# Hong Kong Aff

This was the main aff we read through the Jan-feb topic – I broke it in CPS Semis and we kept reading it throughout the topic until TOC. We have old versions of the protests cards since we had to keep updating the uniqueness of that advantage throughout the season.

# 1AC & Case/DA Frontlines

## 1AC

### 1AC Standard Util

#### Advantage 1 is protests

#### Protests in Hong Kong are back again and more violent than ever

Economist 3/21 [Aisles apart: Protests about mainland shoppers reveal graver problems. http://www.economist.com/news/china/21646794-protests-about-mainland-shoppers-reveal-graver-problems-aisles-apart] AJ

LATE last year thousands of pro-democracy demonstrators poured onto the streets of Hong Kong calling for the right to elect the city’s leader in 2017, free of interference by the central government in Beijing. In recent weeks protests have flared again; far smaller this time, but more violent and similarly fuelled by resentment of the mainland’s encroachment. At issue has been the hordes of mainland Chinese who visit Hong Kong to buy goods for black-market resale at home, a racket described locally as “parallel trading”. These new and nastier outbursts are about far more than shopping; they suggest that antagonism towards the mainland is deepening and spreading beyond the territory’s urban core. This is causing anxiety among officials on both sides of the border.

#### The root cause of protests in Hong Kong is economic conditions – a living wage would quell protests

Quirk 14 [(Connor, Accounting & Finance in the Terry College of Business, journalist) “The Economic Tide Shifts Amid Protests in Hong Kong”] AT

In August, when the Chinese government announced that all candidates would need to be pre-approved by a committee friendly to the Chinese Communist Party, student groups began mobilizing to reject the authority of mainland China. What is being overlooked, however, is the core root of this unrest and push for democracy. Hong Kong in recent years has seen economic conditions erode and inequality increase, which are two primers for social unrest. Hong Kong is a small and highly open economy making it attractive to international enterprises but also highly sensitive to global economic developments. Since 2008 limited housing supply, low mortgage rates, strong GDP growth, and heavy international demand have increased property prices in Hong Kong by 135 percent, making the city the second most expensive in the world following London. This upturn in cost of living has not been matched by accompanying wage growth, especially for the lower and middle classes. This all results in Hong Kong’s real income inequality, measured by the Gini index, being worse than that of Mexico. Who might be impacted the most by increased income inequality and declining economic conditions? Students are a good guess. After all, students do have very little disposable income. Many times, “Occupy Central” has been likened to Tiananmen Square; however, when you examine the underlying cause of the movement, “Occupy Central” begins to look a lot more like “Occupy Wall Street.” Both movements reflect youth dissatisfaction with income polarization, diminishing advancement opportunities, and an inability to earn a living wage in a city where external forces drive the cost of everything, from an apartment to a sandwich to tuition, through the roof. In this context, China begins to looks more like the scapegoat than the instigator. Hong Kong thrives on its open economy relative to the surrounding region. By providing access to the Chinese economy on a capitalist platform, they have served as Eastern intermediaries to the Western world. However, as China continues to open their economic doors, any sort of heightened regulation in Hong Kong, whether political or economic, is received negatively. They must stay ahead of the democratic curve to maintain their competitive advantage. Going forward, contrary to popular protest aims, it is in Hong Kong’s best interest to form collaborative progressive social and economic policy that is closely tied to China, not separated from it. Although counter-intuitive, their relationship is too intertwined to sever. China is Hong Kong’s largest export partner with 58 percent of net exports, as well as their largest import partner at 45 percent of net imports. Of funds invested directly into Hong Kong from abroad, 75 percent come from China, and 75 percent of visitors to Hong Kong each year come from mainland China. Long story short, Hong Kong needs China. Even more worrisome to Hong Kong’s future is the rapid shift in geographic capital allocation within the Chinese–Hong Kong economy. In 2012, funds flowing in from foreign countries decreased by 20 percent in Hong Kong while they increased by 20 percent in Shanghai. This change reflects a growing international attitude that Hong Kong might no longer be the Chinese gatekeepers. Because of China’s increasingly accommodating globalized economy, foreign investors go straight to the growing economies; there is no need to go through Hong Kong as the middle man. So what does this mean for Hong Kong going forward? Luckily, all hope is far from lost. Leaders of Hong Kong and in Beijing must work collaboratively to reintegrate Hong Kong into the Chinese economy. They must work to repair the eroding social fabric of Hong Kong culture by closing the expanding income gap, and, most importantly, they must work for political liberties for citizens of Hong Kong while maintaining close ties with China. Both of their economic lives depend on it.

#### Low wages mean another wave of protests in Hong Kong is *inevitable* – that challenges CCP legitimacy and forces it to respond, which causes *instability*

Parker 14 [(Clifton, Stanford News Service; Cites Larry Diamond, the democracy guy, senior fellow at the Hoover Institution and the director of the Center on Democracy, Development and the Rule of Law at the Freeman Spogli Institute) “Hong Kong protests could threaten Communist Party rule in China, Stanford professor says” Stanford Report, October 2, 2014] AT

The street demonstrators in Hong Kong could have serious implications for political stability in China and the future of its Communist Party, a Stanford scholar says. In an interview with Stanford News Service, Larry Diamond, a senior fellow at the Hoover Institution and the director of the Center on Democracy, Development and the Rule of Law at the Freeman Spogli Institute, discussed the Hong Kong situation. In 2007, China promised that Hong Kong residents could vote for the chief executive of Hong Kong in a 2017 popular vote. However, on Aug. 31, China's legislature proposed changes that in effect closed the voting process – igniting widespread protests in the streets of Hong Kong. A former British colony of 7.2 million people, Hong Kong was handed over to China in 1997. What rights do Hong Kong citizens have that are different from people on mainland China? Under the principle of "one country, two systems" – known as the Basic Law – Hong Kong was promised the right to keep its capitalist way of life and its political autonomy, with civil freedoms and a rule of law, at least through 2047, 50 years after the handover of power in 1997. But under pressure from Beijing, there has been gradual subtle erosion of academic freedom and press freedom, and increasing political control from Beijing. Still, as of today, Hong Kong has a level of civil freedom – freedom of speech, press and association – that people in mainland China can only dream of, and it has democratic elections for about half of its legislative seats. How do you describe the Chinese government's reaction to the protests? I think the Beijing authorities have been stunned by the intensity and scope of the protests, and quite unprepared. They are in a dilemma. They do not want to perpetrate another bloodbath like the crackdown on Tiananmen Square in 1989. Yet neither do they want to allow the protests to just continue to occupy large parts of central Hong Kong and press democratic demands. Finally, they do not want to do what they should have done months ago – negotiate on some compromise formula to at least allow "gradual and orderly progress," as envisioned in the Basic Law, toward democracy in Hong Kong. They are in a bind, which could have serious implications ultimately for political stability in China itself. Are the Chinese authorities surprised at the magnitude of the protests, and if so, why? Yes, they thought that the people of Hong Kong would just swallow hard and surrender their dreams of democratic self-governance, just as they have accepted previous impositions by Beijing essentially blocking or deferring democratic progress. But Hong Kongers are fed up by now; they have been waiting for 17 years for China to deliver on the implicit promise in the Basic Law for democratic elections through universal suffrage to choose their chief executive. And this is a new, more tech-savvy and democratically self-conscious generation of young Hong Kongers who have higher expectations, worse job prospects and more social media tools at their disposal. This emerging generation in Hong Kong is mad as hell, and they are not going to take it anymore. Will this challenge Beijing's typical strategy for dealing with dissent and protests? I think the Beijing authorities are really in a serious bind. Their frequent strategy in dealing with local-level protests is to try to grant some specific demands to mollify protestors and then isolate and arrest some of the harder-line protest elements. But the Hong Kong protests are so big and so visible, and the demands of the protestors – essentially, for democratic elections in Hong Kong – so risk the democratic "virus" spreading to the rest of China that the Beijing authorities do not feel they can make significant concessions. If they crack down with brutal force, it will be Tiananmen all over again, and their international reputation will be badly damaged, along with any prospect of closer integration with Taiwan. If they negotiate under pressure, they fear setting a dangerous and highly visible precedent. If they do nothing, they may hope it just blows over as demonstrators get tired. I think that will be their initial strategy. If it does not work, they may dump Hong Kong Chief Executive C.Y. Leung to serve up a sacrificial lamb. Then, if that does not work, they are really in trouble. What do you envision as the likely outcome of the protests? I really do not know. They could gradually subside from exhaustion, but I think this is a new generation of Hong Kongers that is not going to simply melt away into passivity again. They could recur periodically, or just keep growing, while paralyzing normal business and governance in Hong Kong. If the latter happens, Beijing may decide it has to use force. I hope they don't do that. If the Beijing leadership was smart, they would negotiate a compromise agreement to allow gradual progress toward democratic self-governance. But I think they are too gripped with political fear of the future to risk that. This could well mutate into a larger if more incremental challenge to the overall legitimacy of Communist Party rule. And if the increasingly vulnerable Chinese economy should slip into crisis before stability is returned to Hong Kong, then all bets are off.

#### CCP collapse causes multiple global nuclear wars

Perkinson 12 Jessica Perkinson, Master School Of International Service American University , “The Potential For Instability in the PRC: How The Doomsday Theory Misses the Mark”

There are a number of areas of concern among China’s immediate regional neighbors and partners, including those on the Korean Peninsula, Taiwan, Japan, and India. Though China currently adheres to a strict foreign policy regime based on the Five Principles of Peaceful Coexistence151 and has been able to significantly advance their own interests internationally using this method, the potentially destabilizing effect that forced political reform could have on the country may derail their relations and security with their neighbors. Chief among these regional concerns are North Korea’s dependence on China’s exports, South Korea’s dependence on China’s North Korea deterrence and trade, the security and stability of the Taiwan Strait, Japan’s reliance on Chinese trade and message consistency regarding territorial disputes, and stability of the Sino-Indian border area. First, the stability of the Korean Peninsula rests in large part on the stability of China’s political system. Both North and South Korea have vested interests in the continued stability of the CCP for their own security. As is generally well-known in the international community, North Korea relies in large part on China superseding international trade sanctions not only for luxury goods, but for basic needs such as food and oil. For example, the United States led the charge and enacted its first set of sanctions against North Korea over two decades ago in response to the existence of fissile material on the Korean Peninsula and its risk for proliferation.152 Over time, these sanctions have been expanded upon and have attracted the support and participation of the United Nations Security Council (UNSC). Specifically, these sanctions have included blocked property and interests in property, banned transactions involving North Korean vessels and bans on reception of imports originating in North Korea.153 Though these sanctions have not encouraged the North Korean regime to change its policies (and in some cases have made them more militant), they have unfortunately had a devastating effect on the North Korean people, including depravation of access to critical resources such as medication, food and water and energy supplies such as oil.154 In addition, due to a succession of floods and droughts and the refusal of the international community to intervene in a country violating international laws, pervasive malnutrition has led to “up to one million excess deaths since the 1990’s.155 In order to maintain stability on the Peninsula and prevent the North Koreans from becoming desperate, China continues to export both luxury goods and basic commodities into North Korea. For example, in 2005, China accounted for 53% of North Korea’s international commerce. However, this has increased rapidly since sanctions have become stricter and have increased pressure in the country. In 2009, China accounted for 79% in North Korea’s international commerce and as of 2010 was up to 83% of North Korea’s $4.2 billion in trade156 in order to ease the effect of the existing international sanctions. In addition, China has been a facilitator of the Six-Party Talks, the primary international diplomatic forum for handling tensions on the Korean Peninsula. Countries involved in the Six-Party Talks include China, North Korea, Russia, the United States, South Korea and Japan, and the first round of talks was initiated and hosted by China, taking place in Beijing in August 2003.157 During the talks, China served as a moderator between the US and North Korea during tense times of debate, also insisting on certain thresholds of success before members could leave the talks, such as the drafting of diplomatic agreements158. Though the talks have remained in an on-and-off pattern over the last decade, China still makes consistent efforts to bring North Korea back to the diplomatic negotiations over their nuclear regime.159 South Korea’s dependence on China’s continued stability is twofold. Not only does South Korea rely on China’s continued deterrence of North Korean aggression both through diplomacy and satisfaction of their trade needs, but they also rely on China as a trade partner. For example, on November 23, 2010, North Korea fired dozens of missiles onto the South’s Yeonpyeong Island, killing two South Korean soldiers, significantly escalating tension on the Peninsula as South Korea threatened military retaliation for the attack.160 In response, China focused their energy on deterring an armed response by the South Koreans, which could have potentially led to protracted civil war between the two countries. Though the international community has expressed deep disagreement with China’s soft-line approach toward North Korea, it appears their understanding, ‘big-brother’ style of handling North Korean aggression toward South Korea has at least prevented a violent, protracted conflict, though not necessarily further North Korean acts of aggression.161 Not only does South Korea rely on the continued intervention of the Chinese in North-South relations, but they have a deep economic integration and dependence on Chinese trade. For example, in 2010, South Korea was China’s fourth-largest trading partner, exchanging goods of $207.2 billion, up 32.6% over 2009.162 In other words, both North and South Korea rely heavily on China not only for their continued economic prosperity, but also for the survival of their people and territorial security. Should the Chinese government undergo a period of reform and instability great enough to interrupt these benefits to the Korean Peninsula, the international system may be faced with a serious nuclear and conventional military conflict between North and South Korea. A second region that relies heavily on the continued stability of China’s government is the island of Taiwan. Because China and Taiwan have a long history of conflict over the status of Taiwan’s sovereignty, maintenance of stability in the Taiwan Strait continues to be an issue of critical interest to the international community as a whole. For example, in 1995, the third Taiwan Strait Crisis occurred in response to what may seem like a small event to the international community, but what was viewed by the Chinese as a grave threat to their sovereignty. In 1995, then-US President Bill Clinton allowed Taiwanese President Lee Teng-Hui to come and visit his alma-mater at Cornell University. Though the visit alone sparked some controversy between the US, China and Taiwan, the remarks made at Cornell by Lee Teng-Hui during an address tipped the security balance on the Taiwan Strait. In his address, Lee referred to Taiwan as the “Republic of China” on multiple occasions, and made references to “nation” and “country”.163 These events led the Chinese leadership to believe that the US was making overtures toward Taiwanese independence from the mainland. The following year, the PLA fired missiles off the coast of Taiwan, nearly drawing the international community – including the US – into a conflict on the Strait.164 Some scholars argue this was to deter the US from developing closer ties with Taiwan.165 However, since that incident, the Strait has remained relatively calm and stable, as the Taiwanese leadership under Ma Ying-jeou has remained very moderate in their stance on China-Taiwan relations and has been very careful not to make any inflammatory statements that could set off conflict on the Strait. However, a period of significant reform within the CCP could lend itself to instability on the Taiwan Strait. There is no guarantee that pro-independence factions within Taiwan would not take advantage of the CCP and PLA’s distraction with their own transformation to take dramatic, perhaps militaristic, steps toward independence. For example, during Taiwan’s most recent election cycle, the pro-independence candidate Tsai Ing-wen, though she lost the election, garnered enough support to make the government in mainland China nervous about her rise in support.166 The potential destabilization of the Taiwan Strait could spell disaster for the entire region, as other countries and allies could be pulled into a protracted conflict between the two regions. A third region that has a deep interest in China’s political stability is their neighbor Japan. Not only is Japan deeply integrated economically into the Chinese trade system, it also has a number of ongoing territorial disputes with the country. For example, in January 2007, total trade between China and Japan was $18.1 million. That amount spiked to $344.9 million in December, 2011 (an 1808.1% increase)167, a clear indicator that China and Japan are growing their trade dependence at an astounding rate. In addition, Japan and China continue to disagree over the status of some hotly contested territories, including the Diaoyu/Senkaku Islands. Not only do both countries have a territorial claim to the islands, but the area contains vast amounts of oil and natural gas resources that both countries want to develop. For example, it is estimated that the Japanese side of the disputed East China Sea area contains up to 500 million kiloliters of crude oil volume.168 As China is the world’s second-largest consumer of oil and Japan third, with Chinese demand for oil expected to rise 14% by 2025, these oil deposits are of crucial national security interest to both countries.169 Tension in the region has been rising as China has continued to press closer to the median line that Japan has drawn around the islands, at one point coming as close as five kilometers from the line.170 The consistency of the Chinese message on the status of these disputed territories, though tense and combative for the Japanese, have at least lent a level of predictability to China’s stance and actions. However, should the CCP undergo a period of instability and reform, and if their message or actions were to change regarding the status of these islands, it could cause a significant conflict over these territories between China and Japan, and could severely destabilize an already weakened Japanese economy. Much like the potential destabilization of the Taiwan Strait, the destabilization of the East China Sea region could draw the countries’ regional neighbors and international partners into a protracted conflict between the two nations. A fourth region that would be negatively affected by political destabilization in China is their southern neighbor, India. Though China and India are becoming increasingly reliant on one another economically, they still suffer from a number of serious areas of conflict, including a hotly contested border area and India’s support of the Dalai Lama and the Tibetan government-in-exile. In 1962, the PLA invaded India through the Arunachal Pradesh region, laying claim to portions of the Himalayas that had previously been under Indian control in what became known as the Sino-Indian War. Though the Chinese eventually called a cease-fire and withdrew from the region171, the conflict over it remains tense for a number of reasons, including access to water resources, forestry resources and China’s enduring theme of territorial integrity. Similar to the destabilization of the two regions mentioned above, the inconsistency of China’s message during a time of political destabilization or reform could lead the Indian military to either panic from the unpredictability of China’s potential actions or move to take the Arunachal Pradesh region by force. Not only could political instability in China cause a border conflict between India and China, but it could also cause an influx of Tibetans into the country, as India’s government is sympathetic to the Tibetan plight. Though China has labeled the Dalai Lama and his government-in-exile a separatist force working to separate Tibet from mainland China, India has provided the group sanctuary in Dharamsala, India.172 Abroad, the Dalai Lama continues to draw supporters from around the world, occasionally attracting Tibetans inside Tibet to make the treacherous journey across the Himalayas to Dharamsala. China, in turn, has taken up guarding this area in an attempt to prevent flows of Tibetans out of Tibet and into India to reach the Dalai Lama.173 However, should the CCP undergo a period of significant political reform, this could encourage Tibetans to either take advantage of the CCP’s distraction to seek independence by force, or could cause massive immigrant flows across the Sino-Indian border. Both China and India already have a regional example of destabilization due to immigrant flows, as China already suffers from this issue on its border with North Korea. In addition, any political instability within the CCP would spell disaster for the Indian economy, which is becoming increasingly reliant on China as a trading partner. Partially as a counterweight to the two nations’ conflict, India and China have been dramatically growing their bilateral trade in the last three decades. Though this has served to promote peace in the region and between the two giants in particular, it has also made India increasingly reliant on China’s continued stability for its economic prosperity. For example, in 1990, trade between India and China had bottomed out at near $0. However, this figure shot up drastically between 2000 and 2008 to around $35 billion174, with no sign of leveling off. It is obvious from these statistics that the two nations continue to build their trade dependency and that India’s economy is deeply intertwined with China’s. The consistency of China’s message on the contested border area, as well as the fairly stable environment surrounding the Tibetan dispute, lend at least some predictability to the disagreement between the two nations. However, if China were to undergo a period of political instability, this series of predictable messages and actions from China on these disagreements could change, and cause aggression from either side, destabilizing the region and India’ economy in the process. Outside of China’s immediate vicinity, there exist a number of countries that would be challenged by political instability in China. Due to intense and growing economic and military integration between China, the East Asian region and the world, these other countries have a significant reliance on the continued stability of the CCP. Chief among these global concerns are China’s growing integration with European countries and its continued commitment of foreign direct investment (FDI) into developing countries, primarily on the African continent.

#### Just the *risk* of future protests chills investment which tanks the *global economy*

Roberts 14 [(Dexter, Asia News Editor and China bureau chief for Bloomberg Businessweek) “Hong Kong Protests Trigger New Worries for China's Economy” Business Week September 30, 2014] AT

If the protests keep going—an open question at this point—they would hit the tourism and retail industries of Hong Kong hard, which together make up about 10 percent of the territory’s gross domestic product, according to estimates from London-based Capital Economics. The two sectors would be “badly affected, as tourists stayed away. Business confidence would also take a dive. With its economy having contracted last quarter, Hong Kong could easily be pushed into recession,” wrote Capital Economics’ Gareth Leather. Add in the danger that the demonstrations will further damage the strained relations between Hong Kong’s executive and legislative branches, wrote Citigroup Asia Pacific economist Adrienne Lui. That could make it difficult for Hong Kong to pass key economic boosting policies while the territory’s “risk premium looks set to rise longer-term as businesses and investors are increasingly building in higher operational risks, fearing that future protests could escalate and turn more frequent.” The worst-case scenario would come if Beijing were to decide to intervene in a forceful fashion—most frighteningly by sending in its army or armed police. That would probably have repercussions far beyond Hong Kong’s borders. “If Hong Kong’s status as an international financial center were jeopardized by such a nasty turn of events—as it presumably would be—then China’s own economy would suffer,” wrote Capital Economics’ Leather and his colleague John Higgins in a second note released on Tuesday. “And if China attempted to resolve the problem in a heavy-handed way, the rest of the world might respond—say by imposing trade sanctions on China, or by seeking to limit her influence in global policymaking.” “Any sign of growing tension between the rest of the world and a large economic and military superpower like China,” the analysts added, “would surely dull investors’ appetite for risk.” The demonstrations are so far unlikely to have an impact on Hong Kong’s credit rating, according to a report issued by Fitch Ratings. “We don’t expect the protests to have a rating impact in the short term. It would be negative if the protests are on a wide enough scale and last long enough to have a material effect on the economy or financial stability, but we don’t currently see this as very likely,” wrote Andrew Colquhoun, head of Asia-Pacific Sovereigns at Fitch, which rated Hong Kong AA+ with a stable outlook back on Sept. 15. Colquhoun then went on on to point out two unanswered questions that could affect Hong Kong’s future credit rating. One is whether the territory’s government is able to command “basic popular consent,” enabling it to carry out needed economic policies such as those dealing with the overpriced housing market, the aging population, and future infrastructure needs. The second question, he noted, is “whether the political stand-off eventually impacts domestic and foreign perceptions of Hong Kong’s stability and attractiveness as an investment destination.” For now, investors and business people must wait and watch.

#### Strong economic relations encourage cooperation that solves war and Asian instability

Podesta 14 [(John Podesta, chair of the Center for American Progress, Counselor to President Barack Obama; Tung Chee Hwa, Founding Chairman of the China-U.S. Exchange Foundation and the Vice Chairman of the Eleventh National Committee of the People’s Political Consultative Conference; Samuel R. Berger, Chair of the Albright Stonebridge Group; Wang Jisi, President of the Institute of International and Strategic Studies and professor at the School of International Studies at Peking University) “U.S.-China Relations: Toward a New Model of Major Power Relationship” china-US exchange foundation, feb 2014] AT

An additional theme that emerged was the interplay of the bilateral and multilateral aspects of major power relations. One of our contributors pointed out that what is “new” about major power relations is the international context of bilateral relations today—not only the many international institutions and rules that guide the United States and China, but also that progress on global and regional issues requires that we cooperate. Many other countries have a serious interest in a stable U.S.-China relationship—and their views are relevant. Neither they, nor the United States or China are interested in a G-2, but rather an inclusive framework. Finally, developing a new model of major power relations is not unique to the U.S.-China relationship. Both countries have vital relationships with other nations, as do many other key powers with one another. The United States and China have no monopoly on this endeavor. Another key theme that emerged was that the process of cooperation sometimes leads to frustration just as much as the substantive disagreements between our two nations. For example, the United States often expects an answer on a proposal sooner than China is ready to offer one; alternatively, China has been frustrated not to receive timely responses to its requests. Finally, the expert group addressed the imbalance in the Asia-Pacific regional dynamic that has become a major concern in both Washington and Beijing: the notion that the United States is the center of the security architecture in the Asia- Pacific region, whereas China is the largest economic player in Asia. At the same time, other influential players in the region have their own interests: Japan, South Korea, the Association of Southeast Asian Nations, or ASEAN, to name a few, serve as centers of economic and political activity. In addition, Russia is energetically developing its Asia policy, increasingly involved in energy and other economic projects in the Asia-Pacific region and showing a keen interest in regional security affairs. India is similarly engaged. That interplay between security and economics poses real challenges for the future of bilateral relations. The United States is increasing its economic engagement in Asia to better match its security engagement, which has long been a significant side of the equation for the United States. The Obama administration’s efforts with the Trans-Pacific Partnership, or TPP, are designed to deepen its economic integration with Asia while China is increasing its participation in multilateral security forums. Both countries are working to balance regional engagement, but the U.S.-China economic/security dynamic in the Asia-Pacific will continue to present leaders in both countries with ongoing challenges. With these points in mind, we now turn to some recommendations for U.S.-China policy that arose from the track II dialogue. We seek to focus on concrete ideas that would help push the relationship forward. Not every one of the participants in our group necessarily agrees with each of the recommendations we discuss below, but they all share a deep interest in improving U.S.-China relations and believe that, as a whole, these ideas have merit. We divided them into three categories—interna- tional, regional, and bilateral—but the boundaries are somewhat fluid. 1. Along with other nations, the United States and China should continue to develop commonly accepted international rules and guidelines in areas where they currently are lacking, including in regional maritime relations, cyberspace, and outer space. In areas without shared guidelines, misunderstandings are more likely to surface. International standards on issues such as conduct in outer space and online could be important vehicles for reducing potential bilateral clashes. In the maritime domain, while there is already a robust body of international law, the United States should seek to ratify the U.N. Law of the Sea Convention, while China should make as rapid progress as possible toward developing a Code of Conduct with ASEAN. The United States and China should build on recent bilateral naval cooperation in the Gulf of Aiden and the 2014 Rim of the Pacific, or RIMPAC, invitation that was extended to the Chinese navy to foster deeper maritime cooperation and lay ground- work for new rules and guidelines for resolving disputes and avoiding crises. 2. The United States and China should work to strengthen the international archi- tecture of institutions and rules. Both Washington and Beijing have a strong inter- est in an effective, robust set of international institutions and frameworks. They should strengthen the international architecture by using it, reforming it, and mak- ing sure emerging powers are adequately represented. The two countries should coordinate more effectively on reform of the United Nations and other existing international organizations and make common efforts to strengthen the G-20 and other burgeoning mechanisms in order to stabilize the global financial situation. 3. The United States and China should work together on an international consen- sus to phase down Hydrofluorocarbons, or HFCs, under the Montreal Protocol as soon as possible. HFCs are one of the fastest-growing and most-potent green- house gases in the world. Phasing down the global production and use of HFCs could avoid half a degree Celsius of warming by the end of the century. The most concrete outcome of the June 2013 U.S.-China presidential summit at Sunnylands in California was the agreement between President Obama and President Xi to ￼￼￼￼ Toward a New Model of Major Power Relations | www.americanprogress.org 9 ￼work together to phase down HFCs under some combination of the Montreal Protocol and the U.N. Framework Convention on Climate Change. That June 2013 climate agreement should be considered a model for a new model relations effort and a blueprint for proceeding on other more intractable issues. If that initial bilateral agreement leads to successful multilateral action on HFCs, it will serve as a concrete example of U.S. and Chinese leaders moving past historical divides and finding a new platform for our two nations to take a global leadership role on one of the most important global issues of the day. Regional 4. The United States and China should look for opportunities to coordinate regional activities. For example, the United States and China could develop regional mechanisms for coordinating better on development assistance. They should consider supporting a permanent multilateral hub in Asia for humanitarian assistance and disaster relief. That would provide opportunities for operational level cooperation and would greatly benefit the victims of disasters. 5. The United States and China should seek trilateral dialogues with India and Japan and perhaps other nations. Such forums could begin with working-level agencies and think tanks and could help illuminate intentions and build trust among nations across Asia. These forums could focus first on issues of clear economic common interest—such as a market framework for infrastructure to support regional natural-gas trading—and gradually take on more difficult topics where common interests are much harder to find and define. 6. The United States and China should acknowledge publicly that the best long- term outcome on trade negotiations would be a high-standard, region-wide free trade agreement that will open up new avenues of commerce in the Asia-Pacific region. Currently, the United States is working hard to realize the TPP, and China is working on the Regional Comprehensive Economic Partnership, or RCEP, that was initiated by ASEAN. The United States and China should assure each other that neither the TPP nor RCEP are intended to weaken the economic influence of the other side in the region. In the end, the best result will be a merger of these and other initiatives into a high-standards regional free trade framework based on mutual interests. Of course, the “high-standards” aspect of that merger will be key. Any future steps should take into consideration the pace of economic transformation of both the United States and China. No future trade regime should result in a move to the lowest common denominator of trade standards. 7. Officials and experts in both countries need a more effective dialogue with their citizens on the importance of the U.S.-China relationship and what new- model relations exercise is designed to prevent and achieve. There are many positive stories of workaday Sino-American cooperation that do not make the mainstream press and are therefore not known to the public —and in some cases to key political leaders, particularly at the local level. For example, the American and Chinese Coast Guards cooperate frequently and effectively on an operational level, but that kind of operational cooperation is not as likely to attract media attention as bilateral flare-ups on sensitive issues. As one Chinese participant in our dialogues pointed out, we should seek to increase the atten- tion paid to the positive attributes of the relationship that can shift the focus from “crisis management” to “opportunity management.” 8. Governments should monitor and report on Security and Economic Dialogue, or S&ED, commitments. The S&ED between the two governments has evolved into a practical and results-oriented forum that is playing an important role in expanding real opportunities for bilateral cooperation. To make the S&ED as effective as possible, the United States and China should develop a mechanism to monitor and publicly report on the progress made on the commitments generated at the annual S&ED meeting. 9. Washington and Beijing should engage in a dialogue on a nuclear-free Korean Peninsula. North Korea’s nuclear program is a major and mutual security challenge, and our ability to find a new-model approach to that challenge is hindered by mutual doubt and suspicion about U.S. and Chinese long-term interests and future intentions. There are significant areas of overlapping interests between our two nations on this issue and a focused dialogue on the future of the Korean Peninsula can advance a more stable and mutually beneficial security outcome. Participants in this dialogue may include not only diplomats but also those in charge of security and military affairs of the two governments. Such a dialogue would not be designed to seek a bilateral solution to the Korean nuclear dead- lock but to work alongside the Six Party process and pave the way for a practical multilateral mechanism that will guarantee a peaceful and stable Korean Peninsula in the long run.

continues

The modern context for major power relationships is quite distinct from that of ear- lier centuries, and it remains in flux. The Cold War is long past, and while the United States remains the world’s only superpower, the unipolar era is ending. New powers are emerging or re-emerging; some are not nations but instead are evolving groups of countries, such as the European Union. A large, complex international system of institutions, rules, and norms guides many aspects of big power relations as never before. The United Nations; World Trade Organization, or WTO; International Monetary Fund, or IMF; World Health Organization, or WHO; International Atomic Energy Agency, or IAEA; and many others are the forums through which nations often attempt to make progress on shared challenges. Economic relationships between many pairs of major powers are very deep. And where once conquering another major power for territory made economic sense, it no longer does. Nevertheless, security concerns, some quite intense, persist between some major power pairs, as do territorial disputes. Furthermore, some competition between and among nations is a given—even between close allies. Big powers, however, also now share security challenges, such as global warming, pandemic disease, and terrorism, in ways they never have before. Only together can they address these challenges effectively. Their nuclear arsenals may ultimately provide a deterrent to major power conflict as well. No other big power relationship is more consequential than that between the United States and China. From one perspective, there is no need to rethink the U.S.-China relationship. Despite many stops and starts, the relationship has continued to grow and provide benefits for both sides for more than four decades. American policy toward China has remained fairly consistent over that time period, as has China’s toward the United States. America and China have successfully managed their competition and differences while continuing a robust economic relationship and occasionally cooperating on shared challenges. It could be concluded that these powers are already pursuing a new model of major power relations in which deep economic interconnectedness and security interdepen- dence exist alongside heated competition, sharp divides, and neuralgic disputes. A relationship similar to the modern day one between China and the United States has not existed before in history. But because it is historically unprecedented, it exists in a world that is in constant flux, and U.S. and Chinese interests do diverge, no one can know for certain that the stability the relationship has enjoyed thus far will last. Adding to and because of this uncertainty, both nations share a decided unease about the relationship. As Kenneth Lieberthal and Wang Jisi, two long-time watchers of the relationship conclude, “strategic distrust” plagues the relationship: Strategic distrust ... means a perception that the other side will seek to achieve its key long-term goals at concerted cost to your own side’s core prospects and interests. The major concern is that it appears as of 2012 that strategic distrust is growing on both sides and that this perception can, if it festers, create a self- fulfilling prophecy of overall mutual antagonism.6 Many Chinese fear that, despite repeated and consistent American statements to the contrary, the United States is engaged in a containment strategy against China. Meanwhile, economic insecurity in the United States causes Americans to view China as more of a predatory, unstoppable economic engine than it is.7 Jisi and Lieberthal point to history and ideology as especially potent sources of this distrust—and neither of those factors are easy to address.8 Chinese media often reinforce the trope of America as a dangerous, defensive, and declining hegemon. Though the American media is growing more sophisticated in its coverage of China, some outlets have painted China’s world domination as inevitable. Uncertainty about the future hangs over the relationship because no state can know another state’s intentions. A leader or diplomat can say whatever he or she wants, but it is impossible to know for certain what another state’s leaders actually think about the relationship and what future leaders will decide to do. When uncertainty about intentions is combined with rising capabilities, especially military capabilities, states begin to assume the worst and tensions mount. This can, in turn, result in what political scientists refer to as the “security dilemma.” As the late preeminent politi- cal scholar Kenneth Waltz once explained, “the source of one’s own comfort is the source of another’s worry. Hence a state that is amassing instruments of war, even for its own defensive, is cast by others as a threat requiring a response.”9 Because of these lenses of insecurity, the very contentious issues between both sides, and constituencies in both countries that could benefit from conflict, it is not difficult to imagine a set of circumstances that triggers a spiral of mistrust and animosity that could derail the Sino-American relationship. For this reason, and given the historical precedent of great power relations, thinking rigorously and creatively about possible new paths or directions is worthwhile.

#### The plan boosts consumer demand which protects growth – the alternative is property speculation which is *unstable*

Chan 10 [(Thomas Chan, head of the China Business Centre, Hong Kong Polytechnic University) “The minimum wage in Hong Kong: How much is enough?”] AT

Enactment of a minimum wage was part of society's effort to constrain the excesses of capital on labor in the early phrase of a capitalist market economy in the West. The first national legislation on minimum wage was passed as early as the late 19th century in New Zealand. Most sustainable (industrialized and industrializing) capitalist economies in the world enforced a minimum wage in the 20th century. Even less developed countries like Angola and Cameroon in Africa, Bangladesh and Cambodia in Asia, and Bolivia and Dominica in Latin America have put minimum wage requirements in place. In 2004, the Chinese mainland also passed its first minimum wage law. With a per capita exceeding $30,000, Hong Kong has no excuse. Minimum wage not only protects the unskilled labor contingent in a society, it has much further reaching implications. Labor is not, after all, merely a producer or a part of the cost of production or services. Labor is also a consumer; and in a service economy such as Hong Kong, economic growth depends very much on consumer demand. Even the unskilled laborer contributes to local consumer demand and in no small way compared to the rich. This is because the number of the former is always larger than the latter and their aggregate demand is not insignificant. While the capital in society is well organized and labor is disorganized (low degree of unionization), labor will forever be disadvantaged in wage bargaining. The result is the persistent attempts of capital persistent to press down wage levels in order to maximize profit. In turn, suffering from excessively low wages, consumption demand among the laboring population in society is also depressed, causing low economic growth and a low accumulation of social capital. Naturally, in post-colonial Hong Kong, the government has shifted to rely on land sales and real estate speculation to sustain growth. However, post-handover experiences have shown clearly that the property bubble has not been sustainable and that remaining high land and property prices have hindered economic restructuring and regeneration even after the collapse of the bubble. If there had not been an influx of tourists from the mainland to boost local consumer demand and to compensate for the reluctant consumption of the local population (due to a stagnation of median income and an increase in poverty after the handover), economic growth in Hong Kong would be stagnating or even declining.

#### Chinese economic collapse causes CCP instability and violent lash-out

Yep 9 [(Ray, Professor of Public Policy, Univ of Hong Kong) “Economic Downturn and Instability in China: Time for Political Reform?” SERIES: Brookings East Asia Commentary | Number 28 of 77, April 2009] AT

The existence of millions of disgruntled unemployed workers is a concern for any government, yet there are distinctive institutional features in China that make the regime particularly vulnerable to this threat. Decades of market reform have completely reshaped the nation’s mode of welfare delivery. The all-caring welfare philosophy of the pre-reform era, with the workplace supplying comprehensive support for its employees, is long gone. Though limited elements of a rudimentary welfare and entitlement system are present in the cities, an effective safety net for urban workers is still not on the horizon. The Chinese government is yet to hammer out a formula that fairly distributes burdens among employers, employees, and the state.¶ But it is the migrant workers, who receive no systematic support in times of need, who are the most at risk from the economic downturn. Rural-urban inequality is reflected not only in terms of discrepancy of life chances, income opportunities, and standards of living: the difference in welfare regime is also testament to the huge gap between the two worlds. Self-sufficiency is the defining feature of China’s rural welfare system, with peasants striving on their own to face economic ups and downs. With the economic and social systems in flux, and with no welfare system to serve as a tether, entitlement to the lease of land is crucial for the rural population. Land, and farming, provides a steady flow of income, cheap food, shelter, and most important of all, a sense of security. It is the last line of defense against economic disaster and a fall-back option for migrant workers.¶ However, in a severe downturn such as this one, when millions of these peasant workers eventually abandon their hopes in the cities and return home, many of them will have to face the cruel reality of landlessness. Many peasants lease out their lands when they take jobs in the cities, but others have been forced to surrender their land leases under less pleasant circumstances.¶ For revenue-hungry local governments, the sale of rural land is now a major source of income. More than one-third of revenue in county budgets now comes from land sales, which explains the general harmony between property developers, industrialists, and local officials in securing farmland for commercial purposes. As rural lands are “collectively owned”—Chinese peasants are entitled only to lease land for a fixed period of time and the ultimate control over land is in the hands of their “representatives,” village officials—peasants are simply at the mercy of local governments in defending their land leases. Waves of confrontation over land transfers in recent years attest to the general resentment of peasants against these transactions.¶ The effect of the Party’s latest decision in facilitating rural land transfers in alleviating tension remains uncertain. While the decision made in the 3rd Plenary Meeting of the 17th Party Congress held in October 2008 reiterates the peasants’ right to land contracts and allows greater flexibility in the exchange of land leases among peasants, specific policy prescriptions for regulating land requisition—the coercive sale of farmland for non-agricultural purpose by local governments—is missing.¶ The combination of presence of tens of million of frustrated, jobless, and landless people and the disposition of public security forces to sometimes employ excessive violence toward complainants appears to be the perfect recipe for confrontation and disturbance. The situation is so delicate that the Chinese government may consider it the lesser of two evils if some of these unemployed migrant workers prefer to stay in the cities. In light of such pent-up frustration, it may be reasonable to ponder the option of expanding avenues for public participation in governance, as this may help serve as a safety valve for releasing social tension. Charter 08, a petition released on December 10, 2008, represents the latest effort to articulate this theory. Originally signed by more than 300 university professors, entrepreneurs, writers, lawyers, and social activists, the document is a deliberate attempt to imitate the founding of the Charter 77 movement in Czechoslovakia. The Chinese document unleashes severe criticisms against the current political order in China:¶ “The political reality, which is plain for anyone to see, is that China has many laws but no rule of law; it has a constitution but no constitutional government. The ruling elite continues to cling to its authoritarian power and fights off any move toward political challenge. The stultifying results are endemic official corruption, an undermining of the rule of law, weak human rights, decays in public ethics, crony capitalism, growing inequality between the wealthy and the poor, pillage of the natural environment as well as of the human and historical environments, and the exacerbation of a long list of social conflicts, especially, in recent times, a sharpening animosity between officials and ordinary people.”¶ And the signatories go on to call for reforms enshrining the universal values of freedom, human rights, equality, republicanism, democracy, and constitutional rule. Unsurprisingly, the Chinese government has responded with coercive measures and a number of signers have been interrogated and held in police custody. Wu Bangguo, president of National People’s Congress, launched a further rebuttal to the initiative during the annual session of the Chinese legislature. In his report on National People’s Congress on March 9, 2009, he reiterated the distinctive path of Chinese democracy and excluded the possibility of implementing western ideas of bicameralism, multi-party rule, and separation of powers in China. In short, China will implement political reforms, but in its own style and pace.¶ It may be unfair to say that the Chinese government has been totally indifferent to popular demands for political reform. President Hu Jintao called democracy “the common pursuit of mankind” during his 2006 visit to the United States. And over the last three decades of market reforms, more than 250 new laws were passed, competitive elections have occurred widely at the village level across the countryside, and electoral experiments at the township and county levels were introduced. With the introduction of new laws like the Administrative Litigation Law, Chinese citizens do enjoy new leverage for redressing their grievances against the government. However, the bottom line for any form of political reform is that the Party’s dominance should never be challenged. As explained by Deng Xiaoping in the aftermath of Cultural Revolution in the late 1970s, “the Party did make mistakes, but it was the Party itself that corrected its mistakes.” The central message, echoed in Wu Bangguo’s work report, is that the Party alone should pick the opportune moment and formula for political modernization.¶ CCP: Economic stability as the key to social harmony¶ For the Party leadership under Hu Jintao, 2009 is hardly an ideal year for audacious change in political institutions. It is the twentieth anniversary of the 1989 Tiananmen Incident and the fiftieth anniversary of the Liberation of Tibet. As the global economic crisis continues, it will also be a year of social and economic dislocations. For Party leaders, “social harmony,” a synonym for maintenance of the status quo and suspension of diversity, is the priority. Contrary to the ideas of liberals who see political freedom and democracy as the solution to conflicts and tension, the Party regards economic stabilization as a more reliable option for preserving order.¶ Central to the response to the trying time ahead is a 4-trillion-yuan ($586 billion) plan to boost the national economy and a drastic increase in public expenditure, as outlined in Premier Wen Jiabao’s Report on Government Work to the NPC. Generous support has been bestowed upon sectors directly related to people’s livelihood. For example, the plan calls for an 18% increase in social security spending and similar rise in direct subsidies to farmers in 2009. Another 850 billion yuan will be allocated for medical and healthcare reforms over the next three years. These “people-centered” policies, as phrased by Wen, do not come cheap however. The 24% increase in public expenditure this year has to be financed by a deficit of 950 billion yuan ($139 billion), the largest since the founding of the People’s Republic of China in 1949. Yet, for the Party, this is an expensive but effective strategy of governance. For the Chinese leaders and the CCP, the unabated economic growth and steady rise in living standard over the last 30 years provided a new lease of life following the ideological bankruptcy of the 1970s; economic growth is the proven way to placate the people and preserve the Party’s legitimacy.¶ Political reforms that may help strengthen the administrative competence of the Chinese bureaucracy or contribute to a more business-friendly environment are deemed as relevant and thus welcomed by the regime. Political liberalization, as advocated by vocal intellectuals and dissidents in exile, is not. History tells us that those in power may contemplate sharing power when popular pressure for change has reached the boiling point and there is a threat of violent takeover. Social tension in China may have been rising and grievances against rampant corruption and social injustice are growing fast, but – given its tenacity and because success in delivering economic progress has remained by and large intact – it is debatable whether the Communist Party has already lost the mandate to rule and is prepared to concede to pressure for fundamental political reform. Realistically, an opening for political reforms will only emerge when the Party feels comfortable with its power position and is confident of its ability to control the pace and direction of those reforms. The turbulence and adversity inherent in the current global financial meltdown hardly seem conducive to these sentiments.

#### Advantage 2 is Relations

#### New protests have put Hong Kong’s economic status in limbo – risk of escalation means the issue is more important

Reuters 2/1 [(news source) They're back: Hong Kong protesters hit the streets, CNBC 2-1-2015] AT

Several thousand pro-democracy protesters returned to the streets of Hong Kong on Sunday in the first large-scale rally since protests rocked the global financial hub late last year. Some 2,000 police flanked an estimated 3,000 protesters marching on the city's glitzy shopping and financial districts, seeking to avoid a repeat of the so-called Occupy Central campaign that saw demonstrations shut down key roads for 2-1/2 months. While organizers stood fast to earlier demands for full democracy in the former British colony, they insisted Sunday's marchers would be peaceful and not seek to occupy any sites. "We want to make it clear to the government that ... we want true universal suffrage," said Daisy Chan, one of the organizers. Other protesters feared they might face violence from anti-democracy groups later in the evening, and some were arming themselves with protective shields. Many carried yellow umbrellas - a symbol of last year's campaign after protesters used them to fend off police pepper spray attacks. Hong Kong returned to Chinese rule in 1997 and enjoys wide-ranging freedoms under a so-called "one country two systems" arrangement. Beijing has allowed elections for choosing the next chief executive, but wants to screen candidates first. The situation is being closely watched internationally, a reflection of Hong Kong traditional importance as a free commercial center and port.

