major studies that examined repeal of U.S. and foreign agriculture subsidies and trade barriers.24 The CBO found that all the studies they reviewed showed that both the U.S. and global economies would gain from the repeal of subsidies and trade barriers.

AT: END OF FARM SUBSIDIES HURTS U.S. AGRICULTURE

End of subsidies would boost U.S. agricultural industry

Edwards, Director of Tax Policy, The Cato Institute, **'07**
[Chris, former senior economist on the congressional Joint Economic Committee examining tax, Social Security, and entrepreneurship issues; M.A. in Economics from George Mason University; "Agricultural Subsidies," June 13, http://www.cato.org/downsizing/agriculture/agriculture_subsidies.html accessed: 8-14-07]

It is normal for people to fear economic change, but many industries have been radically reformed in recent decades with positive results, including the airline, trucking, telecommunications, and energy industries. If U.S. farm subsidies were ended, and agriculture markets decontrolled and open to entrepreneurs, farming would change—different crops would be planted, land usage would change, and some farms would go bankrupt. But it is very likely that a stronger and more innovative industry would emerge that had greater resilience to shocks and downturns.

Interestingly, producers of most U.S. agricultural commodities do not receive regular subsidies from the federal government. In fact, commodities that are eligible for federal subsidies account for 36 percent of U.S. farm production, while commodities that generally survive without subsidies, including meats, poultry, fruits, and vegetables, account for 64 percent of production.33 And, of course, nearly all other U.S. industries prosper without the government coddling that many farmers receive, and many are subject to wide swings in market conditions as is agriculture.

Another point to consider is that farm households are much more diversified today and better able to deal with market fluctuations. Many farm households these days earn the bulk of their income from nonfarm sources, which creates financial stability. USDA figures show that only 38 percent of farm households consider farming their primary occupation, and even a majority of income for those households comes from nonfarm sources.34

Some USDA programs provide useful commercial services such as insurance. The USDA says that its insurance services are "market-based," but if that were true, there would be no need for subsidies and the services ought to be privatized. After all, most U.S. industries pay for their own commercial services. Wall Street offers a huge array of financial tools, such as hedging and forward contracting, that can help farmers weather cycles in market prices without government subsidies.

New Zealand example proves end of subsidies actually boosts agricultural industry

Edwards, Director of Tax Policy, The Cato Institute, **'07**
[Chris, former senior economist on the congressional Joint Economic Committee examining tax, Social Security, and entrepreneurship issues; M.A. in Economics from George Mason University; "Agricultural Subsidies," June 13, http://www.cato.org/downsizing/agriculture/agriculture_subsidies.html accessed: 8-14-07]

An interesting example of farmers prospering without subsidies is New Zealand.35 In 1984 New Zealand ended its farm subsidies, which was a bold stroke because the country is four times more dependent on farming than is the United States. The changes were initially met with fierce resistance, but New Zealand farm productivity, profitability, and output have soared since the reforms.36 New Zealand farmers have cut costs, diversified land use, sought nonfarm income, and developed niche markets such as kiwi fruit.

Today, data from the Organization for Economic Cooperation and Development show that farm subsidies in New Zealand represent just 3 percent of farm income, which compares to 18 percent in the United States.37 New Zealand's main farm organization argues that the nation's experience "thoroughly debunked the myth that the farming sector cannot prosper without government subsidies."38 That myth needs to be debunked in the United States as well.

FARM SUBSIDIES BAD: ↓ ENVIRONMENT

Farm Subsidies cause environmental destruction

Edwards, Director of Tax Policy, The Cato Institute, **'07**
[Chris, former senior economist on the congressional Joint Economic Committee examining tax, Social Security, and entrepreneurship issues; M.A. in Economics from George Mason University; "Agricultural Subsidies," June 13, http://www.cato.org/downsizing/agriculture/agriculture_subsidies.html accessed: 8-14-07]