#### Plan boosts credit rating and solves investor confidence – it’s perceived as a shift toward pro-social policies

Dagong 12 [(Dagong Credit Reporting agency) “Dagong Maintains Hong Kong SAR’s AAA Credit Rating and Stable Outlook” Dagong 2012-11-30] AT

adumbrate = signals/foreshadows

Dagong Global Credit Rating Co., Ltd. (hereinafter referred to as “Dagong”) maintains the AAA local and foreign currency credit ratings for the Hong Kong Special Administrative Region of the People’s Republic of China (hereinafter referred to as “Hong Kong SAR”) with a stable outlook. The Hong Kong SAR government continues with the gradual progress in the local political development under the Basic Law framework. Though affected by the moderated global trade Hong Kong’s economy remains vigorous. Hong Kong’s financial system and fiscal performance are stable and sound. With abundant fiscal and foreign exchange reserves, the government solvency remains at an extremely high level. The main reasons for maintaining the credit rating of the Hong Kong SAR are as follows: 1. The social tension which has slightly intensified recently will be steadily alleviated under the progress towards the planned target of political development. Since the return to China, the Hong Kong SAR has stepped into the transition period of the political regime, and the economic and social system has to be adjusted accordingly. The recently-intensified social tension is caused by multiple factors, but it reflects the current circumstance of rising social contradiction during the transition period. With the clearly defined political development target under the Basic Law, the Hong Kong SAR government actively promotes the arrangement of general election for both of the chief executive and the legislative council. The implementation of minimum wage and the enhanced role of the Hong Kong SAR government in economic activity adumbrate the gradual shift of government policies towards strengthening economic adjustment and safeguarding public interest. Social problems will be mitigated consequently and the political development process is relatively unambiguous.

#### Hong Kong is key to US-China relations – status as a financial center and continued investment is key

Paal 10 [(Douglas, vice president for studies at the Carnegie Endowment for International Peace; Richard Bush, director of Center for Northeast Asian Policy Studies of the Brookings Institution and a Senior Fellow of Foreign Policy; interviews CY Leung, Chief Executive of the Hong Kong Special Administrative Region) “U.S.–China Economic Relations: Hong Kong's Role” Carnegie Endowment for Peace SEPTEMBER 22, 2010] AT

Leung discussed the impact of China’s “One Country, Two Systems” policy, which exempts Hong Kong from adopting China’s socialist system and policies for 50 years, on Hong Kong’s role as a bridge between China and the United States. A Channel: China’s policy offers a high degree of autonomy for Hong Kong, allowing it to exercise full political rights, such as the right to participate in elections and freedom of expression. This maximizes Hong Kong’s ability to act as a channel between China and the outside world. Broader Role: While Hong Kong currently acts as a gateway between China and the West in the financial and economic sectors, it could potentially play a larger role by reaching out to research, media, and educational sectors, Leung said. However, Hong Kong would then face a delicate balancing act in dealing with sensitive issues, since it does not have complete political independence from China. HONG KONG AS A LAND OF OPPORTUNITIES Hong Kong’s physical and political geography places it in a unique position to connect economic interests in China with those in the United States and to assist China in improving its legal infrastructure, Leung said. However, Hong Kong also needs to develop its competitiveness in order to keep its own economy sustainable. Higher Education: With an international body of students and faculty in its universities, Hong Kong can leverage its status as a halfway point between the West and the East to attract talent. This enables Hong Kong to make positive contributions to China’s legal system. For example, a joint legal partnership between China and the United States that is designed to train Chinese judges will help increase Chinese recognition of the importance of the rule of law, thereby improving the judicial system. Drawing From the Mainland: The large presence of mainland students and returning overseas Chinese likewise attests to the perceived advantage of living and working in a more politically and economically free region. In response, the Hong Kong government has sought to retain talent by providing mainland students with one postgraduate year to seek employment. Competitiveness: The rise of Shanghai as a powerful financial center has challenged Hong Kong’s competitiveness as a financial center in the region, Leung said. While Hong Kong’s financial sector may not be sufficient to accommodate all of China’s needs, it still has a comparative advantage compared to Shanghai, due to its solid legal and judicial systems. Moreover, China’s growing economy needs more than one financial center. Labor Force: Hong Kong faces a shortage of highly educated labor; the percentage of its labor force with a university diploma is small, at only 19 percent. Hong Kong’s universities must adapt to the new market by training students to serve both local and overseas needs, especially when Hong Kong-based services are growing in popularity in China. A Services and Technology Economy: Hong Kong must diversify its economy if it wants to compete with other major cities in China. It can do this by developing high value services, such as training maritime lawyers and training insurance brokers to ensure smooth legal and financial transactions. Improving the quality of its higher education system will facilitate this transition, Leung said. A focus on scientific research and high-technology sectors will likewise allow Hong Kong to increase its competiveness by exporting expertise in pharmacy, biochemistry, and engineering to mainland China. FUTURE IMPLICATIONS Regional Connections: The integration of Hong Kong into the Chinese economy, especially in the region of Guangdong, will continue to deepen with the construction of high-speed trains, as well as Hong Kong’s growing dependence on China for labor, water, and electricity supplies. However, that regional integration must occur without compromising Hong Kong’s autonomy. U.S.-Hong Kong: The United States should continue to support Hong Kong by encouraging sustainable economic development and using it as a portal to transfer U.S. expertise and services to China. U.S.-China Trade Relations: Leung expressed his belief that an appreciation of renminbi will not help the U.S. economy, since economic tensions between the two countries are much more complicated than a simple currency adjustment. The fundamental issue, he argued, lies in the declining American competitiveness.

#### Asia conflict goes nuclear and outweighs

Dibb 1 (Paul, Prof – Australian National University, Strategic Trends: Asia at a Crossroads, Naval War College Review, Winter, http://www.nwc.navy.mil/press/Review/2001/Winter/art2-w01.htm)

The areas of maximum danger and instability in the world today are in Asia, followed by the Middle East and parts of the former Soviet Union. The strategic situation in Asia is more uncertain and potentially threatening than anywhere in Europe. Unlike in Europe, it is possible to envisage war in Asia involving the major powers: remnants of Cold War ideological confrontation still exist across the Taiwan Straits and on the Korean Peninsula; India and Pakistan have nuclear weapons and ballistic missiles, and these two countries are more confrontational than at any time since the early 1970s; in Southeast Asia, Indonesia—which is the world’s fourth-largest country—faces a highly uncertain future that could lead to its breakup. The Asia-Pacific region spends more on defense (about $150 billion a year) than any other part of the world except the United States and Nato Europe. China and Japan are amongst the top four or five global military spenders. Asia also has more nuclear powers than any other region of the world. Asia’s security is at a crossroads: the region could go in the direction of peace and cooperation, or it could slide into confrontation and military conflict. There are positive tendencies, including the resurgence of economic growth and the spread of democracy, which would encourage an optimistic view. But there are a number of negative tendencies that must be of serious concern. There are deep-seated historical, territorial, ideological, and religious differences in Asia.

#### Thus the plan: The Government of the Hong Kong Special Administrative Region ought to require employers to pay a living wage, indexed to aggregate wage inflation.

#### The plan solves and avoids disads

Cautherly 14 [(George, vice-chairman of the Hong Kong Democratic Foundation) “Raising the minimum wage to HK$36 an hour is both needed and affordable” South China Morning Post July 2] AT

The subsistence needs of low-wage earners provide further insight into this issue. According to local research studies, to make ends meet, an average worker needs a wage level of at least HK$36 per hour at current prices. Adjusting for inflation in 2014 and 2015, the subsistence wage level will be about HK$39 per hour in 2015. In other words, from the angle of meeting workers' subsistence needs, the current minimum wage is seriously insufficient and companies employing such workers are being subsidised by those who can least afford it, the underpaid workers themselves. One common reason cited for suggesting a minimum wage freeze is that any rise would cause inflation. We believe this is an excuse to obstruct a wage review. In Hong Kong, food and housing rent have been the major drivers of inflation over the years, not labour costs. Another oft-cited argument for favouring a freeze is that a rise will cause difficulties in low-paying business sectors. Evidence, however, actually provides a case for a rise to HK$36 per hour in 2015. According to Minimum Wage Commission statistics, increasing it to HK$36 per hour will raise the overall wage bills of small and medium-sized enterprises in low-paying sectors by 2.6 per cent. Given the government's projection of a gross domestic product increase in nominal terms of 4-5 per cent in 2014 and 5.5 per cent in 2015 - or a cumulative increase of at least 9.7 per cent - we expect SMEs as a whole to be able to absorb the additional wage bills by increasing their business receipts through sales or price hikes. Therefore, reason dictates that the minimum wage should be and can be raised to HK$36 per hour in 2015. The current level is too low to meet the subsistence needs of low-wage-earners.

### 1AC Protests

#### Advantage 1 is Protests

#### Protests in Hong Kong are back again and more violent than ever

Economist 3/21 [Aisles apart: Protests about mainland shoppers reveal graver problems. http://www.economist.com/news/china/21646794-protests-about-mainland-shoppers-reveal-graver-problems-aisles-apart] AJ

LATE last year thousands of pro-democracy demonstrators poured onto the streets of Hong Kong calling for the right to elect the city’s leader in 2017, free of interference by the central government in Beijing. In recent weeks protests have flared again; far smaller this time, but more violent and similarly fuelled by resentment of the mainland’s encroachment. At issue has been the hordes of mainland Chinese who visit Hong Kong to buy goods for black-market resale at home, a racket described locally as “parallel trading”. These new and nastier outbursts are about far more than shopping; they suggest that antagonism towards the mainland is deepening and spreading beyond the territory’s urban core. This is causing anxiety among officials on both sides of the border.

#### The root cause of protests in Hong Kong is economic conditions – a living wage would quell protests

Quirk 14 [(Connor, Accounting & Finance in the Terry College of Business, journalist) “The Economic Tide Shifts Amid Protests in Hong Kong”] AT

In August, when the Chinese government announced that all candidates would need to be pre-approved by a committee friendly to the Chinese Communist Party, student groups began mobilizing to reject the authority of mainland China. What is being overlooked, however, is the core root of this unrest and push for democracy. Hong Kong in recent years has seen economic conditions erode and inequality increase, which are two primers for social unrest. Hong Kong is a small and highly open economy making it attractive to international enterprises but also highly sensitive to global economic developments. Since 2008 limited housing supply, low mortgage rates, strong GDP growth, and heavy international demand have increased property prices in Hong Kong by 135 percent, making the city the second most expensive in the world following London. This upturn in cost of living has not been matched by accompanying wage growth, especially for the lower and middle classes. This all results in Hong Kong’s real income inequality, measured by the Gini index, being worse than that of Mexico. Who might be impacted the most by increased income inequality and declining economic conditions? Students are a good guess. After all, students do have very little disposable income. Many times, “Occupy Central” has been likened to Tiananmen Square; however, when you examine the underlying cause of the movement, “Occupy Central” begins to look a lot more like “Occupy Wall Street.” Both movements reflect youth dissatisfaction with income polarization, diminishing advancement opportunities, and an inability to earn a living wage in a city where external forces drive the cost of everything, from an apartment to a sandwich to tuition, through the roof. In this context, China begins to looks more like the scapegoat than the instigator. Hong Kong thrives on its open economy relative to the surrounding region. By providing access to the Chinese economy on a capitalist platform, they have served as Eastern intermediaries to the Western world. However, as China continues to open their economic doors, any sort of heightened regulation in Hong Kong, whether political or economic, is received negatively. They must stay ahead of the democratic curve to maintain their competitive advantage. Going forward, contrary to popular protest aims, it is in Hong Kong’s best interest to form collaborative progressive social and economic policy that is closely tied to China, not separated from it. Although counter-intuitive, their relationship is too intertwined to sever. China is Hong Kong’s largest export partner with 58 percent of net exports, as well as their largest import partner at 45 percent of net imports. Of funds invested directly into Hong Kong from abroad, 75 percent come from China, and 75 percent of visitors to Hong Kong each year come from mainland China. Long story short, Hong Kong needs China. Even more worrisome to Hong Kong’s future is the rapid shift in geographic capital allocation within the Chinese–Hong Kong economy. In 2012, funds flowing in from foreign countries decreased by 20 percent in Hong Kong while they increased by 20 percent in Shanghai. This change reflects a growing international attitude that Hong Kong might no longer be the Chinese gatekeepers. Because of China’s increasingly accommodating globalized economy, foreign investors go straight to the growing economies; there is no need to go through Hong Kong as the middle man. So what does this mean for Hong Kong going forward? Luckily, all hope is far from lost. Leaders of Hong Kong and in Beijing must work collaboratively to reintegrate Hong Kong into the Chinese economy. They must work to repair the eroding social fabric of Hong Kong culture by closing the expanding income gap, and, most importantly, they must work for political liberties for citizens of Hong Kong while maintaining close ties with China. Both of their economic lives depend on it.

#### Low wages mean another wave of protests in Hong Kong is *inevitable* – that challenges CCP legitimacy and forces it to respond, which causes *instability*

Parker 14 [(Clifton, Stanford News Service; Cites Larry Diamond, the democracy guy, senior fellow at the Hoover Institution and the director of the Center on Democracy, Development and the Rule of Law at the Freeman Spogli Institute) “Hong Kong protests could threaten Communist Party rule in China, Stanford professor says” Stanford Report, October 2, 2014] AT

The street demonstrators in Hong Kong could have serious implications for political stability in China and the future of its Communist Party, a Stanford scholar says. In an interview with Stanford News Service, Larry Diamond, a senior fellow at the Hoover Institution and the director of the Center on Democracy, Development and the Rule of Law at the Freeman Spogli Institute, discussed the Hong Kong situation. In 2007, China promised that Hong Kong residents could vote for the chief executive of Hong Kong in a 2017 popular vote. However, on Aug. 31, China's legislature proposed changes that in effect closed the voting process – igniting widespread protests in the streets of Hong Kong. A former British colony of 7.2 million people, Hong Kong was handed over to China in 1997. What rights do Hong Kong citizens have that are different from people on mainland China? Under the principle of "one country, two systems" – known as the Basic Law – Hong Kong was promised the right to keep its capitalist way of life and its political autonomy, with civil freedoms and a rule of law, at least through 2047, 50 years after the handover of power in 1997. But under pressure from Beijing, there has been gradual subtle erosion of academic freedom and press freedom, and increasing political control from Beijing. Still, as of today, Hong Kong has a level of civil freedom – freedom of speech, press and association – that people in mainland China can only dream of, and it has democratic elections for about half of its legislative seats. How do you describe the Chinese government's reaction to the protests? I think the Beijing authorities have been stunned by the intensity and scope of the protests, and quite unprepared. They are in a dilemma. They do not want to perpetrate another bloodbath like the crackdown on Tiananmen Square in 1989. Yet neither do they want to allow the protests to just continue to occupy large parts of central Hong Kong and press democratic demands. Finally, they do not want to do what they should have done months ago – negotiate on some compromise formula to at least allow "gradual and orderly progress," as envisioned in the Basic Law, toward democracy in Hong Kong. They are in a bind, which could have serious implications ultimately for political stability in China itself. Are the Chinese authorities surprised at the magnitude of the protests, and if so, why? Yes, they thought that the people of Hong Kong would just swallow hard and surrender their dreams of democratic self-governance, just as they have accepted previous impositions by Beijing essentially blocking or deferring democratic progress. But Hong Kongers are fed up by now; they have been waiting for 17 years for China to deliver on the implicit promise in the Basic Law for democratic elections through universal suffrage to choose their chief executive. And this is a new, more tech-savvy and democratically self-conscious generation of young Hong Kongers who have higher expectations, worse job prospects and more social media tools at their disposal. This emerging generation in Hong Kong is mad as hell, and they are not going to take it anymore. Will this challenge Beijing's typical strategy for dealing with dissent and protests? I think the Beijing authorities are really in a serious bind. Their frequent strategy in dealing with local-level protests is to try to grant some specific demands to mollify protestors and then isolate and arrest some of the harder-line protest elements. But the Hong Kong protests are so big and so visible, and the demands of the protestors – essentially, for democratic elections in Hong Kong – so risk the democratic "virus" spreading to the rest of China that the Beijing authorities do not feel they can make significant concessions. If they crack down with brutal force, it will be Tiananmen all over again, and their international reputation will be badly damaged, along with any prospect of closer integration with Taiwan. If they negotiate under pressure, they fear setting a dangerous and highly visible precedent. If they do nothing, they may hope it just blows over as demonstrators get tired. I think that will be their initial strategy. If it does not work, they may dump Hong Kong Chief Executive C.Y. Leung to serve up a sacrificial lamb. Then, if that does not work, they are really in trouble. What do you envision as the likely outcome of the protests? I really do not know. They could gradually subside from exhaustion, but I think this is a new generation of Hong Kongers that is not going to simply melt away into passivity again. They could recur periodically, or just keep growing, while paralyzing normal business and governance in Hong Kong. If the latter happens, Beijing may decide it has to use force. I hope they don't do that. If the Beijing leadership was smart, they would negotiate a compromise agreement to allow gradual progress toward democratic self-governance. But I think they are too gripped with political fear of the future to risk that. This could well mutate into a larger if more incremental challenge to the overall legitimacy of Communist Party rule. And if the increasingly vulnerable Chinese economy should slip into crisis before stability is returned to Hong Kong, then all bets are off.

#### CCP collapse causes multiple global nuclear wars

Perkinson 12 Jessica Perkinson, Master School Of International Service American University , “The Potential For Instability in the PRC: How The Doomsday Theory Misses the Mark”

There are a number of areas of concern among China’s immediate regional neighbors and partners, including those on the Korean Peninsula, Taiwan, Japan, and India. Though China currently adheres to a strict foreign policy regime based on the Five Principles of Peaceful Coexistence151 and has been able to significantly advance their own interests internationally using this method, the potentially destabilizing effect that forced political reform could have on the country may derail their relations and security with their neighbors. Chief among these regional concerns are North Korea’s dependence on China’s exports, South Korea’s dependence on China’s North Korea deterrence and trade, the security and stability of the Taiwan Strait, Japan’s reliance on Chinese trade and message consistency regarding territorial disputes, and stability of the Sino-Indian border area. First, the stability of the Korean Peninsula rests in large part on the stability of China’s political system. Both North and South Korea have vested interests in the continued stability of the CCP for their own security. As is generally well-known in the international community, North Korea relies in large part on China superseding international trade sanctions not only for luxury goods, but for basic needs such as food and oil. For example, the United States led the charge and enacted its first set of sanctions against North Korea over two decades ago in response to the existence of fissile material on the Korean Peninsula and its risk for proliferation.152 Over time, these sanctions have been expanded upon and have attracted the support and participation of the United Nations Security Council (UNSC). Specifically, these sanctions have included blocked property and interests in property, banned transactions involving North Korean vessels and bans on reception of imports originating in North Korea.153 Though these sanctions have not encouraged the North Korean regime to change its policies (and in some cases have made them more militant), they have unfortunately had a devastating effect on the North Korean people, including depravation of access to critical resources such as medication, food and water and energy supplies such as oil.154 In addition, due to a succession of floods and droughts and the refusal of the international community to intervene in a country violating international laws, pervasive malnutrition has led to “up to one million excess deaths since the 1990’s.155 In order to maintain stability on the Peninsula and prevent the North Koreans from becoming desperate, China continues to export both luxury goods and basic commodities into North Korea. For example, in 2005, China accounted for 53% of North Korea’s international commerce. However, this has increased rapidly since sanctions have become stricter and have increased pressure in the country. In 2009, China accounted for 79% in North Korea’s international commerce and as of 2010 was up to 83% of North Korea’s $4.2 billion in trade156 in order to ease the effect of the existing international sanctions. In addition, China has been a facilitator of the Six-Party Talks, the primary international diplomatic forum for handling tensions on the Korean Peninsula. Countries involved in the Six-Party Talks include China, North Korea, Russia, the United States, South Korea and Japan, and the first round of talks was initiated and hosted by China, taking place in Beijing in August 2003.157 During the talks, China served as a moderator between the US and North Korea during tense times of debate, also insisting on certain thresholds of success before members could leave the talks, such as the drafting of diplomatic agreements158. Though the talks have remained in an on-and-off pattern over the last decade, China still makes consistent efforts to bring North Korea back to the diplomatic negotiations over their nuclear regime.159 South Korea’s dependence on China’s continued stability is twofold. Not only does South Korea rely on China’s continued deterrence of North Korean aggression both through diplomacy and satisfaction of their trade needs, but they also rely on China as a trade partner. For example, on November 23, 2010, North Korea fired dozens of missiles onto the South’s Yeonpyeong Island, killing two South Korean soldiers, significantly escalating tension on the Peninsula as South Korea threatened military retaliation for the attack.160 In response, China focused their energy on deterring an armed response by the South Koreans, which could have potentially led to protracted civil war between the two countries. Though the international community has expressed deep disagreement with China’s soft-line approach toward North Korea, it appears their understanding, ‘big-brother’ style of handling North Korean aggression toward South Korea has at least prevented a violent, protracted conflict, though not necessarily further North Korean acts of aggression.161 Not only does South Korea rely on the continued intervention of the Chinese in North-South relations, but they have a deep economic integration and dependence on Chinese trade. For example, in 2010, South Korea was China’s fourth-largest trading partner, exchanging goods of $207.2 billion, up 32.6% over 2009.162 In other words, both North and South Korea rely heavily on China not only for their continued economic prosperity, but also for the survival of their people and territorial security. Should the Chinese government undergo a period of reform and instability great enough to interrupt these benefits to the Korean Peninsula, the international system may be faced with a serious nuclear and conventional military conflict between North and South Korea. A second region that relies heavily on the continued stability of China’s government is the island of Taiwan. Because China and Taiwan have a long history of conflict over the status of Taiwan’s sovereignty, maintenance of stability in the Taiwan Strait continues to be an issue of critical interest to the international community as a whole. For example, in 1995, the third Taiwan Strait Crisis occurred in response to what may seem like a small event to the international community, but what was viewed by the Chinese as a grave threat to their sovereignty. In 1995, then-US President Bill Clinton allowed Taiwanese President Lee Teng-Hui to come and visit his alma-mater at Cornell University. Though the visit alone sparked some controversy between the US, China and Taiwan, the remarks made at Cornell by Lee Teng-Hui during an address tipped the security balance on the Taiwan Strait. In his address, Lee referred to Taiwan as the “Republic of China” on multiple occasions, and made references to “nation” and “country”.163 These events led the Chinese leadership to believe that the US was making overtures toward Taiwanese independence from the mainland. The following year, the PLA fired missiles off the coast of Taiwan, nearly drawing the international community – including the US – into a conflict on the Strait.164 Some scholars argue this was to deter the US from developing closer ties with Taiwan.165 However, since that incident, the Strait has remained relatively calm and stable, as the Taiwanese leadership under Ma Ying-jeou has remained very moderate in their stance on China-Taiwan relations and has been very careful not to make any inflammatory statements that could set off conflict on the Strait. However, a period of significant reform within the CCP could lend itself to instability on the Taiwan Strait. There is no guarantee that pro-independence factions within Taiwan would not take advantage of the CCP and PLA’s distraction with their own transformation to take dramatic, perhaps militaristic, steps toward independence. For example, during Taiwan’s most recent election cycle, the pro-independence candidate Tsai Ing-wen, though she lost the election, garnered enough support to make the government in mainland China nervous about her rise in support.166 The potential destabilization of the Taiwan Strait could spell disaster for the entire region, as other countries and allies could be pulled into a protracted conflict between the two regions. A third region that has a deep interest in China’s political stability is their neighbor Japan. Not only is Japan deeply integrated economically into the Chinese trade system, it also has a number of ongoing territorial disputes with the country. For example, in January 2007, total trade between China and Japan was $18.1 million. That amount spiked to $344.9 million in December, 2011 (an 1808.1% increase)167, a clear indicator that China and Japan are growing their trade dependence at an astounding rate. In addition, Japan and China continue to disagree over the status of some hotly contested territories, including the Diaoyu/Senkaku Islands. Not only do both countries have a territorial claim to the islands, but the area contains vast amounts of oil and natural gas resources that both countries want to develop. For example, it is estimated that the Japanese side of the disputed East China Sea area contains up to 500 million kiloliters of crude oil volume.168 As China is the world’s second-largest consumer of oil and Japan third, with Chinese demand for oil expected to rise 14% by 2025, these oil deposits are of crucial national security interest to both countries.169 Tension in the region has been rising as China has continued to press closer to the median line that Japan has drawn around the islands, at one point coming as close as five kilometers from the line.170 The consistency of the Chinese message on the status of these disputed territories, though tense and combative for the Japanese, have at least lent a level of predictability to China’s stance and actions. However, should the CCP undergo a period of instability and reform, and if their message or actions were to change regarding the status of these islands, it could cause a significant conflict over these territories between China and Japan, and could severely destabilize an already weakened Japanese economy. Much like the potential destabilization of the Taiwan Strait, the destabilization of the East China Sea region could draw the countries’ regional neighbors and international partners into a protracted conflict between the two nations. A fourth region that would be negatively affected by political destabilization in China is their southern neighbor, India. Though China and India are becoming increasingly reliant on one another economically, they still suffer from a number of serious areas of conflict, including a hotly contested border area and India’s support of the Dalai Lama and the Tibetan government-in-exile. In 1962, the PLA invaded India through the Arunachal Pradesh region, laying claim to portions of the Himalayas that had previously been under Indian control in what became known as the Sino-Indian War. Though the Chinese eventually called a cease-fire and withdrew from the region171, the conflict over it remains tense for a number of reasons, including access to water resources, forestry resources and China’s enduring theme of territorial integrity. Similar to the destabilization of the two regions mentioned above, the inconsistency of China’s message during a time of political destabilization or reform could lead the Indian military to either panic from the unpredictability of China’s potential actions or move to take the Arunachal Pradesh region by force. Not only could political instability in China cause a border conflict between India and China, but it could also cause an influx of Tibetans into the country, as India’s government is sympathetic to the Tibetan plight. Though China has labeled the Dalai Lama and his government-in-exile a separatist force working to separate Tibet from mainland China, India has provided the group sanctuary in Dharamsala, India.172 Abroad, the Dalai Lama continues to draw supporters from around the world, occasionally attracting Tibetans inside Tibet to make the treacherous journey across the Himalayas to Dharamsala. China, in turn, has taken up guarding this area in an attempt to prevent flows of Tibetans out of Tibet and into India to reach the Dalai Lama.173 However, should the CCP undergo a period of significant political reform, this could encourage Tibetans to either take advantage of the CCP’s distraction to seek independence by force, or could cause massive immigrant flows across the Sino-Indian border. Both China and India already have a regional example of destabilization due to immigrant flows, as China already suffers from this issue on its border with North Korea. In addition, any political instability within the CCP would spell disaster for the Indian economy, which is becoming increasingly reliant on China as a trading partner. Partially as a counterweight to the two nations’ conflict, India and China have been dramatically growing their bilateral trade in the last three decades. Though this has served to promote peace in the region and between the two giants in particular, it has also made India increasingly reliant on China’s continued stability for its economic prosperity. For example, in 1990, trade between India and China had bottomed out at near $0. However, this figure shot up drastically between 2000 and 2008 to around $35 billion174, with no sign of leveling off. It is obvious from these statistics that the two nations continue to build their trade dependency and that India’s economy is deeply intertwined with China’s. The consistency of China’s message on the contested border area, as well as the fairly stable environment surrounding the Tibetan dispute, lend at least some predictability to the disagreement between the two nations. However, if China were to undergo a period of political instability, this series of predictable messages and actions from China on these disagreements could change, and cause aggression from either side, destabilizing the region and India’ economy in the process. Outside of China’s immediate vicinity, there exist a number of countries that would be challenged by political instability in China. Due to intense and growing economic and military integration between China, the East Asian region and the world, these other countries have a significant reliance on the continued stability of the CCP. Chief among these global concerns are China’s growing integration with European countries and its continued commitment of foreign direct investment (FDI) into developing countries, primarily on the African continent.

#### Korean economic collapses causes broad arms races in East Asia

Richardson 06 (Corey Richardson, Washington-based analyst who covered East Asian security issues as a presidential management fellow with the US Department of Defense, 9/6/2006, Asia Times)

A Korea faced with an economic dilemma of such magnitude would find maintaining its conventional military forces at current levels impossible. At the same time, it would feel more vulnerable than ever, even with US security assurances. For a nation paranoid about the possibility of outside influence or military intervention, strapped for cash, and obsessed about its position in the international hierarchy, the obvious route might be to either incorporate North Korean nuclear devices (if they actually exist), or build their own, something South Korean technicians could easily accomplish. North Korea, after all, has set the example for economically challenged nations looking for the ultimate in deterrence. One might argue that clear and firm US security guarantees for a reunified Korea would be able to dissuade any government from choosing the nuclear option. If making decisions based purely on logic the answer would be probably yes. Unfortunately, the recent Korean leadership has established a record of being motivated more by emotional and nationalistic factors than logical or realistic ones. Antics over Dokdo and the Yasukuni Shrine and alienating the US serve as examples. But the continuation of the "Sunshine Policy" tops those. Instead of admitting they've been sold a dead horse, the Roh administration continued riding the rotting and bloated beast known as the Sunshine Policy, until all that are left today are a pile of bones, a bit of dried skin, and a few tufts of dirty hair. Roh, however, is still in the saddle, if not as firmly after North Korea's recent missile tests. Japan must then consider its options in countering an openly nuclear, reunified Korea without USFK. Already building momentum to change its constitution to clarify its military, it's not inconceivable that Japan would ultimately consider going nuclear to deter Korea. As in South Korea, there is no technological barrier preventing Japan from building nuclear weapons. While the details of the race and escalation of tensions can vary in any number of ways and are not inevitable, that an arms race would occur is probable. Only the perception of threat and vulnerability need be present for this to occur. East Asia could become a nuclear powder keg ready to explode over something as childish as the Dokdo/Takeshima dispute between Korea and Japan, a Diaoyu/Senkakus dispute between China and Japan, or the Koguryo dispute between Korea and China**.**

#### Chinese democratization causes wars

Tessman 9 [Brock F., Assistant Professor of International Affairs in the School of Public and International Affairs at the University of Georgia, Faculty Associate at both the Center for International Trade and Security and the Globis Center at the University of Georgia, Asian Security 5.3 The Evolution of Chinese Foreign Policy: New Incentives with Slowing Growth, p. InformaWorld]

While a stable, fully democratized China may be less likely to adopt a confrontational foreign policy agenda, today's PRC is, at best, in the very early stages of liberalization. For many pessimists, it is precisely the process of democratization that will lead to conflict between China and the rest of the system. The problem, according to Edward Mansfield and Jack Snyder, is an imbalance between challenges posed by political participation of the masses and the inadequacy of democratic institutions that govern that participation.23 Under pressure to garner votes, leaders (and rival political elite) have incentives to use nationalist rhetoric and militaristic means to cultivate mass appeal or to distract the public from unpopular developments at home. The opportunities for China are abundant: confronting Japan on its war record in China; pressuring Taiwan when it comes to reincorporation to the PRC; making bold claims to control of undersea oil and natural gas resources in the China Sea; challenging American influence in regions like Latin America; fostering a crisis with one of its smaller neighbors (as it has done in the past) like Vietnam; or citing the US financial system as the culprit behind the economic slowdown hitting Chinese factories. From an American perspective, the start-and-stop process of democratization might actually highlight the sheer size of the social, cultural, and political gulf between the PRC and the United States. If a crisis were to develop between the PRC and one of its democratic neighbors, the visibility of China's democratic shortcomings might actually lead the American public to push Washington hard when it comes to countering Chinese policies. In summary, the existing literature on political liberalization suggests that the transition from autocracy to democracy can actually be a rocky one.

### Protests vs Security

#### Advantage 1 is Protests

#### Pro-democracy protests are back and support is stronger than last time – risk of escalation to violence is higher as young people are losing patience

Gopalan 2/1 [(Divya Gopalan, journalist) Thousands Return To Streets To Protest In Hong Kong, Al Jazeera 2-1-2015] AT

Thousands of protesters carrying yellow umbrellas have marched through Hong Kong's main financial district - the scene of the long-running "Occupy Central" sit-in last year. Police were out in force on Sunday as the crowds slowly made their way along the 4-km route from Victoria Park to Central chanting, "We want democracy and the right to choose our own leader". Dozens of people turned up at the march carrying the old colonial flags with the Union Jack in the corner. One person even carried a sign stating that Hong Kong is British. One of the flag carrying protesters told Al Jazeera that it was a statement to show that Hong Kong was not like the rest of China, and should not be treated as such. As demonstrators reached their final destination in one of the richest parts of Hong Kong, founder of the Occupy movement Benny Tai spoke to the crowd, encouraging them to continue the movement. Reminiscent of the two-month sit-in which ended in December, he quoted late artist John Lennon's lyrics, "You may think that I'm a dreamer, but I am not the only one", calling for solidarity. According to the organisers approximately 13,000 people had turned out by the end of the protest. Police put the turnout at an estimated 6600. The turnout was just a fraction of the 50,000 expected, but the range in ages was bigger than the original "occupy" protest, an Al Jazeera reporter at the scene said. More protests planned The Civil Human Rights Front, a collection of NGO’s organised Sunday’s march. Daisy Chan Si-ying, one of the organisers, said that conventional protests attracted fewer people after the occupy movement. She said that if the government did not pay attention to such peaceful gatherings, demonstrators may resort to more "radical" means of resistance. The march marks the first major gathering since protest sites and a tent city blocking Hong Kong island's main highway were cleared in December. Protesters had been calling for more say in how the city's leaders were chosen and for more free elections. Currently Beijing vets any candidates for the territory’s chief executive. At the peak of the demonstrations last year, 100,000 people took to the streets and violent clashes with the police drew the world's attention. Au, a 21-year-old college student, was one of the protesters who slept on Hong Kong's highways for the 79 days of the occupy sit-in. He told Al Jazeera that many of the young people that took part in the protests from September to December did not turn up on Sunday, adding they were still recovering and making plans for a bigger revival of the movement. The government responded to Sunday’s protests with a reminder that they are carrying out a two-month public consultation to gauge the community’s views on issues relating to the chief executive’s election. Legislative councilor Albert Ho called the government’s reaction “nonsense”. He said that Beijing has remained largely silent, and Hong Kong’s government has not made any sincere gestures towards the protesters. He said he was planning to resign from his seat in the Legislative council so that the public would be forced to vote to fill it. In effect, he said, it would trigger a defacto referendum on how the Hong Kong people felt about democracy.

#### Government perception as pro-business fuels the protests

Gu 14 [(Wei, Editor of China Wealth and Luxury and Head of Original Reporting for CWSJ., The Wall Street Journal) “Hong Kong Protests Also Fueled by Widening Wealth Gap” WSJ Oct. 9, 2014] AT

The divergence in fortunes between Hong Kong’s tycoons and the general public is a reason for the social tensions in the city. Hong Kong today is more prosperous than a generation ago. But many middle-class residents feel squeezed. Hong Kong’s Gini coefficient, a measure of income and wealth distribution, has widened since Britain handed the territory back to China in 1997. The city is now more unequal than the U.S., the U.K. or Singapore. Civil servants, although better off than many, complain of salary cuts, and lower pensions, education allowances and housing subsidies. University professors have seen cuts to salaries and benefits. Gone are perks like subsidies for children’s overseas education. Meanwhile, homeowners have benefited. House prices are at a record high in Hong Kong, up by a third from a previous peak in 1997. Hong Kong’s retail rents are now the most expensive in the world. Tycoons are getting richer. Li Ka-shing , the city’s wealthiest person, whose companies control a range of businesses from power to property, has seen his wealth swell from $12.4 billion in 1997 to $31.4 billion currently, according to Forbes. Hong Kong’s government has remained pro-business. The city has no taxes on capital gains or inheritances, mechanisms that developed countries use to even out wealth. The government introduced a minimum wage in 2010, only after much debate. The business elite wields more power today than under British rule, holding great sway with leaders in Beijing, argues Brian Fong, an assistant professor at Hong Kong Institute of Education. Such links are viewed negatively in Hong Kong. A week after Chinese President Xi Jinping met in Beijing with dozens of Hong Kong tycoons, the current protests broke out. Their scale took many observers by surprise.

#### The root cause of protests in Hong Kong is economic conditions – a living wage would quell protests

Quirk 14 [(Connor, Accounting & Finance in the Terry College of Business, journalist) “The Economic Tide Shifts Amid Protests in Hong Kong”] AT

In August, when the Chinese government announced that all candidates would need to be pre-approved by a committee friendly to the Chinese Communist Party, student groups began mobilizing to reject the authority of mainland China. What is being overlooked, however, is the core root of this unrest and push for democracy. Hong Kong in recent years has seen economic conditions erode and inequality increase, which are two primers for social unrest. Hong Kong is a small and highly open economy making it attractive to international enterprises but also highly sensitive to global economic developments. Since 2008 limited housing supply, low mortgage rates, strong GDP growth, and heavy international demand have increased property prices in Hong Kong by 135 percent, making the city the second most expensive in the world following London. This upturn in cost of living has not been matched by accompanying wage growth, especially for the lower and middle classes. This all results in Hong Kong’s real income inequality, measured by the Gini index, being worse than that of Mexico. Who might be impacted the most by increased income inequality and declining economic conditions? Students are a good guess. After all, students do have very little disposable income. Many times, “Occupy Central” has been likened to Tiananmen Square; however, when you examine the underlying cause of the movement, “Occupy Central” begins to look a lot more like “Occupy Wall Street.” Both movements reflect youth dissatisfaction with income polarization, diminishing advancement opportunities, and an inability to earn a living wage in a city where external forces drive the cost of everything, from an apartment to a sandwich to tuition, through the roof. In this context, China begins to looks more like the scapegoat than the instigator. Hong Kong thrives on its open economy relative to the surrounding region. By providing access to the Chinese economy on a capitalist platform, they have served as Eastern intermediaries to the Western world. However, as China continues to open their economic doors, any sort of heightened regulation in Hong Kong, whether political or economic, is received negatively. They must stay ahead of the democratic curve to maintain their competitive advantage. Going forward, contrary to popular protest aims, it is in Hong Kong’s best interest to form collaborative progressive social and economic policy that is closely tied to China, not separated from it. Although counter-intuitive, their relationship is too intertwined to sever. China is Hong Kong’s largest export partner with 58 percent of net exports, as well as their largest import partner at 45 percent of net imports. Of funds invested directly into Hong Kong from abroad, 75 percent come from China, and 75 percent of visitors to Hong Kong each year come from mainland China. Long story short, Hong Kong needs China. Even more worrisome to Hong Kong’s future is the rapid shift in geographic capital allocation within the Chinese–Hong Kong economy. In 2012, funds flowing in from foreign countries decreased by 20 percent in Hong Kong while they increased by 20 percent in Shanghai. This change reflects a growing international attitude that Hong Kong might no longer be the Chinese gatekeepers. Because of China’s increasingly accommodating globalized economy, foreign investors go straight to the growing economies; there is no need to go through Hong Kong as the middle man. So what does this mean for Hong Kong going forward? Luckily, all hope is far from lost. Leaders of Hong Kong and in Beijing must work collaboratively to reintegrate Hong Kong into the Chinese economy. They must work to repair the eroding social fabric of Hong Kong culture by closing the expanding income gap, and, most importantly, they must work for political liberties for citizens of Hong Kong while maintaining close ties with China. Both of their economic lives depend on it.

#### Low wages mean another wave of protests in Hong Kong is *inevitable* – that challenges CCP legitimacy and forces it to respond, which causes *instability*

Parker 14 [(Clifton, Stanford News Service; Cites Larry Diamond, the democracy guy, senior fellow at the Hoover Institution and the director of the Center on Democracy, Development and the Rule of Law at the Freeman Spogli Institute) “Hong Kong protests could threaten Communist Party rule in China, Stanford professor says” Stanford Report, October 2, 2014] AT

The street demonstrators in Hong Kong could have serious implications for political stability in China and the future of its Communist Party, a Stanford scholar says. In an interview with Stanford News Service, Larry Diamond, a senior fellow at the Hoover Institution and the director of the Center on Democracy, Development and the Rule of Law at the Freeman Spogli Institute, discussed the Hong Kong situation. In 2007, China promised that Hong Kong residents could vote for the chief executive of Hong Kong in a 2017 popular vote. However, on Aug. 31, China's legislature proposed changes that in effect closed the voting process – igniting widespread protests in the streets of Hong Kong. A former British colony of 7.2 million people, Hong Kong was handed over to China in 1997. What rights do Hong Kong citizens have that are different from people on mainland China? Under the principle of "one country, two systems" – known as the Basic Law – Hong Kong was promised the right to keep its capitalist way of life and its political autonomy, with civil freedoms and a rule of law, at least through 2047, 50 years after the handover of power in 1997. But under pressure from Beijing, there has been gradual subtle erosion of academic freedom and press freedom, and increasing political control from Beijing. Still, as of today, Hong Kong has a level of civil freedom – freedom of speech, press and association – that people in mainland China can only dream of, and it has democratic elections for about half of its legislative seats. How do you describe the Chinese government's reaction to the protests? I think the Beijing authorities have been stunned by the intensity and scope of the protests, and quite unprepared. They are in a dilemma. They do not want to perpetrate another bloodbath like the crackdown on Tiananmen Square in 1989. Yet neither do they want to allow the protests to just continue to occupy large parts of central Hong Kong and press democratic demands. Finally, they do not want to do what they should have done months ago – negotiate on some compromise formula to at least allow "gradual and orderly progress," as envisioned in the Basic Law, toward democracy in Hong Kong. They are in a bind, which could have serious implications ultimately for political stability in China itself. Are the Chinese authorities surprised at the magnitude of the protests, and if so, why? Yes, they thought that the people of Hong Kong would just swallow hard and surrender their dreams of democratic self-governance, just as they have accepted previous impositions by Beijing essentially blocking or deferring democratic progress. But Hong Kongers are fed up by now; they have been waiting for 17 years for China to deliver on the implicit promise in the Basic Law for democratic elections through universal suffrage to choose their chief executive. And this is a new, more tech-savvy and democratically self-conscious generation of young Hong Kongers who have higher expectations, worse job prospects and more social media tools at their disposal. This emerging generation in Hong Kong is mad as hell, and they are not going to take it anymore. Will this challenge Beijing's typical strategy for dealing with dissent and protests? I think the Beijing authorities are really in a serious bind. Their frequent strategy in dealing with local-level protests is to try to grant some specific demands to mollify protestors and then isolate and arrest some of the harder-line protest elements. But the Hong Kong protests are so big and so visible, and the demands of the protestors – essentially, for democratic elections in Hong Kong – so risk the democratic "virus" spreading to the rest of China that the Beijing authorities do not feel they can make significant concessions. If they crack down with brutal force, it will be Tiananmen all over again, and their international reputation will be badly damaged, along with any prospect of closer integration with Taiwan. If they negotiate under pressure, they fear setting a dangerous and highly visible precedent. If they do nothing, they may hope it just blows over as demonstrators get tired. I think that will be their initial strategy. If it does not work, they may dump Hong Kong Chief Executive C.Y. Leung to serve up a sacrificial lamb. Then, if that does not work, they are really in trouble. What do you envision as the likely outcome of the protests? I really do not know. They could gradually subside from exhaustion, but I think this is a new generation of Hong Kongers that is not going to simply melt away into passivity again. They could recur periodically, or just keep growing, while paralyzing normal business and governance in Hong Kong. If the latter happens, Beijing may decide it has to use force. I hope they don't do that. If the Beijing leadership was smart, they would negotiate a compromise agreement to allow gradual progress toward democratic self-governance. But I think they are too gripped with political fear of the future to risk that. This could well mutate into a larger if more incremental challenge to the overall legitimacy of Communist Party rule. And if the increasingly vulnerable Chinese economy should slip into crisis before stability is returned to Hong Kong, then all bets are off.

#### CCP collapse causes multiple global nuclear wars

Perkinson 12 Jessica Perkinson, Master School Of International Service American University , “The Potential For Instability in the PRC: How The Doomsday Theory Misses the Mark”

There are a number of areas of concern among China’s immediate regional neighbors and partners, including those on the Korean Peninsula, Taiwan, Japan, and India. Though China currently adheres to a strict foreign policy regime based on the Five Principles of Peaceful Coexistence151 and has been able to significantly advance their own interests internationally using this method, the potentially destabilizing effect that forced political reform could have on the country may derail their relations and security with their neighbors. Chief among these regional concerns are North Korea’s dependence on China’s exports, South Korea’s dependence on China’s North Korea deterrence and trade, the security and stability of the Taiwan Strait, Japan’s reliance on Chinese trade and message consistency regarding territorial disputes, and stability of the Sino-Indian border area. First, the stability of the Korean Peninsula rests in large part on the stability of China’s political system. Both North and South Korea have vested interests in the continued stability of the CCP for their own security. As is generally well-known in the international community, North Korea relies in large part on China superseding international trade sanctions not only for luxury goods, but for basic needs such as food and oil. For example, the United States led the charge and enacted its first set of sanctions against North Korea over two decades ago in response to the existence of fissile material on the Korean Peninsula and its risk for proliferation.152 Over time, these sanctions have been expanded upon and have attracted the support and participation of the United Nations Security Council (UNSC). Specifically, these sanctions have included blocked property and interests in property, banned transactions involving North Korean vessels and bans on reception of imports originating in North Korea.153 Though these sanctions have not encouraged the North Korean regime to change its policies (and in some cases have made them more militant), they have unfortunately had a devastating effect on the North Korean people, including depravation of access to critical resources such as medication, food and water and energy supplies such as oil.154 In addition, due to a succession of floods and droughts and the refusal of the international community to intervene in a country violating international laws, pervasive malnutrition has led to “up to one million excess deaths since the 1990’s.155 In order to maintain stability on the Peninsula and prevent the North Koreans from becoming desperate, China continues to export both luxury goods and basic commodities into North Korea. For example, in 2005, China accounted for 53% of North Korea’s international commerce. However, this has increased rapidly since sanctions have become stricter and have increased pressure in the country. In 2009, China accounted for 79% in North Korea’s international commerce and as of 2010 was up to 83% of North Korea’s $4.2 billion in trade156 in order to ease the effect of the existing international sanctions. In addition, China has been a facilitator of the Six-Party Talks, the primary international diplomatic forum for handling tensions on the Korean Peninsula. Countries involved in the Six-Party Talks include China, North Korea, Russia, the United States, South Korea and Japan, and the first round of talks was initiated and hosted by China, taking place in Beijing in August 2003.157 During the talks, China served as a moderator between the US and North Korea during tense times of debate, also insisting on certain thresholds of success before members could leave the talks, such as the drafting of diplomatic agreements158. Though the talks have remained in an on-and-off pattern over the last decade, China still makes consistent efforts to bring North Korea back to the diplomatic negotiations over their nuclear regime.159 South Korea’s dependence on China’s continued stability is twofold. Not only does South Korea rely on China’s continued deterrence of North Korean aggression both through diplomacy and satisfaction of their trade needs, but they also rely on China as a trade partner. For example, on November 23, 2010, North Korea fired dozens of missiles onto the South’s Yeonpyeong Island, killing two South Korean soldiers, significantly escalating tension on the Peninsula as South Korea threatened military retaliation for the attack.160 In response, China focused their energy on deterring an armed response by the South Koreans, which could have potentially led to protracted civil war between the two countries. Though the international community has expressed deep disagreement with China’s soft-line approach toward North Korea, it appears their understanding, ‘big-brother’ style of handling North Korean aggression toward South Korea has at least prevented a violent, protracted conflict, though not necessarily further North Korean acts of aggression.161 Not only does South Korea rely on the continued intervention of the Chinese in North-South relations, but they have a deep economic integration and dependence on Chinese trade. For example, in 2010, South Korea was China’s fourth-largest trading partner, exchanging goods of $207.2 billion, up 32.6% over 2009.162 In other words, both North and South Korea rely heavily on China not only for their continued economic prosperity, but also for the survival of their people and territorial security. Should the Chinese government undergo a period of reform and instability great enough to interrupt these benefits to the Korean Peninsula, the international system may be faced with a serious nuclear and conventional military conflict between North and South Korea. A second region that relies heavily on the continued stability of China’s government is the island of Taiwan. Because China and Taiwan have a long history of conflict over the status of Taiwan’s sovereignty, maintenance of stability in the Taiwan Strait continues to be an issue of critical interest to the international community as a whole. For example, in 1995, the third Taiwan Strait Crisis occurred in response to what may seem like a small event to the international community, but what was viewed by the Chinese as a grave threat to their sovereignty. In 1995, then-US President Bill Clinton allowed Taiwanese President Lee Teng-Hui to come and visit his alma-mater at Cornell University. Though the visit alone sparked some controversy between the US, China and Taiwan, the remarks made at Cornell by Lee Teng-Hui during an address tipped the security balance on the Taiwan Strait. In his address, Lee referred to Taiwan as the “Republic of China” on multiple occasions, and made references to “nation” and “country”.163 These events led the Chinese leadership to believe that the US was making overtures toward Taiwanese independence from the mainland. The following year, the PLA fired missiles off the coast of Taiwan, nearly drawing the international community – including the US – into a conflict on the Strait.164 Some scholars argue this was to deter the US from developing closer ties with Taiwan.165 However, since that incident, the Strait has remained relatively calm and stable, as the Taiwanese leadership under Ma Ying-jeou has remained very moderate in their stance on China-Taiwan relations and has been very careful not to make any inflammatory statements that could set off conflict on the Strait. However, a period of significant reform within the CCP could lend itself to instability on the Taiwan Strait. There is no guarantee that pro-independence factions within Taiwan would not take advantage of the CCP and PLA’s distraction with their own transformation to take dramatic, perhaps militaristic, steps toward independence. For example, during Taiwan’s most recent election cycle, the pro-independence candidate Tsai Ing-wen, though she lost the election, garnered enough support to make the government in mainland China nervous about her rise in support.166 The potential destabilization of the Taiwan Strait could spell disaster for the entire region, as other countries and allies could be pulled into a protracted conflict between the two regions. A third region that has a deep interest in China’s political stability is their neighbor Japan. Not only is Japan deeply integrated economically into the Chinese trade system, it also has a number of ongoing territorial disputes with the country. For example, in January 2007, total trade between China and Japan was $18.1 million. That amount spiked to $344.9 million in December, 2011 (an 1808.1% increase)167, a clear indicator that China and Japan are growing their trade dependence at an astounding rate. In addition, Japan and China continue to disagree over the status of some hotly contested territories, including the Diaoyu/Senkaku Islands. Not only do both countries have a territorial claim to the islands, but the area contains vast amounts of oil and natural gas resources that both countries want to develop. For example, it is estimated that the Japanese side of the disputed East China Sea area contains up to 500 million kiloliters of crude oil volume.168 As China is the world’s second-largest consumer of oil and Japan third, with Chinese demand for oil expected to rise 14% by 2025, these oil deposits are of crucial national security interest to both countries.169 Tension in the region has been rising as China has continued to press closer to the median line that Japan has drawn around the islands, at one point coming as close as five kilometers from the line.170 The consistency of the Chinese message on the status of these disputed territories, though tense and combative for the Japanese, have at least lent a level of predictability to China’s stance and actions. However, should the CCP undergo a period of instability and reform, and if their message or actions were to change regarding the status of these islands, it could cause a significant conflict over these territories between China and Japan, and could severely destabilize an already weakened Japanese economy. Much like the potential destabilization of the Taiwan Strait, the destabilization of the East China Sea region could draw the countries’ regional neighbors and international partners into a protracted conflict between the two nations. A fourth region that would be negatively affected by political destabilization in China is their southern neighbor, India. Though China and India are becoming increasingly reliant on one another economically, they still suffer from a number of serious areas of conflict, including a hotly contested border area and India’s support of the Dalai Lama and the Tibetan government-in-exile. In 1962, the PLA invaded India through the Arunachal Pradesh region, laying claim to portions of the Himalayas that had previously been under Indian control in what became known as the Sino-Indian War. Though the Chinese eventually called a cease-fire and withdrew from the region171, the conflict over it remains tense for a number of reasons, including access to water resources, forestry resources and China’s enduring theme of territorial integrity. Similar to the destabilization of the two regions mentioned above, the inconsistency of China’s message during a time of political destabilization or reform could lead the Indian military to either panic from the unpredictability of China’s potential actions or move to take the Arunachal Pradesh region by force. Not only could political instability in China cause a border conflict between India and China, but it could also cause an influx of Tibetans into the country, as India’s government is sympathetic to the Tibetan plight. Though China has labeled the Dalai Lama and his government-in-exile a separatist force working to separate Tibet from mainland China, India has provided the group sanctuary in Dharamsala, India.172 Abroad, the Dalai Lama continues to draw supporters from around the world, occasionally attracting Tibetans inside Tibet to make the treacherous journey across the Himalayas to Dharamsala. China, in turn, has taken up guarding this area in an attempt to prevent flows of Tibetans out of Tibet and into India to reach the Dalai Lama.173 However, should the CCP undergo a period of significant political reform, this could encourage Tibetans to either take advantage of the CCP’s distraction to seek independence by force, or could cause massive immigrant flows across the Sino-Indian border. Both China and India already have a regional example of destabilization due to immigrant flows, as China already suffers from this issue on its border with North Korea. In addition, any political instability within the CCP would spell disaster for the Indian economy, which is becoming increasingly reliant on China as a trading partner. Partially as a counterweight to the two nations’ conflict, India and China have been dramatically growing their bilateral trade in the last three decades. Though this has served to promote peace in the region and between the two giants in particular, it has also made India increasingly reliant on China’s continued stability for its economic prosperity. For example, in 1990, trade between India and China had bottomed out at near $0. However, this figure shot up drastically between 2000 and 2008 to around $35 billion174, with no sign of leveling off. It is obvious from these statistics that the two nations continue to build their trade dependency and that India’s economy is deeply intertwined with China’s. The consistency of China’s message on the contested border area, as well as the fairly stable environment surrounding the Tibetan dispute, lend at least some predictability to the disagreement between the two nations. However, if China were to undergo a period of political instability, this series of predictable messages and actions from China on these disagreements could change, and cause aggression from either side, destabilizing the region and India’ economy in the process. Outside of China’s immediate vicinity, there exist a number of countries that would be challenged by political instability in China. Due to intense and growing economic and military integration between China, the East Asian region and the world, these other countries have a significant reliance on the continued stability of the CCP. Chief among these global concerns are China’s growing integration with European countries and its continued commitment of foreign direct investment (FDI) into developing countries, primarily on the African continent.

#### Korean economic collapses causes arms races

Richardson 06 (Corey Richardson, Washington-based analyst who covered East Asian security issues as a presidential management fellow with the US Department of Defense, 9/6/2006, Asia Times)

A Korea faced with an economic dilemma of such magnitude would find maintaining its conventional military forces at current levels impossible. At the same time, it would feel more vulnerable than ever, even with US security assurances. For a nation paranoid about the possibility of outside influence or military intervention, strapped for cash, and obsessed about its position in the international hierarchy, the obvious route might be to either incorporate North Korean nuclear devices (if they actually exist), or build their own, something South Korean technicians could easily accomplish. North Korea, after all, has set the example for economically challenged nations looking for the ultimate in deterrence. One might argue that clear and firm US security guarantees for a reunified Korea would be able to dissuade any government from choosing the nuclear option. If making decisions based purely on logic the answer would be probably yes. Unfortunately, the recent Korean leadership has established a record of being motivated more by emotional and nationalistic factors than logical or realistic ones. Antics over Dokdo and the Yasukuni Shrine and alienating the US serve as examples. But the continuation of the "Sunshine Policy" tops those. Instead of admitting they've been sold a dead horse, the Roh administration continued riding the rotting and bloated beast known as the Sunshine Policy, until all that are left today are a pile of bones, a bit of dried skin, and a few tufts of dirty hair. Roh, however, is still in the saddle, if not as firmly after North Korea's recent missile tests. Japan must then consider its options in countering an openly nuclear, reunified Korea without USFK. Already building momentum to change its constitution to clarify its military, it's not inconceivable that Japan would ultimately consider going nuclear to deter Korea. As in South Korea, there is no technological barrier preventing Japan from building nuclear weapons. While the details of the race and escalation of tensions can vary in any number of ways and are not inevitable, that an arms race would occur is probable. Only the perception of threat and vulnerability need be present for this to occur. East Asia could become a nuclear powder keg ready to explode over something as childish as the Dokdo/Takeshima dispute between Korea and Japan, a Diaoyu/Senkakus dispute between China and Japan, or the Koguryo dispute between Korea and China**.**

#### Even if there’s a democratic transition, it’ll cause war

Tessman 9 [Brock F., Assistant Professor of International Affairs in the School of Public and International Affairs at the University of Georgia, Faculty Associate at both the Center for International Trade and Security and the Globis Center at the University of Georgia, Asian Security 5.3 The Evolution of Chinese Foreign Policy: New Incentives with Slowing Growth, p. InformaWorld]

While a stable, fully democratized China may be less likely to adopt a confrontational foreign policy agenda, today's PRC is, at best, in the very early stages of liberalization. For many pessimists, it is precisely the process of democratization that will lead to conflict between China and the rest of the system. The problem, according to Edward Mansfield and Jack Snyder, is an imbalance between challenges posed by political participation of the masses and the inadequacy of democratic institutions that govern that participation.23 Under pressure to garner votes, leaders (and rival political elite) have incentives to use nationalist rhetoric and militaristic means to cultivate mass appeal or to distract the public from unpopular developments at home. The opportunities for China are abundant: confronting Japan on its war record in China; pressuring Taiwan when it comes to reincorporation to the PRC; making bold claims to control of undersea oil and natural gas resources in the China Sea; challenging American influence in regions like Latin America; fostering a crisis with one of its smaller neighbors (as it has done in the past) like Vietnam; or citing the US financial system as the culprit behind the economic slowdown hitting Chinese factories. From an American perspective, the start-and-stop process of democratization might actually highlight the sheer size of the social, cultural, and political gulf between the PRC and the United States. If a crisis were to develop between the PRC and one of its democratic neighbors, the visibility of China's democratic shortcomings might actually lead the American public to push Washington hard when it comes to countering Chinese policies. In summary, the existing literature on political liberalization suggests that the transition from autocracy to democracy can actually be a rocky one.

#### China war causes bio-weapons usage

Jung 9 (Sung-Ki, “N. Korea Has 13 Types of Biological Weapons”, Korea Times, 10-5)

North Korea is believed to possess 13 types of viruses and germs that it can readily use in the event of a conflict, a ruling party lawmaker said Monday, citing a defense ministry report. The North is believed to be one of the world's largest possessors of chemical and biological weapons. South Korea suspects the communist neighbor has up to 5,000 tons of chemical agents. During a National Assembly audit of the Ministry of National Defense, Rep. Kim Ock-lee of the Grand National Party said diseases that could be caused by North Korean biological weapons include cholera, pest, yellow fever, smallpox, eruptive typhus, typhoid fever and dysentery.

#### Extinction

Singer 1 (Clifford E., Professor of Nuclear Engineering and Director of the Program in Arms Control, Disarmament, and International Security – University of Illinois at Urbana-Champaign, “Will Mankind Survive the Millennium?”)

There are, however, two technologies currently under development that may pose a more serious threat to human survival. The first and most immediate is biological warfare combined with genetic engineering. Smallpox is the most fearsome of natural biological warfare agents in existence. By the end of the next decade, global immunity to smallpox will likely be at a low unprecedented since the emergence of this disease in the distant past, while the opportunity for it to spread rapidly across the globe will be at an all time high. In the absence of other complications such as nuclear war near the peak of an epidemic, developed countries may respond with quarantine and vaccination to limit the damage. Otherwise mortality there may match the rate of 30 percent or more expected in unprepared developing countries. With respect to genetic engineering using currently available knowledge and technology, the simple expedient of spreading an ample mixture of coat protein variants could render a vaccination response largely ineffective, but this would otherwise not be expected to substantially increase overall mortality rates. With development of new biological technology, however, there is a possibility that a variety of infectious agents may be engineered for combinations of greater than natural virulence and mortality, rather than just to overwhelm currently available antibiotics or vaccines. There is no a priori known upper limit to the power of this type of technology base, and thus the survival of a globally connected human family may be in question when and if this is achieved.

#### The aff is explained by multiple approaches to IR – Tessman is a liberal theorist; classical realism would explain war; the aff accounts for non-state forces on state behavior, which is post-positivist; and structural realism would explain China’s stabilizing role. These interdisciplinary approaches are best.

Smith 3 Steve Smith, Vice Chancellor of the Univ. of Exeter, BA, MA, PhD IR From Univ. of Southhampton, , Are Dialogue and Synthesis Possible in International Relations? International Studies Review (2003) 5,

No research agenda can lead to synthesis, simply because different approaches see different worlds. With regard to dialogue, it is important to make four points: (1) Any research agenda should be empirically (or problem) driven and not determined a priori by the kinds of empirical questions deemed relevant. (2) Such an agenda needs to be open to all interpretations of events and not preclude ex cathedra any particular approach. (3) Such an agenda should also be interdisciplinary because the study of international relations cannot be restricted to any one discipline. Being interdisciplinary permits us to open up epistemological and methodological space while, lessening claims for the exceptionalism of international relations as a field. (4) Such an agenda would not use methodology and epistemology to police the boundaries of what can and cannot be talked about and studied. Several other contributors to this forum, namely, Frank Harvey, Joel Cobb, and Andrew Moravcsik, criticize this author’s answers to the questions posed to us. Harvey and Cobb’s basic complaint is that these responses fail to provide the criteria by which to assess work in each approach. The argument here, however, is decidedly not that there are no standards but that the standards for assessing work within any one approach must be the standards of that research tradition. Appealing to any neutral ground for judging work merely reintroduces the epistemological orthodoxy of the mainstream in the disguise of neutral scholarly standards. In this regard, this author sides with Friedrich Kratochwil’s comment that there is no philosopher’s stone on which to build foundational truth claims. This statement does not imply, however, that there are no standards for assessing work. Far from wishing to protect any theory from fatal criticism, the point is to ensure that no one theory gets protected by epistemological gatekeeping. (143)

### ---1AC Protests Economy

#### Just the *risk* of future protests chills investment which tanks the *global economy*

Roberts 14 [(Dexter, Asia News Editor and China bureau chief for Bloomberg Businessweek) “Hong Kong Protests Trigger New Worries for China's Economy” Business Week September 30, 2014] AT

If the protests keep going—an open question at this point—they would hit the tourism and retail industries of Hong Kong hard, which together make up about 10 percent of the territory’s gross domestic product, according to estimates from London-based Capital Economics. The two sectors would be “badly affected, as tourists stayed away. Business confidence would also take a dive. With its economy having contracted last quarter, Hong Kong could easily be pushed into recession,” wrote Capital Economics’ Gareth Leather. Add in the danger that the demonstrations will further damage the strained relations between Hong Kong’s executive and legislative branches, wrote Citigroup Asia Pacific economist Adrienne Lui. That could make it difficult for Hong Kong to pass key economic boosting policies while the territory’s “risk premium looks set to rise longer-term as businesses and investors are increasingly building in higher operational risks, fearing that future protests could escalate and turn more frequent.” The worst-case scenario would come if Beijing were to decide to intervene in a forceful fashion—most frighteningly by sending in its army or armed police. That would probably have repercussions far beyond Hong Kong’s borders. “If Hong Kong’s status as an international financial center were jeopardized by such a nasty turn of events—as it presumably would be—then China’s own economy would suffer,” wrote Capital Economics’ Leather and his colleague John Higgins in a second note released on Tuesday. “And if China attempted to resolve the problem in a heavy-handed way, the rest of the world might respond—say by imposing trade sanctions on China, or by seeking to limit her influence in global policymaking.” “Any sign of growing tension between the rest of the world and a large economic and military superpower like China,” the analysts added, “would surely dull investors’ appetite for risk.” The demonstrations are so far unlikely to have an impact on Hong Kong’s credit rating, according to a report issued by Fitch Ratings. “We don’t expect the protests to have a rating impact in the short term. It would be negative if the protests are on a wide enough scale and last long enough to have a material effect on the economy or financial stability, but we don’t currently see this as very likely,” wrote Andrew Colquhoun, head of Asia-Pacific Sovereigns at Fitch, which rated Hong Kong AA+ with a stable outlook back on Sept. 15. Colquhoun then went on on to point out two unanswered questions that could affect Hong Kong’s future credit rating. One is whether the territory’s government is able to command “basic popular consent,” enabling it to carry out needed economic policies such as those dealing with the overpriced housing market, the aging population, and future infrastructure needs. The second question, he noted, is “whether the political stand-off eventually impacts domestic and foreign perceptions of Hong Kong’s stability and attractiveness as an investment destination.” For now, investors and business people must wait and watch.

#### The plan boosts consumer demand which protects growth – the alternative is property speculation which is *unstable*

Chan 10 [(Thomas Chan, head of the China Business Centre, Hong Kong Polytechnic University) “The minimum wage in Hong Kong: How much is enough?”] AT

Enactment of a minimum wage was part of society's effort to constrain the excesses of capital on labor in the early phrase of a capitalist market economy in the West. The first national legislation on minimum wage was passed as early as the late 19th century in New Zealand. Most sustainable (industrialized and industrializing) capitalist economies in the world enforced a minimum wage in the 20th century. Even less developed countries like Angola and Cameroon in Africa, Bangladesh and Cambodia in Asia, and Bolivia and Dominica in Latin America have put minimum wage requirements in place. In 2004, the Chinese mainland also passed its first minimum wage law. With a per capita exceeding $30,000, Hong Kong has no excuse. Minimum wage not only protects the unskilled labor contingent in a society, it has much further reaching implications. Labor is not, after all, merely a producer or a part of the cost of production or services. Labor is also a consumer; and in a service economy such as Hong Kong, economic growth depends very much on consumer demand. Even the unskilled laborer contributes to local consumer demand and in no small way compared to the rich. This is because the number of the former is always larger than the latter and their aggregate demand is not insignificant. While the capital in society is well organized and labor is disorganized (low degree of unionization), labor will forever be disadvantaged in wage bargaining. The result is the persistent attempts of capital persistent to press down wage levels in order to maximize profit. In turn, suffering from excessively low wages, consumption demand among the laboring population in society is also depressed, causing low economic growth and a low accumulation of social capital. Naturally, in post-colonial Hong Kong, the government has shifted to rely on land sales and real estate speculation to sustain growth. However, post-handover experiences have shown clearly that the property bubble has not been sustainable and that remaining high land and property prices have hindered economic restructuring and regeneration even after the collapse of the bubble. If there had not been an influx of tourists from the mainland to boost local consumer demand and to compensate for the reluctant consumption of the local population (due to a stagnation of median income and an increase in poverty after the handover), economic growth in Hong Kong would be stagnating or even declining.

#### Chinese economic collapse causes CCP instability and violent lash-out

Yep 9 [(Ray, Professor of Public Policy, Univ of Hong Kong) “Economic Downturn and Instability in China: Time for Political Reform?” SERIES: Brookings East Asia Commentary | Number 28 of 77, April 2009] AT

The existence of millions of disgruntled unemployed workers is a concern for any government, yet there are distinctive institutional features in China that make the regime particularly vulnerable to this threat. Decades of market reform have completely reshaped the nation’s mode of welfare delivery. The all-caring welfare philosophy of the pre-reform era, with the workplace supplying comprehensive support for its employees, is long gone. Though limited elements of a rudimentary welfare and entitlement system are present in the cities, an effective safety net for urban workers is still not on the horizon. The Chinese government is yet to hammer out a formula that fairly distributes burdens among employers, employees, and the state.¶ But it is the migrant workers, who receive no systematic support in times of need, who are the most at risk from the economic downturn. Rural-urban inequality is reflected not only in terms of discrepancy of life chances, income opportunities, and standards of living: the difference in welfare regime is also testament to the huge gap between the two worlds. Self-sufficiency is the defining feature of China’s rural welfare system, with peasants striving on their own to face economic ups and downs. With the economic and social systems in flux, and with no welfare system to serve as a tether, entitlement to the lease of land is crucial for the rural population. Land, and farming, provides a steady flow of income, cheap food, shelter, and most important of all, a sense of security. It is the last line of defense against economic disaster and a fall-back option for migrant workers.¶ However, in a severe downturn such as this one, when millions of these peasant workers eventually abandon their hopes in the cities and return home, many of them will have to face the cruel reality of landlessness. Many peasants lease out their lands when they take jobs in the cities, but others have been forced to surrender their land leases under less pleasant circumstances.¶ For revenue-hungry local governments, the sale of rural land is now a major source of income. More than one-third of revenue in county budgets now comes from land sales, which explains the general harmony between property developers, industrialists, and local officials in securing farmland for commercial purposes. As rural lands are “collectively owned”—Chinese peasants are entitled only to lease land for a fixed period of time and the ultimate control over land is in the hands of their “representatives,” village officials—peasants are simply at the mercy of local governments in defending their land leases. Waves of confrontation over land transfers in recent years attest to the general resentment of peasants against these transactions.¶ The effect of the Party’s latest decision in facilitating rural land transfers in alleviating tension remains uncertain. While the decision made in the 3rd Plenary Meeting of the 17th Party Congress held in October 2008 reiterates the peasants’ right to land contracts and allows greater flexibility in the exchange of land leases among peasants, specific policy prescriptions for regulating land requisition—the coercive sale of farmland for non-agricultural purpose by local governments—is missing.¶ The combination of presence of tens of million of frustrated, jobless, and landless people and the disposition of public security forces to sometimes employ excessive violence toward complainants appears to be the perfect recipe for confrontation and disturbance. The situation is so delicate that the Chinese government may consider it the lesser of two evils if some of these unemployed migrant workers prefer to stay in the cities. In light of such pent-up frustration, it may be reasonable to ponder the option of expanding avenues for public participation in governance, as this may help serve as a safety valve for releasing social tension. Charter 08, a petition released on December 10, 2008, represents the latest effort to articulate this theory. Originally signed by more than 300 university professors, entrepreneurs, writers, lawyers, and social activists, the document is a deliberate attempt to imitate the founding of the Charter 77 movement in Czechoslovakia. The Chinese document unleashes severe criticisms against the current political order in China:¶ “The political reality, which is plain for anyone to see, is that China has many laws but no rule of law; it has a constitution but no constitutional government. The ruling elite continues to cling to its authoritarian power and fights off any move toward political challenge. The stultifying results are endemic official corruption, an undermining of the rule of law, weak human rights, decays in public ethics, crony capitalism, growing inequality between the wealthy and the poor, pillage of the natural environment as well as of the human and historical environments, and the exacerbation of a long list of social conflicts, especially, in recent times, a sharpening animosity between officials and ordinary people.”¶ And the signatories go on to call for reforms enshrining the universal values of freedom, human rights, equality, republicanism, democracy, and constitutional rule. Unsurprisingly, the Chinese government has responded with coercive measures and a number of signers have been interrogated and held in police custody. Wu Bangguo, president of National People’s Congress, launched a further rebuttal to the initiative during the annual session of the Chinese legislature. In his report on National People’s Congress on March 9, 2009, he reiterated the distinctive path of Chinese democracy and excluded the possibility of implementing western ideas of bicameralism, multi-party rule, and separation of powers in China. In short, China will implement political reforms, but in its own style and pace.¶ It may be unfair to say that the Chinese government has been totally indifferent to popular demands for political reform. President Hu Jintao called democracy “the common pursuit of mankind” during his 2006 visit to the United States. And over the last three decades of market reforms, more than 250 new laws were passed, competitive elections have occurred widely at the village level across the countryside, and electoral experiments at the township and county levels were introduced. With the introduction of new laws like the Administrative Litigation Law, Chinese citizens do enjoy new leverage for redressing their grievances against the government. However, the bottom line for any form of political reform is that the Party’s dominance should never be challenged. As explained by Deng Xiaoping in the aftermath of Cultural Revolution in the late 1970s, “the Party did make mistakes, but it was the Party itself that corrected its mistakes.” The central message, echoed in Wu Bangguo’s work report, is that the Party alone should pick the opportune moment and formula for political modernization.¶ CCP: Economic stability as the key to social harmony¶ For the Party leadership under Hu Jintao, 2009 is hardly an ideal year for audacious change in political institutions. It is the twentieth anniversary of the 1989 Tiananmen Incident and the fiftieth anniversary of the Liberation of Tibet. As the global economic crisis continues, it will also be a year of social and economic dislocations. For Party leaders, “social harmony,” a synonym for maintenance of the status quo and suspension of diversity, is the priority. Contrary to the ideas of liberals who see political freedom and democracy as the solution to conflicts and tension, the Party regards economic stabilization as a more reliable option for preserving order.¶ Central to the response to the trying time ahead is a 4-trillion-yuan ($586 billion) plan to boost the national economy and a drastic increase in public expenditure, as outlined in Premier Wen Jiabao’s Report on Government Work to the NPC. Generous support has been bestowed upon sectors directly related to people’s livelihood. For example, the plan calls for an 18% increase in social security spending and similar rise in direct subsidies to farmers in 2009. Another 850 billion yuan will be allocated for medical and healthcare reforms over the next three years. These “people-centered” policies, as phrased by Wen, do not come cheap however. The 24% increase in public expenditure this year has to be financed by a deficit of 950 billion yuan ($139 billion), the largest since the founding of the People’s Republic of China in 1949. Yet, for the Party, this is an expensive but effective strategy of governance. For the Chinese leaders and the CCP, the unabated economic growth and steady rise in living standard over the last 30 years provided a new lease of life following the ideological bankruptcy of the 1970s; economic growth is the proven way to placate the people and preserve the Party’s legitimacy.¶ Political reforms that may help strengthen the administrative competence of the Chinese bureaucracy or contribute to a more business-friendly environment are deemed as relevant and thus welcomed by the regime. Political liberalization, as advocated by vocal intellectuals and dissidents in exile, is not. History tells us that those in power may contemplate sharing power when popular pressure for change has reached the boiling point and there is a threat of violent takeover. Social tension in China may have been rising and grievances against rampant corruption and social injustice are growing fast, but – given its tenacity and because success in delivering economic progress has remained by and large intact – it is debatable whether the Communist Party has already lost the mandate to rule and is prepared to concede to pressure for fundamental political reform. Realistically, an opening for political reforms will only emerge when the Party feels comfortable with its power position and is confident of its ability to control the pace and direction of those reforms. The turbulence and adversity inherent in the current global financial meltdown hardly seem conducive to these sentiments.

#### Hong Kong’s also key to the global economy

El-Erian 14 [(Mohamed A. El-Erian, chief economic adviser at Allianz SE. He’s chairman of Barack Obama's Global Development Council, the author of best-seller "When Markets Collide," and the former chief executive officer and co-chief investment officer of Pimco) What Hong Kong Means for the Global Economy, BloombergView 9-30-2014] AT

Will the tensions in Hong Kong be the straw that breaks the global economy’s back? That question is on many investors’ minds as they watch the Chinese government's response to one of the biggest sociopolitical challenges it has faced in recent years. The answer is far from straightforward. It is already a tentative time for the world economy. Growth is faltering in Europe and Japan. The U.S. economy, while doing better, has yet to lift off. Emerging economies have slowed, and are unlikely to return to higher growth anytime soon. Meanwhile, pockets of excessive risk-taking have multiplied in financial markets, adding to concerns about future volatility. And the central banks in advanced countries have already ventured deep into the terrain of experimentation; the effectiveness of their policies is far from assured. The world cannot afford a politically induced slowdown in China. Some are quick to use history to dismiss any lasting economic impact, both domestic and global, of the Hong Kong protests. They rightly point to the repeated ability of the Chinese government to quash internal protests, and without altering the country’s growth trajectory. For them, it is only a matter of time until the current civil disobedience in central Hong Kong dissipates. Yet this view ignores two more recent historical insights. First, the combination of the Internet, social media and better mobility makes it easier to coordinate and sustain protests, while also reinforcing individuals’ confidence in meeting their aspirations. The outcomes of the ensuing collective actions become much more difficult to predict. Second, China has been engaged in the delicate task of revamping its growth model. This includes reducing its reliance on external sources of demand and on excessive state and credit-led investments, and toward unleashing greater domestic grass-roots engines of growth, investment, consumption and prosperity. This is not to say that the stability of the government is in any danger today from the protest movement and that an economic contraction in China is about to send tremors through the world economy. Indeed, the Chinese government is likely to prevail over the Occupy Central movement in Hong Kong. But in doing so, it will probably be inclined to slow certain economic reforms for now, seeking instead to squeeze more growth from the old and increasingly exhausted model -- similar to how Brazil's government responded to protests there ahead of the World Cup a few months ago. And while this would be part of a broader political strategy to defuse tensions and avoid an immediate growth shock to both China and the global economy, it would undermine the longer-term economic vibrancy of both.

#### Economic collapse causes competition for resources and instability that escalates and goes nuclear

Harris and Burrows 9 Mathew, PhD European History @ Cambridge, counselor in the National Intelligence Council (NIC) and Jennifer is a member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf> Increased Potential for Global Conflict

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample Revisiting the Future opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups\_inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks\_and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises. 36 Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

### 1AC Relations

#### Advantage 2 is Relations

#### New protests have put Hong Kong’s economic status in limbo – risk of escalation means the issue is more important

Reuters 2/1 [(news source) They're back: Hong Kong protesters hit the streets, CNBC 2-1-2015] AT

Several thousand pro-democracy protesters returned to the streets of Hong Kong on Sunday in the first large-scale rally since protests rocked the global financial hub late last year. Some 2,000 police flanked an estimated 3,000 protesters marching on the city's glitzy shopping and financial districts, seeking to avoid a repeat of the so-called Occupy Central campaign that saw demonstrations shut down key roads for 2-1/2 months. While organizers stood fast to earlier demands for full democracy in the former British colony, they insisted Sunday's marchers would be peaceful and not seek to occupy any sites. "We want to make it clear to the government that ... we want true universal suffrage," said Daisy Chan, one of the organizers. Other protesters feared they might face violence from anti-democracy groups later in the evening, and some were arming themselves with protective shields. Many carried yellow umbrellas - a symbol of last year's campaign after protesters used them to fend off police pepper spray attacks. Hong Kong returned to Chinese rule in 1997 and enjoys wide-ranging freedoms under a so-called "one country two systems" arrangement. Beijing has allowed elections for choosing the next chief executive, but wants to screen candidates first. The situation is being closely watched internationally, a reflection of Hong Kong traditional importance as a free commercial center and port.

#### Plan boosts credit rating and solves investor confidence – it’s perceived as a shift toward pro-social policies

Dagong 12 [(Dagong Credit Reporting agency) “Dagong Maintains Hong Kong SAR’s AAA Credit Rating and Stable Outlook” Dagong 2012-11-30] AT

adumbrate = signals/foreshadows

Dagong Global Credit Rating Co., Ltd. (hereinafter referred to as “Dagong”) maintains the AAA local and foreign currency credit ratings for the Hong Kong Special Administrative Region of the People’s Republic of China (hereinafter referred to as “Hong Kong SAR”) with a stable outlook. The Hong Kong SAR government continues with the gradual progress in the local political development under the Basic Law framework. Though affected by the moderated global trade Hong Kong’s economy remains vigorous. Hong Kong’s financial system and fiscal performance are stable and sound. With abundant fiscal and foreign exchange reserves, the government solvency remains at an extremely high level. The main reasons for maintaining the credit rating of the Hong Kong SAR are as follows: 1. The social tension which has slightly intensified recently will be steadily alleviated under the progress towards the planned target of political development. Since the return to China, the Hong Kong SAR has stepped into the transition period of the political regime, and the economic and social system has to be adjusted accordingly. The recently-intensified social tension is caused by multiple factors, but it reflects the current circumstance of rising social contradiction during the transition period. With the clearly defined political development target under the Basic Law, the Hong Kong SAR government actively promotes the arrangement of general election for both of the chief executive and the legislative council. The implementation of minimum wage and the enhanced role of the Hong Kong SAR government in economic activity adumbrate the gradual shift of government policies towards strengthening economic adjustment and safeguarding public interest. Social problems will be mitigated consequently and the political development process is relatively unambiguous.

#### High investment in Hong Kong is key to US-China relations

Paal 10 [(Douglas, vice president for studies at the Carnegie Endowment for International Peace; Richard Bush, director of Center for Northeast Asian Policy Studies of the Brookings Institution and a Senior Fellow of Foreign Policy; interviews CY Leung, Chief Executive of the Hong Kong Special Administrative Region) “U.S.–China Economic Relations: Hong Kong's Role” Carnegie Endowment for Peace SEPTEMBER 22, 2010] AT

Leung discussed the impact of China’s “One Country, Two Systems” policy, which exempts Hong Kong from adopting China’s socialist system and policies for 50 years, on Hong Kong’s role as a bridge between China and the United States. A Channel: China’s policy offers a high degree of autonomy for Hong Kong, allowing it to exercise full political rights, such as the right to participate in elections and freedom of expression. This maximizes Hong Kong’s ability to act as a channel between China and the outside world. Broader Role: While Hong Kong currently acts as a gateway between China and the West in the financial and economic sectors, it could potentially play a larger role by reaching out to research, media, and educational sectors, Leung said. However, Hong Kong would then face a delicate balancing act in dealing with sensitive issues, since it does not have complete political independence from China. HONG KONG AS A LAND OF OPPORTUNITIES Hong Kong’s physical and political geography places it in a unique position to connect economic interests in China with those in the United States and to assist China in improving its legal infrastructure, Leung said. However, Hong Kong also needs to develop its competitiveness in order to keep its own economy sustainable. Higher Education: With an international body of students and faculty in its universities, Hong Kong can leverage its status as a halfway point between the West and the East to attract talent. This enables Hong Kong to make positive contributions to China’s legal system. For example, a joint legal partnership between China and the United States that is designed to train Chinese judges will help increase Chinese recognition of the importance of the rule of law, thereby improving the judicial system. Drawing From the Mainland: The large presence of mainland students and returning overseas Chinese likewise attests to the perceived advantage of living and working in a more politically and economically free region. In response, the Hong Kong government has sought to retain talent by providing mainland students with one postgraduate year to seek employment. Competitiveness: The rise of Shanghai as a powerful financial center has challenged Hong Kong’s competitiveness as a financial center in the region, Leung said. While Hong Kong’s financial sector may not be sufficient to accommodate all of China’s needs, it still has a comparative advantage compared to Shanghai, due to its solid legal and judicial systems. Moreover, China’s growing economy needs more than one financial center. Labor Force: Hong Kong faces a shortage of highly educated labor; the percentage of its labor force with a university diploma is small, at only 19 percent. Hong Kong’s universities must adapt to the new market by training students to serve both local and overseas needs, especially when Hong Kong-based services are growing in popularity in China. A Services and Technology Economy: Hong Kong must diversify its economy if it wants to compete with other major cities in China. It can do this by developing high value services, such as training maritime lawyers and training insurance brokers to ensure smooth legal and financial transactions. Improving the quality of its higher education system will facilitate this transition, Leung said. A focus on scientific research and high-technology sectors will likewise allow Hong Kong to increase its competiveness by exporting expertise in pharmacy, biochemistry, and engineering to mainland China. FUTURE IMPLICATIONS Regional Connections: The integration of Hong Kong into the Chinese economy, especially in the region of Guangdong, will continue to deepen with the construction of high-speed trains, as well as Hong Kong’s growing dependence on China for labor, water, and electricity supplies. However, that regional integration must occur without compromising Hong Kong’s autonomy. U.S.-Hong Kong: The United States should continue to support Hong Kong by encouraging sustainable economic development and using it as a portal to transfer U.S. expertise and services to China. U.S.-China Trade Relations: Leung expressed his belief that an appreciation of renminbi will not help the U.S. economy, since economic tensions between the two countries are much more complicated than a simple currency adjustment. The fundamental issue, he argued, lies in the declining American competitiveness.