Federal farm policies are thought to damage the natural environmental in numerous ways.31 Subsidy programs, particularly price guarantee programs, cause overproduction, which draws marginal farmland into active production. Similarly, trade barriers induce agriculture production on land that is less naturally productive. As a result, marginal lands that might otherwise be used for parks or forests are locked into farm use because farm subsidy payments get capitalized into higher prices for land.
Subsidies are also thought to induce excessive use of fertilizers and pesticides. Producers in regions that have more optimal soils and climates tend to use less fertilizers and pesticides than do producers who are induced by subsidies to farm in less favorable locations. An excessive use of chemicals can contaminate lakes, rivers, and other water systems.
Florida sugar provides a good example. Large areas of wetlands have been converted to cane sugar production because of artificially high domestic sugar prices. Unfortunately, the phosphorous in fertilizers used by sugar farmers has caused substantial damage to the Everglades. Farming, like any industry, can cause negative environmental impacts, but it is misguided for federal policy to exacerbate those problems.
Federal subsidies for irrigation have also been a cause of environmental concern. The federal Bureau of Reclamation runs a vast water empire in the western United States that sells water to farmers at a fraction of the market cost. The resulting overuse could lead to a water crisis as the West's population keeps rising.32 The solution is to move water into the free market and allow prices to rise to efficient and environmentally sound levels.

FARM SUBSIDIES RISING

U.S. farm subsidies still rising in status quo

Edwards, Director of Tax Policy, The Cato Institute, **'07**
[Chris, former senior economist on the congressional Joint Economic Committee examining tax, Social Security, and entrepreneurship issues; M.A. in Economics from George Mason University; "Agricultural Subsidies," June 13, http://www.cato.org/downsizing/agriculture/agriculture_subsidies.html accessed: 8-14-07]

In 1996 Congress did enact some pro-market agriculture reforms under the "Freedom to Farm" law. The law allowed farmers greater flexibility in their planting decisions and moved toward greater reliance on market supply and demand. But the law did not cut farm subsidies, and Congress expanded subsidies in a series of large supplemental farm bills in the late 1990s. When the 1996 law was passed, subsidies were expected to cost $47 billion in total from 1996 to 2002, but subsidies ended up costing $121 billion.4 Republican farm policies have been a disaster from the taxpayers' point of view.
That was reaffirmed in 2002 when Congress, with the support of the Bush administration, passed farm legislation that partly reversed the few reforms of 1996. The 2002 law increased projected subsidy payments by 74 percent over 10 years.5 It added new crops to the subsidy rolls and created a new price guarantee scheme called the "countercyclical" program. Congress is scheduled to reauthorize farm subsidy programs in 2007.

FYI

FYI: What is AGOA

Schaefer and Markheim '06

[Brett D. Schaefer, Jay Kingham Fellow in International Regulatory Affairs in the Margaret Thatcher Center for Freedom, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, and Daniella Markheim, Jay Van Andel Senior Analyst in Trade Policy in the Center for International Trade and Economics, The Heritage Foundation, June 5, "The Free Trade Future of AGOA," WebMemo #1108, http://www.heritage.org/Research/Africa/wm1108.cfm accessed: 8-11-07]

The purpose of the African Growth and Opportunity Act (AGOA) is to use preferential trade access to the U.S. market as a catalyst for economic growth in sub-Saharan Africa by encouraging governments to open their economies and build free markets. It amends the U.S. Generalized System of Preferences to grant duty-free treatment to specified products from eligible countries. Congress passed AGOA as part of the Trade and Development Act of 2000, and President Bill Clinton signed it into law May 18, 2000.[2] In August 2002, President George W. Bush signed amendments to AGOA that expanded preferential access for eligible sub-Saharan African counties.[3] Two years later, President Bush signed the AGOA Acceleration Act of 2004, which extended preferential access for imports from eligible sub-Saharan African countries until September 30, 2015, and extended and clarified textile-related provisions in the Act.[4] As the law now stands, nearly all imports from eligible countries in sub-Saharan Africa enter the U.S. duty-free through 2015.
AGOA's trade incentives are intended to draw African governments into improving their political and economic governance because sound policy in these areas is necessary for economic development and growth.[5] As a result, sub-Saharan African countries are not automatically eligible for AGOA benefits. Instead, the U.S. president must designate eligible countries based on their progress toward establishing market-based economies, representative government, strengthening the rule of law, combating corruption, eliminating barriers to U.S. trade and investment, protecting intellectual property, reducing poverty, expanding health care and educational opportunities, and adopting labor standards. A country does not have to make progress in all areas in order to qualify for AGOA benefits. Currently, 37 of the 48 countries in sub-Saharan Africa are eligible for AGOA benefits.[6]