#### Strong economic relations encourage cooperation that solves war and Asian instability

Podesta 14 [(John Podesta, chair of the Center for American Progress, Counselor to President Barack Obama; Tung Chee Hwa, Founding Chairman of the China-U.S. Exchange Foundation and the Vice Chairman of the Eleventh National Committee of the People’s Political Consultative Conference; Samuel R. Berger, Chair of the Albright Stonebridge Group; Wang Jisi, President of the Institute of International and Strategic Studies and professor at the School of International Studies at Peking University) “U.S.-China Relations: Toward a New Model of Major Power Relationship” china-US exchange foundation, feb 2014] AT

An additional theme that emerged was the interplay of the bilateral and multilateral aspects of major power relations. One of our contributors pointed out that what is “new” about major power relations is the international context of bilateral relations today—not only the many international institutions and rules that guide the United States and China, but also that progress on global and regional issues requires that we cooperate. Many other countries have a serious interest in a stable U.S.-China relationship—and their views are relevant. Neither they, nor the United States or China are interested in a G-2, but rather an inclusive framework. Finally, developing a new model of major power relations is not unique to the U.S.-China relationship. Both countries have vital relationships with other nations, as do many other key powers with one another. The United States and China have no monopoly on this endeavor. Another key theme that emerged was that the process of cooperation sometimes leads to frustration just as much as the substantive disagreements between our two nations. For example, the United States often expects an answer on a proposal sooner than China is ready to offer one; alternatively, China has been frustrated not to receive timely responses to its requests. Finally, the expert group addressed the imbalance in the Asia-Pacific regional dynamic that has become a major concern in both Washington and Beijing: the notion that the United States is the center of the security architecture in the Asia- Pacific region, whereas China is the largest economic player in Asia. At the same time, other influential players in the region have their own interests: Japan, South Korea, the Association of Southeast Asian Nations, or ASEAN, to name a few, serve as centers of economic and political activity. In addition, Russia is energetically developing its Asia policy, increasingly involved in energy and other economic projects in the Asia-Pacific region and showing a keen interest in regional security affairs. India is similarly engaged. That interplay between security and economics poses real challenges for the future of bilateral relations. The United States is increasing its economic engagement in Asia to better match its security engagement, which has long been a significant side of the equation for the United States. The Obama administration’s efforts with the Trans-Pacific Partnership, or TPP, are designed to deepen its economic integration with Asia while China is increasing its participation in multilateral security forums. Both countries are working to balance regional engagement, but the U.S.-China economic/security dynamic in the Asia-Pacific will continue to present leaders in both countries with ongoing challenges. With these points in mind, we now turn to some recommendations for U.S.-China policy that arose from the track II dialogue. We seek to focus on concrete ideas that would help push the relationship forward. Not every one of the participants in our group necessarily agrees with each of the recommendations we discuss below, but they all share a deep interest in improving U.S.-China relations and believe that, as a whole, these ideas have merit. We divided them into three categories—interna- tional, regional, and bilateral—but the boundaries are somewhat fluid. 1. Along with other nations, the United States and China should continue to develop commonly accepted international rules and guidelines in areas where they currently are lacking, including in regional maritime relations, cyberspace, and outer space. In areas without shared guidelines, misunderstandings are more likely to surface. International standards on issues such as conduct in outer space and online could be important vehicles for reducing potential bilateral clashes. In the maritime domain, while there is already a robust body of international law, the United States should seek to ratify the U.N. Law of the Sea Convention, while China should make as rapid progress as possible toward developing a Code of Conduct with ASEAN. The United States and China should build on recent bilateral naval cooperation in the Gulf of Aiden and the 2014 Rim of the Pacific, or RIMPAC, invitation that was extended to the Chinese navy to foster deeper maritime cooperation and lay ground- work for new rules and guidelines for resolving disputes and avoiding crises. 2. The United States and China should work to strengthen the international archi- tecture of institutions and rules. Both Washington and Beijing have a strong inter- est in an effective, robust set of international institutions and frameworks. They should strengthen the international architecture by using it, reforming it, and mak- ing sure emerging powers are adequately represented. The two countries should coordinate more effectively on reform of the United Nations and other existing international organizations and make common efforts to strengthen the G-20 and other burgeoning mechanisms in order to stabilize the global financial situation. 3. The United States and China should work together on an international consen- sus to phase down Hydrofluorocarbons, or HFCs, under the Montreal Protocol as soon as possible. HFCs are one of the fastest-growing and most-potent green- house gases in the world. Phasing down the global production and use of HFCs could avoid half a degree Celsius of warming by the end of the century. The most concrete outcome of the June 2013 U.S.-China presidential summit at Sunnylands in California was the agreement between President Obama and President Xi to ￼￼￼￼ Toward a New Model of Major Power Relations | www.americanprogress.org 9 ￼work together to phase down HFCs under some combination of the Montreal Protocol and the U.N. Framework Convention on Climate Change. That June 2013 climate agreement should be considered a model for a new model relations effort and a blueprint for proceeding on other more intractable issues. If that initial bilateral agreement leads to successful multilateral action on HFCs, it will serve as a concrete example of U.S. and Chinese leaders moving past historical divides and finding a new platform for our two nations to take a global leadership role on one of the most important global issues of the day. Regional 4. The United States and China should look for opportunities to coordinate regional activities. For example, the United States and China could develop regional mechanisms for coordinating better on development assistance. They should consider supporting a permanent multilateral hub in Asia for humanitarian assistance and disaster relief. That would provide opportunities for operational level cooperation and would greatly benefit the victims of disasters. 5. The United States and China should seek trilateral dialogues with India and Japan and perhaps other nations. Such forums could begin with working-level agencies and think tanks and could help illuminate intentions and build trust among nations across Asia. These forums could focus first on issues of clear economic common interest—such as a market framework for infrastructure to support regional natural-gas trading—and gradually take on more difficult topics where common interests are much harder to find and define. 6. The United States and China should acknowledge publicly that the best long- term outcome on trade negotiations would be a high-standard, region-wide free trade agreement that will open up new avenues of commerce in the Asia-Pacific region. Currently, the United States is working hard to realize the TPP, and China is working on the Regional Comprehensive Economic Partnership, or RCEP, that was initiated by ASEAN. The United States and China should assure each other that neither the TPP nor RCEP are intended to weaken the economic influence of the other side in the region. In the end, the best result will be a merger of these and other initiatives into a high-standards regional free trade framework based on mutual interests. Of course, the “high-standards” aspect of that merger will be key. Any future steps should take into consideration the pace of economic transformation of both the United States and China. No future trade regime should result in a move to the lowest common denominator of trade standards. 7. Officials and experts in both countries need a more effective dialogue with their citizens on the importance of the U.S.-China relationship and what new- model relations exercise is designed to prevent and achieve. There are many positive stories of workaday Sino-American cooperation that do not make the mainstream press and are therefore not known to the public —and in some cases to key political leaders, particularly at the local level. For example, the American and Chinese Coast Guards cooperate frequently and effectively on an operational level, but that kind of operational cooperation is not as likely to attract media attention as bilateral flare-ups on sensitive issues. As one Chinese participant in our dialogues pointed out, we should seek to increase the atten- tion paid to the positive attributes of the relationship that can shift the focus from “crisis management” to “opportunity management.” 8. Governments should monitor and report on Security and Economic Dialogue, or S&ED, commitments. The S&ED between the two governments has evolved into a practical and results-oriented forum that is playing an important role in expanding real opportunities for bilateral cooperation. To make the S&ED as effective as possible, the United States and China should develop a mechanism to monitor and publicly report on the progress made on the commitments generated at the annual S&ED meeting. 9. Washington and Beijing should engage in a dialogue on a nuclear-free Korean Peninsula. North Korea’s nuclear program is a major and mutual security challenge, and our ability to find a new-model approach to that challenge is hindered by mutual doubt and suspicion about U.S. and Chinese long-term interests and future intentions. There are significant areas of overlapping interests between our two nations on this issue and a focused dialogue on the future of the Korean Peninsula can advance a more stable and mutually beneficial security outcome. Participants in this dialogue may include not only diplomats but also those in charge of security and military affairs of the two governments. Such a dialogue would not be designed to seek a bilateral solution to the Korean nuclear dead- lock but to work alongside the Six Party process and pave the way for a practical multilateral mechanism that will guarantee a peaceful and stable Korean Peninsula in the long run.

continues

The modern context for major power relationships is quite distinct from that of ear- lier centuries, and it remains in flux. The Cold War is long past, and while the United States remains the world’s only superpower, the unipolar era is ending. New powers are emerging or re-emerging; some are not nations but instead are evolving groups of countries, such as the European Union. A large, complex international system of institutions, rules, and norms guides many aspects of big power relations as never before. The United Nations; World Trade Organization, or WTO; International Monetary Fund, or IMF; World Health Organization, or WHO; International Atomic Energy Agency, or IAEA; and many others are the forums through which nations often attempt to make progress on shared challenges. Economic relationships between many pairs of major powers are very deep. And where once conquering another major power for territory made economic sense, it no longer does. Nevertheless, security concerns, some quite intense, persist between some major power pairs, as do territorial disputes. Furthermore, some competition between and among nations is a given—even between close allies. Big powers, however, also now share security challenges, such as global warming, pandemic disease, and terrorism, in ways they never have before. Only together can they address these challenges effectively. Their nuclear arsenals may ultimately provide a deterrent to major power conflict as well. No other big power relationship is more consequential than that between the United States and China. From one perspective, there is no need to rethink the U.S.-China relationship. Despite many stops and starts, the relationship has continued to grow and provide benefits for both sides for more than four decades. American policy toward China has remained fairly consistent over that time period, as has China’s toward the United States. America and China have successfully managed their competition and differences while continuing a robust economic relationship and occasionally cooperating on shared challenges. It could be concluded that these powers are already pursuing a new model of major power relations in which deep economic interconnectedness and security interdepen- dence exist alongside heated competition, sharp divides, and neuralgic disputes. A relationship similar to the modern day one between China and the United States has not existed before in history. But because it is historically unprecedented, it exists in a world that is in constant flux, and U.S. and Chinese interests do diverge, no one can know for certain that the stability the relationship has enjoyed thus far will last. Adding to and because of this uncertainty, both nations share a decided unease about the relationship. As Kenneth Lieberthal and Wang Jisi, two long-time watchers of the relationship conclude, “strategic distrust” plagues the relationship: Strategic distrust ... means a perception that the other side will seek to achieve its key long-term goals at concerted cost to your own side’s core prospects and interests. The major concern is that it appears as of 2012 that strategic distrust is growing on both sides and that this perception can, if it festers, create a self- fulfilling prophecy of overall mutual antagonism.6 Many Chinese fear that, despite repeated and consistent American statements to the contrary, the United States is engaged in a containment strategy against China. Meanwhile, economic insecurity in the United States causes Americans to view China as more of a predatory, unstoppable economic engine than it is.7 Jisi and Lieberthal point to history and ideology as especially potent sources of this distrust—and neither of those factors are easy to address.8 Chinese media often reinforce the trope of America as a dangerous, defensive, and declining hegemon. Though the American media is growing more sophisticated in its coverage of China, some outlets have painted China’s world domination as inevitable. Uncertainty about the future hangs over the relationship because no state can know another state’s intentions. A leader or diplomat can say whatever he or she wants, but it is impossible to know for certain what another state’s leaders actually think about the relationship and what future leaders will decide to do. When uncertainty about intentions is combined with rising capabilities, especially military capabilities, states begin to assume the worst and tensions mount. This can, in turn, result in what political scientists refer to as the “security dilemma.” As the late preeminent politi- cal scholar Kenneth Waltz once explained, “the source of one’s own comfort is the source of another’s worry. Hence a state that is amassing instruments of war, even for its own defensive, is cast by others as a threat requiring a response.”9 Because of these lenses of insecurity, the very contentious issues between both sides, and constituencies in both countries that could benefit from conflict, it is not difficult to imagine a set of circumstances that triggers a spiral of mistrust and animosity that could derail the Sino-American relationship. For this reason, and given the historical precedent of great power relations, thinking rigorously and creatively about possible new paths or directions is worthwhile.

#### War with China escalates and causes extinction

Wittner 11—Professor of History @ State University of New York-Albany [Lawrence S. Wittner, “Is a Nuclear War with China Possible?” Huntington News, Monday, November 28, 2011, http://www.huntingtonnews.net/14446]

While nuclear weapons exist, there remains a danger that they will be used. After all, for centuries national conflicts have led to wars, with nations employing their deadliest weapons. The current deterioration of U.S. relations with China might end up providing us with yet another example of this phenomenon. The gathering tension between the United States and China is clear enough. Disturbed by China’s growing economic and military strength, the U.S. government recently challenged China’s claims in the South China Sea, increased the U.S. military presence in Australia, and deepened U.S. military ties with other nations in the Pacific region. According to Secretary of State Hillary Clinton, the United States was “asserting our own position as a Pacific power.” But need this lead to nuclear war? Not necessarily. And yet, there are signs that it could. After all, both the United States and China possess large numbers of nuclear weapons. The U.S. government threatened to attack China with nuclear weapons during the Korean War and, later, during the conflict over the future of China’s offshore islands, Quemoy and Matsu. In the midst of the latter confrontation, President Dwight Eisenhower declared publicly, and chillingly, that U.S. nuclear weapons would “be used just exactly as you would use a bullet or anything else.” Of course, China didn’t have nuclear weapons then. Now that it does, perhaps the behavior of national leaders will be more temperate. But the loose nuclear threats of U.S. and Soviet government officials during the Cold War, when both nations had vast nuclear arsenals, should convince us that, even as the military ante is raised, nuclear saber-rattling persists. Some pundits argue that nuclear weapons prevent wars between nuclear-armed nations; and, admittedly, there haven’t been very many—at least not yet. But the Kargil War of 1999, between nuclear-armed India and nuclear-armed Pakistan, should convince us that such wars can occur. Indeed, in that case, the conflict almost slipped into a nuclear war. Pakistan’s foreign secretary threatened that, if the war escalated, his country felt free to use “any weapon” in its arsenal. During the conflict, Pakistan did move nuclear weapons toward its border, while India, it is claimed, readied its own nuclear missiles for an attack on Pakistan. At the least, though, don’t nuclear weapons deter a nuclear attack? Do they? Obviously, NATO leaders didn’t feel deterred, for, throughout the Cold War, NATO’s strategy was to respond to a Soviet conventional military attack on Western Europe by launching a Western nuclear attack on the nuclear-armed Soviet Union. Furthermore, if U.S. government officials really believed that nuclear deterrence worked, they would not have resorted to championing “Star Wars” and its modern variant, national missile defense. Why are these vastly expensive—and probably unworkable—military defense systems needed if other nuclear powers are deterred from attacking by U.S. nuclear might? Of course, the bottom line for those Americans convinced that nuclear weapons safeguard them from a Chinese nuclear attack might be that the U.S. nuclear arsenal is far greater than its Chinese counterpart. Today, it is estimated that the U.S. government possesses over five thousand nuclear warheads, while the Chinese government has a total inventory of roughly three hundred. Moreover, only about forty of these Chinese nuclear weapons can reach the United States. Surely the United States would “win” any nuclear war with China. But what would that “victory” entail? A nuclear attack by China would immediately slaughter at least 10 million Americans in a great storm of blast and fire, while leaving many more dying horribly of sickness and radiation poisoning. The Chinese death toll in a nuclear war would be far higher. Both nations would be reduced to smoldering, radioactive wastelands. Also, radioactive debris sent aloft by the nuclear explosions would blot out the sun and bring on a “nuclear winter” around the globe—destroying agriculture, creating worldwide famine, and generating chaos and destruction. Moreover, in another decade the extent of this catastrophe would be far worse. The Chinese government is currently expanding its nuclear arsenal, and by the year 2020 it is expected to more than double its number of nuclear weapons that can hit the United States. The U.S. government, in turn, has plans to spend hundreds of billions of dollars “modernizing” its nuclear weapons and nuclear production facilities over the next decade. To avert the enormous disaster of a U.S.-China nuclear war, there are two obvious actions that can be taken. The first is to get rid of nuclear weapons, as the nuclear powers have agreed to do but thus far have resisted doing. The second, conducted while the nuclear disarmament process is occurring, is to improve U.S.-China relations. If the American and Chinese people are interested in ensuring their survival and that of the world, they should be working to encourage these policies.

#### Asia conflict goes nuclear and outweighs

Dibb 1 (Paul, Prof – Australian National University, Strategic Trends: Asia at a Crossroads, Naval War College Review, Winter, http://www.nwc.navy.mil/press/Review/2001/Winter/art2-w01.htm)

The areas of maximum danger and instability in the world today are in Asia, followed by the Middle East and parts of the former Soviet Union. The strategic situation in Asia is more uncertain and potentially threatening than anywhere in Europe. Unlike in Europe, it is possible to envisage war in Asia involving the major powers: remnants of Cold War ideological confrontation still exist across the Taiwan Straits and on the Korean Peninsula; India and Pakistan have nuclear weapons and ballistic missiles, and these two countries are more confrontational than at any time since the early 1970s; in Southeast Asia, Indonesia—which is the world’s fourth-largest country—faces a highly uncertain future that could lead to its breakup. The Asia-Pacific region spends more on defense (about $150 billion a year) than any other part of the world except the United States and Nato Europe. China and Japan are amongst the top four or five global military spenders. Asia also has more nuclear powers than any other region of the world. Asia’s security is at a crossroads: the region could go in the direction of peace and cooperation, or it could slide into confrontation and military conflict. There are positive tendencies, including the resurgence of economic growth and the spread of democracy, which would encourage an optimistic view. But there are a number of negative tendencies that must be of serious concern. There are deep-seated historical, territorial, ideological, and religious differences in Asia.

### 1AC Solvency Short

#### The Government of the Hong Kong Special Administrative Region ought to require employers to pay a living wage, indexed to aggregate wage inflation.

#### Inflation means purchasing power will only continue to fall, destroying the subsistence needs of workers

Cautherly 14 [(George, vice-chairman of the Hong Kong Democratic Foundation) “Raising the minimum wage to HK$36 an hour is both needed and affordable” South China Morning Post July 2] AT

The public consultation on the review of the statutory minimum wage has ended. Among the 200-plus proposals submitted, some 40 per cent reportedly suggest freezing the wage at the current HK$30-per-hour level next year. That idea is most objectionable, for a number of reasons. Let us look first at inflation rates. The first minimum wage introduced in May 2011 was HK$28 per hour. It was then increased to HK$30 per hour in May 2013, a rise of 7.1 per cent. As a comparison, the accumulative inflation rate in 2012 and 2013 was about 8.6 per cent. Thus, as of the end of last year, inflation had already nullified the wage rise in 2013. In fact, in terms of purchasing power, the minimum wage as of last December was actually less than HK$28 per hour. With prices continuing to rise, this purchasing power will further erode if the minimum wage is frozen at HK$30 per hour. Next, income growth statistics in the past two years show that the 7.1 per cent rise in 2013 lagged behind general wage growth, as well as economic growth in the same period. All these figures point to one fact: wage earners at the bottom of the scale received the smallest share of the fruits of economic growth in the past two years. Apparently, the trickle-down effect is just a myth.

#### The plan solves and avoids disads

Cautherly 14 [(George, vice-chairman of the Hong Kong Democratic Foundation) “Raising the minimum wage to HK$36 an hour is both needed and affordable” South China Morning Post July 2] AT

The subsistence needs of low-wage earners provide further insight into this issue. According to local research studies, to make ends meet, an average worker needs a wage level of at least HK$36 per hour at current prices. Adjusting for inflation in 2014 and 2015, the subsistence wage level will be about HK$39 per hour in 2015. In other words, from the angle of meeting workers' subsistence needs, the current minimum wage is seriously insufficient and companies employing such workers are being subsidised by those who can least afford it, the underpaid workers themselves. One common reason cited for suggesting a minimum wage freeze is that any rise would cause inflation. We believe this is an excuse to obstruct a wage review. In Hong Kong, food and housing rent have been the major drivers of inflation over the years, not labour costs. Another oft-cited argument for favouring a freeze is that a rise will cause difficulties in low-paying business sectors. Evidence, however, actually provides a case for a rise to HK$36 per hour in 2015. According to Minimum Wage Commission statistics, increasing it to HK$36 per hour will raise the overall wage bills of small and medium-sized enterprises in low-paying sectors by 2.6 per cent. Given the government's projection of a gross domestic product increase in nominal terms of 4-5 per cent in 2014 and 5.5 per cent in 2015 - or a cumulative increase of at least 9.7 per cent - we expect SMEs as a whole to be able to absorb the additional wage bills by increasing their business receipts through sales or price hikes. Therefore, reason dictates that the minimum wage should be and can be raised to HK$36 per hour in 2015. The current level is too low to meet the subsistence needs of low-wage-earners.

#### Spillover effect – everyone benefits from a minimum wage raise because companies maintain wage differentials

MWC 14 [JAT Sew Tong et al (Chairperson of the Minimum Wage Commission of Hong Kong), “2014 Report of the Minimum Wage Commission,” Minimum Wage Commission] AZ

SMW brought about visible positive effect on the income of lower-paid employees and narrowed the wage differentials between these employees and employees of higher ranks. Nevertheless, there were views that SMW had not only pushed up the wages of lower-paid employees, but also induced a knock-on effect on pay hierarchies (knock-on effect). As a result, enterprises had to raise the pay of employees of other ranks to maintain reasonable pay differentials among ranks and within the same sector so as to maintain staff morale of employees of higher ranks and retain these employees, in turn adding further to the labour costs. 4.16 By examining the hourly wage distribution of May to June 2013 and its year-on-year changes, we can assess the impact of the revised SMW rate on wage differentials. The 5th and 10th percentiles of hourly wage in the overall hourly wage distribution increased by 6.9% and 7.8% year-on-year respectively in May to June 2013, higher than the 4.9% increase for the median hourly wage. This signified that the revised SMW rate helped boost up the wages of lower-paid employees and narrow wage differentials (Table 4.2).

#### The minimum wage increases living conditions for the least well off, which boosts *quality of life*

Wong 14 [(Hung Wong, Department of Social Work, The Chinese University of Hong Kong; Shengquan Ye, Department of Applied Social Studies, City University of Hong Kong, Kowloon, Hong Kong) “Impact of enforcing a statutory minimum wage on work and quality of life of vulnerable groups in Hong Kong” INTERNATIONAL JOURNAL OF SOCIAL WELFARE] AT

Most studies examining the impact of the minimum wage have centred on economic dimensions, such as employment, negative employment effect and income effect. Few have scrutinised the psychological dimensions, especially the effects on the quality of life of the affected groups and on their job and pay satisfaction. Quality of life (QoL) is a multidimensional and comprehensive concept that reflects the situation and satisfaction of an individual towards different life aspects, including physical and psychological health, family life, social life and financial conditions. Sirgy (2011) reviewed several QoL indicator projects and concluded that QoL could be classified into six major theoretical concepts, namely: socio-economic develop- ment, personal utility, a just society, human develop- ment, sustainability and functioning. Many of these concepts included an economic aspect (income) as one of the QoL domains. Working condition, especially wages, is a relatively straightforward factor that affects QoL because it provides economic security. Income and subjective well-being have been found to be positively related (LaBarbera & Gurhan, 1997). Job pay has been con- sistently ranked as one of the most important determinants of a high QoL in Europe (Clark, 2001, 2005; Haller & Hadler, 2006). Wage increases affect job satisfaction. Based on the British Household Panel Survey, Clark (1999) identi- fied the positive effects of wages and wage increases on job satisfaction. However, no significant effect of the absolute amount of the wage alone was found. Based on the research findings reviewed above, the present study included a wide range of indicators to investigate the impact of the SMW on vulnerable groups in Hong Kong. Aside from common objective measures (i.e., hourly rate and monthly income), QoL, job and pay satisfaction were also investigated in the study. Hypotheses were developed based on the literature review and the local context in Hong Kong. This study examined the effect of the SMW on the work and life of vulnerable groups in Hong Kong. Two major findings were discussed in connection with the existing literature and the local context. First, the SMW induced a positive impact, as it had intended, on several outcome measures related to life and work (e.g., QoL, job and pay satisfaction, and monthly income). Second, the positive impact of the SMW was more prominent for the more vulnerable workers, with fewer working hours and a lower hourly rate. Positive impact of SMW on QoL satisfaction and income Over the years, concerns and debates have been raised as to whether the SMW could really benefit vulnerable groups as was intended. Our findings clearly show that, after the enforcement of the SMW, dramatic increases were experienced in most domains of QoL, job and pay satisfaction, and objective monthly income. These findings indicate the benefits of the SMW without sacrificing employment rate. All these findings provide solid evidence supporting the legislation in Hong Kong. Recently, the Hong Kong government released the 2012 report by the Minimum Wage Commission (2012) which was based on the General Household Survey conducted by the Census and Statistics Department. Although the survey did not particularly focus on the vulnerable groups, the findings were, to a certain extent, consistent. For instance, the report showed an increase in the monthly income by 2.7 per cent among the public from May to July 2012, as compared with the same period in 2011. The percentage was consider- ably higher (8.1%) among the lowest decile group, suggesting that disadvantaged people actually benefitted more from the SMW. The report indicated that although several jobs in different sectors were restructured, the unemployment rate remained generally stable after the SMW, which was consistent with our findings as well.

### 1AC Poverty Long

#### Poverty in Hong Kong causes massive suffering

AP 13 [(associated press) “In wealthy Hong Kong, the poorest residents live in metal cages” NY Daily News February 8, 2013] AT

For many of the richest people in Hong Kong, one of Asia’s wealthiest cities, home is a mansion with an expansive view from the heights of Victoria Peak. For some of the poorest, like Leung Cho-yin, home is a metal cage. The 67-year-old former butcher pays 1,300 Hong Kong dollars ($167) a month for one of about a dozen wire mesh cages resembling rabbit hutches crammed into a dilapidated apartment in a gritty, working-class West Kowloon neighborhood. The cages, stacked on top of each other, measure 1.5 square meters (16 square feet). To keep bedbugs away, Leung and his roommates put thin pads, bamboo mats, even old linoleum on their cages’ wooden planks instead of mattresses. “I’ve been bitten so much I’m used to it,” said Leung, rolling up the sleeve of his oversized blue fleece jacket to reveal a red mark on his hand. “There’s nothing you can do about it. I’ve got to live here. I’ve got to survive,” he said as he let out a phlegmy cough. Some 100,000 people in the former British colony live in what’s known as inadequate housing, according to the Society for Community Organization, a social welfare group. The category also includes apartments subdivided into tiny cubicles or filled with coffin-sized wood and metal sleeping compartments as well as rooftop shacks. They’re a grim counterpoint to the southern Chinese city’s renowned material affluence. Forced by skyrocketing housing prices to live in cramped, dirty and unsafe conditions, their plight also highlights one of the biggest headaches facing Hong Kong’s unpopular Beijing-backed leader: growing public rage over the city’s housing crisis. Leung Chun-ying took office as Hong Kong’s chief executive in July pledging to provide more affordable housing in a bid to cool the anger. Home prices rose 23 percent in the first 10 months of 2012 and have doubled since bottoming out in 2008 during the global financial crisis, the International Monetary Fund said in a report last month. Rents have followed a similar trajectory. The soaring costs are putting decent homes out of reach of a large portion of the population while stoking resentment of the government, which controls all land for development, and a coterie of wealthy property developers. Housing costs have been fuelled by easy credit thanks to ultralow interest rates that policymakers can’t raise because the currency is pegged to the dollar. Money flooding in from mainland Chinese and foreign investors looking for higher returns has exacerbated the rise. In his inaugural policy speech in January, the chief executive said the inability of the middle class to buy homes threatens social stability and promised to prioritize tackling the housing shortage. “Many families have to move into smaller or older flats, or even factory buildings,” he said. “Cramped living space in cage homes, cubicle apartments and sub-divided flats has become the reluctant choice for tens of thousands of Hong Kong people,” he said, as he unveiled plans to boost supply of public housing in the medium term from its current level of 15,000 apartments a year. His comments mark a distinct shift from predecessor Donald Tsang, who ignored the problem. Legislators and activists, however, slammed Leung for a lack of measures to boost the supply in the short term. Some 210,000 people are on the waiting list for public housing, about double from 2006. About a third of Hong Kong’s 7.1 million population lives in public rental flats. When apartments bought with government subsidies are included, the figure rises to nearly half. Anger over housing prices is a common theme in increasingly frequent anti-government protests. Legislator Frederick Fung warns there will be more if the problem can’t be solved. He compared the effect on the poor to a lab experiment. “When we were in secondary school, we had some sort of experiment where we put many rats in a small box. They would bite each other,” said Fung. “When living spaces are so congested, they would make people feel uneasy, desperate,” and angry at the government, he said. Leung, the cage dweller, had little faith that the government could do anything to change the situation of people like him. “It’s not whether I believe him or not, but they always talk this way. What hope is there?” said Leung, who has been living in cage homes since he stopped working at a market stall after losing part of a finger 20 years ago. With just a Grade 7 education, he was only able to find intermittent casual work. He hasn’t applied for public housing because he doesn’t want to leave his roommates to live alone and expects to spend the rest of his life living in a cage. His only income is HK$4,000 ($515) in government assistance each month. After paying his rent, he’s left with $2,700 ($350), or about HK$90 ($11.60) a day. “It’s impossible for me to save,” said Leung, who never married and has no children to lean on for support. Leung and his roommates, all of them single, elderly men, wash their clothes in a bucket. The bathroom facilities consist of two toilet stalls, one of them adjoining a squat toilet that doubles as a shower stall. There is no kitchen, just a small room with a sink. The hallway walls have turned brown with dirt accumulated over the years. While cage homes, which sprang up in the 1950s to cater mostly to single men coming in from mainland China, are becoming rarer, other types of substandard housing such as cubicle apartments are growing as more families are pushed into poverty. Nearly 1.19 million people were living in poverty in the first half of last year, up from 1.15 million in 2011, according to the Hong Kong Council Of Social Services. There’s no official poverty line but it’s generally defined as half of the city’s median income of HK$12,000 ($1,550) a month. Many poor residents have applied for public housing but face years of waiting. Nearly three-quarters of 500 low-income families questioned by Oxfam Hong Kong in a recent survey had been on the list for more than 4 years without being offered a flat. Lee Tat-fong, is one of those waiting. The 63-year-old is hoping she and her two grandchildren can get out of the cubicle apartment they share in their Wan Chai neighborhood, but she has no idea how long it will take. Lee, who suffers from diabetes and back problems, takes care of Amy, 9, and Steven, 13, because their father has disappeared and their mother — her daughter — can’t get a permit to come to Hong Kong from mainland China. An uncle occasionally helps. The three live in a 50-square-foot room, one of seven created by subdividing an existing apartment. A bunk bed takes up half the space, a cabinet most of the rest, leaving barely enough room to stand up in. The room is jammed with their possessions: plastic bags filled with clothes, an electric fan, Amy’s stuffed animals, cooking utensils. “There’s too little space here. We can barely breathe,” said Lee, who shares the bottom bunk with her grandson. They share the communal kitchen and two toilets with the other residents. Welfare pays their HK$3,500 monthly rent and the three get another HK$6,000 for living expenses but the money is never enough, especially with two growing children to feed. Lee said the two often wanted to have McDonalds because they were still hungry after dinner, which on a recent night was meager portions of rice, vegetables and meat. The struggle to raise her two grandkids in such conditions was wearing her out. “It’s exhausting,” she said. “Sometimes I get so pent up with anger, and I cry but no one sees because I hide away.”

#### Poverty causes starvation – it’s try or die for the aff when people cannot afford to eat

FeedHK 11 [(nonprofit organization) “Hunger in HK”] At

In affluent Hong Kong, it is easy to think of hunger as a problem that exists elsewhere; a problem of countries struggling with famine, warfare or abject poverty. But hunger is much closer to home than most people think: more than 1.5 million people in our city suffer from food insecurity. Since the financial crisis of late 2008 and with the more recent dramatic increase in inflation, more and more people in Hong Kong are crossing the line from just getting by, to not being able to afford to eat three nutritious meals a day. These people include children, seniors and working families, refugees, migrant workers and the unemployed. They live in our communities. They work around us. They share many of the same interests and goals that we do. While most of us think it could never happen here, the reality is that hunger does exist in Hong Kong, and it is our duty to stop it. We all need to tackle the issue of hunger here at home as well as continue to support the global fight against hunger and malnutrition.

#### Inflation means purchasing power will only continue to fall, destroying the subsistence needs of workers

Cautherly 14 [(George, vice-chairman of the Hong Kong Democratic Foundation) “Raising the minimum wage to HK$36 an hour is both needed and affordable” South China Morning Post July 2] AT

The public consultation on the review of the statutory minimum wage has ended. Among the 200-plus proposals submitted, some 40 per cent reportedly suggest freezing the wage at the current HK$30-per-hour level next year. That idea is most objectionable, for a number of reasons. Let us look first at inflation rates. The first minimum wage introduced in May 2011 was HK$28 per hour. It was then increased to HK$30 per hour in May 2013, a rise of 7.1 per cent. As a comparison, the accumulative inflation rate in 2012 and 2013 was about 8.6 per cent. Thus, as of the end of last year, inflation had already nullified the wage rise in 2013. In fact, in terms of purchasing power, the minimum wage as of last December was actually less than HK$28 per hour. With prices continuing to rise, this purchasing power will further erode if the minimum wage is frozen at HK$30 per hour. Next, income growth statistics in the past two years show that the 7.1 per cent rise in 2013 lagged behind general wage growth, as well as economic growth in the same period. All these figures point to one fact: wage earners at the bottom of the scale received the smallest share of the fruits of economic growth in the past two years. Apparently, the trickle-down effect is just a myth.

#### The Government of the Hong Kong Special Administrative Region ought to require employers to pay a living wage, indexed to aggregate wage inflation.

#### The plan solves and growth buffers employment loss

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The subsistence needs of low-wage earners provide further insight into this issue. According to local research studies, to make ends meet, an average worker needs a wage level of at least HK$36 per hour at current prices. Adjusting for inflation in 2014 and 2015, the subsistence wage level will be about HK$39 per hour in 2015. In other words, from the angle of meeting workers' subsistence needs, the current minimum wage is seriously insufficient and companies employing such workers are being subsidised by those who can least afford it, the underpaid workers themselves. One common reason cited for suggesting a minimum wage freeze is that any rise would cause inflation. We believe this is an excuse to obstruct a wage review. In Hong Kong, food and housing rent have been the major drivers of inflation over the years, not labour costs. Another oft-cited argument for favouring a freeze is that a rise will cause difficulties in low-paying business sectors. Evidence, however, actually provides a case for a rise to HK$36 per hour in 2015. According to Minimum Wage Commission statistics, increasing it to HK$36 per hour will raise the overall wage bills of small and medium-sized enterprises in low-paying sectors by 2.6 per cent. Given the government's projection of a gross domestic product increase in nominal terms of 4-5 per cent in 2014 and 5.5 per cent in 2015 - or a cumulative increase of at least 9.7 per cent - we expect SMEs as a whole to be able to absorb the additional wage bills by increasing their business receipts through sales or price hikes. Therefore, reason dictates that the minimum wage should be and can be raised to HK$36 per hour in 2015. The current level is too low to meet the subsistence needs of low-wage-earners.

#### Next, the minimum wage increases living conditions for the least well off, which boosts *quality of life*

Wong 14 [(Hung Wong, Department of Social Work, The Chinese University of Hong Kong; Shengquan Ye, Department of Applied Social Studies, City University of Hong Kong, Kowloon, Hong Kong) “Impact of enforcing a statutory minimum wage on work and quality of life of vulnerable groups in Hong Kong” INTERNATIONAL JOURNAL OF SOCIAL WELFARE] AT

Most studies examining the impact of the minimum wage have centred on economic dimensions, such as employment, negative employment effect and income effect. Few have scrutinised the psychological dimensions, especially the effects on the quality of life of the affected groups and on their job and pay satisfaction. Quality of life (QoL) is a multidimensional and comprehensive concept that reflects the situation and satisfaction of an individual towards different life aspects, including physical and psychological health, family life, social life and financial conditions. Sirgy (2011) reviewed several QoL indicator projects and concluded that QoL could be classified into six major theoretical concepts, namely: socio-economic develop- ment, personal utility, a just society, human develop- ment, sustainability and functioning. Many of these concepts included an economic aspect (income) as one of the QoL domains. Working condition, especially wages, is a relatively straightforward factor that affects QoL because it provides economic security. Income and subjective well-being have been found to be positively related (LaBarbera & Gurhan, 1997). Job pay has been con- sistently ranked as one of the most important determinants of a high QoL in Europe (Clark, 2001, 2005; Haller & Hadler, 2006). Wage increases affect job satisfaction. Based on the British Household Panel Survey, Clark (1999) identi- fied the positive effects of wages and wage increases on job satisfaction. However, no significant effect of the absolute amount of the wage alone was found. Based on the research findings reviewed above, the present study included a wide range of indicators to investigate the impact of the SMW on vulnerable groups in Hong Kong. Aside from common objective measures (i.e., hourly rate and monthly income), QoL, job and pay satisfaction were also investigated in the study. Hypotheses were developed based on the literature review and the local context in Hong Kong. This study examined the effect of the SMW on the work and life of vulnerable groups in Hong Kong. Two major findings were discussed in connection with the existing literature and the local context. First, the SMW induced a positive impact, as it had intended, on several outcome measures related to life and work (e.g., QoL, job and pay satisfaction, and monthly income). Second, the positive impact of the SMW was more prominent for the more vulnerable workers, with fewer working hours and a lower hourly rate. Positive impact of SMW on QoL satisfaction and income Over the years, concerns and debates have been raised as to whether the SMW could really benefit vulnerable groups as was intended. Our findings clearly show that, after the enforcement of the SMW, dramatic increases were experienced in most domains of QoL, job and pay satisfaction, and objective monthly income. These findings indicate the benefits of the SMW without sacrificing employment rate. All these findings provide solid evidence supporting the legislation in Hong Kong. Recently, the Hong Kong government released the 2012 report by the Minimum Wage Commission (2012) which was based on the General Household Survey conducted by the Census and Statistics Department. Although the survey did not particularly focus on the vulnerable groups, the findings were, to a certain extent, consistent. For instance, the report showed an increase in the monthly income by 2.7 per cent among the public from May to July 2012, as compared with the same period in 2011. The percentage was consider- ably higher (8.1%) among the lowest decile group, suggesting that disadvantaged people actually benefitted more from the SMW. The report indicated that although several jobs in different sectors were restructured, the unemployment rate remained generally stable after the SMW, which was consistent with our findings as well.

#### Prefer my evidence – every relevant stakeholder and expert concludes aff

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

Setting SMW at an appropriate level is vital to striking the balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, while sustaining Hong Kong’s economic growth and competitiveness. Members of the MWC are drawn from the labour sector, business sector, academia and Government. We examined and considered a multiplicity of issues and, by way of iterative analyses and in-depth discussions, built up and reached consensus through mutual understanding and respect for divergent views.

#### Wage increases boost labor supply while low wages cause harmful labor shortages

Fields 94 [(Gary, School of Industrial and Labor Relations and the Department of Economics at Cornell University) “Changing Labor Market Conditions and Economic Development in Hong Kong, the Republic of Korea, Singapore, and Taiwan, China” The World Bank Economic Review, Vol. 8, No. 3 (Sep., 1994), pp. 395-414] AT

This article reaches two principal conclusions. The first is that labor market conditions continued to improve in all four economies in the 1980s at rates remarkably similar to their rates of aggregate economic growth. The second is that although wage repression was not a major factor in the growth experiences of these economies in the 1980s, the weakening of the labor movement was a significant factor in one country, the Republic of Korea, at least until 1987. Is labor market repression necessary for successful economic growth? The answer suggested by the available evidence is no. Labor market repression is not necessary, because Taiwan (China) and Hong Kong developed very nicely without labor market repression. Is labor market repression desirable? Again, no. Wage repression had such negative economic consequences in Singapore in the 1970s that it was abandoned and has not been reinstituted since. Korea's labor repression became untenable, so that in 1987 that country instituted a general political liberalization that included fundamental changes in industrial relations practices. Nonetheless, there are those who argue that wages should be held down in the future lest economic growth be stifled because of the loss of export competitive- ness. I would ask two questions of those who hold such views. First, if wages are held down, how would companies deal with the labor shortages that would be expected to result? Would economic growth be curtailed? Second, what is the point of export-led growth if working people do not benefit from it? Why achieve growth? The general labor market lesson coming from the East Asian NIES is that the entire working population can and has benefited from labor market institutions. Labor market institutions enabled employment and earnings to be pulled up rapidly, increasing demands for labor emanating from export-led growth. The records of these economies in attaining and maintaining generally full employment, improving their job mixes, raising real earnings, and lowering their rates of poverty are the envy of the rest of the developing world.

#### Spillover effect – everyone benefits from a minimum wage raise

MWC 14 [JAT Sew Tong et al (Chairperson of the Minimum Wage Commission of Hong Kong), “2014 Report of the Minimum Wage Commission,” Minimum Wage Commission] AZ

SMW brought about visible positive effect on the income of lower-paid employees and narrowed the wage differentials between these employees and employees of higher ranks. Nevertheless, there were views that SMW had not only pushed up the wages of lower-paid employees, but also induced a knock-on effect on pay hierarchies (knock-on effect). As a result, enterprises had to raise the pay of employees of other ranks to maintain reasonable pay differentials among ranks and within the same sector so as to maintain staff morale of employees of higher ranks and retain these employees, in turn adding further to the labour costs. 4.16 By examining the hourly wage distribution of May to June 2013 and its year-on-year changes, we can assess the impact of the revised SMW rate on wage differentials. The 5th and 10th percentiles of hourly wage in the overall hourly wage distribution increased by 6.9% and 7.8% year-on-year respectively in May to June 2013, higher than the 4.9% increase for the median hourly wage. This signified that the revised SMW rate helped boost up the wages of lower-paid employees and narrow wage differentials (Table 4.2).

#### Labor shortages now – no uniqueness for employment disads

Timmons 13 [(Heather, reporter) “Hong Kong’s labor shortage means $140-a-day construction jobs and waiters with benefits” Quartz, Nov 19] AT

Hong Kong’s labor market is becoming a compact example of the labor problems stalking China—there are not enough people who want to fill blue- and pink-collar jobs like waiting tables, working in shops or performing manual labor. In status-conscious Hong Kong, where nearly half of employed workers define themselves as “managers,” “professionals” or “associate professionals” (pdf pg. 2), some businesses are feeling the shortage acutely. Continues Hong Kong—like mainland China only more so—is plagued by an aging population and an increasingly educated youth that are choosing office jobs over manual labor, and the shortage is only expected to get worse. The city’s total labor force will rise from 3.59 million this year to 3.71 million in 2018, then drop to 3.52 million in 2031, according to recent Census and Statistics Department projections (pdf pg. 6). That will mean 14,000 fewer people than jobs by 2018, the agency said. Hong Kong has compensated in the past where pink-collar labor was lacking by allowing hundreds of thousands of immigrants, mostly women, to live and work here as “domestic helpers.” Now other industries are clamoring to be allowed to import more labor, including, not surprisingly, the construction industry.

### 1AC Akhil

#### Resolved: The Government of the Hong Kong Special Administrative Region ought to require employers to pay a living wage, indexed to aggregate wage inflation.

#### Advantage 1 is Poverty

#### The living wage increases living conditions for the least well off, which boosts *quality of life*

Wong 14 [(Hung Wong, Department of Social Work, The Chinese University of Hong Kong; Shengquan Ye, Department of Applied Social Studies, City University of Hong Kong, Kowloon, Hong Kong) “Impact of enforcing a statutory minimum wage on work and quality of life of vulnerable groups in Hong Kong” INTERNATIONAL JOURNAL OF SOCIAL WELFARE] AT

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#### Proves poverty is a linear impact – there are better and worse iterations, takes out absolute value to life arguments

#### Companies are seeking workers now – no employment DA

Timmons 13 [(Heather, reporter) “Hong Kong’s labor shortage means $140-a-day construction jobs and waiters with benefits” Quartz, Nov 19] AT

Hong Kong’s labor market is becoming a compact example of the labor problems stalking China—there are not enough people who want to fill blue- and pink-collar jobs like waiting tables, working in shops or performing manual labor. In status-conscious Hong Kong, where nearly half of employed workers define themselves as “managers,” “professionals” or “associate professionals” (pdf pg. 2), some businesses are feeling the shortage acutely. Continues Hong Kong—like mainland China only more so—is plagued by an aging population and an increasingly educated youth that are choosing office jobs over manual labor, and the shortage is only expected to get worse. The city’s total labor force will rise from 3.59 million this year to 3.71 million in 2018, then drop to 3.52 million in 2031, according to recent Census and Statistics Department projections (pdf pg. 6). That will mean 14,000 fewer people than jobs by 2018, the agency said. Hong Kong has compensated in the past where pink-collar labor was lacking by allowing hundreds of thousands of immigrants, mostly women, to live and work here as “domestic helpers.” Now other industries are clamoring to be allowed to import more labor, including, not surprisingly, the construction industry.

#### Inflation means purchasing power will only continue to fall, destroying the subsistence needs of workers – try or die for the aff, the status quo is only getting worse

Cautherly 14 [(George, vice-chairman of the Hong Kong Democratic Foundation) “Raising the minimum wage to HK$36 an hour is both needed and affordable” South China Morning Post July 2] AT

The public consultation on the review of the statutory minimum wage has ended. Among the 200-plus proposals submitted, some 40 per cent reportedly suggest freezing the wage at the current HK$30-per-hour level next year. That idea is most objectionable, for a number of reasons. Let us look first at inflation rates. The first minimum wage introduced in May 2011 was HK$28 per hour. It was then increased to HK$30 per hour in May 2013, a rise of 7.1 per cent. As a comparison, the accumulative inflation rate in 2012 and 2013 was about 8.6 per cent. Thus, as of the end of last year, inflation had already nullified the wage rise in 2013. In fact, in terms of purchasing power, the minimum wage as of last December was actually less than HK$28 per hour. With prices continuing to rise, this purchasing power will further erode if the minimum wage is frozen at HK$30 per hour. Next, income growth statistics in the past two years show that the 7.1 per cent rise in 2013 lagged behind general wage growth, as well as economic growth in the same period. All these figures point to one fact: wage earners at the bottom of the scale received the smallest share of the fruits of economic growth in the past two years. Apparently, the trickle-down effect is just a myth.

#### Expert consensus – every relevant stakeholder and expert concludes aff

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

Setting SMW at an appropriate level is vital to striking the balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, while sustaining Hong Kong’s economic growth and competitiveness. Members of the MWC are drawn from the labour sector, business sector, academia and Government. We examined and considered a multiplicity of issues and, by way of iterative analyses and in-depth discussions, built up and reached consensus through mutual understanding and respect for divergent views.

#### LW enables success of political action groups – creates a systemic force for positive change

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Furthermore, the fight for living wages has contributed to the development of labor- community coalitions which promote broad progressive political agendas, including labor rights, in cities and communities throughout the nation. Examples of concrete gains from such coalitions include playing a major role in the rejuvenation of a vibrant labor movement in Los Angeles; the creation of a Workers Rights Board as a vehicle for promoting workplace justice for nonunion workers in Tucson; and the development of an intimate relationship between the city’s central labor council and ACORN in Boston (Luce 2004, pp. 200–202, 204–205).

#### Advantage 2 is relations

#### Hong Kong’s credit rating downgrade puts its status as a global listings hub on the brink

Dodd 14 [(Christopher, reporter) “HSBC downgrades Hong Kong on China tensions” Finance Asia 8 July 2014] AT

HSBC has downgraded its investment outlook for Hong Kong equities on the back of tensions with China over the Occupy Central issue and the risk of falling property prices. Although the move -- from neutral to underweight -- is a small one, it is symbolic given the city is the global bank’s historic home. The bank is Hong Kong's biggest and in 2013 derived more than 40% of its Asia-Pacific pre-tax earnings from the city. “We … note recent concerns about negative news flow regarding the ‘Occupy Central’ campaign,” HSBC said in its quarterly report. More details are expected on Tuesday, with HSBC also citing an expected slowdown in mainland Chinese tourist arrivals. But the move comes at a sensitive time for the city, just a week after as many as 500,000 people mounted a protest for democracy in the city, on July 1, aimed at the Chinese government. “In the long-run it’s a good thing [the downgrade]. It sends a message to China’s government that its policies are harming Hong Kong’s economy,” Kenneth Leung, a lawmaker representing the accountancy profession in Hong Kong, told FinanceAsia. HSBC declined to comment further. The downgrade comes amid a ratcheting up of tensions between a swathe of the population in the city and the Chinese government; primarily over politics but also because the mainland’s perceived murky business climate is increasingly seen seeping into the city. Beijing, before the protest, issued a white paper, effectively reminding the city that it belonged to China and that certain of its privileges were just that. Last week the Chinese government went a step further and warned the city that its status as a premier offshore renminbi hub was something that might not last forever. At a press conference, China’s vice-finance minister Wang Baoan said that, since reunification, the mainland had contributed greatly to Hong Kong’s prosperity, including billions of renminbi in bonds. “This is a growing cake Hong Kong should cherish but if you do not want to eat, it is Hong Kong's own thing,” he said. The increasing tension comes as Hong Kong’s property market, which has soared over the past decade, has shown some signs of a possible cooling – another factor behind HSBC’s decision. However, despite signs of falling prices, there were 5,270 residential transactions in May, according to Knight Frank, which is 10% higher than in the previous month and the highest level of the past 15 months. Financial hub Perhaps of more immediate importance is Hong Kong’s status as a global listing hub, which has come under threat in the past two years. Although 2013 saw something of a resurgence in the second half, there is still a glut of banks chasing a dwindling number of deals. And, anecdotally, headhunters are seeing a reduction in activity from the city's big banks, suggesting a lack of staff moves and new hires. HSBC joins Moody's and Australian bank ANZ in expressing concern for the city’s outlook in the past 10 days. Moody's restated its negative stance on the city's banking system, citing its exposure to mainland borrowers. ANZ, meanwhile, said it had noticed “the rising risk of political tension in Hong Kong and its possible impact on economic fundamentals”. “Hong Kong’s long-term economic competitiveness is on the table,” it said in the report. That said, the big three credit ratings agencies are still positive on the city in different areas. Standard & Poor’s credit rating for Hong Kong stands at AAA; Moody’s rating on sovereign debt is Aa1; and Fitch’s credit rating for the city is AA+. But the Occupy Central movement has its sights on causing disruption as soon as next month, planning a sit-in just yards from the Asian headquarters of HSBC, Citi and other banks. Although harming business in the city is not the goal of the organisers, they told FinanceAsia last week, the disruption will undoubtedly have implications for business. How the Hong Kong and Chinese governments respond will be key to the city holding on to its status as a premier financial hub. “I wonder what the big three ratings agencies think. It doesn’t appear either side [Occupy and the Chinese government] will compromise,” Leung told FinanceAsia.

#### Plan boosts credit rating and solves investor confidence – it’s perceived as a shift toward pro-social policies

Dagong 12 [(Dagong Credit Reporting agency) “Dagong Maintains Hong Kong SAR’s AAA Credit Rating and Stable Outlook” Dagong 2012-11-30] AT

adumbrate = signals/foreshadows

Dagong Global Credit Rating Co., Ltd. (hereinafter referred to as “Dagong”) maintains the AAA local and foreign currency credit ratings for the Hong Kong Special Administrative Region of the People’s Republic of China (hereinafter referred to as “Hong Kong SAR”) with a stable outlook. The Hong Kong SAR government continues with the gradual progress in the local political development under the Basic Law framework. Though affected by the moderated global trade Hong Kong’s economy remains vigorous. Hong Kong’s financial system and fiscal performance are stable and sound. With abundant fiscal and foreign exchange reserves, the government solvency remains at an extremely high level. The main reasons for maintaining the credit rating of the Hong Kong SAR are as follows: 1. The social tension which has slightly intensified recently will be steadily alleviated under the progress towards the planned target of political development. Since the return to China, the Hong Kong SAR has stepped into the transition period of the political regime, and the economic and social system has to be adjusted accordingly. The recently-intensified social tension is caused by multiple factors, but it reflects the current circumstance of rising social contradiction during the transition period. With the clearly defined political development target under the Basic Law, the Hong Kong SAR government actively promotes the arrangement of general election for both of the chief executive and the legislative council. The implementation of minimum wage and the enhanced role of the Hong Kong SAR government in economic activity adumbrate the gradual shift of government policies towards strengthening economic adjustment and safeguarding public interest. Social problems will be mitigated consequently and the political development process is relatively unambiguous.

#### Hong Kong is key to US-China relations – status as a financial center and continued investment is key

Paal 10 [(Douglas, vice president for studies at the Carnegie Endowment for International Peace; Richard Bush, director of Center for Northeast Asian Policy Studies of the Brookings Institution and a Senior Fellow of Foreign Policy; interviews CY Leung, Chief Executive of the Hong Kong Special Administrative Region) “U.S.–China Economic Relations: Hong Kong's Role” Carnegie Endowment for Peace SEPTEMBER 22, 2010] AT

Leung discussed the impact of China’s “One Country, Two Systems” policy, which exempts Hong Kong from adopting China’s socialist system and policies for 50 years, on Hong Kong’s role as a bridge between China and the United States. A Channel: China’s policy offers a high degree of autonomy for Hong Kong, allowing it to exercise full political rights, such as the right to participate in elections and freedom of expression. This maximizes Hong Kong’s ability to act as a channel between China and the outside world. Broader Role: While Hong Kong currently acts as a gateway between China and the West in the financial and economic sectors, it could potentially play a larger role by reaching out to research, media, and educational sectors, Leung said. However, Hong Kong would then face a delicate balancing act in dealing with sensitive issues, since it does not have complete political independence from China. HONG KONG AS A LAND OF OPPORTUNITIES Hong Kong’s physical and political geography places it in a unique position to connect economic interests in China with those in the United States and to assist China in improving its legal infrastructure, Leung said. However, Hong Kong also needs to develop its competitiveness in order to keep its own economy sustainable. Higher Education: With an international body of students and faculty in its universities, Hong Kong can leverage its status as a halfway point between the West and the East to attract talent. This enables Hong Kong to make positive contributions to China’s legal system. For example, a joint legal partnership between China and the United States that is designed to train Chinese judges will help increase Chinese recognition of the importance of the rule of law, thereby improving the judicial system. Drawing From the Mainland: The large presence of mainland students and returning overseas Chinese likewise attests to the perceived advantage of living and working in a more politically and economically free region. In response, the Hong Kong government has sought to retain talent by providing mainland students with one postgraduate year to seek employment. Competitiveness: The rise of Shanghai as a powerful financial center has challenged Hong Kong’s competitiveness as a financial center in the region, Leung said. While Hong Kong’s financial sector may not be sufficient to accommodate all of China’s needs, it still has a comparative advantage compared to Shanghai, due to its solid legal and judicial systems. Moreover, China’s growing economy needs more than one financial center. Labor Force: Hong Kong faces a shortage of highly educated labor; the percentage of its labor force with a university diploma is small, at only 19 percent. Hong Kong’s universities must adapt to the new market by training students to serve both local and overseas needs, especially when Hong Kong-based services are growing in popularity in China. A Services and Technology Economy: Hong Kong must diversify its economy if it wants to compete with other major cities in China. It can do this by developing high value services, such as training maritime lawyers and training insurance brokers to ensure smooth legal and financial transactions. Improving the quality of its higher education system will facilitate this transition, Leung said. A focus on scientific research and high-technology sectors will likewise allow Hong Kong to increase its competiveness by exporting expertise in pharmacy, biochemistry, and engineering to mainland China. FUTURE IMPLICATIONS Regional Connections: The integration of Hong Kong into the Chinese economy, especially in the region of Guangdong, will continue to deepen with the construction of high-speed trains, as well as Hong Kong’s growing dependence on China for labor, water, and electricity supplies. However, that regional integration must occur without compromising Hong Kong’s autonomy. U.S.-Hong Kong: The United States should continue to support Hong Kong by encouraging sustainable economic development and using it as a portal to transfer U.S. expertise and services to China. U.S.-China Trade Relations: Leung expressed his belief that an appreciation of renminbi will not help the U.S. economy, since economic tensions between the two countries are much more complicated than a simple currency adjustment. The fundamental issue, he argued, lies in the declining American competitiveness.

#### US-China relations on the brink – tensions are high and stabilization is key

Tiezzi 12/19 [Shannon Tiezzi. “US-China Military Relations: The Great Debate.” The Diplomat, December 19, 2014] AJ

One such voice of caution comes from Congressman J. Randy Forbes (R-VA), the leader of the House Armed Services Committee’s Seapower and Projection Forces Subcommittee. In an open letter to U.S. Defense Secretary Chuck Hagel, Rep. Forbes expressed a “growing concern with the overall trajectory to the military-to-military relationship” between the U.S. and China. Though Forbes noted that he believes “a sustained and substantive relationship with the PRC is one of the core objectives of U.S. policy” in the Asia-Pacific region, he questioned the utility of the current approach to mil-to-mil relations. “There is no indication that more engagement has helped to shape Beijing’s actions in a positive direction consistent with U.S. objectives,” Forbes argued. “To the contrary, as we have increased our mil-to-mil engagement over the past two years, China’s actions have only turned more coercive.” In Forbes’ opinion, the current U.S. military approach of increasing engagement with China in an attempt to forestall incidents is “flawed.” Instead, Forbes argues civilian leadership at the Pentagon should take a stronger hand in guiding U.S. military engagements with China at the strategic level. Accordingly, Forbes called for a review of the Pentagon’s current policies for mil-to-mil engagement with China. Forbes’ letter comes amid growing concern over closer military ties between the U.S. and China. In May, General Fang Fenghui, chief of the PLA general staff, was granted a tour of the USS Ronald Reagan, a nuclear-powered aircraft carrier. That visit sparked concerns that the U.S. military had compromised valuable information, in violation of congressional legislation restricting mil-to-mil exchanges with China. Naysayers seem to have overlooked the fact that the invitation to Gen. Fang sparked a reciprocal response from China: Secretary Hagel became the first-ever foreign defense official allowed to tour China’s first carrier, the Liaoning. A U.S. defense official told Reuters the invitation to Hagel was “an honest, genuine effort to be open.” Some members of Congress (including Rep. Forbes) also spoke out against China’s inclusion in the U.S.-hosted RIMPAC exercises this year, especially after the PLA sent a ship to spy on the exercises. “It is clear China is not ready to be a responsible partner and that their first trip to RIMPAC should probably be their last,” Forbes said in a statement at the time. In criticizing China for not being a “responsible partner” and for coercive behavior, Forbes and others suggest that the purpose of military-to-military engagement is to change Chinese conduct. In the long term, that is indeed the goal (and China is also actively trying to alter U.S. behavior through military talks). In the short-term, however, mil-to-mil relations are so crucial precisely because of increased frictions between the U.S. and China in the security realm. As the U.S.-China relations move slowly toward a period of entrenched competition, particularly in the Asia-Pacific region, the risk of a crisis in the near-term creeps ever higher. Under these circumstances, regular military talks and engagements become more important. Regardless of their impact on long-term behavior, such talks are essential for stabilizing the relationship in the here and now. For example, U.S.-China military engagements weren’t enough to prevent a dangerous mid-air confrontation between a U.S. P-8 patrol aircraft and a Chinese fight jet in August. Discussions on rules of conduct at air and at sea, though, will be crucial for preventing repeats of that incident – or worse, of the fatal 2001 Hainan EP-3 incident. Rethinking military exchanges because of a near-miss is counter-productive. It should also be noted that the U.S. military engages in plenty of actions that China views as confrontational or aggressive, from close-in surveillance of Chinese coastal regions to regular arms sales to Taiwan. In that past, China would simply cut off mil-to-mil ties as a form of punishment for U.S. actions that went counter to Chinese interests – with no measurable effects on U.S. practices. Forbes is right that increased mil-to-mil engagement has not altered Chinese behavior; decreased engagement, however, is even less likely to do so, as China knows first-hand.

#### Asian war goes nuclear---no defense---interdependence and institutions don’t check

C. Raja Mohan 13, distinguished fellow at the Observer Research Foundation in New Delhi, March 2013, Emerging Geopolitical Trends and Security in the Association of Southeast Asian Nations, the People’s Republic of China, and India (ACI) Region,” background paper for the Asian Development Bank Institute study on the Role of Key Emerging Economies, <http://www.iadb.org/intal/intalcdi/PE/2013/10737.pdf>

Three broad types of conventional conflict confront Asia. The first is the prospect of war between great powers. Until a rising PRC grabbed the attention of the region, there had been little fear of great power rivalry in the region. The fact that all major powers interested in Asia are armed with nuclear weapons, and the fact that there is growing economic interdependence between them, has led many to argue that great power conflict is not likely to occur. Economic interdependence, as historians might say by citing the experience of the First World War, is not a guarantee for peace in Asia. Europe saw great power conflict despite growing interdependence in the first half of the 20th century. Nuclear weapons are surely a larger inhibitor of great power wars. Yet we have seen military tensions build up between the PRC and the US in the waters of the Western Pacific in recent years. The contradiction between the PRC’s efforts to limit and constrain the presence of other powers in its maritime periphery and the US commitment to maintain a presence in the Western Pacific is real and can only deepen over time.29 We also know from the Cold War that while nuclear weapons did help to reduce the impulses for a conventional war between great powers, they did not prevent geopolitical competition. Great power rivalry expressed itself in two other forms of conflict during the Cold War: inter-state wars and intra-state conflict. If the outcomes in these conflicts are seen as threatening to one or other great power, they are likely to influence the outcome. This can be done either through support for one of the parties in the inter-state conflicts or civil wars. When a great power decides to become directly involved in a conflict the stakes are often very high. In the coming years, it is possible to envisage conflicts of all these types in the ACI region. ¶ Asia has barely begun the work of creating an institutional framework to resolve regional security challenges. Asia has traditionally been averse to involving the United Nations (UN) in regional security arrangements. Major powers like the PRC and India are not interested in “internationalizing” their security problems—whether Tibet; Taipei,China; the South China Sea; or Kashmir—and give other powers a handle. Even lesser powers have had a tradition of rejecting UN interference in their conflicts. North Korea, for example, prefers dealing with the United States directly rather than resolve its nuclear issues through the International Atomic Energy Agency and the UN. Since its founding, the involvement of the UN in regional security problems has been rare and occasional.¶ The burden of securing Asia, then, falls squarely on the region itself. There are three broad ways in which a security system in Asia might evolve: collective security, a concert of major powers, and a balance of power system.30 Collective security involves a system where all stand for one and each stands for all, in the event of an aggression. While collective security systems are the best in a normative sense, achieving them in the real world has always been difficult. A more achievable goal is “cooperative security” that seeks to develop mechanisms for reducing mutual suspicion, building confidence, promoting transparency, and mitigating if not resolving the sources of conflict. The ARF and EAS were largely conceived within this framework, but the former has disappointed while the latter has yet to demonstrate its full potential. ¶ A second, quite different, approach emphasizes the importance of power, especially military power, to deter one’s adversaries and the building of countervailing coalitions against a threatening state. A balance of power system, as many critics of the idea point out, promotes arms races, is inherently unstable, and breaks down frequently leading to systemic wars. There is growing concern in Asia that amidst the rise of Chinese military power and the perception of American decline, many large and small states are stepping up their expenditure on acquiring advanced weapons systems. Some analysts see this as a structural condition of the new Asia that must be addressed through deliberate diplomatic action. 31 A third approach involves cooperation among the great powers to act in concert to enforce a broad set of norms—falling in between the idealistic notions of collective security and the atavistic forms of balance of power. However, acting in concert involves a minimum level of understanding between the major powers. The greatest example of a concert is the one formed by major European powers in the early 18th century through the Congress of Vienna after the defeat of Napoleonic France. The problem of adapting such a system to Asia is the fact that there are many medium-sized powers who would resent any attempt by a few great powers to impose order in the region.32 In the end, the system that emerges in Asia is likely to have elements of all the three models. In the interim, though, there are substantive disputes on the geographic scope and the normative basis for a future security order in Asia.

## Protests Frontlines

### Update 4/11

#### Lack of economic justice makes new protests inevitable – tensions remain high

Keatley 3/13 [(Robert Keatley is a former editor of the Asian Wall Street Journal and the South China Morning Post of Hong Kong) “Encore: The Hong Kong Protests' Coming Revival” The National Interest 3/13/15] AT 4/11/15

Last year was anything but quiet in Hong Kong. Angered by Beijing’s refusal to let local politics take a more democratic turn, huge crowds—especially of students—clogged main streets and shut down the central business district for ten weeks. Assorted scuffles and police tear gas gave protests an occasional touch of violence though they ended peacefully, if inconclusively. The long-term economic damage was minimal. Yet an atmosphere of distrust and disillusion remains. So when the government’s Chief Executive, Leung Chun-ying (CY Leung), issued his annual Lunar New Year statement not long ago, he turned to the Chinese zodiac in search of guidance for his discontented public. This is, according to the translation dominant in Hong Kong, the Year of the Sheep (though others say the relevant if ambiguous Chinese character yang (羊) really stands for a goat or ram). “Sheep are widely seen to be mild and gentle animals living peacefully in groups,” he advised. “In the coming year, I hope that all people in Hong Kong will take inspiration from the sheep’s character and pull together in an accommodating manner to work for Hong Kong’s future.” But the image of “Good Shepherd Leung” leading his flock to the political equivalent of ever greener pastures did not immediately spring to mind. Some Hong Kong residents instead interpreted the analogy as one in which lambs go to slaughter, so they dismissed Leung’s words as yet another political blunder by an unpopular leader seen as acting more dutifully toward Communist leaders in Beijing than toward individuals he nominally represents. It was a reminder that Hong Kong has deep divisions and is certain to face future unrest as Beijing inexorably moves to restrict some—though not all—of the civic freedoms that set it apart from the rest of China. This guarantees that the coming months will not be a time for placid sheep. Several divisive issues are at work but the most obvious one concerns the political future. Though Hong Kong came under Chinese sovereignty in 1997, it has been governed ever since by a special arrangement called “one country, two systems.” This gives Beijing authority over diplomatic and military matters but is supposed to allow—as the applicable law states—“Hong Kong people ruling Hong Kong” with a “high degree of autonomy.” This means, among other things, that the territory has been guaranteed, at least until 2047, continued press freedom, the right of assembly, an independent judicial system based on British common law, as well as a free market economy and financial standards. In addition, the political system inherited from the British is supposed to evolve gradually into a fully democratic one with local elections. None of this is allowed on the mainland. At present, the Chief Executive is chosen every five years by an election committee of twelve hundred people selected, for the most part, from interest groups aligned to Beijing; this method has produced three successive leaders with neither a public mandate nor much popular support. Because the top administrator cannot, by current law, represent any political party, there is an strange disconnect between the executive and legislative branches, giving Hong Kong a government that too often seems dysfunctional. Introducing elections by universal suffrage for major posts is supposed to help correct this. Hong Kong’s vocal pro-democracy politicians had expected popular voting for the top job to be allowed in 2007, but Beijing reneged on an implied promise. Last year, on August 31, however, Chinese leaders said it could be introduced for the next Chief Executive election in 2017—but with a catch. Only “two or three” candidates approved by a special committee under mainland influence can stand for the top office; this meant that pro-democracy candidates perceived by Beijing as unreliable supporters of Chinese Communist Party policies could not win a place on the ballot. Angry politicians called this a fake democracy that violated the terms of the “one country, two systems” arrangement, and in late September launched a public demonstration called “Occupy Central with Love and Peace.” It was meant to take over the central business district as a peaceful protest against Beijing’s decree and force political concessions. But things soon got out of hand. Unexpected crowds of students, motivated by their own social and economic grievances, overwhelmed the middle-class professionals who run Hong Kong’s small pro-democracy political parties and took control of the streets. Soon the movement had no clear leadership nor agreed set of demands. With Beijing’s strong support, the Hong Kong government simply out-waited the students and by the end of the year, the protest was over. But not forgotten. Those opposed to Beijing’s decision have promised new demonstrations unless election rules are amended to open up the process of selecting candidates. Or else, the protestors will reject the new plan. Just what they will do and when, or how disruptive new demonstrations may be, remains unknown. However, China—echoed by a supine Hong Kong government—insists no serious concessions will be forthcoming and a completely open nominating process is not possible anytime soon, if ever. Chief Executive Leung has warned that the city might descend into “anarchy” if more public protests ensue and promises to uphold his version of law and order firmly (his government is buying its first three water cannons for that purpose). Beijing voices are shriller. Some officials have denounced the demonstrations as an attempt to seek outright independence, which it is not, or claim the protests had an even more sinister purpose. Occupy Central—symbolized by yellow umbrellas—was “an orchestrated Hong Kong version of a color revolution,” according to General Sun Jianguo, Deputy Chief of Staff of the Chinese People’s Liberation Army, implying a relation to the “Orange” and “Rose,” protests elsewhere. “Hostile forces have always attempted to make Hong Kong the bridgehead for subverting and infiltrating mainland China….under the instigation and support of external forces.” Others, including Leung, have echoed this claim but so far have refused to offer supporting evidence. A former U.S. government specialist in Asian policy dismisses this claim as “delusional” and notes that it is not certain that Beijing officials really believe what they say. But American officials agree that fear of political contagion is the main reason why Chinese rulers, who can detect conspiracies with a near paranoid consistency, are increasingly intolerant toward Hong Kong politicians. The territory’s relatively free society has long influenced attitudes in the heavily populated, neighboring Guangzhou Province, a leading Chinese export base where people have strong family ties to Hong Kong citizens. Allowing the territory to choose its own leaders strikes the mainland’s Communist Party as an extremely dangerous precedent for the rest of the nation, especially now that President Xi Jinping is cracking down on dissent with a fervor not seen since twenty years. In Xi’s oft-stated view, any opposition to Communist rule is treasonous. The next move is up to the Hong Kong government. It has just completed its second so-called “public consultation” about Hong Kong’s political future, wherein it goes through the motions of testing public opinion. By the end of April, it will forward final election-rule recommendations for Beijing’s approval. These will not differ much from those decreed by Beijing last August, but could include minor amendments. If results of the first consultation are a guide, the government report will tell Beijing what it wants to hear rather than honestly explain what many in Hong Kong would prefer. Once Chinese leaders accept the report, then Hong Kong’s Legislative Council (LegCo) must approve it by a two-thirds majority before the territory can, in 2017, hold its first-ever popular election for its leader—under terms that omit candidates who lack the center’s prior approval. LegCo action remains uncertain. Pro-democracy figures have about a third of the total seats, enough to block action and scupper the Beijing plan. But that would keep the existing system in place indefinitely, with the next Chief Executive chosen by the same twelve hundred-person committee that picked the unpopular Leung. With no fallback plan available, the pro-democrats would have to decide between flawed electoral reform or none at all, with no prospect for serious change in sight. The Hong Kong government is trying to convince a few opposition members that something is better than nothing, and herd its plan safely through LegCo by this summer. So far, however, the pro-democrats claim they remain united against the Beijing plan, especially as modest proposals that could make it more acceptable have been rejected. The Occupy Central movement radicalized some in the pro-democracy camp, and energized student groups to an unprecedented degree. If the final law does not make the voting plan more palatable, new demonstrations seem inevitable, though they may not match the initial protests in magnitude. Other grievances could intensity protests. Many young people believe the Hong Kong business establishment has cast its lot with Beijing, with capitalists and Communists colluding to prevent local democracy. They are not incorrect. Local tycoons fear that a freely elected government might introduce populist welfare programs and raise taxes; they also believe they can protect their extensive commercial interests in China by backing the ruling party. President Xi, in fact, has met conspicuously with Hong Kong business leaders, saying that maintaining their prosperity is a key Communist Party policy. But many young Hong Kong people resent this focus on China. They complain that too many good jobs go to imported mainlanders, while local businesses fail to create enough new ones at home. They also contend that rich mainlanders have skewed the property market, raising home prices—up thirteen percent last year—beyond their reach. An acute and widening rich-poor divide feeds this resentment, and feeds an often antagonistic attitude toward mainland visitors. In fact, there have been angry protests near the mainland border against so-called “parallel goods traders”—visitors who empty shop shelves to cram suitcases with goods for resale at higher prices in China, where product safety is suspect. This has created, for example, a shortage of baby formula in Hong Kong. And to Beijing’s dismay, a growing share of young people call themselves Hong Kongers before they claim to be Chinese. This sense of separateness could lead to Chinese attempts to erode some of Hong Kong’s civic freedoms in coming months. Both the mainland and local governments have vowed to add “patriotic education” to the school system, which some consider to be mainland propaganda. There may be renewed efforts to pass security laws against “sedition,” a catchall term to constrain criticism (a 2003 effort to pass such laws brought out 500,000 protesters). Press freedom has diminished, largely because many media owners won’t risk antagonizing authorities. One leading distributor no longer handles books critical of mainland policies. Some Beijing bureaucrats have suggested the court system should help implement official policies rather than serve as an independent judiciary. So far, most of these potentially repressive policies remain abstract future threats rather than current dangers. But Hong Kong citizens clearly want to preserve the freedoms and lifestyle they already enjoy, while obtaining the power to achieve greater economic justice. If they believe that they are being squeezed and that these rights are endangered, new protests seem certain. What Beijing would do in that scenario is a great unknown. But as Chinese Vice President Li Yuanchao remarked recently: “the really interesting part of the show is yet to come.”

#### Protests are back!

Ramzy 3/27 (Austin, Beijing Correspondent with Time since 2007, Six Months Later, Small Protest Camp Grows Again in Hong Kong, March 27, 2015,) JZ 4/11

After workers under police watch dismantled the main camp of Hong Kong pro-democracy protesters in the Admiralty district in December, a small number of holdouts vowed to fight on. They regrouped on the sidewalks near government buildings, a vastly diminished presence but a reminder that the end of the 79-day occupation of city streets was not an end to their campaign for greater citizen involvement in the selection of Hong Kong’s next leader. “At first, there weren’t many people, but it has grown,” said Kit Ku, a 23-year-old pastry chef wearing a black hoodie and clunky black glasses as he sat in a tent on Thursday. “I’m very happy. This is very meaningful for the Hong Kong people.” In the days leading up to the six-month anniversary of the Sept. 28 start of the Occupy Central protests, which also became known as the Umbrella Movement, the encampment around the government offices has slowly expanded. The site now has a garden, a study area, a library and solar-powered lights. As a cold rain fell Thursday night, two men sawed lumber to make benches and storage lockers. High-school students did homework under a tent, while two groups of about a dozen each discussed politics and strategy. An online tally said that as of Tuesday, there were 147 tents at the camp, nearly double the 78 that were counted on Dec. 16, after the mass sit-ins ended. The number is a sliver of the 1,817 tents present just before the protesters were removed from one of Hong Kong Island’s major thoroughfares, but the increase has prompted notice. In a speech on Wednesday to an investment conference, Leung Chun-ying, the Hong Kong chief executive, raised the possibility that the Occupy protests could return. “The Hong Kong government, as always, maintains its preparedness,” he said. “But I can say that the public, if Occupy happens again, will not be sympathetic.” At the protest site, Mr. Ku said he was not interested in trying to block major streets again. “If we take the streets again, some people are scared the police will beat us again,” he said. “We have other ways to do this without people getting hurt.” On Thursday evening, two police officers walked through the camp, counting tents. They inquired about a banner that had been hung from the side of a stairway that became known as the Lennon Wall during the protests after demonstrators covered it with notes expressing their hopes. Last year, the police arrested 955 occupy protesters, the government said this week.

#### These are more violent

Economist 3/21 [Aisles apart: Protests about mainland shoppers reveal graver problems. http://www.economist.com/news/china/21646794-protests-about-mainland-shoppers-reveal-graver-problems-aisles-apart] AJ

LATE last year thousands of pro-democracy demonstrators poured onto the streets of Hong Kong calling for the right to elect the city’s leader in 2017, free of interference by the central government in Beijing. In recent weeks protests have flared again; far smaller this time, but more violent and similarly fuelled by resentment of the mainland’s encroachment. At issue has been the hordes of mainland Chinese who visit Hong Kong to buy goods for black-market resale at home, a racket described locally as “parallel trading”. These new and nastier outbursts are about far more than shopping; they suggest that antagonism towards the mainland is deepening and spreading beyond the territory’s urban core. This is causing anxiety among officials on both sides of the border.

#### Tensions are rising

Coonan 3/23 [Hong Kong police step up security after Occupy Central protests. Clifford Connan. 3/23/15. Irish Times. http://www.irishtimes.com/news/world/asia-pacific/hong-kong-police-step-up-security-after-occupy-central-protests-1.2149040. Accessed 4/11/15] AJ

The Hong Kong government is seeking to increase security after the Occupy Central pro-democracy protests in late 2014, which led to widespread unrest and disrupted traffic in the city, as well as a recent round of protests against mainland traders buying up cheap goods in the city. Outside the Happy Valley police station in the former Crown Colony, workmen have been removing the wooden frameworks from around large concrete blocks at the front of the building, while police officers were ordered to step up control of public gatherings in the territory. The officers have been ordered to implement more strictly an existing public order law from 1967, which was used to crack down on pro-Beijing leftist riots against British colonial rule. In recent years, the ordinance has mostly been used against organised criminals from triad gangs, but post- Occupy, officers have been ordered to break up any gathering deemed likely to cause any breach of the peace or threat to public safety.

### Protests Update 2/3

#### Pro-democracy protests are back and support is stronger than last time – risk of escalation to violence is higher as young people are losing patience

Gopalan 2/1 [(Divya Gopalan, journalist) Thousands Return To Streets To Protest In Hong Kong, Al Jazeera 2-1-2015] AT

Thousands of protesters carrying yellow umbrellas have marched through Hong Kong's main financial district - the scene of the long-running "Occupy Central" sit-in last year. Police were out in force on Sunday as the crowds slowly made their way along the 4-km route from Victoria Park to Central chanting, "We want democracy and the right to choose our own leader". Dozens of people turned up at the march carrying the old colonial flags with the Union Jack in the corner. One person even carried a sign stating that Hong Kong is British. One of the flag carrying protesters told Al Jazeera that it was a statement to show that Hong Kong was not like the rest of China, and should not be treated as such. As demonstrators reached their final destination in one of the richest parts of Hong Kong, founder of the Occupy movement Benny Tai spoke to the crowd, encouraging them to continue the movement. Reminiscent of the two-month sit-in which ended in December, he quoted late artist John Lennon's lyrics, "You may think that I'm a dreamer, but I am not the only one", calling for solidarity. According to the organisers approximately 13,000 people had turned out by the end of the protest. Police put the turnout at an estimated 6600. The turnout was just a fraction of the 50,000 expected, but the range in ages was bigger than the original "occupy" protest, an Al Jazeera reporter at the scene said. More protests planned The Civil Human Rights Front, a collection of NGO’s organised Sunday’s march. Daisy Chan Si-ying, one of the organisers, said that conventional protests attracted fewer people after the occupy movement. She said that if the government did not pay attention to such peaceful gatherings, demonstrators may resort to more "radical" means of resistance. The march marks the first major gathering since protest sites and a tent city blocking Hong Kong island's main highway were cleared in December. Protesters had been calling for more say in how the city's leaders were chosen and for more free elections. Currently Beijing vets any candidates for the territory’s chief executive. At the peak of the demonstrations last year, 100,000 people took to the streets and violent clashes with the police drew the world's attention. Au, a 21-year-old college student, was one of the protesters who slept on Hong Kong's highways for the 79 days of the occupy sit-in. He told Al Jazeera that many of the young people that took part in the protests from September to December did not turn up on Sunday, adding they were still recovering and making plans for a bigger revival of the movement. The government responded to Sunday’s protests with a reminder that they are carrying out a two-month public consultation to gauge the community’s views on issues relating to the chief executive’s election. Legislative councilor Albert Ho called the government’s reaction “nonsense”. He said that Beijing has remained largely silent, and Hong Kong’s government has not made any sincere gestures towards the protesters. He said he was planning to resign from his seat in the Legislative council so that the public would be forced to vote to fill it. In effect, he said, it would trigger a defacto referendum on how the Hong Kong people felt about democracy.

#### Government responses threaten more crackdowns

Sim 15 [(Shuan Sim, journalist and reporter) Hong Kong Protests Update: Amid Chief Executive Election, Government Warns Against Fresh Demonstrations International Business Times 1-6-2015] AT

Hong Kong Chief Executive Leung Chun-ying warned protesters Tuesday that they should cease trying to spark new demonstrations against the city’s ongoing political reform process. Hong Kong has been marked by protests since September 2014 as the city prepares to elect its next leader. Leung stood firm on the city government’s stance that any voting system would stick to the framework Beijing has set for Hong Kong, opting for reconciliation over conflict. "If we really want to implement universal suffrage on 2017, we ... should not do anything that threatens the Hong Kong government or the central government," Leung told reporters. He said that “coercive actions that are illegal or disrupt social order" would not change anything and that the public should take a "legal, rational and pragmatic" approach in expressing opinions, according to Channel News Asia. The city will go through its second round of public consultation on Wednesday to select the next chief executive. Protests began back in September when mainland China announced its decision to enact political reform in Hong Kong, effectively allowing the city to elect its own leader. This will be the first time that Hong Kong gets to do so, having previously been under British rule and currently under mainland China’s administration. While China has pledged to allow Hong Kong that freedom, the candidates must first be vetted by its committee. Pro-democracy lawmakers and protesters have claimed that such a process does not reflect public sentiment. Lawmaker Kwok Ka-ki said the consultation would be a “large-scale propaganda exercise.” “Those coming from the democratic camp will be able to enter (as candidates), but they will never be able to be selected for election,” Kwok told Agence France-Presse, according to Channel News Asia. "The government will try to create an impression that we have a lot of room to discuss how candidates of different persuasions can enter the race, but the nominating committee will still do the gatekeeping," political analyst Ma Ngok said. Protests camps were cleared in December, and the courts put forth applications on Monday to formally charge more than 30 activists for obstruction of justice and unlawful assembly when the police tried to clear protest camps in November. Key leaders have been asked to turn themselves in, including student activists Alex Chow and Joshua Wong. The Hong Kong police had been criticized for using tear gas against what was largely a peaceful protest. The government defended its decision, saying that it was in response to violent protesters, according to the Wall Street Journal.

### Other Protests Updates 2/3

#### There are more protests

Neuman 2/1 [(Scott Neuman, Digital News writer and editor, handling breaking news and feature stories for NPR.org) Hong Kong's Pro-Democracy Activists Stage New Protest, NPR.org 2-1-2015] AT

In a move aimed at breathing life into Hong Kong's pro-democracy movement, thousands gathered at the city's Victoria Park today in open defiance of Beijing's insistence that it have final say on candidates for the territory's next leader. Organizers said 13,000 attended the rally, but police claimed the figure was 8,800. Regardless, the number is far fewer than the tens of thousands that came out for past protests calling for free and open elections in 2017 to choose a new "chief executive" for the former British colony. In any case, The South China Morning Post says it's "the first major post-Occupy Movement mass rally." According to the SCMP: "[Placards] and balloons all paying homage to the "Umbrella Movement" abounded. At 2.20pm, the march began with the head of the rally leaving Victoria Park's eastern entrance through Tin Hau. "Leading the charge were key figures of the Occupy Central movement including Benny Tai Yiu-ting, Chan Kin-man and Reverend Chu Yiu-ming. Others at the front included Democratic Party founding chairman Martin Lee Chu-Ming as well as Daisy Chan Sin-Ying." Reuters reports that some 2,000 police flanked the protesters as they marched through the city's glitzy shopping and financial districts, "seeking to avoid a repeat of the so-called Occupy Central campaign that saw demonstrations shut down key roads for 2-1/2 months." Beginning in August, the mass protests attracted international attention amid fears of a Tiananmen Square-style crackdown that never came. However, Hong Kong police did move aggressively on several occasions to try to break up the mass protests that paralyzed parts of the city. In September, at the height of the mass protests, we published this primer on the history of Hong Kong and what's at stake for the pro-democracy movement.

#### Moar protests

Wong 2/1 [(Chris Buckley and Alan Wong, journalists) Protesters Once Again Fill Streets in Hong Kong, New York Times 2-1-2015] AT

Pro-democracy protesters streamed through the heart of Hong Kong on Sunday in their first sizable show of strength since the police cleared occupations that blocked streets for 11 weeks late last year. The protest was much smaller and milder than the “Occupy” protests that ended in mid-December, and fell well short of the 50,000 participants that organizers had promised. In the end, they estimated that 13,000 people joined, while the police estimated that the crowd reached 8,800 at its peak. But the march was a tentative test of how much support the pro-democracy groups could muster in the new year for their campaign to force the government into accepting open elections for the city’s top official. “We want to sustain the momentum after the Occupy protests,” Joshua Wong, an 18-year-old student leader at the forefront of last fall’s street demonstrations, said while walking toward the financial district of Hong Kong. Hundreds of police officers watched Sunday as the crowd walked through streets crammed with weekend shoppers. But there were no signs of confrontation with the protesters, many of whom held yellow umbrellas, a symbol of the street occupation last year. For both the protest organizers and the police, the demonstrators’ return to the streets presented a delicate challenge. Though many Hong Kong residents support general demands for unfettered democracy, growing numbers had grown tired of the street occupations by the time they ended in December. For the police force, heavy-handed tactics could inflame public anger, as they did in late September, when the sight of democracy protesters, many of them students, being dispersed by tear gas and pepper spray ignited an outpouring of sympathy. The demonstration was organized by the Civil Human Rights Front, a coalition of advocacy groups, which secured police approval for the assembly, unlike the unapproved protests that erupted into street camps across three parts of the city and drew tens of thousands at their height. The protesters had hoped to overturn an election plan for Hong Kong issued by the Chinese national legislature on Aug. 31. That plan would allow residents a direct vote for the city’s leader, or chief executive, starting from 2017, but only from a list of two or three candidates already approved by a committee where most members are loyal to Beijing. Pro-democracy groups and politicians say that pre-screening would deprive voters of any real say. “We are at a critical juncture,” Fernando Cheung Chiu-hung, a member of the pro-democracy Labor Party in Hong Kong’s city legislature, or Legislative Council, said in an interview. Advocates of full democracy need to win over wavering public opinion, which could be alarmed by renewed street violence, he said. “It depends on whether we can win that support or whether the middle ground will go along with the government’s proposals,” Mr. Cheung said. “It would be difficult to go back to Occupy on the streets; that would get a hostile response.” Angela Chu, an employee in an investment company who joined the protest, said: “This is a way to tell people that we’re still here. But marching can’t be the only means.”

#### 3

BBC 2/1 [(British Broadcasting Company ) “Hong Kong pro-democracy protesters return to streets” 1 February 2015] AT

Thousands of pro-democracy activists have returned to the streets of Hong Kong for their first big rally since mass protests last year. But the number of protesters - put by organisers at 13,000 but by police at half that figure - was far lower than the earlier demonstrations. Their key demand is fully democratic elections for the territory's leader. A large police presence was in force to prevent demonstrators from occupying key areas of Hong Kong. But the protesters did not carry out a repeat of the occupations that shut down parts of the city for more than two months last year. Candidate vetting Last year's Occupy demonstrations at their peak were attended by tens of thousands of people from all walks of life. There were later violent clashes with police, and the final protest camp was dismantled in December. One organiser of the latest march, Daisy Chan, told the South China Morning Post that although the turnout was lower than expected it "only shows that Hong Kongers are no longer satisfied with conventional ways of protest" and people were taking up "new ways to pressure the government". One of the main demands of the protesters is universal suffrage Several thousand protesters marched through the city's upmarket shopping and financial districts Many of the demonstrators held yellow umbrellas, the symbol of earlier protests The protesters were watched by about 2,000 police officers as soon as they began their march through the city's upmarket shopping and financial districts. Those who took to the streets in Hong Kong said they needed to stand up and be counted, if only to protect existing freedoms. That means exercising the freedom to march even if no-one in power is listening. Some of the younger marchers put the low turnout down to fatigue, saying large numbers would pour back on to the streets when the moment was right. But one 60-year-old cautioned against youthful optimism, warning that Hong Kong would have to wait for the downfall of the Chinese Communist Party before seeing genuine democracy. That party has comfortably outlived many predictions of its demise. It is watching events in Hong Kong closely and will see a low turnout as vindication of its strategy to avoid force and overt direction of events while making no compromises on political reform. At this point, Beijing will feel it has won the battle - if not yet the war - and is likely to carry on shaping Hong Kong's political destiny according to its own design. line China has promised the semi-autonomous territory direct elections in 2017, but ruled that candidates had to be vetted by Beijing. Pro-democracy legislators - who hold about 40% of the seats in the Legislative Council - strongly oppose the move. Protester Julia Choi told the AP news agency that pro-democracy candidates "would not even be nominated, so this is pseudo-universal suffrage, we do not have the rights to elect who we want". Many demonstrators carried yellow umbrellas - the symbol of the political campaign. A large banner caricaturing Hong Kong's Chief Executive CY Leung read: "Reject fake democracy, we want real universal suffrage." But speaking on local radio on Sunday, Lam Woon-kwong of the Executive Council, Hong Kong's top policy-making body, warned protesters: "You can't threaten the central authorities." Student leader Alex Chow (centre) carries a banner with other students during the democracy march (01 February 2015) Many protesters complain than the government has routinely ignored their demands

#### 5

Kwok 15 [(Donny Kwok and Michelle Price, journalists) Pro-democracy protesters back in Hong Kong, no violence, Reuters 2-1-2015] AT

(Reuters) - Thousands of pro-democracy protesters returned to the streets of Hong Kong on Sunday in the first large-scale rally since demonstrations rocked the global financial hub late last year. Some 2,000 police flanked thousands of protesters who marched on the city's glitzy shopping and financial districts, seeking to avoid a repeat of the so-called Occupy Central campaign that saw demonstrations shut down key roads for 2-1/2 months. Organizers estimated the turnout at 13,000, but police said 8,800 people showed up at the march's peak. Last year's protests for a fully democratic vote to choose Hong Kong's next leader were the most serious challenge to China's authority since the 1989 pro-democracy demonstrations and crackdown in Beijing's Tiananmen Square. While organizers stood fast to earlier demands for full democracy in the former British colony, they insisted Sunday's march would be peaceful and not seek to occupy any sites. "We want to make it clear to the government that ... we want true universal suffrage," said Daisy Chan, one of the organizers. Packed streets resembled rivers of yellow as protesters carried yellow banners and umbrellas - a symbol of last year's campaign after protesters used them to fend off police pepper spray attacks. Chants of "we want true democracy" echoed off high rise buildings. While the turnout by late afternoon fell far short of the 50,000 anticipated by organizers, some participants said they were pleased the spirit of last year's action had not been lost. While anti-democracy groups were seen on the fringes of the protest, no scuffles were reported and police separated potential troublemakers. Other protesters feared they might face violence from anti-democracy groups later in the evening, and some were arming themselves with protective shields, though the demonstrators ended up dispersing without incident. Colonial-era Hong Kong flags and Union Jacks were seen flying among the crowds, prompting one old woman to yell at a student waving the British flag: "You say you want independence, but you don't." The student, Sherman Ying, 20, said the protesters wanted their fates to be "controlled by us, not some government officials in Beijing or some puppet in Hong Kong". "It is just that simple," he said. Hong Kong returned to Chinese rule in 1997 and enjoys wide-ranging freedoms and autonomy under a so-called "one country two systems" arrangement but many fear tightening controls from Beijing. Beijing has allowed city-wide elections for choosing the next chief executive in 2017, but wants to screen candidates first under a conservative electoral reform package proposed last August by China's parliament. The prospect of screening has riled local democrats and their supporters, who fear pro-democracy candidates will effectively be barred from standing for election. Beijing's steadfast refusal to capitulate to protester demands comes as concern spreads that China's leaders are tightening control over its freest and most international city. Beijing's proposal is due to be voted on by Hong Kong's 70-seat legislature over the summer, but pro-democracy lawmakers - who hold just over one-third of the votes - have pledged to veto the plan, setting the scene for further clashes and tension.

#### EV

France-Presse 15 [(Agence France-Presse, news source) Pro-Democracy Protesters To Return To Hong Kong Streets, 2-3-2015] AT

Thousands of pro-democracy protesters will rally on Hong Kong’s streets Sunday (February 1, 2015) for the first time since mass demonstrations shut down parts of the city for more than two months. The afternoon march through central Hong Kong is expected to draw 50,000 people with police warning that attempts to reoccupy key roads cleared of a sea of tented protest camps in December “are likely”. However no protest group has announced it intends to relaunch the occupation. It is set to gauge the public’s appetite for the continued fight for free leadership elections, with authorities having made no concessions to activists’ demands and tensions still high in the semi-autonomous Chinese territory. “The rally continues to call out to people to join the democracy movement,” organizer Daisy Chan told AFP. Officials in December cleared the final protest camps which brought roads to a standstill with rallies that drew around 100,000 at their peak and saw violent clashes with police. The demonstrations started in late September and lasted for more than two months, after years of disagreements over how the city’s leader should be chosen in the future. Chinese authorities have promised Hong Kong people the right to vote for the chief executive in 2017, but ruled that nominees for the top spot will have to be vetted by a pro-Beijing committee, a proposal which has been heavily criticized by activists. Chan said the rally would show that the Occupy movement, as the protests were known, was a political awakening for Hong Kong people. “In the past years, these citizens were less political than they are right now. The Occupy movement woke people up.” “This march demonstrates to the citizens that the pro-democracy momentum is not dead and that it will continue,” political analyst Sonny Lo told AFP. But Lo also believes residents are exhausted from protests over political reform, pressuring pro-democracy activists to be more restrained going forward. “At this moment the members of the public are tired of politics. The democrats have to strategize very carefully,” Lo, head of the social sciences department at the Hong Kong Institute of Education said, adding that most Hong Kong people were “politically pragmatic”. Police have requested march organizers to provide 100 marshals, which the group has said is “unreasonable”. Chan said they were not planning to re-occupy the streets on Sunday, but the police are nervous. “It is believed that those supporting the illegal occupation are likely to seize the opportunity to reoccupy roads which have been now re-opened to traffic,” a statement said ahead of the march. The original founders of the Occupy movement including Benny Tai, along with teenage activist Joshua Wong and other student leaders will attend the rally. Hong Kong’s government is urging the public to support the Beijing-approved plan. The proposed electoral reform package needs the approval of two-thirds of the city’s legislature in order to be passed. A vote is expected to take place in the summer. Protests in Hong Kong pre-date Occupy, with hundreds of thousands taking to the streets to protest over issues including an unpopular security bill or at the annual commemorations marking China’s Tiananmen Square crackdown. Last July, more than half a million people demonstrated a month before Beijing ruled on the city’s political reform.

#### 8

Shafaqna 2/1 [(Shafaqna, International Shia News Association, ) Protesters Once Again Fill Streets In Hong Kong, Nytimes.Com 2-1-2015] AT

Pro-democracy protesters streamed through the heart of Hong Kong on Sunday in their first sizable show of strength since the police cleared occupations that blocked streets for 11 weeks late last year. The protest was much smaller and milder than the “Occupy” protests that ended in mid-December, and fell well short of the 50,000 participants that organizers had promised. In the end, they estimated that 13,000 people joined, while the police estimated that the crowd reached 8,800 at its peak. But the march was a tentative test of how much support the pro-democracy groups could muster in the new year for their campaign to force the government into accepting open elections for the city’s top official. “We want to sustain the momentum after the Occupy protests,” Joshua Wong, an 18-year-old student leader at the forefront of last fall’s street demonstrations, said while walking toward the financial district of Hong Kong. Hundreds of police officers watched Sunday as the crowd walked through streets crammed with weekend shoppers. But there were no signs of confrontation with the protesters, many of whom held yellow umbrellas, a symbol of the street occupation last year. For both the protest organizers and the police, the demonstrators’ return to the streets presented a delicate challenge. Though many Hong Kong residents support general demands for unfettered democracy, growing numbers had grown tired of the street occupations by the time they ended in December. For the police force, heavy-handed tactics could inflame public anger, as they did in late September, when the sight of democracy protesters, many of them students, being [LINK=http://www.nytimes.com/2014/09/29/world/asia/clashes-in-hong-kong.html]dispersed by tear gas and pepper spray[/LINK] ignited an outpouring of sympathy. The demonstration was organized by the Civil Human Rights Front, a coalition of advocacy groups, which secured police approval for the assembly, unlike the unapproved protests that erupted into street camps across three parts of the city and drew tens of thousands at their height. The protesters had hoped to overturn an election plan for Hong Kong issued by the Chinese national legislature on Aug. 31. That plan would allow residents a direct vote for the city’s leader, or chief executive, starting from 2017, but only from a list of two or three candidates already approved by a committee where most members are loyal to Beijing. Pro-democracy groups and politicians say that pre-screening would deprive voters of any real say. “We are at a critical juncture,” Fernando Cheung Chiu-hung, a member of the pro-democracy Labor Party in Hong Kong’s city legislature, or Legislative Council, said in an interview. Advocates of full democracy need to win over wavering public opinion, which could be alarmed by renewed street violence, he said. “It depends on whether we can win that support or whether the middle ground will go along with the government’s proposals,” Mr. Cheung said. “It would be difficult to go back to Occupy on the streets; that would get a hostile response.” Angela Chu, an employee in an investment company who joined the protest, said: “This is a way to tell people that we’re still here. But marching can’t be the only means.”

#### The next wave of protests are coming and will be radical

Sin 14 [(Noah, studying for an MSc in International Relations Theory at London School of Economics. He is also a Constituency Campaigner for Oxfam) “Hong Kong's Umbrella Revolution might be over, but it doesn't matter — the pro-democracy movement will only come back stronger” Independent UK 15 December 2014] AT

Yet without a unifying figure or strategy, the movement could go only so far. The occupy campaign camp to be perceived as too conservative and ineffective, especially by more radical factions. "[It] needs to be taken to a new level," Wong Yeung-tat, the leader of Civic Passion, told The New York Times. "There needs to be escalation, occupation of more areas or maybe government buildings. The campaign at this stage has become too stable." Groups such as Civic Passion are much more openly anti-China. They speak the language of "autonomy" and "deciding our own fate". They are confrontational and refuse to surrender to the police. And while they are far from representing mainstream public opinions, they have galvanised more clout and sympathy during the past two months than ever before. This presents Beijing with a bigger problem than the one they feared. Before they vetted political candidates in August, the Chinese government faced a harmless minority of moderates, who espoused upon the ideals of Gandhi and Martin Luther King. Now they face far more anti-authoritarian and uncompromising groups, whose ideologies are more akin to Malcolm X than Dr. King. But the Communist Party is not the only loser. The police force in Hong Kong, long hailed as one of the best in the world (presiding over very low crime rate), are facing its toughest time in terms of citizen-police relations. While it took less than a day to reopen the roads, it will take much longer than that to wash away the horrific images of plainclothes policemen dragging a protester to a corner to beat him up, not to mention police hitting protesters with batons, pepper spray and tear gas indiscriminately – all alien to this city of stability. There is also an unexpected guest on the list of losers. David Cameron was criticised by MPs for being "weak" over China’s ban on MPs to investigate how the protests were being handled. Under the Joint Declaration, Britain is the only guarantor Hong Kong has if China breaks its promise over democratisation and autonomy. Now that the worst case scenario has become reality, however, Downing Street has done next to nothing. Although the occupations have now concluded, we certainly haven’t seen the last of the democratic movement in Hong Kong. Banners and signs saying "We will be back" were left behind by protesters. And when they return, it will be a new generation of youngsters, battle-hardened, uncompromising, and determined to put everything on the line for the sake of their future.

#### This was just the first round, and they’ve enabled more divisive future protests that will *continuously escalate* until their demands are met

Buckley 12/11 [(Chris, journalist) “Hong Kong Protesters Lose a Last Bastion, but Vow to Go On” NY times, Dec 12, 2014] AT

Yet even in their defeat, the protesters, most of them college students, left with a new sense of political identity, a willingness to challenge the almighty power holders in Beijing, and a slogan from a science-fiction film that many of them repeated as they cleared out of the encampment in Hong Kong’s Admiralty district: “We’ll be back.” (A sliver of a protest camp remains in Causeway Bay, a busy shopping area.) “We have learned we have power when we are together and have enough people,” said Cat Tang, a tall youth who showed up for the scripted final act wearing a menacing helmet and gas mask, with safety pads on his limbs and a plastic shield on his right arm. “Today, we don’t have enough people. But tomorrow, sometime, we can.” The protests had no tangible success in forcing China to allow a more open election for Hong Kong’s next chief executive. But neither did China have any clear success in persuading the rising new generation in its wealthiest and most westernized enclave that they should passively accept China’s vision of what is best, as many of their elders have done. The intransigent positions on both sides seem likely to last. Hong Kong, if subdued for now, could well offer a continuing reminder, in an uncensored environment, of thwarted hopes for greater rights in greater China. The protests have also left the territory deeply polarized and trickier to govern. “It means the soldiers and generals of the future movement are there,” said Lee Cheuk-yan, a longtime labor leader and pro-democracy lawmaker. “The young people have awakened. This is really the gain of the movement.” Solidarity with the movement was on display as it ended. The police were forced to detain dozens of the city’s pro-democracy A-list on Thursday afternoon, hauling wealthy lawyers, prominent lawmakers, student leaders and a media mogul through a phalanx of officers and onto waiting buses with barred windows. The sight of peaceful, sober-minded pro-democracy leaders among the 209 people arrested during the clearance of the camp embodied a volatile new current in Hong Kong politics, said Fernando Cheung, a democracy supporter who is a member of the city’s Legislative Council. Many of those arrested, such as Martin Lee, the founding chairman of the city’s Democratic Party and a Queen’s Counsel of the British bar, were neither radicals nor given to confronting the police, he said. “It shows the growing divisiveness,” said Mr. Cheung, seated under a canopy surrounded by empty bottles, plastic sheets and other debris as the police cleared the site. “Society in general will have to pay a large and growing price for that.” A little later, Mr. Cheung was arrested after refusing to leave the area of the encampment, on a major road past the headquarters of the Hong Kong government. For more than a quarter-century, many of the same men, and a handful of women, have led countless demonstrations with limited visible effect. But the Umbrella Movement did not only mobilize youth who had previously kept out of politics. The long standoff also garnered an audience for more truculent groups, including raucous online communities, who argued that escalating confrontation with the authorities was the only way to break the will of the government and win concessions. At the same time, the street protests may have had the unintended effect of increasing the job security of the very person whose resignation the demonstrators called for repeatedly: Hong Kong’s chief executive, Leung Chun-ying. “He does have very strong backing from Beijing — they’ve found him someone they can really work with in tough times,” said a person with close ties to the Hong Kong and Beijing governments, who insisted on anonymity because of the continuing political tensions. He also said he believed protesters’ vows that they would keep challenging the authorities. “We will clear it, they will regroup, we will clear it again, they will regroup,” he said. “But eventually, they will dissipate.” Charlotte Chan, a 19-year-old nursing student, reclined on a sofa that had been used to block an escalator leading to the government offices and said that even those who wanted to keep up the demonstrations could see that they lacked broad support. But Ms. Chan predicted that students would soon rebound with new plans for civil action. “This is the start, the very beginning, and the pressure will accumulate — the next protests will be more aggressive,” she said. “Those who claim political neutrality cannot go on. You can’t pretend not to care.” Some in Hong Kong worry that the protests this autumn have harmed the long-term cause of achieving greater democracy. They fret that Beijing has permanently transferred large numbers of security and intelligence specialists to Hong Kong to keep a much closer eye on the Chinese Communist Party’s many critics. Beijing, they say, could end up even more resistant to further democratization in Hong Kong for fear that a hostile government might be elected. “This movement has done more damage to the pro-democracy camp than anything in the last 17 years,” said Steve Vickers, who was a senior Hong Kong police official before Britain handed over Hong Kong to China in 1997, and who said he favored the introduction of greater democracy. Under the British, and through the first 17 years of Chinese sovereignty here, the most powerful political force has been the leaders of the city’s biggest businesses — heavily Scottish at first, but now mostly Chinese families originally from the neighboring Guangdong Province or from Shanghai. These tycoons have long opposed increases in social spending, fearing they would lead to higher taxes on them. But the bruising political battle with democracy activists has hurt the tycoons’ image and their clout with top city officials and the Beijing authorities, people with a detailed knowledge of Hong Kong’s policy making said. To Beijing’s annoyance, the tycoons were reluctant to criticize the protesters for fear that their own businesses might be boycotted. One of the most politically active business leaders, a real estate developer, James Tien, publicly broke ranks in October with the administration’s support for Mr. Leung and called for more negotiations with the protesters. “The tycoons are no longer a factor; their days are past,” said the person who works closely with the Beijing and Hong Kong governments. That may be an overstatement: The tycoons have a history of hiring retiring senior civil servants and keeping close personal relationships with government leaders. But economic inequality and a lack of job opportunities for the young emerged as potent issues this fall for rallying young people, prompting an active government review of ways to address these issues. The students and other protesters vowed to keep the demonstrations alive. Late Thursday, more than 100 demonstrators gathered diagonally across the street from the demolished encampment. They stayed on the sidewalk, not blocking traffic, and shouted to wary police officers that they were engaged in one of Hong Kong’s favorite pastimes, “shopping!”

### A2 2015 SMW Solves

#### Doesn’t solve –

#### it’s not a LIVING wage, which all my evidence proves is necessary – increases won’t meet even BASIC needs so protests will continue

#### Only the plan is indexed to inflation – small increases only temporarily stop protests, which will continue when inflation outstrips wage increases the following year – that’s Cautherly

#### The LIVING wage is special because it’s enough to LIVE ON – only a living wage is perceived as sufficient; empirically proven since past increases haven’t quelled protests since they’re not seen as a LIVING wage

### A2 No Chinese Response

#### This isn’t responsive – China’s in a bind – not responding emboldens the protests so the demand for democracy will proliferate, mounting a massive challenge to CCP legitimacy

#### China will take a hard-line stance during the next protests

Kang-chung 14 [Staff Reporters “Hong Kong needs to be 're-enlightened' on law following Occupy protests, says top Beijing official” South China Morning Post Dec 14] AT

Hong Kong needs "re-enlightenment" to give citizens a better understanding of "one country, two systems", a top Beijing official said yesterday in remarks seen as signalling a harder line on the city's affairs. And Zhang Rongshun, vice-chairman of the legislative affairs commission under the National People's Congress Standing Committee, also spoke of switching from stressing the status quo to exploring how the "one country, two systems" principle could "evolve". His remarks came at a conference of the semi-official Chinese Association of Hong Kong and Macau Studies, a think tank created last year. Association chairman Chen Zuoer also spoke at the meeting of 140 scholars in Shenzhen. He urged Hongkongers to "reflect deeply" on how to contribute to the nation's security and other interests. The high-profile pair's remarks were taken as a hint at Beijing's approach in the wake of Occupy Central and sparked warnings from democracy campaigners of more confrontation. "It seems that some people [in Hong Kong] still cannot find an identity with the country," Zhang said. "There is a need to have a re-enlightenment about the 'one country, two systems' principle and national identity." The problem with the principle, he added, was a lack of "development". "Now we should encourage further development, set a visible goal after reaching consensus so the 'one country, two systems' principle can further evolve," Zhang said. Hong Kong academic Professor Lau Siu-kai, a vice-chairman of the association, said relations between Hong Kong and Beijing had been hurt by the protests, which Beijing saw as being supported by "foreign forces" keen to hinder China's development. "Beijing will probably adjust its policy on Hong Kong, especially on how to stress its authority" over the city, said Lau, a former head of the Hong Kong government's Central Policy Unit.

### A2 Alt Causes

#### Poor standard of living *outweighs* alt causes of protests

Tang 14 [(Ming, Hong Kong-born writer and a student at Hamilton College (New York), currently at the London School of Economics) “Hong Kong’s Fight Against Neoliberalism” SEPTEMBER 30, 2014 Occupy Central] AT

As protesters flood the streets of Hong Kong demanding free elections in 2017, the international media puts on its usual spin, characterizing the struggle as one between an authoritarian state and citizens who want to be free. The left, meanwhile, has remained notably silent on the issue. It’s not immediately clear if that goes down to an inability to understand the situation, to an unwillingness to stand for supposedly liberal values, or to a reluctance to criticize China. As stories on Occupy Central flood the front pages of the mainstream news media, both the BBC and CNN have published handy “explainers” that confuse more than they explain, making no real effort to dig into the economic roots of discontent. The “Beeb” went as far as to ask whether “Hong Kong’s future as a financial centre” was “threatened” – giving us some insight into where the global establishment’s priorities lie. But regardless of what the BBC wants the world to believe, Occupy Central isn’t so much a fight for democracy as a fight for social justice. It’s true that Hong Kongers are angry over Beijing’s interference in domestic affairs, whether these be immigration from China, encroachments on the freedom of the press, or the nationalistic-propagandistic “moral and national education” program. These issues, while serious, pale in comparison to the increasingly difficult realities of everyday life in Hong Kong. As City University of Hong Kong professor Toby Carroll points out, one in five Hong Kongers live below the poverty line, while inequality has risen to levels among the highest in the world. Wages haven’t increased in line with inflation – meaning they’ve fallen in real terms. The minimum wage, only introduced in 2010, is set at HK$28 (US$3.60) an hour – less than half of that even in the United States. There are no collective bargaining rights, no unemployment benefits and no pension. The average workweek is 49 hours – in case you thought 40 was rough. Housing prices are among the highest in the world. Even the neoliberal Economist placed Hong Kong top of its crony capitalism index by some distance. The list of people who have spoken out against Occupy Central is particularly revealing – oligarch Li Ka-shing, HSBC, the world’s four largest accounting firms, among others in business circles. The main issue with CY Leung’s administration isn’t the fact that it wasn’t democratically elected, but that it serves two main groups: Beijing on one hand, and local elites on the other – in other words, far from democratic in its representation. It’s not hard to see why big business and the oligarchs are terrified of Occupy Central: any movement towards real democracy would see them losing power and losing their grip over the territory. The status quo, on the other hand, serves them well. Hong Kongers are not an ideological bunch. We’ve never had a vote – not under 17 years of Chinese colonial rule, nor under a century of British colonial rule before that – yet we were good colonial subjects and we stayed quiet because we were making a living just fine. But as the middle and working classes start to feel the crunch, the ruling class is starting to realize that it cannot simply let them eat cake. The battle for democracy isn’t a battle for the vote, but a battle for real democracy: for the right of the people to govern themselves. The vote is merely the starting point to a long process of reform that takes the power out of the hands of Hong Kong and Chinese elites and, for the first time, into those of ordinary people.

#### The protestors want democracy as a means to address standard of living concerns – living wage addresses the root cause

Matteo 14 [(ana, journalist) “Wealth, Poverty Are Issues in Hong Kong Protests” VOA News, oct 24] AT

The pro-democracy protests in Hong Kong are mainly about the right to vote without interference from China’s central government. That we know. But there are at least two other less talked-about issues. One is concern about the rising cost of living in Hong Kong. Another is the widening gap between the city’s rich and poor people -- or as some might say – the “haves and the have-nots.” Many of the protesters believe political change is needed to deal with these issues. This is opposite of what Hong Kong’s top official has suggested -- that democracy would be bad for the economy. When you think of banking in Hong Kong, you may not think about food banks -- places that give out food to needy people. But that is just what workers at Feeding Hong Kong are doing. The Feeding Hong Kong food bank gives away enough food to make 29,000 meals a month. It helps to feed some of the one million Hong Kongers living below the poverty line. Gabrielle Kirstein formed the group in 2009. She says Hong Kong is not dealing with issues like starvation. But she notes the number of poor people is rising. “What we have is one in three seniors, one in four, one in five students, children that are living below the poverty line that are struggling to get three healthy nutritious meals a day.” The poverty line marks the amount of money you need just for the basics to survive – food, clothing and shelter. Living below the poverty line means you cannot afford these necessities. Hong Kong’s low-tax, business-friendly government has created a busy, vibrant economy. At the same time, it has also created one of the world's biggest wealth gaps between the rich and the poor. The pro-democracy protesters have been demanding voting rights without interference from China. They have stopped traffic in the city's busy centers. But many say there is a link between democracy and the economy. They say the lack of democracy in Hong Kong is the reason the government has not done more to help the city’s working poor and middle class. Fernando Cheung is with the Labor Party and a member the Hong Kong Legislative Council. He questions whether the city’s chief executive can really react to the problems of increasing poverty. “They are not even responding in the positive manner which could be traced to the very structure of the political system here in Hong Kong because after all the chief executive is not elected by the general public.” Mr. Cheung may have a point. Leung Chun-ying is Hong Kong’s current chief executive. He has suggested that democracy in Hong Kong would give too much power to the poor. He said this on the same day the government and protesters sat down for talks to settle the current problem. Councilman Cheung says the chief executive's comments do not reflect the interests of the people of Hong Kong. Instead, he says, the comments are more representative of Mr. Leung’s supporters in Beijing. “They have a lot of economic interests in Hong Kong and they don't want their economic interests to be jeopardized and I think more fundamentally I think [it shows] the central government distrust (of) people.” Most of the student protesters are not poor. But they are concerned about rising property prices and stagnant wages. Pro-democracy supporter Jenny Lau says a democratically elected government would do more to address the wealth gap. “If Occupy Central, they made the change, I think it would make that situation better.” But activists like her are not asking for extreme changes. They say democracy in Hong Kong could take steps to reduce the wealth gap without threatening its free market economy.

#### The root cause of the desire for democracy is economic interests in Hong Kong’s worst-off

Payne 14 [(Bob, journalist) “The Hong Kong protests as seen by folks with Seattle connections” Seattle Post Oct 7] AT

For me personally, I don’t want to live in a place where China’s economy is the first priority and all else is secondary. Hong Kong is a thriving, diverse city but at the current rate, it will be a place where only the rich can afford to live comfortably. Along with escalating stresses of supporting a family for the middle aged middle class, getting a job out of university is becoming much more challenging for the youth. And similarly to many income inequality battles being fought in the USA, the minimum wage is not enough to live a human life in this city. For the lower class, if the focus continues to be only on Hong Kong as the cash cow of China and not on assisting those in dire financial need, more and more will fall into the terrifying plight of literally living in cages. Along with that of course, it’s about every citizen having a voice. I hope that China can see this isn’t a war against them; it is simply a plea for trust. Hong Kongers realize that China is their future and only want the ability to elect a leader who can promise to devotedly serve his/her people, without suspicion of a greater calling in Beijing.

#### Low wages are the root cause

Gu 14 [(Wei, Editor of China Wealth and Luxury and Head of Original Reporting for CWSJ., The Wall Street Journal) “Hong Kong Protests Also Fueled by Widening Wealth Gap” WSJ Oct. 9, 2014] AT

HONG KONG—Protesters in Hong Kong are unhappy with Beijing’s refusal to allow full democracy in 2017. But there is a less-remarked factor fueling the demonstrations as well: a widening wealth gap. Hong Kong is one of the world’s most unequal places, and it is getting worse. For many student protesters, the difficulty of finding well-paid jobs is a source of frustration. “Unless the older generation leaves, it is hard for us young people to get a place in the job market,” said Chung Yui Yan, a demonstrator who studies culture and communication at the Hong Kong Polytechnic University. “It’s hard for us to break out. Protesting is a way for us to express our own voice.” Average starting salaries for university graduates have risen a mere 1% annually over the past 17 years, to 198,000 Hong Kong dollars (US$25,525) a year, according to the Hong Kong government’s University Grants Committee. Factoring in inflation, real wages have declined. Joseph Cheng, a professor of political science at City University of Hong Kong, said many students are forced to live at home with their parents because rents and food prices have gone up a lot. “It will be difficult for them to lead a life if they don’t go home to eat and sleep,” he said.

### CCP Stability Brink

#### Chinese instability is on the brink – expanding liberalism means challenges to Chinese power can expand

Seth 2/7 [(Sushil, commentator in Australia) “Navigating China’s political future” Taipei Times Feb 07, 2015] AT

The fact that China is attracting so much attention is not surprising considering that the country is now an economic powerhouse. China’s economic success owes much to former Chinese leader Deng Xiaoping (鄧小平), who took over after Mao Zedong’s (毛澤東) death and propagated the motto “To get rich is glorious.” His successors have since built on it, following the same precept and broad policies. However, the accelerated process of economic growth has created some serious problems. The most dangerous, in some sense, is the ever-widening income disparity between rich and poor people, between urban and rural areas as well as between coastal regions and the nation’s interior. It is dangerous because it engenders social instability about which the Chinese Communist Party (CCP) remains extremely worried. The culture of greed and moneymaking has also entrenched corruption, which is self-perpetuating at the higher political levels. That, in turn, tends to reinforce cynicism about the political system. Even though Chinese President Xi Jinping (習近平) is said to be undertaking an anticorruption drive, there is also a strong view that such campaigns are highly political. Take, for instance, the highly publicized corruption investigation of Zhou Yongkang (周永康), the country’s former security czar and a member of the all-powerful Politburo Standing Committee, as well as his family and inner circle. He is in serious trouble because of his association with former CCP secretary Bo Xilai’s (薄熙來) failed attempt to hijack the political transition and leadership from Xi. Bo is now serving a long prison term. Xi obviously feels secure and confident to take on and snuff out the dangerous political cabal around Bo, apparently led by the former security chief. There is now a highly publicized campaign under way to root out high-level corruption, intended to burnish Xi’s credentials as a new-age leader to reform and modernize the party. While this is going on, another of Xi’s worries is the slowing growth of China’s economy. By the standards of other countries, China’s economy is still putting up stellar growth performances of more than 7 percent, but that is down by about 3 percent from an average growth of 10 percent over the past three decades. And the worry is that it might slow down even more in the coming years. At about 7 percent, it will still be healthy growth by international standards, but China is said to need a consistent growth rate of more than 7 percent to absorb 10 million new entrants to the labor market every year. The old model of growth through exports, investment in heavy industry and infrastructure, and real estate has run out of steam. Indeed, the real-estate sector has built up a bubble that might burst creating serious problems for the economy. According to reports, there is a glut of flats and apartments in new housing complexes that remain unoccupied. Therefore, there is a need for restructuring or “rebalancing” the economy away from exports and investment in heavy industry. There is over-supply in sectors like steel. The country needs to reorient more toward consumer spending and services sectors like education and health. That is where new jobs will need to be created for the new labor force. The Chinese government is aware of this and other related economic problems and is taking measures to restructure the economy. However, the problem is that pressing a button here and there cannot achieve job creation. It would take time and might not always produce the desired results. So it is a time of some economic uncertainty in China, where much of the legitimacy of the CCP’s rule has come to be identified with healthy economic growth. Combined with this is the deeply entrenched culture of widespread corruption. And it does not help when, even as China’s GDP rises, the wealth gap is widening. In other words, the country’s leadership has a lot on their plate not only to stimulate the rate of growth, but also to deal with some of its unintended — but serious consequences — such as growing economic inequality and systemic corruption. At the same time, there is considerable concern about the danger to China’s political system from Western notions of universal values and human rights, and the need to guard against their “subversive” effects. According to Document No. 9, which was circulated at a CCP forum, the party members were cautioned against the “subversive” nature of values such as “universal values [of human rights], Western ideas of the freedom of the press; civil society, civic rights ... and judicial independence.” The Chinese leadership has long regarded the collapse of the Soviet Union as occurring precisely because former Soviet leader Mikhail Gorbachev sought to politically liberalize the system, bringing it under tremendous strain. China is determined not to repeat the Gorbachev experiment with what they regard as disastrous results. The way China dealt with the 1989 democracy movement by using the army was a clear indication that then-leader Deng was not interested in the Western experiment. And as the danger from Western “universal values” persists, the Xi regime has clearly articulated its position that it would not stand for a move toward them. It will take all necessary measures to prevent the CCP’s political monopoly from being subverted. The question then is how to separate the economic and political aspirations of the Chinese? One way is to control the flow of information from the West, which is being tried in all sorts of ways. However, a growing economy exposed to Western influences by way of trade and cultural exchanges, like, for instance, thousands of Chinese students studying in the West now and over the years, including children of the top leadership, tends to create its own momentum for liberal political values. Whether Western “universal values” are superior or not is not the question. As Osnos wrote: “The party has unleashed the greatest expansion of human potential in world history — and spawned, perhaps, the greatest threat to its own survival.” This struggle between people’s soaring aspirations, and the limits of monopoly power to mediate and guide, will define where China will go into the future.

### Protests kill economy

#### Protests are on track to continue – tanks economic activity and the perception of instability chills foreign investment

Ryan 14 [(Peter, business editor) “Hong Kong protests add new geopolitical threat to markets” ABC News 29 Sep 2014] AT

The protests in Hong Kong add another layer of geopolitical uncertainty and instability on top of other flash points in Ukraine, Iraq, Syria and wider concerns about an accelerating slowdown in China's economy. Yesterday, Hong Kong's Hang Seng index ended almost 2 per cent lower. Not surprisingly, big banks based in Hong Kong, such as Standard Charter and HSBC, were hurt financially. Physically, some of their branches were shut down because of the protest and many ATMs were out of action as well. Retail stocks were hurt amid concerns that people from mainland China will not come to Hong Kong to spend up as part of the upcoming seven day national holiday. Property and development companies were damaged, with investors thinking about holding back on making the Hong Kong skyline even busier for now because of the unrest: companies including Sino Land and New World Development lost around 4.5 per cent of their value. 'Tiananmen at back of minds' The financial world has memories of Tiananmen Square in 1989 and worries about the risk of a stronger response from Beijing if the protests continue. "It is certainly fair to say that Hong Kong is a global financial centre and the global financial markets are rattled," said London stockbroker Jeremy Batstone Carr. "They are rattled because they see very little sign at the moment that the Chinese authorities are prepared to back down and give in to the demonstrators demands, and they see very little indication that the demonstrators are going to go away anytime soon. "So the markets are a little concerned about: a) the duration of these protests; and, b) potential escalation. And I guess in the back of everybody's mind is another potential Tiananmen Square moment." US markets eased slightly on the concerns, with a further strong rise in volatility. The Hong Kong situation will remain the major focus today and, after yesterday's 1 per cent losses on the local market, Australian investors are bracing for more volatility today.

### HK K2 Global Econ

#### Hong Kong’s also key to the global economy

El-Erian 14 [(Mohamed A. El-Erian, chief economic adviser at Allianz SE. He’s chairman of Barack Obama's Global Development Council, the author of best-seller "When Markets Collide," and the former chief executive officer and co-chief investment officer of Pimco) What Hong Kong Means for the Global Economy, BloombergView 9-30-2014] AT

Will the tensions in Hong Kong be the straw that breaks the global economy’s back? That question is on many investors’ minds as they watch the Chinese government's response to one of the biggest sociopolitical challenges it has faced in recent years. The answer is far from straightforward. It is already a tentative time for the world economy. Growth is faltering in Europe and Japan. The U.S. economy, while doing better, has yet to lift off. Emerging economies have slowed, and are unlikely to return to higher growth anytime soon. Meanwhile, pockets of excessive risk-taking have multiplied in financial markets, adding to concerns about future volatility. And the central banks in advanced countries have already ventured deep into the terrain of experimentation; the effectiveness of their policies is far from assured. The world cannot afford a politically induced slowdown in China. Some are quick to use history to dismiss any lasting economic impact, both domestic and global, of the Hong Kong protests. They rightly point to the repeated ability of the Chinese government to quash internal protests, and without altering the country’s growth trajectory. For them, it is only a matter of time until the current civil disobedience in central Hong Kong dissipates. Yet this view ignores two more recent historical insights. First, the combination of the Internet, social media and better mobility makes it easier to coordinate and sustain protests, while also reinforcing individuals’ confidence in meeting their aspirations. The outcomes of the ensuing collective actions become much more difficult to predict. Second, China has been engaged in the delicate task of revamping its growth model. This includes reducing its reliance on external sources of demand and on excessive state and credit-led investments, and toward unleashing greater domestic grass-roots engines of growth, investment, consumption and prosperity. This is not to say that the stability of the government is in any danger today from the protest movement and that an economic contraction in China is about to send tremors through the world economy. Indeed, the Chinese government is likely to prevail over the Occupy Central movement in Hong Kong. But in doing so, it will probably be inclined to slow certain economic reforms for now, seeking instead to squeeze more growth from the old and increasingly exhausted model -- similar to how Brazil's government responded to protests there ahead of the World Cup a few months ago. And while this would be part of a broader political strategy to defuse tensions and avoid an immediate growth shock to both China and the global economy, it would undermine the longer-term economic vibrancy of both.

### Weighing –Probability

#### Risk high for China war – hotbed of international tensions

Mancini 14 [[Francesco Mancini](http://theglobalobservatory.org/by/francesco-mancini), (Non-resident Senior Adviser at the International Peace Institute), “Hong Kong Protests: Implications for China and Beyond,” International Peace Institute, 10/3/2014] AZ

Both Britain and the US offered themselves as guarantors of the transition agreement in 1997. This is a responsibility they are not very keen to take today. In the eventuality of a violent crackdown by Beijing, however unlikely, both the UK and the US, along with the rest of Europe, Japan, and Australia, would not do much. Military action is out of the question, and economic sanctions would come into the picture only if the level of violence is very high. It is hard to imagine any Russian-style sanctions on China. But, the fear of sanctions works both ways, as China remembers the effect of the post-Tiananmen economic and diplomatic sanctions. Tourism revenues were [down 20 percent](http://www.nbr.org/publications/element.aspx?id=73) in 1989, foreign lending [reduced by 40 percent](http://www.nbr.org/publications/element.aspx?id=73), and direct foreign investment [decreased by 22 percent](http://www.nbr.org/publications/element.aspx?id=73) in the first half of 1990, although Beijing was able to protect its foreign exchange balances by imposing strict controls over imports. Regional implications may be more relevant in the medium term. The impact on China-Taiwan relations has already been mentioned. Overall, Beijing’s volte-face on Hong Kong’s autonomy aggravates the short supply of trust in the growing Chinese power. In a region with ambivalence toward international law, creeping nationalism, and a history of grievances among neighbors, Beijing should be careful not to be seen as stoking the fire. Its behavior in Hong Kong might cast new perceptions or strengthen misperception regarding other tense regional issues, including territorial disputes with its neighbors.

### Link mapping

#### Plan solves Protests – quality of life and perception based link

#### CCP is in a bind responding – compromise or doing nothing enables future challenges, force causes massive backlash, which kills legitimacy. That = extinction

#### Protests chill investment and growth in Hong Kong, block international growth = economic collapse

#### Perception based link – investors see the plan as addressing economic needs, so they will continue to invest

#### In the Roberts evidence:

#### - China responding in a heavy handed way = tension, which reduces investment

#### - protests strain the relation b/w legislative and executive branches, Hong Kong has trouble responding – no CP solvency

#### - on the brink – Hong Kong’s economy declined earlier

#### - risk premiums are SET to rise soon – good aff uniqueness

### Protests Fail

#### Protests are routine in Hong Kong – they’ll get de-radicalized and fail

Cheng 14 [Edmund W. Cheng. Department of Government, London School of Economics and Political Science. “Between Ritualistic Protest and Perpetual Struggle: Transformation of Activism in Postcolonial Hong Kong.”] AJ

Protected by traditional rights and motivated by institutional incentives, protest per se has become an ordinary phenomenon in Hong Kong. As early as 2000, the Washington Post labelled Hong Kong as the “city of protest”, implying that the new regime was troubled by rising anxiety and discontent (Chandler, 2000). The Hong Kong Public Order Ordinance, which requires advance notification for any public meeting of more than 50 people or public procession of more than 30 people, has traced the intensity of the issue.1 Police records show that there have been 51,915 approved applications out of a total of 51,946 applications between July 1997 and September 2012, which amounts to an average of nine protests of that scale each day (Cheung, 2012). According to the Secretary of Security, this type of protest increased from 2,303 events in 2000 to 6,878 events in 2011 (HKGPR, 19 December 2012).

#### Continues –

However, participation per se does not forecast a profound change in the political attitude of citizens. Onsite and focus group surveys have revealed that even the most loyal rally participants habitually undermine their level of activism. Such participants have remained sceptical of contention, affirming their commitment to defending existing rights and freedoms but disapproving of radical actions (Chan and Lee, 2011:174-175). One should also be reminded that the massive rallies in 2003 and 2004 were primarily caused by the accumulation of socioeconomic downturns dating back to the Asian Financial Crisis in 1997. Their mobilisation rapidly crumbled when the chief executive who was considered responsible for the incompetent governance resigned and the local economy improved. In other words, periodic rallies rely on accumulated grievances based on specific targets, which are neither spontaneous nor perpetual.

## CCP Stability---TL

### XT Perkinson

#### -provides goods to north korea, prevents NK from becoming desparate and lashing out

#### -deters SK from attacking NK; reform means their deterrence message is unclear, causes Korea war

#### -taiwanese independence factions would gain power while china is distracted, drawing in allies

#### -Japan and India relies on chinese trade – instability threatens that trade which collapses both economies

#### -China has border disputes with Japan and india, held in check only by predictable actions by china – reform means china is unpredictable, causing territory wars

### XT Perkinson - Asia Economy

#### Asian economic collapse causes war

Auslin 9 (Michael, Resident Scholar – AEI, Weekly Standard, “Averting Disaster Preventing the worst case scenario in Asia”, 2-6)

AS THEY DEAL WITH a collapsing world economy, policymakers in Washington and around the globe must not forget that when a depression strikes, war can follow. Nowhere is this truer than in Asia, the most heavily armed region on earth and riven with ancient hatreds and territorial rivalries. Collapsing trade flows can lead to political tension, nationalist outbursts, growing distrust, and ultimately, military miscalculation. The result would be disaster on top of an already dire situation. No one should think that Asia is on the verge of conflict. But it is also important to remember what has helped keep the peace in this region for so long. Phenomenal growth rates in Japan, South Korea, Hong Kong, Singapore, China and elsewhere since the 1960s have naturally turned national attention inward, to development and stability. This has gradually led to increased political confidence, diplomatic initiatives, and in many nations the move toward more democratic systems. America has directly benefited as well, and not merely from years of lower consumer prices, but also from the general conditions of peace in Asia. Yet policymakers need to remember that even during these decades of growth, moments of economic shock, such as the 1973 Oil Crisis, led to instability and bursts of terrorist activity in Japan, while the uneven pace of growth in China has led to tens of thousands of armed clashes in the poor interior of the country. Now imagine such instability multiplied region-wide. The economic collapse Japan is facing, and China's potential slowdown, dwarfs any previous economic troubles, including the 1998 Asian Currency Crisis. Newly urbanized workers rioting for jobs or living wages, conflict over natural resources, further saber-rattling from North Korea, all can take on lives of their own. This is the nightmare of governments in the region, and particularly of democracies from newer ones like Thailand and Mongolia to established states like Japan and South Korea. How will overburdened political leaders react to internal unrest? What happens if Chinese shopkeepers in Indonesia are attacked, or a Japanese naval ship collides with a Korean fishing vessel? Quite simply, Asia's political infrastructure may not be strong enough to resist the slide towards confrontation and conflict. This would be a political and humanitarian disaster turning the clock back decades in Asia. It would almost certainly drag America in at some point, as well. First of all, we have alliance responsibilities to Japan, South Korea, Australia, and the Philippines should any of them come under armed attack. Failure on our part to live up to those responsibilities could mean the end of America's credibility in Asia. Secondly, peace in Asia has been kept in good measure by the continued U.S. military presence since World War II. There have been terrible localized conflicts, of course, but nothing approaching a systemic conflagration like the 1940s. Today, such a conflict would be far more bloody, and it is unclear if the American military, already stretched too thin by wars in Afghanistan and Iraq, could contain the crisis. Nor is it clear that the American people, worn out from war and economic distress, would be willing to shed even more blood and treasure for lands across the ocean. The result could be a historic changing of the geopolitical map in the world's most populous region. Perhaps China would emerge as the undisputed hegemon. Possibly democracies like Japan and South Korea would link up to oppose any aggressor. India might decide it could move into the vacuum. All of this is guess-work, of course, but it has happened repeatedly throughout history. There is no reason to believe we are immune from the same types of miscalculation and greed that have destroyed international systems in the past. Here are some things America, its allies, and all interested nations in Asia can do to mitigate the possibility of the worst happening. The United States will have an opportunity to arrange a meeting of the region's top leaders on the sidelines of the APEC summit in Singapore later this year. There, President Obama might express his determination to intervene at the first sign of possible conflict -- even if that means putting U.S. forces in between ships aiming their guns at each other. President Obama might also establish an Asia crisis ad hoc committee in Washington, at the National Security Council, to keep tabs on possible flare-ups. This could be replicated in the region by an ad hoc mechanism tied to the ASEAN secretariat that would allow for immediate discussions between parties in confrontation. Working with Japan, Australia, and China, the United States can also establish clear procedures to limit humanitarian crises that erupt from internal instability in Asian countries. Perhaps most important, Washington must get clear assurances from its allies that they will stand with us should hostilities erupt and that any aggressor will be met with a united front.

### XT Perkinson- Japan Econ

#### Causes escalatory Asian instability, collapses the alliance, and leads to China war

Envall 10 (David Envall, Postdoctoral Fellow in the Department of International Relations, MacArthur Foundation Asian Security Initiative, “Implications for Asia in Japan’s Economic Decline,” East Asia Forum, August 11, 2010)

‘To lose one decade may be a misfortune…’ ran a recent article in The Economist, the unstated quip being that the next one was lost due to carelessness. Another ‘lost decade’ would further justify such dark humour and would also present the Asian region with a significant security challenge.Japan’s economic decline is well established. That country’s stock market, which was just below 40,000 points in 1989, finished 2009 at just over 10,500. Yet Japan’s underlying economic problems are wider and more complex. They range from low growth and deflation to expanding public debt and rising inequality. And the global financial crisis has further exacerbated matters. What makes Japan’s economic woes a regional security challenge is the important role of the US-Japan alliance in maintaining regional stability. If the alliance were weaker, it would have serious implications for regional stability. As a Japanese analyst recently observed, a US downgrading of the alliance or withdrawal from the region could well lead to faster Japanese military growth (notwithstanding its current economic lethargy), heightened regional threat perceptions and a greater scope for global insecurity. Alliance troubles would make it harder if not impossible for the US to pursue its ‘double assurance’ strategy of instilling confidence in strategic partners and competitors alike. How could Japan’s fiscal weakness potentially undermine the alliance? Worsening economic troubles would add greater constraints to the already considerable political and cultural restrictions on Japan’s ability to contribute to the alliance and thus negatively affect America’s confidence in Japan as an ally. Declining military spending over the past seven years illustrates Japan’s predicament, and the trend, in light of the country’s public debt, could well continue. Shifting greater amounts of the total bill for ongoing agreements to the US, as a recent report on the alliance’s future postulates, ‘would undoubtedly put strain on the alliance’. Economic weakness together with export dependency could also influence Japan to mismanage its current hedging strategy in dealing with China and the US. Japanese leaders describe its current approach as pursuing a more autonomous foreign policy, but the rise of China has provoked Japan to respond to the resulting geostrategic pressures in Asia. This ‘return to Asia’ policy might resolve some of Japan’s problems associated with its dark history, but there is no guarantee that any such policy would be more repentant than chauvinistic.

#### Decline leads to broader Asian war

Auslin 9 (Michael, resident scholar AEI, “Japan's Downturn Is Bad News for the World The U.S. can't count on Japanese savers”, 2/17/2009)

If Japan's economy collapses, supply chains across the globe will be affected and numerous economies will face severe disruptions, most notably China's. China is currently Japan's largest import provider, and the Japanese slowdown is creating tremendous pressure on Chinese factories. Just last week, the Chinese government announced that 20 million rural migrants had lost their jobs. Closer to home, Japan may also start running out of surplus cash, which it has used to purchase U.S. securities for years. For the first time in a generation, Tokyo is running trade deficits -- five months in a row so far. The political and social fallout from a Japanese depression also would be devastating. In the face of economic instability, other Asian nations may feel forced to turn to more centralized -- even authoritarian -- control to try to limit the damage. Free-trade agreements may be rolled back and political freedom curtailed. Social stability in emerging, middle-class societies will be severely tested, and newly democratized states may find it impossible to maintain power. Progress toward a more open, integrated Asia is at risk, with the potential for increased political tension in the world's most heavily armed region. This is the backdrop upon which the U.S. government is set to expand the national debt by a trillion dollars or more. Without massive debt purchases by Japan and China, the U.S. may not be able to finance the cost of the stimulus package, creating a trapdoor under the U.S. economy.

### XT Perk - India Econ

#### Indian economic decline leads to global conflict and nuclear war between India and Pakistan

Bouton 10 (Marshall M. Bouton, President – Chicago Council on Global Affairs, “America’s Interests in India”, CNAS Working Paper, October)

In South Asia, the most immediately compelling U.S. interest is preventing terrorist attacks on the U.S. homeland originating in or facilitated by actors in South Asia, particularly in Afghanistan and Pakistan. To avert that possibility, the United States also has an interest in the stability and development of both countries. At the same time, the United States has a vital interest in preventing conflict between Pakistan and India, immediately because such a conflict would do great damage to U.S. efforts in Afghanistan and Pakistan (such as the diversion of Pakistani military attention away from the insurgency) and because it would pose the severe risk of nuclear escalation. Finally, the United States has an interest in peace and stability in South Asia as a whole. Instability and violence in nearly every one of India’s neighbors, not to mention in India itself, could, if unchecked, undermine economic and political progress, potentially destabilizing the entire region. At present, a South Asia dominated by a politically stable and economically dynamic India is a hugely important counterweight to the prevalent instability and conflict all around India’s periphery. Imagining the counterfactual scenario, a South Asian region, including India, that is failing economically and stumbling politically, is to imagine instability on a scale that would have global consequences, including damage to the global economy, huge dislocations of people and humanitarian crisis, increasing extremism and terrorism, and much greater potential for unchecked interstate and civil conflict.

#### Economic growth is the key internal link to decreasing hostility and mitigating Indo-Pak conflict

Mamoon 8 and Murshed 08 Dawood Mamoon, Netherlands Fellowship holder at the Institute of Social Studies, Professor of the economics of conflict and peace at the Institute of Social Studies and S. Syed Mansoob Murshed, Professor of international economics at the Birmingham Business School, University of Birmingham, UK, “On the Conflict Mitigating Effects of Trade: The India-Pakistan Case,” Munich Personal RePEc Archive, 25. April 2008)

In order to further check the conclusions drawn from our VECM results in table 2, we generated 6 different forecast schedules from 6 co-integrating VECMs as a simulation exercise to predict how conflict would be affected by changes in its determinants. Note that the data on Fatal are only up to 2002. Thus the one year forecasts are generated for Fatal for 2003 period. Figure 6 shows the forecast graphs. Graph 1a, 1b and 1c suggest that if military expenditures in both countries would remain at its current high levels, along with trade with the outside world at their 2002 levels, a slight deterioration in democracy scores will have a significant effect on the rise in hostility. However, if India is able to export or import more, this would at least put a check on any rise in the severity of conflict and hostilities would adjust to some average level. Any decline in Indian trade will enhance hostilities. The current low levels of bilateral trade between Pakistan and India is conflict enhancing, so more trade with increased exports by both sides to each other should be encouraged. More access to Pakistani markets on the Indian side may not lead to conflict mitigation if Pakistan is not able to also export more to India. A rise in education expenditure puts a check on hostilities, as seen in Graph 1e. Graph 1f is the standard representation of India-Pakistan conflict, and not only best fits historical trends but also explain the rationale behind recent India-Pakistan peace initiatives with decreasing hostilities when not only India but Pakistan also has had economic growth rates as high as 7% per annum. The forecasts suggest that conflict will rise, even if there is a significant increase in combined democracy scores, if growth rates plummet. Both Pakistan and India have seen many such years, when hostilities between both countries rose significantly when at least one of the countries is performing poorly, but were channeling more resources on the military as a proportion of their GDPs. The forecasts favour the liberal peace over the democratic peace. Thus one may look at current peace talks between both countries with optimism as both are performing well on the economic front and channeling fewer resources on the military as a proportion of national income, while at the same time having a divergent set of political institutions, though recently Pakistan has edged towards greater democracy with elections in February 2008. Pg. 14-15

### XT Perk - Korea Econ

#### Korean economic collapses causes broad arms races in East Asia

Richardson 06 (Corey Richardson, Washington-based analyst who covered East Asian security issues as a presidential management fellow with the US Department of Defense, 9/6/2006, Asia Times)

A Korea faced with an economic dilemma of such magnitude would find maintaining its conventional military forces at current levels impossible. At the same time, it would feel more vulnerable than ever, even with US security assurances. For a nation paranoid about the possibility of outside influence or military intervention, strapped for cash, and obsessed about its position in the international hierarchy, the obvious route might be to either incorporate North Korean nuclear devices (if they actually exist), or build their own, something South Korean technicians could easily accomplish. North Korea, after all, has set the example for economically challenged nations looking for the ultimate in deterrence. One might argue that clear and firm US security guarantees for a reunified Korea would be able to dissuade any government from choosing the nuclear option. If making decisions based purely on logic the answer would be probably yes. Unfortunately, the recent Korean leadership has established a record of being motivated more by emotional and nationalistic factors than logical or realistic ones. Antics over Dokdo and the Yasukuni Shrine and alienating the US serve as examples. But the continuation of the "Sunshine Policy" tops those. Instead of admitting they've been sold a dead horse, the Roh administration continued riding the rotting and bloated beast known as the Sunshine Policy, until all that are left today are a pile of bones, a bit of dried skin, and a few tufts of dirty hair. Roh, however, is still in the saddle, if not as firmly after North Korea's recent missile tests. Japan must then consider its options in countering an openly nuclear, reunified Korea without USFK. Already building momentum to change its constitution to clarify its military, it's not inconceivable that Japan would ultimately consider going nuclear to deter Korea. As in South Korea, there is no technological barrier preventing Japan from building nuclear weapons. While the details of the race and escalation of tensions can vary in any number of ways and are not inevitable, that an arms race would occur is probable. Only the perception of threat and vulnerability need be present for this to occur. East Asia could become a nuclear powder keg ready to explode over something as childish as the Dokdo/Takeshima dispute between Korea and Japan, a Diaoyu/Senkakus dispute between China and Japan, or the Koguryo dispute between Korea and China**.**

### XT Perk - Korea War

#### Korea war causes extinction

Metz 13 Steven Metz 3-13, Chairman of the Regional Strategy and Planning Department and Research Professor of National Security Affairs at the Strategic Studies Institute, 3/13/13, “Strategic Horizons: Thinking the Unthinkable on a Second Korean War,”

Today, North Korea is the most dangerous country on earth and the greatest threat to U.S. security. For years, the bizarre regime in Pyongyang has issued an unending stream of claims that a U.S. and South Korean invasion is imminent, while declaring that it will defeat this offensive just as -- according to official propaganda -- it overcame the unprovoked American attack in 1950. Often the press releases from the official North Korean news agency are absurdly funny, and American policymakers tend to ignore them as a result. Continuing to do so, though, could be dangerous as events and rhetoric turn even more ominous. ¶ In response to North Korea's Feb. 12 nuclear test, the U.N. Security Council recently tightened existing sanctions against Pyongyang. Even China, North Korea's long-standing benefactor and protector, went along. Convulsed by anger, Pyongyang then threatened a pre-emptive nuclear strike against the United States and South Korea, abrogated the 1953 armistice that ended the Korean War and cut off the North-South hotline installed in 1971 to help avoid an escalation of tensions between the two neighbors. A spokesman for the North Korean Foreign Ministry asserted that a second Korean War is unavoidable. He might be right; for the first time, an official statement from the North Korean government may prove true. ¶ No American leader wants another war in Korea. The problem is that the North Koreans make so many threatening and bizarre official statements and sustain such a high level of military readiness that American policymakers might fail to recognize the signs of impending attack. After all, every recent U.S. war began with miscalculation; American policymakers misunderstood the intent of their opponents, who in turn underestimated American determination. The conflict with North Korea could repeat this pattern. ¶ Since the regime of Kim Jong Un has continued its predecessors’ tradition of responding hysterically to every action and statement it doesn't like, it's hard to assess exactly what might push Pyongyang over the edge and cause it to lash out. It could be something that the United States considers modest and reasonable, or it could be some sort of internal power struggle within the North Korean regime invisible to the outside world. While we cannot know whether the recent round of threats from Pyongyang is serious or simply more of the same old lathering, it would be prudent to think the unthinkable and reason through what a war instigated by a fearful and delusional North Korean regime might mean for U.S. security. ¶ The second Korean War could begin with missile strikes against South Korean, Japanese or U.S. targets, or with a combination of missile strikes and a major conventional invasion of the South -- something North Korea has prepared for many decades. Early attacks might include nuclear weapons, but even if they didn't, the United States would probably move quickly to destroy any existing North Korean nuclear weapons and ballistic missiles. ¶ The war itself would be extremely costly and probably long. North Korea is the most militarized society on earth. Its armed forces are backward but huge. It's hard to tell whether the North Korean people, having been fed a steady diet of propaganda based on adulation of the Kim regime, would resist U.S. and South Korean forces that entered the North or be thankful for relief from their brutally parasitic rulers. As the conflict in Iraq showed, the United States and its allies should prepare for widespread, protracted resistance even while hoping it doesn't occur. Extended guerrilla operations and insurgency could potentially last for years following the defeat of North Korea's conventional military. North Korea would need massive relief, as would South Korea and Japan if Pyongyang used nuclear weapons. Stabilizing North Korea and developing an effective and peaceful regime would require a lengthy occupation, whether U.S.-dominated or with the United States as a major contributor. ¶ The second Korean War would force military mobilization in the United States. This would initially involve the military's existing reserve component, but it would probably ultimately require a major expansion of the U.S. military and hence a draft. The military's training infrastructure and the defense industrial base would have to grow. This would be a body blow to efforts to cut government spending in the United States and postpone serious deficit reduction for some time, even if Washington increased taxes to help fund the war. Moreover, a second Korean conflict would shock the global economy and potentially have destabilizing effects outside Northeast Asia. ¶ Eventually, though, the United States and its allies would defeat the North Korean military. At that point it would be impossible for the United States to simply re-establish the status quo ante bellum as it did after the first Korean War. The Kim regime is too unpredictable, desperate and dangerous to tolerate. Hence regime change and a permanent ending to the threat from North Korea would have to be America's strategic objective. ¶ China would pose the most pressing and serious challenge to such a transformation of North Korea. After all, Beijing's intervention saved North Korean dictator Kim Il Sung after he invaded South Korea in the 1950s, and Chinese assistance has kept the subsequent members of the Kim family dictatorship in power. Since the second Korean War would invariably begin like the first one -- with North Korean aggression -- hopefully China has matured enough as a great power to allow the world to remove its dangerous allies this time. If the war began with out-of-the-blue North Korean missile strikes, China could conceivably even contribute to a multinational operation to remove the Kim regime. ¶ Still, China would vehemently oppose a long-term U.S. military presence in North Korea or a unified Korea allied with the United States. One way around this might be a grand bargain leaving a unified but neutral Korea. However appealing this might be, Korea might hesitate to adopt neutrality as it sits just across the Yalu River from a China that tends to claim all territory that it controlled at any point in its history. ¶ If the aftermath of the second Korean War is not handled adroitly, the result could easily be heightened hostility between the United States and China, perhaps even a new cold war. After all, history shows that deep economic connections do not automatically prevent nations from hostility and war -- in 1914 Germany was heavily involved in the Russian economy and had extensive trade and financial ties with France and Great Britain. It is not inconceivable then, that after the second Korean War, U.S.-China relations would be antagonistic and hostile at the same time that the two continued mutual trade and investment. Stranger things have happened in statecraft.

#### War on the Korean peninsula would escalate to great power conflict – the resulting conflict guarantees extinction

Stares 9 (Paul, Senior Fellow for Conflict Prevention – Council on Foreign Relations and, Joel, Adjunct Senior Research Fellow – Weatherhead East Asia Institute at Columbia University, “Preparing for Sudden Change in North Korea”, January)

These various scenarios would present the United States and the neighboring states with challenges and dilemmas that, depending on how events were to unfold, could grow in size and complexity. Important and vital interests are at stake for all concerned. North Korea is hardly a normal country located in a strategic backwater of the world. As a nuclear weapons state and exporter of ballistic missile systems, it has long been a serious proliferation concern to Washington. With one of the world’s largest armies in possession of huge numbers of long-range artillery and missiles, it can also wreak havoc on America’s most important Asian allies––South Korea and Japan––both of which are home to large numbers of American citizens and host to major U.S. garrisons committed to their defense. Moreover, North Korea abuts two great powers—China and Russia––that have important interests at stake in the future of the peninsula. That they would become actively engaged in any future crisis involving North Korea is virtually guaranteed. Although all the interested powers share a basic interest in maintaining peace and stability in northeast Asia, a major crisis from within North Korea could lead to significant tensions and––as in the past–– even conflict between them. A contested or prolonged leadership struggle in Pyongyang would inevitably raise questions in Washington about whether the United States should try to sway the outcome.5 Some will almost certainly argue that only by promoting regime change will the threat now posed by North Korea as a global proliferator, as a regional menace to America’s allies, and as a massive human rights violator, finally disappear. Such views could gain some currency in Seoul and even Tokyo, though it seems unlikely. Beijing, however, would certainly look on any attempt to promote a pro-American regime in Pyongyang as interference in the internal affairs of a sovereign state and a challenge to China’s national interests. This and other potential sources of friction could intensify should the situation in North Korea deteriorate. The impact of a severe power struggle in Pyongyang on the availability of food and other basic services could cause tens and possibly hundreds of thousands of refugees to flee North Korea. The pressure on neighboring countries to intervene with humanitarian assistance and use their military to stem the flow of refugees would likely grow in these circumstances. Suspicions that the situation could be exploited by others for political advantage would add to the pressure to act sooner rather than later in a crisis. China would be the most likely destination for refugees because of its relatively open and porous border; its People’s Liberation Army (PLA) has reportedly developed contingency plans to intervene in North Korea for possible humanitarian, peacekeeping, and “environmental control” missions.6 Besides increasing the risk of dangerous military interactions and unintended escalation in sensitive borders areas, China’s actions would likely cause considerable consternation in South Korea about its ultimate intentions toward the peninsula. China no doubt harbors similar fears about potential South Korean and American intervention in the North.

### ---Korea = Bio-War

#### Independently leads to bio-war

Jung 9 (Sung-Ki, “N. Korea Has 13 Types of Biological Weapons”, Korea Times, 10-5)

North Korea is believed to possess 13 types of viruses and germs that it can readily use in the event of a conflict, a ruling party lawmaker said Monday, citing a defense ministry report. The North is believed to be one of the world's largest possessors of chemical and biological weapons. South Korea suspects the communist neighbor has up to 5,000 tons of chemical agents. During a National Assembly audit of the Ministry of National Defense, Rep. Kim Ock-lee of the Grand National Party said diseases that could be caused by North Korean biological weapons include cholera, pest, yellow fever, smallpox, eruptive typhus, typhoid fever and dysentery.

#### Extinction

Singer 1 (Clifford E., Professor of Nuclear Engineering and Director of the Program in Arms Control, Disarmament, and International Security – University of Illinois at Urbana-Champaign, “Will Mankind Survive the Millennium?”)

There are, however, two technologies currently under development that may pose a more serious threat to human survival. The first and most immediate is biological warfare combined with genetic engineering. Smallpox is the most fearsome of natural biological warfare agents in existence. By the end of the next decade, global immunity to smallpox will likely be at a low unprecedented since the emergence of this disease in the distant past, while the opportunity for it to spread rapidly across the globe will be at an all time high. In the absence of other complications such as nuclear war near the peak of an epidemic, developed countries may respond with quarantine and vaccination to limit the damage. Otherwise mortality there may match the rate of 30 percent or more expected in unprepared developing countries. With respect to genetic engineering using currently available knowledge and technology, the simple expedient of spreading an ample mixture of coat protein variants could render a vaccination response largely ineffective, but this would otherwise not be expected to substantially increase overall mortality rates. With development of new biological technology, however, there is a possibility that a variety of infectious agents may be engineered for combinations of greater than natural virulence and mortality, rather than just to overwhelm currently available antibiotics or vaccines. There is no a priori known upper limit to the power of this type of technology base, and thus the survival of a globally connected human family may be in question when and if this is achieved.

### XT Perk – India Border War

#### Border conflict causes extinction

Kahn 9 (Jeremy, Pew International Journalism Fellow – Johns Hopkins University and Former Managing Editor – New Republic, “Why India Fears China”, Newsweek, 10-10)

China claims some 90,000 square kilometers of Indian territory. And most of those claims are tangled up with Tibet. Large swaths of India's northern mountains were once part of Tibet. Other stretches belonged to semi-independent kingdoms that paid fealty to Lhasa. Because Beijing now claims Tibet as part of China, it has by extension sought to claim parts of India that it sees as historically Tibetan, a claim that has become increasingly flammable in recent months. Ever since the anti-Chinese unrest in Tibet last year, progress toward settling the border dispute has stalled, and the situation has taken a dangerous turn. The emergence of videos showing Tibetans beating up Han Chinese shopkeepers in Lhasa and other Tibetan cities created immense domestic pressure on Beijing to crack down. The Communist Party leadership worries that agitation by Tibetans will only encourage unrest by the country's other ethnic minorities, such as Uighurs in Xinjiang or ethnic Mongolians in Inner Mongolia, threatening China's integrity as a nation. Susan Shirk, a former Clinton-administration official and expert on China, says that "in the past, Taiwan was the 'core issue of sovereignty,' as they call it, and Tibet was not very salient to the public." Now, says Shirk, Tibet is considered a "core issue of national sovereignty" on par with Taiwan. The implications for India's security—and the world's—are ominous. It turns what was once an obscure argument over lines on a 1914 map and some barren, rocky peaks hardly worth fighting over into a flash point that could spark a war between two nuclear-armed neighbors. And that makes the India-China border dispute into an issue of concern to far more than just the two parties involved. The United States and Europe as well as the rest of Asia ought to take notice—a conflict involving India and China could result in a nuclear exchange. And it could suck the West in—either as an ally in the defense of Asian democracy, as in the case of Taiwan, or as a mediator trying to separate the two sides. Beijing appears increasingly concerned about the safe haven India provides to the Dalai Lama and to tens of thousands of Tibetan exiles, including increasingly militant supporters of Tibetan independence. These younger Tibetans, many born outside Tibet, are growing impatient with the Dalai Lama's "middle way" approach—a willingness to accept Chinese sovereignty in return for true autonomy—and commitment to nonviolence. If these groups were to use India as a base for armed insurrection against China, as Tibetan exiles did throughout the 1960s, then China might retaliate against India. By force or demand, Beijing might also seek to gain possession of important Tibetan Buddhist monasteries that lie in Indian territory close to the border. Both politically and culturally, these monasteries are seen as key nodes in the Tibetan resistance to Chinese authority.

#### The impact is world war III

Dyer 05 (Gwynne, Independent Journalist, St. John’s Telegram, “India and China: avoiding the past”, 4-17, L/N)

It wasn't the sort of statement that sets the blood racing: "We have more or less reached agreement with regard to the political parameters and the guiding principles for the settlement of the boundary dispute." But Indian National Security Adviser M.K. Narayanan's announcement on April 10 during Chinese Premier Wen Jiabao's four-day visit to India, is good news for those who hope that their children or grandchildren will not die in the Third World War. More negotiations There will have to be further talks before India and China actually start demarcating their long Himalayan frontier, where the existing uncertainties led to a brief border war between the two Asian giants in 1962. More things also need to happen if China and India are to avoid confrontation as both countries take their place in the front rank of the great powers over the next generation - a free-trade area would help, and a mutual security pact wouldn't hurt either - but this is definitely a step in the right direction. And not a moment too soon. It has become urgent because the Bush administration is trying to lure India into an alliance with the United States that would implicitly define China as the enemy. When U.S. Secretary of State Condoleezza Rice visited New Delhi last month, she told Prime Minister Manmohan Singh that it is now America's policy to "help India become a major world power in the 21st century," and the State Department briefer emphasized that Washington "understands fully the implications, including the military implications of that statement." The biggest American bribe on the table is the recent announcement that India would be allowed to buy the next generation of advanced combat aircraft from the U.S., which would give it definitive air superiority over China (and Pakistan) in a single bound. Other inducements will be deployed in coming months, and the White House hopes that by the time U.S. President George W. Bush visits India later this year, the two countries can reach an understanding - it won't actually be called an alliance - on military co-operation in Asia. The neo-conservatives in the Bush administration have a high opinion of their own strategic abilities, and they imagine that they are replaying the Nixon-Kissinger strategy of 30 years ago. Then, America's great strategic adversary was the Soviet Union, and Nixon's rapprochement with China gave the Russians something else to worry about by completing their encirclement. Now, the neo- conservatives see China as the emerging strategic rival, and want to draw India into a military alliance against it. China may increase weapons Except that the U.S. strategy of encircling China is more likely to convince Beijing that it must build up its military power in order to protect itself. The right analogy for what is happening now is not Nixon's China policy of the early 1970s. It is the period before 1914, when the traditional great powers who were facing a future of relative decline, Britain and France, sought to contain the rapid growth of German industrial power by making an alliance with the other rising power, Russia. And that led to the First World War. Nobody was actually to blame for the First World War. Germany's rapid industrial growth after unification in 1870 triggered the old balance-of-power reflex in the existing top dogs, Britain and France, who got together to "contain" it. That persuaded the Germans that they were encircled - as indeed they were, once Russia, the other rising industrial power, had been drawn into an alliance with the western great powers. No analogy is perfect, but this one feels pretty convincing. America is playing the role of Britain and France, China is being cast in the role of Germany, and India gets to play Russia. We have seen this movie before, and it did not even end well last time, when we were only playing with machine-guns and trenches. This time around, we are playing with nuclear weapons. If China were hell- bent on conquering the planet, other countries might have to accept the risk that a "containment" policy entails, but it isn't. Even under the current communist regime, China has not been expansionist. The various border quarrels that led to brief outbreaks of shooting 30 or 40 years ago with the Soviet Union, India and Vietnam were driven by genuine boundary disputes and prickly Chinese nationalism, but the territories at issue were not large or important. China's forces never pushed past the specific territories they claimed, and in most cases they were withdrawn again after making their point. China's occupation of Tibet and its claim to Taiwan are both contentious issues, but they are seen in Beijing essentially as domestic issues having to do with the country's historic territorial integrity. They do not constitute proof of a more general Chinese expansionism - which would be, in any case, pretty pointless in the current era of the global economy. Behind the times The master strategists in Washington are trapped in an old paradigm that no longer served the true interests of the great powers even 100 years ago, and certainly will not make America or anybody else safer now. If India falls for their blandishments, they will drive China into a needless military confrontation with its neighbours and destroy the fragile hope of reconciliation between India and Pakistan. The good news out of New Delhi last week is that the Indian government seems not to be falling for the neo-conservative strategy. There is a lot of work still to be done on Sino-Indian relations, but at least the trend is away from confrontation, not towards it.

### XT Perk – China Japan

#### Japan-China conflict will escalate

Auslin 13 (Michael, scholar at the American Enterprise Institute, “The Sino–Japanese Standoff”, 1/28/13)

What was more dangerous, however, was a game of chicken that began in the waters off the Senkakus. Beijing dispatched private fishing boats and maritime patrol vessels on a near-daily basis to the islands, and Japan responded with its coast guard. The two countries have now faced off regularly in the waters around the Senkakus, sometimes with a dozen ships or more. Beijing’s goal seems to be to undercut Tokyo’s claim of administrative control over the islands. That would then invalidate Japan’s right to expel ships from the exclusive economic zone around the Senkakus. In recent weeks, though, the Chinese have become more aggressive, and very visibly escalated tensions. For the first time ever, they have flown maritime patrol planes into Japanese airspace around the islands. A predictable cycle thus emerged: The Japanese responded by scrambling F-15s, and last week, the Chinese sent two J-10 fighter jets to “monitor” Japanese military aircraft, according to the South China Morning Post. Now, the new Japanese government of Prime Minister Shinzo Abe is preparing to go one step further: giving Japanese pilots the authority to fire warning shots with tracer bullets across the nose of any Chinese aircraft that doesn’t heed warnings to leave Japanese-controlled airspace.¶ It was barely a dozen years ago that the U.S. and China faced a crisis when a hotshot Chinese pilot collided with a U.S. electronic-surveillance plane over the South China Sea, crashing both aircraft. Japan and China are now on a metaphorical collision course, too, and any accident when tensions are so high could be the spark in a tinderbox. It’s not difficult to see Beijing issuing orders for Chinese fighters to fire their own warning shots if Japanese jets start doing so. Even though leaders from both countries promise to meet and keep things cool, a faceoff at 20,000 feet is much harder to control than one done more slowly and clearly on the ocean’s surface. This Sino–Japanese standoff also is a problem for the United States, which has a defense treaty with Tokyo and is pledged to come to the aid of Japanese forces under attack. There are also mechanisms for U.S.–Japanese consultations during a crisis, and if Tokyo requests such military talks, Washington would be forced into a difficult spot, since Beijing would undoubtedly perceive the holding of such talks as a serious provocation. The Obama administration has so far taken pains to stay neutral in the dispute; despite its rhetoric of “pivoting” to the Pacific, it has urged both sides to resolve the issue peacefully. Washington also has avoided any stance on the sovereignty of the Senkakus, supporting instead the status quo of Japanese administration of the islands. That may no longer suffice for Japan, however, since its government saw China’s taking to the air over the Senkakus as a significant escalation and proof that Beijing is in no mind to back down from its claims.¶ One does not have to be an alarmist to see real dangers in play here. As Barbara Tuchman showed in her classic The Guns of August, events have a way of taking on a life of their own (and one doesn’t need a Schlieffen Plan to feel trapped into acting). The enmity between Japan and China is deep and pervasive; there is little good will to try and avert conflict. Indeed, the people of both countries have abysmally low perceptions of the other. Since they are the two most advanced militaries in Asia, any tension-driven military jockeying between them is inherently destabilizing to the entire region. Perhaps of even greater concern, neither government has shied away from its hardline tactics over the Senkakus, despite the fact that trade between the two has dropped nearly 4 percent since the crisis began in September. Most worrying, if the two sides don’t agree to return to the status quo ante, there are only one or two more rungs on the ladder of military escalation before someone has to back down or decide to initiate hostilities when challenged. Whoever does back down will lose an enormous amount of credibility in Asia, and the possibility of major domestic demonstrations in response.¶ The prospect of an armed clash between Asia’s two largest countries is one that should bring both sides to their senses, but instead the two seem to be maneuvering themselves into a corner from which it will be difficult to escape. One trigger-happy or nervous pilot, and Asia could face its gravest crisis perhaps since World War II.

#### Draws in the US and goes nuclear

Blaxland 13 (John, Senior Fellow at the Strategic and Defence Studies Centre, the Australian National University, and Rikki Kersten, Professor of modern Japanese political history in the School of International, Political and Strategic Studies at the College of Asia and the Pacific, the Australian National University, 2/13/13, “Escalating territorial tension in East Asia echoes Europe’s descent into world war,”)

The recent activation of Chinese weapons radars aimed at Japanese military platforms around the Senkaku/Diaoyu Islands is the latest in a series of incidents in which China has asserted its power and authority at the expense of its neighbours. The radars cue supersonic missile systems and give those on the receiving end only a split second to respond. With Japanese law empowering local military commanders with increased discretion to respond (thanks to North Korea’s earlier provocations), such incidents could easily escalate. In an era of well-established UN-related adjudication bodies like the International Court of Justice (ICJ), how has it come to this? These incidents disconcertingly echo past events. In the early years of the 20th century, most pundits considered a major war between the great powers a remote possibility. Several incidents prior to 1914 were handled locally or successfully defused by diplomats from countries with alliances that appeared to guarantee the peace. After all, never before had the world been so interconnected — thanks to advanced communications technology and burgeoning trade. But alliance ties and perceived national interests meant that once a major war was triggered there was little hope of avoiding the conflict. Germany’s dissatisfaction with the constraints under which it operated arguably was a principal cause of war in 1914. Similarly, Japan’s dissatisfaction helped trigger massive conflict a generation later. A century on, many of the same observations can be made in East Asia. China’s rise is coupled with a disturbing surge in jingoism across East and Southeast Asia. China resents the territorial resolution of World War II, in which the United States handed responsibility for the Senkaku/Diaoyu islands to Japan while large chunks of the South China Sea were claimed and occupied by countries that emerged in Southeast Asia’s post-colonial order. Oil and gas reserves are attractive reasons for China to assert itself, but challenging the US place in East Asian waters is the main objective. China resents American ‘re-balancing ‘as an attempt at ‘containment’, even though US dependence on Chinese trade and finance makes that notion implausible. China is pushing the boundaries of the accepted post-Second World War order championed by the United States and embodied by the UN. China’s rapid rise and long-held grievances mean its powerbrokers are reluctant to use institutions like the ICJ. But China’s assertiveness is driving regional states closer into the arms of the United States. Intimidation and assertive maritime acts have been carried out, ostensibly by elements not linked to China’s armed forces. China’s white-painted Chinese Maritime Services and Fisheries Law Enforcement Command vessels operating in the South China Sea and around the Senkaku/Diaoyu islands have evoked strong reactions. But Japan’s recent allegation that China used active radars is a significant escalation. Assuming it happened, this latest move could trigger a stronger reaction from Japan. China looks increasingly as if it is not prepared to abide by UN-related conventions. International law has been established mostly by powers China sees as having exploited it during its ‘century of humiliation’. Yet arguably, it is in the defence of these international institutions that the peaceful rise of China is most likely to be assured. China’s refusal to submit to such mechanisms as the ICJ increases the prospect of conflict. For the moment, Japan’s conservative prime minister will need to exercise great skill and restraint in managing domestic fear and resentment over China’s assertiveness and the military’s hair-trigger defence powers. A near-term escalation cannot be ruled out. After all, Japan recognises that China is not yet ready to inflict a major military defeat on Japan without resorting to nuclear weapons and without triggering a damaging response from the United States. And Japan does not want to enter into such a conflict without strong US support, at least akin to the discreet support given to Britain in the Falklands War in 1982. Consequently, Japan may see an escalation sooner rather than later as being in its interests, particularly if China appears the aggressor. China’s domestic environment has nurtured jingoism. The Chinese state has built up the public’s appetite for vengeance against Japan by manipulating films and history textbooks. On the other hand, Chinese authorities recognise that the peaceful rise advocated by Deng Xiaoping is not yet complete (militarily at least). In the meantime it is prudent to exercise some restraint to avoid an overwhelming and catastrophic response. If the 1914–18 war taught us anything, it is that the outcome of wars is rarely as proponents conceived at the outset.

### XT Perk - Taiwan War

#### China war causes extinction – Indo-Pak, Asian, Europe wars all go nuclear

Cheong 00 (Ching Cheong, Senior Writer at the Strait Times, “No one gains in a war over Taiwan,” June 25th, Lexis)

THE high-intensity scenario postulates a cross-strait war escalating into a full-scale war between the US and China. If Washington were to conclude that splitting China would better serve its national interests, then a full-scale war becomes unavoidable. Conflict on such a scale would embroil other countries far and near and -horror of horrors -raise the possibility of a nuclear war. Beijing has already told the US and Japan privately that it considers any country providing bases and logistics support to any US forces attacking China as belligerent parties open to its retaliation. In the region, this means South Korea, Japan, the Philippines and, to a lesser extent, Singapore. If China were to retaliate, east Asia will be set on fire. And the conflagration may not end there as opportunistic powers elsewhere may try to overturn the existing world order. With the US distracted, Russia may seek to redefine Europe's political landscape. The balance of power in the Middle East may be similarly upset by the likes of Iraq. In south Asia, hostilities between India and Pakistan, each armed with its own nuclear arsenal, could enter a new and dangerous phase. Will a full-scale Sino-US war lead to a nuclear war? According to General Matthew Ridgeway, commander of the US Eighth Army which fought against the Chinese in the Korean War, the US had at the time thought of using nuclear weapons against China to save the US from military defeat. In his book The Korean War, a personal account of the military and political aspects of the conflict and its implications on future US foreign policy, Gen Ridgeway said that US was confronted with two choices in Korea -truce or a broadened war, which could have led to the use of nuclear weapons. If the US had to resort to nuclear weaponry to defeat China long before the latter acquired a similar capability, there is little hope of winning a war against China, 50 years later, short of using nuclear weapons. The US estimates that China possesses about 20 nuclear warheads that can destroy major American cities. Beijing also seems prepared to go for the nuclear option. A Chinese military officer disclosed recently that Beijing was considering a review of its "non first use" principle regarding nuclear weapons. Major-General Pan Zhangqiang, president of the military-funded Institute for Strategic Studies, told a gathering at the Woodrow Wilson International Centre for Scholars in Washington that although the government still abided by that principle, there were strong pressures from the military to drop it. He said military leaders considered the use of nuclear weapons mandatory if the country risked dismemberment as a result of foreign intervention. Gen Ridgeway said that should that come to pass, we would see the destruction of civilization.

### MPX – North Korea

#### Tensions are on the brink and missile diplomacy is needed now. North Korea is conducting tests and has potential to negotiate

VOA 2/9 – VOA News (“US, S. Korean Diplomats Discuss North's Nuclear Program”, February 09, 2015, <http://www.voanews.com/content/us-south-korea-diplomats-discuss-north-korea-nuclear-program/2634449.html>) RMT

The number two diplomats from the United States and South Korea held talks in Seoul Monday to discuss bilateral issues and North Korea's nuclear and missile programs, officials said. U.S. Deputy Secretary of State Tony Blinken will spend three days in Seoul, the first leg of an Asia tour that will also take him to China and Japan. After meeting Monday with South Korean Vice Foreign Minister Cho Tai-yong, Blinken said it was important to maintain sanctions on the North until Pyongyang shows it is serious about wanting to resume six-party denuclearization talks. "The pressure that the international community has exerted on North Korea has made a meaningful difference in its ability to acquire materials for its weapons and missile program to put pressure on it to move in a different direction. But ultimately, this is a decision for North Korea to make. It has to decide whether it is serious about getting back to demilitarization and having credible and an authentic talks. We remain open to that, that is something that we will welcome but until North Korea demonstrates that they are serious, it is important to sustain the pressure on them and to sustain the solidarity in the international community," said Blinken. Tensions between Washington and Pyongyang have been escalating since the U.S. slapped fresh sanctions on North Korea for allegedly launching a cyberattack on film studio Sony Pictures. North Korea said last week that it saw no need to negotiate with Washington, and threatened nuclear strikes and cyberattacks in response to any U.S. aggression.

#### North Korean miscalc leads to global nuclear war.

Metz 13 – Chairman of the Regional Strategy and Planning Department and Research Professor of National Security Affairs at the Strategic Studies Institute (Steven, 3/13/13, “Strategic Horizons: Thinking the Unthinkable on a Second Korean War,” http://www.worldpoliticsreview.com/articles/12786/strategic-horizons-thinking-the-unthinkable-on-a-second-korean-war)

Today, North Korea is the most dangerous country on earth and the greatest threat to U.S. security. For years, the bizarre regime in Pyongyang has issued an unending stream of claims that a U.S. and South Korean invasion is imminent, while declaring that it will defeat this offensive just as -- according to official propaganda -- it overcame the unprovoked American attack in 1950. Often the press releases from the official North Korean news agency are absurdly funny, and American policymakers tend to ignore them as a result. Continuing to do so, though, could be dangerous as events and rhetoric turn even more ominous. In response to North Korea's Feb. 12 nuclear test, the U.N. Security Council recently tightened existing sanctions against Pyongyang. Even China, North Korea's long-standing benefactor and protector, went along. Convulsed by anger, Pyongyang then threatened a pre-emptive nuclear strike against the United States and South Korea, abrogated the 1953 armistice that ended the Korean War and cut off the North-South hotline installed in 1971 to help avoid an escalation of tensions between the two neighbors. A spokesman for the North Korean Foreign Ministry asserted that a second Korean War is unavoidable. He might be right; for the first time, an official statement from the North Korean government may prove true. No American leader wants another war in Korea. The problem is that the North Koreans make so many threatening and bizarre official statements and sustain such a high level of military readiness that American policymakers might fail to recognize the signs of impending attack. After all, every recent U.S. war began with miscalculation; American policymakers misunderstood the intent of their opponents, who in turn underestimated American determination. The conflict with North Korea could repeat this pattern. Since the regime of Kim Jong Un has continued its predecessors’ tradition of responding hysterically to every action and statement it doesn't like, it's hard to assess exactly what might push Pyongyang over the edge and cause it to lash out. It could be something that the United States considers modest and reasonable, or it could be some sort of internal power struggle within the North Korean regime invisible to the outside world. While we cannot know whether the recent round of threats from Pyongyang is serious or simply more of the same old lathering, it would be prudent to think the unthinkable and reason through what a war instigated by a fearful and delusional North Korean regime might mean for U.S. security. The second Korean War could begin with missile strikes against South Korean, Japanese or U.S. targets, or with a combination of missile strikes and a major conventional invasion of the South -- something North Korea has prepared for many decades. Early attacks might include nuclear weapons, but even if they didn't, the United States would probably move quickly to destroy any existing North Korean nuclear weapons and ballistic missiles. The war itself would be extremely costly and probably long. North Korea is the most militarized society on earth. Its armed forces are backward but huge. It's hard to tell whether the North Korean people, having been fed a steady diet of propaganda based on adulation of the Kim regime, would resist U.S. and South Korean forces that entered the North or be thankful for relief from their brutally parasitic rulers. As the conflict in Iraq showed, the United States and its allies should prepare for widespread, protracted resistance even while hoping it doesn't occur. Extended guerrilla operations and insurgency could potentially last for years following the defeat of North Korea's conventional military. North Korea would need massive relief, as would South Korea and Japan if Pyongyang used nuclear weapons. Stabilizing North Korea and developing an effective and peaceful regime would require a lengthy occupation, whether U.S.-dominated or with the United States as a major contributor. The second Korean War would force military mobilization in the United States. This would initially involve the military's existing reserve component, but it would probably ultimately require a major expansion of the U.S. military and hence a draft. The military's training infrastructure and the defense industrial base would have to grow. This would be a body blow to efforts to cut government spending in the United States and postpone serious deficit reduction for some time, even if Washington increased taxes to help fund the war. Moreover, a second Korean conflict would shock the global economy and potentially have destabilizing effects outside Northeast Asia. Eventually, though, the United States and its allies would defeat the North Korean military. At that point it would be impossible for the United States to simply re-establish the status quo ante bellum as it did after the first Korean War. The Kim regime is too unpredictable, desperate and dangerous to tolerate. Hence regime change and a permanent ending to the threat from North Korea would have to be America's strategic objective. China would pose the most pressing and serious challenge to such a transformation of North Korea. After all, Beijing's intervention saved North Korean dictator Kim Il Sung after he invaded South Korea in the 1950s, and Chinese assistance has kept the subsequent members of the Kim family dictatorship in power. Since the second Korean War would invariably begin like the first one -- with North Korean aggression -- hopefully China has matured enough as a great power to allow the world to remove its dangerous allies this time. If the war began with out-of-the-blue North Korean missile strikes, China could conceivably even contribute to a multinational operation to remove the Kim regime. Still, China would vehemently oppose a long-term U.S. military presence in North Korea or a unified Korea allied with the United States. One way around this might be a grand bargain leaving a unified but neutral Korea. However appealing this might be, Korea might hesitate to adopt neutrality as it sits just across the Yalu River from a China that tends to claim all territory that it controlled at any point in its history. If the aftermath of the second Korean War is not handled adroitly, the result could easily be heightened hostility between the United States and China, perhaps even a new cold war. After all, history shows that deep economic connections do not automatically prevent nations from hostility and war -- in 1914 Germany was heavily involved in the Russian economy and had extensive trade and financial ties with France and Great Britain. It is not inconceivable then, that after the second Korean War, U.S.-China relations would be antagonistic and hostile at the same time that the two continued mutual trade and investment. Stranger things have happened in statecraft.

#### North Korea war is coming – tensions are on edge – any escalation will be nuclear

Gibbons and Kroenig 14 [Rebecca, PhD Candidate in International Relations at Georgetown University, and Matthew, Associate Professor and International Relations Field Chair in the Department of Government at Georgetown University, 2014, “The Next Nuclear War,” http://www.matthewkroenig.com/Kroenig\_The%20Next%20Nuclear%20War.pdf/AKG]

Over the past decade, the Democratic People’s Republic of Korea (DPRK) has demonstrated its growing nuclear and missile capabilities. It is currently estimated to possess enough fissile material for between thirteen and thirty nuclear warheads.73 It is unclear, however, whether Pyongyang has yet developed the capability to miniaturize weapons for delivery on missiles. North Korea has developed short and medium-range weapons that can reach South Korea and Japan, but has not yet successfully test launched an intercontinental-range missile. Relations between Pyongyang and its neighbors are openly hostile. North and South Korea have technically been in an armistice since 1953 when fighting in the Korean War ended. Both states claim the right to the entire peninsula and they have had tense relations since the end of the war that have occasionally included direct military attacks. At present, Japan and North Korea do not maintain official diplomatic relations. They also have a long history of ill-will stemming from the Japanese occupation of Korea in the early part of the twentieth century and the kidnapping of Japanese citizens by North Korea in the 1970s and 1980s. In recent years, Pyongyang has taken provocative action against both South Korea and Japan, such as shelling South Korea’s Yeonpyeong Island in 2010, sinking a South Korean warship in 2010, and test-firing missiles into the Sea of Japan. In January 2014, DPRK leadership threatened nuclear war in the run up to ROK-U.S. military exercises, complaining that these joint exercises are preparation for an invasion of North Korea.74 The situation in North Korea is especially volatile because Kim Jung-Un has already demonstrated willingness to take drastic action to solidify his position and remain in power and due to similar domestic pressures he may have incentives to create a crisis in which nuclear use becomes possible. If North Korea’s erratic behavior continues or escalates, there is a potential for the United States to become involved in a conflict based on its treaty commitments to South Korea and Japan. Since they face nuclear adversaries, U.S. reassurance tends to include a heavy emphasis on nuclear capabilities. In the spring of 2013, for example, the U.S. flew two nuclear-capable B- 2s over the Peninsula to threaten the North and reassure the South. North Korea does not publicize an official nuclear doctrine, although its rhetoric has been bellicose and has included explicit nuclear threats against the United States and South Korea in the recent past. If Kim Jung Un enters into an open conflict with the vastly superior United States, he may have incentive to use nuclear weapons in an attempt to bring a rapid halt to the conflict and to preserve his life and his regime. With such a small and vulnerable arsenal, Kim might also feel “use ‘em or lose ‘em” pressure, encouraging him to go nuclear early in a conflict. If Pyongyang were to use nuclear weapons, some analysts assume DPRK would employ a countervalue strategy, aiming its weapons at cities in neighboring South Korea or Japan.

### MPX - China Lash-Out

#### CCP collapse lash-out and extinction – nuclear and biological warfare

**Renxing 05** (San, Epic Times Staff Member, The CCP’s Last-ditch Gamble: Biological and Nuclear War, 8/5/5, The Epoch Times,<http://english.epochtimes.com/news/5-8-5/30975.html>)

As *The Epoch Times*’ *Nine Commentaries on the Communist Party* spreads ever wider in China, the truth it speaks is awakening Chinese people to the true nature of the Chinese Communist Party (CCP) and inspiring them to cancel their Party memberships. With the number of people quitting the Party growing rapidly by the day, the Communist Party sees that the end is near. In a show of strength to save itself from demise, the CCP has brought out a sinister plan that it has been preparing for years, a last-ditch gamble to extend its life. This plan is laid out in two speeches written by Chi Haotian, Minster of Defense and vice-chairman of China’s Central Military Commission, and posted on the Internet. The background surrounding the speeches is still shrouded in mystery. The titles of the two speeches are “[War Is Approaching Us](http://english.epochtimes.com/news/5-8-4/30974.html%22%20%5Ct%20%22_blank)” [[1]](http://english.epochtimes.com/news/5-8-5/30975.html#1) and “[War Is Not Far from Us and Is the Midwife of the Chinese Century](http://english.epochtimes.com/news/5-8-4/30974.html%22%20%5Ct%20%22_blank).” The two, judging from their similar contexts and consistent theme, are indeed sister articles. These speeches describe in a comprehensive, systematic, and detailed way the CCP’s nearly 20 years of fear and helplessness over its doomed fate, and its desperate fight to extend its life. In particular, the speeches lay uncharacteristically bare what is really on the CCP’s mind and hide nothing from the public—a rare confession from the CCP that can help people understand its evil nature. If one truly understands what is said in this confession, one will immediately catch on to the CCP’s way of thinking. In short, the speeches are worth reading, and I would like to comment on them. I. A Gangster Gambles with the World as His Stake, and the Lives of People in this Global Village Become Worthless What, then, is the gist of this wild, last-ditch gamble? To put it in a few words: A cornered beast is fighting desperately to survive in a battle with humanity. If you don’t believe me, read some passages directly from the speeches. 1) “We must prepare ourselves for two scenarios. If our biological weapons succeed in the surprise attack [on the US], the Chinese people will be able to keep their losses at a minimum in the fight against the U.S. If, however, the attack fails and triggers a nuclear retaliation from the U.S., China would perhaps suffer a catastrophe in which more than half of its population would perish. That is why we need to be ready with air defense systems for our big and medium-sized cities. Whatever the case may be, we can only move forward fearlessly for the sake of our Party and state and our nation’s future, regardless of the hardships we have to face and the sacrifices we have to make. The population, even if more than half dies, can be reproduced. But if the Party falls, everything is gone, and forever gone!” 2) “In any event, we, the CCP, will never step down from the stage of history! We’d rather have the whole world, or even the entire globe, share life and death with us than step down from the stage of history!!! Isn’t there a ‘nuclear bondage’ theory? It means that since the nuclear weapons have bound the security of the entire world, all will die together if death is inevitable. In my view, there is another kind of bondage, and that is, the fate our Party is tied up with that of the whole world. If we, the CCP, are finished, China will be finished, and the world will be finished.” 3) “It is indeed brutal to kill one or two hundred million Americans. But that is the only path that will secure a Chinese century, a century in which the CCP leads the world. We, as revolutionary humanitarians, do not want deaths. But if history confronts us with a choice between deaths of Chinese and those of Americans, we’d have to pick the latter, as, for us, it is more important to safeguard the lives of the Chinese people and the life of our Party. That is because, after all, we are Chinese and members of the CCP. Since the day we joined the CCP, the Party’s life has always been above all else!” Since the Party’s life is “above all else,” it would not be surprising if the CCP resorts to the use of biological, chemical, and nuclear weapons in its attempt to extend its life. The CCP, which disregards human life, would not hesitate to kill two hundred million Americans, along with seven or eight hundred million Chinese, to achieve its ends. These speeches let the public see the CCP for what it really is. With evil filling its every cell the CCP intends to wage a war against humankind in its desperate attempt to cling to life. *That* is the main theme of the speeches. This theme is murderous and utterly evil. In China we have seen beggars who coerced people to give them money by threatening to stab themselves with knives or pierce their throats with long nails. But we have never, until now, seen such a gangster who would use biological, chemical, and nuclear weapons to threaten the world, that they will die together with him. This bloody confession has confirmed the CCP’s nature: That of a monstrous murderer who has killed 80 million Chinese people and who now plans to hold one billion people hostage and gamble with their lives.

**Biological weapons outweigh – only existential risk**

**Singer 01**— Clifford Singer, Director of the Program in Arms Control, Disarmament, and International Security at the University of Illinois at Urbana—Champaign [Spring 2001, “Will Mankind Survive the Millennium?” The Bulletin of the Program in Arms Control, Disarmament, and International Security, University of Illinois at Urbana-Champaign, 13.1, http://www.acdis.uiuc.edu/research/S&Ps/2001-Sp/S&P\_XIII/Singer.htm]

In recent years the fear of the apocalypse (or religious hope for it) has been in part a child of the Cold War, but its seeds in Western culture go back to the Black Death and earlier. Recent polls suggest that the majority in the United States that believe man would survive into the future for substantially less than a millennium was about 10 percent higher in the Cold War than afterward. However fear of annihilation of the human species through nuclear warfare was confused with the admittedly terrifying, but much different matter of destruction of a dominant civilization. The destruction of a third or more of much of the globe’s population through the disruption from the direct consequences of nuclear blast and fire damage was certainly possible. There was, and still is, what is now known to be a rather small chance that dust raised by an all-out nuclear war would cause a socalled nuclear winter, substantially reducing agricultural yields especially in temperate regions for a year or more. As noted above mankind as a whole has weathered a number of mind-boggling disasters in the past fifty thousand years even if older cultures or civilizations have sometimes eventually given way to new ones in the process. Moreover the fear that radioactive fallout would make the globe uninhabitable, publicized by widely seen works such as “On the Beach,” was a metaphor for the horror of nuclear war rather than reality. The epidemiological lethal results of well over a hundred atmospheric nuclear tests are barely statistically detectable except in immediate fallout plumes. The increase in radiation exposure far from the combatants in even a full scale nuclear exchange at the height of the Cold War would have been modest compared to the variations in natural background radiation doses that have readily been adapted to by a number of human populations. Nor is there any reason to believe that global warming or other insults to our physical environment resulting from currently used technologies will challenge the survival of mankind as a whole beyond what it has already handily survived through the past fifty thousand years.

There are, however, two technologies currently under development that may pose a more serious threat to human survival. The first and most immediate is biological warfare combined with genetic engineering. Smallpox is the most fearsome of natural biological warfare agents in existence. By the end of the next decade, global immunity to smallpox will likely be at a low unprecedented since the emergence of this disease in the distant past, while the opportunity for it to spread rapidly across the globe will be at an all time high. In the absence of other complications such as nuclear war near the peak of an epidemic, developed countries may respond with quarantine and vaccination to limit the damage. Otherwise mortality there may match the rate of 30 percent or more expected in unprepared developing countries. With respect to genetic engineering using currently available knowledge and technology, the simple expedient of spreading an ample mixture of coat protein variants could render a vaccination response largely ineffective, but this would otherwise not be expected to substantially increase overall mortality rates. With development of new biological technology, however, there is a possibility that a variety of infectious agents may be engineered for combinations of greater than natural virulence and mortality, rather than just to overwhelm currently available antibiotics or vaccines. There is no a priori known upper limit to the power of this type of technology base, and thus the survival of a globally connected human family may be in question when and if this is [[1]](#footnote-1)achieved.

### MPX – Russia Border Conflict

#### Collapse of the Chinese government causes border conflict with Russia

**Lo and Rothman 06** [Bobo Lo and Andy Rothman, May 2006, Asian Geopolitics, special report http://findarticles.com/p/articles/mi\_7057/is\_2\_9/ai\_n28498825/pg\_17/]

The second scenario for strategic conflict is predicated on a general collapse of law and order in China. With no effective central authority to contain the anarchy, millions of Chinese could cross the border into the Russian Far East. This would lead to tensions and clashes, at first sporadic and random, but subsequently escalating into interstate conflict.

#### Nuclear winter

**Sharavin 01** [Alexander, What the Papers Say, 10-3-01, The Third Threat]

Russia may face the “wonderful” prospect of combating the Chinese army, which, if full mobilization is called, is comparable in size with Russia’s entire population, which also has nuclear weapons (even tactical weapons become less strategic if states have common borders) and would be absolutely insensitive to losses (even a loss of a few million of the servicemen would be acceptable for China). Such a war would be more horrible than the World War II. It would require from our state maximal tension, universal mobilization and complete accumulation of the army military hardware, up to the last tank or a plane, in a single direction (we would have to forget such “trifles” like Talebs and Basaev, but this does not guarantee success either). Massive nuclear strikes on basic military forces and cities of China would finally be the only way out, what would exhaust Russia’s armament completely. We have not got another set of intercontinental ballistic missiles and submarine-based missiles, whereas the general forces would be extremely exhausted in the border combats. In the long run, even if the aggression would be stopped after the majority of the Chinese are killed, our country would be absolutely unprotected against the “Chechen” and the “Balkan” variants both, and even against the first frost of a possible nuclear winter.

### MPX – Civil War

#### And, it causes a nuclear civil war

Yee and Storey 02 [Professor of Politics and International Relations at the Hong Kong Baptist University and Storey, Lecturer in Defence Studies at Deakin University, Herbert Yee, Professor of Politics and International Relations at the Hong Kong Baptist University and Ian Storey, Lecturer in Defence Studies at Deakin University, 2002, “The China Threat: Perceptions, Myths and Reality,” p5]

The fourth factor contributing to the perception of a China threat is the fear of political and economic collapse in the PRC, resulting in territorial fragmentation, civil war and waves of refugees pouring into neighbouring countries. Naturally, any or all of these scenarios would have a profoundly negative impact on regional stability. Today the Chinese leadership faces a raft of internal problems, including the increasing political demands of its citizens, a growing population, a shortage of natural resources and a deterioration in the natural environment caused by rapid industrialisation and pollution. These problems are putting a strain on the central government's ability to govern effectively. Political disintegration or a Chinese civil war might result in millions of Chinese refugees seeking asylum in neighbouring countries. Such an unprecedented exodus of refugees from a collapsed PRC would no doubt put a severe strain on the limited resources of China's neighbours. A fragmented China could also result in another nightmare scenario - nuclear weapons falling into the hands of irresponsible local provincial leaders or warlords.2 From this perspective, a disintegrating China would also pose a threat to its neighbours and the world.

### MPX - China-EU Coop

#### CCP collapse destroys EU-China cooperation which solves extinction

Perkinson 12 Jessica Perkinson, Master School Of International Service American University , “The Potential For Instability in the PRC: How The Doomsday Theory Misses the Mark”

European Interests Europe has as closely intertwined a relationship with China as the United States and continues to rely on the stability of its political system. Not only do the member states of the EU and the region as a whole have economies and trade policies that are deeply integrated with China’s, but European nations and China continue to work together closely in international organizations and have a relationship that benefits each other on a number of fronts. The first concern facing the European Union with regards to China’s political stability is the two regions’ closely integrated economies and trade systems. Germany, in particular, has a highly cooperative relationship with China, and is China’s largest trading partner of all the EU member states.175 For example, in 2010, Germany and China alone traded $142.4 billion in goods and was China’s sixth-largest overall trading partner.176 China accounted for 8.2% of all German imports in 2010177, exemplifying Germany’s continued reliance on China’s stability for their economic stability and security. The second concern that the EU has with potential political instability in China is their cooperation alongside China in international organizations. In her book The European Union and China, May-Britt Stumbaum discusses why China’s continued cooperation, which is contingent on their political stability, is critical to the continued stability of EU foreign policy and security of the international community. Stumbaum writes, “Having been the source of global pandemics such as SARS and the Avian Flu, China’s willingness to cooperate with international institutions and other states will be crucial in order to cope with these new threats. In general, given the enormous scope of 21st century challenges, as diverse as terrorism, failing states and the securing of energy, China’s cooperation will be crucial for the required concerted responses and financial and physical contributions”.178 However, if China’s government encounters a period of instability that interrupted its ability to participate actively in international institutions, other nations such as the EU member states attempting to address the problems listed by Dr. Stumbaum would find themselves without a primary financial and physical contributor to the struggle for international security and peace.

### MPX - China-US Coop

#### China stability key to cooperation which is key to the global order

Perkinson 12 Jessica Perkinson, Master School Of International Service American University , “The Potential For Instability in the PRC: How The Doomsday Theory Misses the Mark”

Though the potential consequences of Chinese political instability for the international community are grave and vast, there are few regions of the world whose cooperation with China is more important than that of the United States. The hegemonic leader of the international system and of all major international institutions for more than the last two decades, the stability and continuation of the US’s growing cooperation with China are more critical to the stability of the entire global order than any other relationship. Because the United States continues to grow both its economic and security commitment not only with China, but with the entire East Asian region, it is increasingly critical that China’s government maintain a stable and secure internal environment. Various aspects of US national security that could be affected by Chinese political instability include its military commitment to East Asian countries such as South Korea, Taiwan and Japan, its interests in the denuclearization of Iran, and the stability of its already volatile economy.

## CCP Stability---A2 Turns

### A2 Stable Transition

#### Stable transition doesn’t answer my impact – even if the change is steady and non-violent, it’s still a regime change and inserts unpredictability into international relations, causing all the impacts

### A2 Democracy---TL

#### Chinese democratization causes transition wars—still triggers the impact

Tessman 9 [Brock F., Assistant Professor of International Affairs in the School of Public and International Affairs at the University of Georgia, Faculty Associate at both the Center for International Trade and Security and the Globis Center at the University of Georgia, Asian Security 5.3 The Evolution of Chinese Foreign Policy: New Incentives with Slowing Growth, p. InformaWorld]

While a stable, fully democratized China may be less likely to adopt a confrontational foreign policy agenda, today's PRC is, at best, in the very early stages of liberalization. For many pessimists, it is precisely the process of democratization that will lead to conflict between China and the rest of the system. The problem, according to Edward Mansfield and Jack Snyder, is an imbalance between challenges posed by political participation of the masses and the inadequacy of democratic institutions that govern that participation.23 Under pressure to garner votes, leaders (and rival political elite) have incentives to use nationalist rhetoric and militaristic means to cultivate mass appeal or to distract the public from unpopular developments at home. The opportunities for China are abundant: confronting Japan on its war record in China; pressuring Taiwan when it comes to reincorporation to the PRC; making bold claims to control of undersea oil and natural gas resources in the China Sea; challenging American influence in regions like Latin America; fostering a crisis with one of its smaller neighbors (as it has done in the past) like Vietnam; or citing the US financial system as the culprit behind the economic slowdown hitting Chinese factories. From an American perspective, the start-and-stop process of democratization might actually highlight the sheer size of the social, cultural, and political gulf between the PRC and the United States. If a crisis were to develop between the PRC and one of its democratic neighbors, the visibility of China's democratic shortcomings might actually lead the American public to push Washington hard when it comes to countering Chinese policies. In summary, the existing literature on political liberalization suggests that the transition from autocracy to democracy can actually be a rocky one.

## China/Asia War

### Asian Econ Scenario

#### Hong Kong collapse brings down Asian economic growth

Lebel 98 [Professor of Economics Department of Economics and Finance School of Business Montclair State University) “Understanding East Asia’s Financial Crisis: Insights from Agency Theory” Economic Liberalization in India: Challenges and Opportunities] AT

The “East Asian” model of economic growth now raises fundamental questions. Beginning with the crash of the Hong Kong stock market crash in late summer of 1997, South Korea became the first of the Asian “tiger” economies to experience both financial and economic collapse. With South Korea’s appeal to the International Monetary Fund to provide emergency stabilization funding, what has been viewed as the “East Asian” model of growth and development is now in doubt. For the past several years, India has begun a process of economic reform built along the lines of the East Asian model. Since this is now open to question, a key question is whether Indian economic reforms now under way can proceed in continued emulation of the East Asian model or whether an alternative approach may be more appropriate. What is clear is that India seems thus far to have escaped some of the more extreme consequences of the financial and economic turmoil of the East Asian countries, as measured by relative changes in stock market prices and foreign exchange rates. Standard approaches to adjustment emphasize the role of restoring credit and liquidity balances to the banking sector. As promulgated by the IMF package put forth in South Korea and in Indonesia, this includes not only the immediate transfer of funds to meet short-term credit obligations, but also an emphasis on banking and corporate liberalization, and on currency devaluation. While these measures seem to have had some success elsewhere, as in the resolution of the Mexican crisis in the early 1980’s, the longer term challenge is to develop institutional rules that provide a more accurate measure of risk to economic agents. In this paper, I propose an agency model to argue that longer term solutions to financial crises such as what we now see in East Asia can only be devised through the adoption of accounting rules that provide measurable transparency in financial and productive decision- making. In so doing, I plan to shed light on the kinds of economic reforms that Indian authorities may need to consider in light of the East Asian financial and economic crisis, and how these reforms may be compared with and contrast to past and current policies in India. Introduction When one looks for successful models for economic growth and development over the past twenty-five years, the region most often cited is East Asia. If one considers the experience of Japan, South Korea, Hong Kong, Singapore, Malaysia, Taiwan, Thailand, and Indonesia, it is clear that these countries have achieved extraordinary rates of growth in per capita income. Indeed, the apparent success of the “Asian” model has generated increasing favor in China, India, and in other developing countries outside the region. What has dramatically changed this image is the East Asian financial crisis that began in the latter half of 1997 and continues to unfold. -3 - The East Asian financial crisis appears to have turned the “Asian” model upside down. Beginning first with the collapse of foreign exchange and equity markets in South Korea, Hong Kong, and Indonesia, East Asia’s financial crisis has led to economic contraction, rising inflation and unemployment, and has spread to other regions of the global economy. Since the “Asian” model is now open to doubt, it is instructive to ask why this turn of events has come about and what corrective policy measures are appropriate. With this basic question in mind, this paper examines the common and distinctive features of key East Asian economies, and the reasons for both their success and recent crisis. How significant is the East Asian financial crisis and on what basis is economic reform now proceeding? We can take stock of the events of 1997 in several steps. We look look first at the relative importance of the East Asian region to the global economy. Second, we identify what policy elements the successful economies in East Asia share in common. Third, we examine benchmark indicators of the financial crisis of 1997. Fourth, we present a critical examination of standard approaches to economic and financial reform. Finally, we present a framework for policy reform based on a model in the presence of imperfect information. As will become clear, contract incentives designed to improve the level and distribution of market information are essential if policy reforms are to succeed in restoring East Asian countries to sustainable economic growth. The Global Economic Importance of East Asia How important is East Asia to the global economy? Figure 1 illustrates the role of East Asian economies to global trade and investment. Until recently, almost all of the economies in East Asia were growing at rates well above their historical trends, and above those of most other regions of the world. Were these rates to continue, East Asia seemed destined to become the economic leader in the 21st century. Indeed, books on the East Asian economic “miracle” have become a near cottage industry serving policymakers and the international business community.1

#### Asian economic collapse causes war

Auslin 9 (Michael, Resident Scholar – AEI, Weekly Standard, “Averting Disaster Preventing the worst case scenario in Asia”, 2-6)

AS THEY DEAL WITH a collapsing world economy, policymakers in Washington and around the globe must not forget that when a depression strikes, war can follow. Nowhere is this truer than in Asia, the most heavily armed region on earth and riven with ancient hatreds and territorial rivalries. Collapsing trade flows can lead to political tension, nationalist outbursts, growing distrust, and ultimately, military miscalculation. The result would be disaster on top of an already dire situation. No one should think that Asia is on the verge of conflict. But it is also important to remember what has helped keep the peace in this region for so long. Phenomenal growth rates in Japan, South Korea, Hong Kong, Singapore, China and elsewhere since the 1960s have naturally turned national attention inward, to development and stability. This has gradually led to increased political confidence, diplomatic initiatives, and in many nations the move toward more democratic systems. America has directly benefited as well, and not merely from years of lower consumer prices, but also from the general conditions of peace in Asia. Yet policymakers need to remember that even during these decades of growth, moments of economic shock, such as the 1973 Oil Crisis, led to instability and bursts of terrorist activity in Japan, while the uneven pace of growth in China has led to tens of thousands of armed clashes in the poor interior of the country. Now imagine such instability multiplied region-wide. The economic collapse Japan is facing, and China's potential slowdown, dwarfs any previous economic troubles, including the 1998 Asian Currency Crisis. Newly urbanized workers rioting for jobs or living wages, conflict over natural resources, further saber-rattling from North Korea, all can take on lives of their own. This is the nightmare of governments in the region, and particularly of democracies from newer ones like Thailand and Mongolia to established states like Japan and South Korea. How will overburdened political leaders react to internal unrest? What happens if Chinese shopkeepers in Indonesia are attacked, or a Japanese naval ship collides with a Korean fishing vessel? Quite simply, Asia's political infrastructure may not be strong enough to resist the slide towards confrontation and conflict. This would be a political and humanitarian disaster turning the clock back decades in Asia. It would almost certainly drag America in at some point, as well. First of all, we have alliance responsibilities to Japan, South Korea, Australia, and the Philippines should any of them come under armed attack. Failure on our part to live up to those responsibilities could mean the end of America's credibility in Asia. Secondly, peace in Asia has been kept in good measure by the continued U.S. military presence since World War II. There have been terrible localized conflicts, of course, but nothing approaching a systemic conflagration like the 1940s. Today, such a conflict would be far more bloody, and it is unclear if the American military, already stretched too thin by wars in Afghanistan and Iraq, could contain the crisis. Nor is it clear that the American people, worn out from war and economic distress, would be willing to shed even more blood and treasure for lands across the ocean. The result could be a historic changing of the geopolitical map in the world's most populous region. Perhaps China would emerge as the undisputed hegemon. Possibly democracies like Japan and South Korea would link up to oppose any aggressor. India might decide it could move into the vacuum. All of this is guess-work, of course, but it has happened repeatedly throughout history. There is no reason to believe we are immune from the same types of miscalculation and greed that have destroyed international systems in the past. Here are some things America, its allies, and all interested nations in Asia can do to mitigate the possibility of the worst happening. The United States will have an opportunity to arrange a meeting of the region's top leaders on the sidelines of the APEC summit in Singapore later this year. There, President Obama might express his determination to intervene at the first sign of possible conflict -- even if that means putting U.S. forces in between ships aiming their guns at each other. President Obama might also establish an Asia crisis ad hoc committee in Washington, at the National Security Council, to keep tabs on possible flare-ups. This could be replicated in the region by an ad hoc mechanism tied to the ASEAN secretariat that would allow for immediate discussions between parties in confrontation. Working with Japan, Australia, and China, the United States can also establish clear procedures to limit humanitarian crises that erupt from internal instability in Asian countries. Perhaps most important, Washington must get clear assurances from its allies that they will stand with us should hostilities erupt and that any aggressor will be met with a united front.

### Asia War Escalates

#### Asian war goes nuclear---no defense---interdependence and institutions don’t check

C. Raja Mohan 13, distinguished fellow at the Observer Research Foundation in New Delhi, March 2013, Emerging Geopolitical Trends and Security in the Association of Southeast Asian Nations, the People’s Republic of China, and India (ACI) Region,” background paper for the Asian Development Bank Institute study on the Role of Key Emerging Economies, <http://www.iadb.org/intal/intalcdi/PE/2013/10737.pdf>

Three broad types of conventional conflict confront Asia. The first is the prospect of war between great powers. Until a rising PRC grabbed the attention of the region, there had been little fear of great power rivalry in the region. The fact that all major powers interested in Asia are armed with nuclear weapons, and the fact that there is growing economic interdependence between them, has led many to argue that great power conflict is not likely to occur. Economic interdependence, as historians might say by citing the experience of the First World War, is not a guarantee for peace in Asia. Europe saw great power conflict despite growing interdependence in the first half of the 20th century. Nuclear weapons are surely a larger inhibitor of great power wars. Yet we have seen military tensions build up between the PRC and the US in the waters of the Western Pacific in recent years. The contradiction between the PRC’s efforts to limit and constrain the presence of other powers in its maritime periphery and the US commitment to maintain a presence in the Western Pacific is real and can only deepen over time.29 We also know from the Cold War that while nuclear weapons did help to reduce the impulses for a conventional war between great powers, they did not prevent geopolitical competition. Great power rivalry expressed itself in two other forms of conflict during the Cold War: inter-state wars and intra-state conflict. If the outcomes in these conflicts are seen as threatening to one or other great power, they are likely to influence the outcome. This can be done either through support for one of the parties in the inter-state conflicts or civil wars. When a great power decides to become directly involved in a conflict the stakes are often very high. In the coming years, it is possible to envisage conflicts of all these types in the ACI region. ¶ Asia has barely begun the work of creating an institutional framework to resolve regional security challenges. Asia has traditionally been averse to involving the United Nations (UN) in regional security arrangements. Major powers like the PRC and India are not interested in “internationalizing” their security problems—whether Tibet; Taipei,China; the South China Sea; or Kashmir—and give other powers a handle. Even lesser powers have had a tradition of rejecting UN interference in their conflicts. North Korea, for example, prefers dealing with the United States directly rather than resolve its nuclear issues through the International Atomic Energy Agency and the UN. Since its founding, the involvement of the UN in regional security problems has been rare and occasional.¶ The burden of securing Asia, then, falls squarely on the region itself. There are three broad ways in which a security system in Asia might evolve: collective security, a concert of major powers, and a balance of power system.30 Collective security involves a system where all stand for one and each stands for all, in the event of an aggression. While collective security systems are the best in a normative sense, achieving them in the real world has always been difficult. A more achievable goal is “cooperative security” that seeks to develop mechanisms for reducing mutual suspicion, building confidence, promoting transparency, and mitigating if not resolving the sources of conflict. The ARF and EAS were largely conceived within this framework, but the former has disappointed while the latter has yet to demonstrate its full potential. ¶ A second, quite different, approach emphasizes the importance of power, especially military power, to deter one’s adversaries and the building of countervailing coalitions against a threatening state. A balance of power system, as many critics of the idea point out, promotes arms races, is inherently unstable, and breaks down frequently leading to systemic wars. There is growing concern in Asia that amidst the rise of Chinese military power and the perception of American decline, many large and small states are stepping up their expenditure on acquiring advanced weapons systems. Some analysts see this as a structural condition of the new Asia that must be addressed through deliberate diplomatic action. 31 A third approach involves cooperation among the great powers to act in concert to enforce a broad set of norms—falling in between the idealistic notions of collective security and the atavistic forms of balance of power. However, acting in concert involves a minimum level of understanding between the major powers. The greatest example of a concert is the one formed by major European powers in the early 18th century through the Congress of Vienna after the defeat of Napoleonic France. The problem of adapting such a system to Asia is the fact that there are many medium-sized powers who would resent any attempt by a few great powers to impose order in the region.32 In the end, the system that emerges in Asia is likely to have elements of all the three models. In the interim, though, there are substantive disputes on the geographic scope and the normative basis for a future security order in Asia.

#### Asia war is prone to escalation

Rudd 14 [(Kevin, Former Prime Minister of Australia) “Nuclear Weapons and Non-Proliferation in Asia: importance of China-U.S. agreement on CTBT ratification” European leadership network, 3 September 2014] AT

The parallel reality is that overlaying this 21st century global economic narrative is an array of Asian security policy realities that are almost 19th century in their character. Unresolved territorial disputes litter the region: the Korean Peninsula, the East China Sea, the Taiwan Straits, the South China Sea, the India China border dispute, as well as the long-standing standoff between India and Pakistan over Kashmir. Add to this a tidal wave of resurgent nationalisms across the wider region. And the absence of regional political and security institutions and norms capable of ameliorating the sharp edges of these various simmering regional tensions, or mechanisms or protocols for managing crises or major incidents when they inevitably occur. All this also occurs against a background of ballooning military budgets, at a time when most western military budgets are in a period of serious military retrenchment. If this were not enough, Asia is also host to five nuclear weapons states China, Russia, India, Pakistan and the United States, apart from nuclear weapons programs in both North Korea and Iran. Strategic stability in the Asia-Pacific region is therefore of continuing concern for both the region and the world

### Asia War o/w

#### Asia conflict goes nuclear and outweighs

Dibb 1 (Paul, Prof – Australian National University, Strategic Trends: Asia at a Crossroads, Naval War College Review, Winter, http://www.nwc.navy.mil/press/Review/2001/Winter/art2-w01.htm)

The areas of maximum danger and instability in the world today are in Asia, followed by the Middle East and parts of the former Soviet Union. The strategic situation in Asia is more uncertain and potentially threatening than anywhere in Europe. Unlike in Europe, it is possible to envisage war in Asia involving the major powers: remnants of Cold War ideological confrontation still exist across the Taiwan Straits and on the Korean Peninsula; India and Pakistan have nuclear weapons and ballistic missiles, and these two countries are more confrontational than at any time since the early 1970s; in Southeast Asia, Indonesia—which is the world’s fourth-largest country—faces a highly uncertain future that could lead to its breakup. The Asia-Pacific region spends more on defense (about $150 billion a year) than any other part of the world except the United States and Nato Europe. China and Japan are amongst the top four or five global military spenders. Asia also has more nuclear powers than any other region of the world. Asia’s security is at a crossroads: the region could go in the direction of peace and cooperation, or it could slide into confrontation and military conflict. There are positive tendencies, including the resurgence of economic growth and the spread of democracy, which would encourage an optimistic view. But there are a number of negative tendencies that must be of serious concern. There are deep-seated historical, territorial, ideological, and religious differences in Asia.

### China War escalates

#### US China war escalates – extinction

Riqiang 13 [Wu, Associate Professor of International Studies at Renmin University of China, June 21, “Issues in Sino-US Nuclear Relations: Survivability, Coercion and Escalation,” https://www.gov.uk/government/publications/issues-in-sino-us-nuclear-relations-survivability-coercion-and-escalation/issues-in-sino-us-nuclear-relations-survivability-coercion-and-escalation]

The two articles both raise the issues of conflict escalation and crisis management, and this is indeed a very important issue in the contemporary Sino-US relationship. Because of the Taiwan issue and the East and South China Seas problems the two countries could be drawn into a conflict. A conventional conflict between these two countries could, because of the two countries’ force structure and strategic and tactical proclivities, escalate to nuclear war. To be specific, there are three factors that could cause crisis escalation. First, by integrating superiority in nuclear, conventional and missile defense domain, the United States might achieve disarming capability against China, and translate this position into coercive power. Kissinger said, in 1971, that “we have no disarming capability against the USSR but we do have some against China. … As long as we have a disarming capability we can use it to regulate their actions in local situations”. 10 In 2006 two American authors wrote an article in which they suggested that the United States had a first strike advantage over China. This article is based on an unreasonable assumption that the United States has perfect intelligence capability, and so their conclusion is fatally flawed. China’s main objective in the modernisation of its nuclear weapons is to enhance their survivability, and, in recent years, the survivability of China’s nuclear weapons has indeed shown great improvement. We can be reasonably confident that in the current force structure between the United States and China, the United States cannot have confidence of destroying all China’s nuclear weapons in a first strike, but how the balance between the United States and China will develop in the future is unknown. This is especially so given the United States’ ongoing and rapid development of Ballistic Missile Defence (BMD), and their refusal to accept any restrictions on this process. When this process is complete and the United States is able to field large-scale and highly effective BMD systems, then the United States will have a genuine first strike capability against China, and then the United States will be able to use nuclear weapons to coerce China. Second, inadvertent escalation caused by force structure issues. Because China has both conventional and nuclear ballistic missiles, and both attack and missile submarines, in the event of a conflict it may be difficult for the United States to discriminate and strike China’s nuclear weapons or the command and control system of China’s nuclear forces unintentionally, so escalating the conflict to very dangerous levels.

### Relations UQ

#### China fears US interference in their regional interests – tensions are high

Tiezzi 2/4 [By Shannon Tiezzi. “China Warns Against Obama-Dalai Lama Meeting.” The Diplomat. 2/4/15] AJ

As rumors fly that U.S. President Barack Obama and the Dalai Lama will both attend the National Prayer Breakfast on February 5, Beijing reiterated its strong opposition to meetings between the exiled spiritual leader and foreign politicians. “Tibet-related issues bear on China’s core interest and national feelings. We are against any country’s interference in China’s domestic affairs under the pretext of Tibet-related issues, and are opposed to any foreign leader’s meeting with the Dalai Lama in any form,” Foreign Ministry spokesman Hong Lei said in a press conference on Tuesday. According to John Rizzo, the communications director for Senator Bob Casey (a co-chair of the prayer breakfast), the Dalai Lama “was invited by the organizers of the event” (rather than by the White House). The Dalai Lama “plans to be there,” Rizzo told The Huffington Post. The U.S. president historically attends the event as well – meaning Thursday could be the first time Obama and the Dalai Lama have appeared together in public. The two men have met together three times previously (in 2010, 2011, and 2014). No media personnel were allowed to cover those meetings, which each took place in the Map Room of the White House (rather than the more official Oval Office, where George W. Bush hosted the Dalai Lama in 2007). Obama also famously declined to meet with the Dalai Lama in October of 2009, sparking widespread accusations that the president was giving in to Chinese pressure. In protest of the potential meeting, China sought to remind Obama of the damage his actions could do to the U.S.-China relationship. “We hope that the U.S. side can fulfill its commitment on Tibet-related issues and properly deal with relevant matters while keeping in mind the overall interest of bilateral relations,” Hong Lei said. A commentary in Xinhua warned that Obama should not forget his trip to China in November 2014, where discussions held with President Xi Jinping gave Obama “a better understanding of Chinese people’s cherishing of their national unity and stability.” The commentary also noted that meeting with the Dalai Lama would violate one of the principles of Xi’s vision for a “new type of great power relationship” – namely, mutual respect for each others’ core interests.

#### Remarks at the SOTU spurred Chinese fears of US containment

Tiezzi 1/22 [By Shannon Tiezzi. “The State of the Union: Obama’s Challenge to China.” The Diplomat, 1/22/15] AJ

The passage in question reads as follows: But as we speak, China wants to write the rules for the world’s fastest-growing region. That would put our workers and our businesses at a disadvantage. Why would we let that happen? We should write those rules. We should level the playing field. That’s why I’m asking both parties to give me trade promotion authority to protect American workers, with strong new trade deals from Asia to Europe that aren’t just free, but are also fair. It’s the right thing to do. There’s a lot going on here that, unfortunately, will reinforce some of the darker suspicions among Chinese officials. Let’s unpack this paragraph, shall we? First, Obama holds up a stark zero-sum vision of Asia-Pacific trade – something not likely to sit well in Beijing, where leaders constantly bemoan “Cold War thinking” in Washington. If China gets to “write the rules” for Asia-Pacific trade, Obama argues, U.S. companies and workers will be “at a disadvantage.” The underlying assumption is that a Chinese-led system will be inherently bad for the U.S., and (presumably) vice versa, with a U.S.-led system giving its companies an advantage over their Chinese competitors. The response from China’s foreign ministry was to double-down on Beijing’s model, which stresses cooperation rather than competition. In the words of spokesperson Hua Chunying, “We hope every party, through a common effort, will provide a fair, open, and transparent environment for economic cooperation and make a contribution to perfecting world trade regulations.” Hua also emphasized China’s position of prioritizing “mutual benefits and win-win” cooperation when it comes to trade. Analysts often argue over how sincere China is in its formulation of “win-win” cooperation, but there’s no denying this is Beijing’s preferred rhetoric. To see the possibility of “win-win” cooperation on economic issues tossed aside in favor of an I-win-you-lose formula is troubling for China. Second, another phrase that’s likely to grab Beijing’s attention (and not in a good way) is Obama’s rhetorical question, “Why would we let that happen?” This comes, of course, with the unspoken corollary that the U.S. can choose not to let China have its say in the rules that will govern future trade in the Asia-Pacific – China’s own backyard. This sentence speaks directly to a deep-seated fear in Beijing that the U.S. will never willingly cede any portion of its leadership to China, regardless of how powerful (or even well-behaved) China is. By asking “Why would we let that happen?” Obama is essentially saying: If I have my way, this will not happen. China will not be allowed to “write the rules” or set the agenda for Asia-Pacific trade. In other words, Obama just provided fresh fodder for every Chinese analyst who sincerely believes the U.S. will do its utmost to “contain” China for as long as possible. In saying “we [the U.S.] should write those rules,” Obama is of course speaking to a domestic audience, but he should also be well aware that observers around the globe are listening. That assumption that the U.S. “should” lead, simply by virtue of being the U.S., is problematic for many countries, not just China. But China, with its new initiatives to create Asian-only (and Chinese-led) economic and security blocs, is perhaps doing more than any other country to turn this assumption on its head. Third, Obama ties this confrontational rhetoric to the Trans-Pacific Partnership (TPP). Specially, Obama argues that he needs trade promotion authority so that negotiations can proceed on “strong new trade deals from Asia to Europe.” When it comes to Asia, that can only mean the vaunted TPP, Washington’s vision for a “high-standard” trade agreement that includes rigorous intellectual property rights and free trade requirements (including restrictions on state-owned enterprises). China stands little chance of meeting those standards and is thus excluded from the negotiations (which currently include 12 countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the U.S., and Vietnam). China analysts have long looked askance at the TPP, reading it as another attempt at economic containment by the U.S. Recently, however, there were signs of a shift in position, with some Chinese officials even floating the notion of China eventually joining the trade pact. However, Obama’s State of the Union address will reinforce the negative perceptions some Chinese analysts have of the TPP – that it’s an American-led trade bloc made to serve narrow American interests. By pushing through the TPP, Obama implies, the U.S. can keep China from creating rules of trade that complement its own strengths and weaknesses. Now, a caveat: Obama is speaking here to a recalcitrant Congress, one that so far has been reluctant to grant him the trade promotion authority he needs to seal massive trade deals in Asia and Europe. A little fear-mongering is a time-honored way of providing a nudge to legislators that aren’t quite on the same page as the White House. His speech doesn’t mean an end to U.S.-China economic cooperation, particularly on the bilateral front. However, the world view presented in the SOTU is still profoundly disturbing from a Chinese perspective. China has long complained that it shouldn’t be required to “play by the rules” if it has no say in determining what “the rules” are. Now, even the chance to “write the rules” is being reserved for America alone. What are pundits in Beijing to make of that?

#### US-China relations on the brink – tensions are high and stabilization is key

Tiezzi 12/19 [Shannon Tiezzi. “US-China Military Relations: The Great Debate.” The Diplomat, December 19, 2014] AJ

One such voice of caution comes from Congressman J. Randy Forbes (R-VA), the leader of the House Armed Services Committee’s Seapower and Projection Forces Subcommittee. In an open letter to U.S. Defense Secretary Chuck Hagel, Rep. Forbes expressed a “growing concern with the overall trajectory to the military-to-military relationship” between the U.S. and China. Though Forbes noted that he believes “a sustained and substantive relationship with the PRC is one of the core objectives of U.S. policy” in the Asia-Pacific region, he questioned the utility of the current approach to mil-to-mil relations. “There is no indication that more engagement has helped to shape Beijing’s actions in a positive direction consistent with U.S. objectives,” Forbes argued. “To the contrary, as we have increased our mil-to-mil engagement over the past two years, China’s actions have only turned more coercive.” In Forbes’ opinion, the current U.S. military approach of increasing engagement with China in an attempt to forestall incidents is “flawed.” Instead, Forbes argues civilian leadership at the Pentagon should take a stronger hand in guiding U.S. military engagements with China at the strategic level. Accordingly, Forbes called for a review of the Pentagon’s current policies for mil-to-mil engagement with China. Forbes’ letter comes amid growing concern over closer military ties between the U.S. and China. In May, General Fang Fenghui, chief of the PLA general staff, was granted a tour of the USS Ronald Reagan, a nuclear-powered aircraft carrier. That visit sparked concerns that the U.S. military had compromised valuable information, in violation of congressional legislation restricting mil-to-mil exchanges with China. Naysayers seem to have overlooked the fact that the invitation to Gen. Fang sparked a reciprocal response from China: Secretary Hagel became the first-ever foreign defense official allowed to tour China’s first carrier, the Liaoning. A U.S. defense official told Reuters the invitation to Hagel was “an honest, genuine effort to be open.” Some members of Congress (including Rep. Forbes) also spoke out against China’s inclusion in the U.S.-hosted RIMPAC exercises this year, especially after the PLA sent a ship to spy on the exercises. “It is clear China is not ready to be a responsible partner and that their first trip to RIMPAC should probably be their last,” Forbes said in a statement at the time. In criticizing China for not being a “responsible partner” and for coercive behavior, Forbes and others suggest that the purpose of military-to-military engagement is to change Chinese conduct. In the long term, that is indeed the goal (and China is also actively trying to alter U.S. behavior through military talks). In the short-term, however, mil-to-mil relations are so crucial precisely because of increased frictions between the U.S. and China in the security realm. As the U.S.-China relations move slowly toward a period of entrenched competition, particularly in the Asia-Pacific region, the risk of a crisis in the near-term creeps ever higher. Under these circumstances, regular military talks and engagements become more important. Regardless of their impact on long-term behavior, such talks are essential for stabilizing the relationship in the here and now. For example, U.S.-China military engagements weren’t enough to prevent a dangerous mid-air confrontation between a U.S. P-8 patrol aircraft and a Chinese fight jet in August. Discussions on rules of conduct at air and at sea, though, will be crucial for preventing repeats of that incident – or worse, of the fatal 2001 Hainan EP-3 incident. Rethinking military exchanges because of a near-miss is counter-productive. It should also be noted that the U.S. military engages in plenty of actions that China views as confrontational or aggressive, from close-in surveillance of Chinese coastal regions to regular arms sales to Taiwan. In that past, China would simply cut off mil-to-mil ties as a form of punishment for U.S. actions that went counter to Chinese interests – with no measurable effects on U.S. practices. Forbes is right that increased mil-to-mil engagement has not altered Chinese behavior; decreased engagement, however, is even less likely to do so, as China knows first-hand.

## Relations Internals

### Relations – Protests Update

#### New protests have put Hong Kong’s economic status in limbo – risk of escalation means the issue is more important

Reuters 2/1 [(news source) They're back: Hong Kong protesters hit the streets, CNBC 2-1-2015] AT

Several thousand pro-democracy protesters returned to the streets of Hong Kong on Sunday in the first large-scale rally since protests rocked the global financial hub late last year. Some 2,000 police flanked an estimated 3,000 protesters marching on the city's glitzy shopping and financial districts, seeking to avoid a repeat of the so-called Occupy Central campaign that saw demonstrations shut down key roads for 2-1/2 months. While organizers stood fast to earlier demands for full democracy in the former British colony, they insisted Sunday's marchers would be peaceful and not seek to occupy any sites. "We want to make it clear to the government that ... we want true universal suffrage," said Daisy Chan, one of the organizers. Other protesters feared they might face violence from anti-democracy groups later in the evening, and some were arming themselves with protective shields. Many carried yellow umbrellas - a symbol of last year's campaign after protesters used them to fend off police pepper spray attacks. Hong Kong returned to Chinese rule in 1997 and enjoys wide-ranging freedoms under a so-called "one country two systems" arrangement. Beijing has allowed elections for choosing the next chief executive, but wants to screen candidates first. The situation is being closely watched internationally, a reflection of Hong Kong traditional importance as a free commercial center and port.

### Inequality Internal

#### Hong Kong’s position as a financial center is threatened – inequality scares off investors

Carroll 14 [(Toby Carroll, reporter) Hong Kong's pro-democracy movement is about inequality. The elite knows it, Guardian 7-27-2014] AT

Popular analyses of burgeoning political agitation around universal suffrage in Hong Kong often side-step an inconvenient reality – that the underlying story is not simply about relations with the mainland or concerns over its authoritarian ways, but rather about massive social inequality and the diminishing opportunities available to many Hong Kongers. On 4 June, Hong Kong’s Victoria Park filled with people to commemorate the Tiananmen Massacre in 1989. Less than a month later, massive numbers of Hong Kongers – many of them young – once again turned out on 1 July for the annual pro-democracy march throughout Hong Kong's financial hub. Both of these events exhibited the excitement and tension associated with increasing levels of political activity which has all too often been characterised as stemming from democratic deficits currently built into the region’s governance. It's true that in recent years, anti-mainland sentiment has increased, with popular targets being Beijing’s influence on the special autonomous region (created subsequently to the 1997 “handover” from British colonial rule), high profile stories about the behaviour of mainland tourists, and the ostensible impact of mainland investors on inflating property prices. Beijing asserting its authority over Hong Kong, although possibly part of its broader geo-strategic posturing rather than simply a discrete attempt to curtail political freedom, has undoubtedly contributed to simplistic narratives to explain the large mobilisations recently seen. Moreover, the increased presence of mainlanders in the autonomous region has quite likely contributed to exacerbating inequality in certain sectors. Mainland tourists have of course been an important customer base for retailers, a reality painfully evident when Xi Jingping’s anti-corruption drive was highlighted last month – in a city that prides itself on the rule of law and lack of corruption – as having a drastic impact upon watch and jewellery sales, reported to be down by as much as 40%. Having largely shed its once famous manufacturing base to the mainland and beyond, retail matters a great deal to employers. Furthermore, anyone familiar with Hong Kong also knows that real estate agencies, in a city with very limited employment options, also play a big role in terms of employment. But to unmask the real reasons behind dissent, it is also important to look at the city’s sky-high inequality rates, which are more about market dominance and governance than simply mainland influence. In 2013, around 1.3m people (19.6%) were deemed to be living below the official poverty line in Hong Kong. In 2011, the income distribution Gini coefficient hovered above a startling 0.53 (up on previous years and regularly cited as the highest of any developed economy in the world). The city is also famous for its painful delays to access to public housing (up to 10 years). And the mention last weekend of a new release of miserably-sized private apartments (just over 170 square feet) for under HKD$2m would hardly calm the nerves of those already at breaking point. Indeed, such announcements likely only add to popular anger, highlighting unattractive living spaces on offer in a city where many are forced to live in what are bleakly known as “cage homes” and informal housing in former warehouses. For the last couple of months, we have seen a steady who’s who of elite financial and economic figures instilling fear with respect to political mobilisations, one of which (Occupy Central) is yet to actually occupy any public space. The stunning stream of paranoid predictions has been revealing, although not nearly enough has been made of what this vocalising of concern reflects in terms of an irreconcilable division of interests. Li Ka-Shing – Hong Kong’s most prominent tycoon, apparently worth over $USD31 billion and whose every word is treated with the veneration normally accorded to oracles – barked that Occupy Central would contribute to eroding Hong Kong’s prospects. Peter Woo Kwong-ching, a prominent property developer, also came out to dissuade protesters from taking action in relation to demanding greater representation. Add to this the world’s four largest accounting firms – Ernst & Young, KPMG, Deloitte and PricewaterhouseCoopers Hong Kong – which collectively issued a statement published in a local newspaper to the effect that if Occupy Central were to proceed, it could hurt the attractiveness of Hong Kong as a location for multinational corporations and investors. Also contributing to the alarm was HSBC – the Hong Kong-based bank – which released a report downgrading its projections for Hong Kong, initially levelling the blame at Occupy Central and later, after receiving considerable criticism, adding a whole raft of other non-related concerns as more important, including the anti-corruption drive in China. But what, really, is the positive impact on most people of Hong Kong’s status as a financial centre? Are the interests of people facing high property prices, high costs of living and diminished social mobility really aligned with a system centred upon low taxation of corporate interests, rather than a redistribution system which could be channelled into better public education, healthcare and housing? Elite interests and the interests of most Hong Kongers are perhaps more diametrically opposed now than ever before. The real concern of many of these elite figures is that people in Hong Kong will convert demands for increasing suffrage into robust demands for redistribution; that in the face of plenty, those with little or no positive prospects won’t stand for obscenely concentrated wealth, power and privilege anymore. In this last respect, the alignment of Beijing’s political aspirations and those of a tiny but very powerful elite may prove a formidable pairing. However, given Hong Kong’s material conditions, political dissent will not easily be contained.

### ---1AR Equality internal

#### Inequality threatens Hong Kong’s role as a financial center

Tobin 14 [(damian, Lecturer in Chinese Business and Management at SOAS, University of London) “Protests a warning to China of dangers posed by Hong Kong wealth gap” September 29 2014] AT

The pro-democracy protesters in the streets of Hong Kong, once again confront Beijing with the age-old conundrum of how to balance authoritarian control and the demands of a complex modern society. For Beijing, this conundrum is particularly acute as the Communist Party has long lacked the ability to mobilise popular opinion after the discrediting of the mass, populist campaigns of the Maoist era. For Hong Kong, the conundrum offers another insight into the failure of its legislative council to adequately respond to pressing social issues and emerging threats to Hong Kong’s role as a gateway to China. Recent developments including Alibaba’s decision to launch its IPO in New York, uncertainty over the direction of political reforms and the emergence of new financial centres on the Chinese mainland have all cast doubt over Hong Kong’s future as a business and financial gateway to mainland China. On the surface these events might appear to signal the end of Hong Kong’s special advantage as a gateway to China. But despite this, its role as a globalising force for Chinese business and financial sectors has remained. Financial stability in the Special Administrative Region (SAR) remains a non-negotiable concept. Hong Kong successfully weathered one of the world’s worst financial crises and offers an interesting model for mainland China in addressing its own fragile and dysfunctional financial sector. And, as we have seen this week, the social challenges now facing Hong Kong which politicians have failed to address, including the widespread inequalities of wealth, provide a powerful forewarning to the mainland on the dangers such issues pose. Weathering storms Threats to Hong Kong’s position are not new. During the Cold War era it was assumed that PRC’s intervention in the Korean War would spell an end of Hong Kong’s entrepôt status. The subsequent embargo on US dollar transactions, which only ended in 1972, threatened Hong Kong’s free market, especially its involvement in the sterling trade. A succession of banking crises during the 1960s and the revelation of high levels of official corruption threatened its reputation as a financial centre. The relocation of HSBC to London in advance of the 1997 handover, despite the reassurances of Deng Xiaoping, also threatened to derail Hong Kong’s post-1997 future as a financial centre. Staying power Yet Hong Kong has proved remarkably resilient in responding to these challenges. After the US embargo, Hong Kong’s free market emerged as one of the PRC’s only points of safe access to international markets. The public backlash against official corruption witnessed changes that saw Hong Kong emerge as a model of clean governance and business integrity in the region. Safe harbour? Roger Wagner, CC BY Click to enlarge During the 1970s, PRC banks in Hong Kong provided the first tentative efforts at promoting the Renminbi as currency of trade settlement, following the collapse of Bretton Woods. Since 1993 Hong Kong has been the destination of choice for the IPOs of some of China’s largest business and banks, including the IPO Agricultural Bank of China in 2010, which represented the world’s largest bank IPO. Against this, the development of free trade zones and financial centres in neighbouring Qianhai and in Shanghai has to date been disappointing. And while Guangdong’s GDP surpassed that of Hong Kong in 2003, this has not witnessed financial centres such as Qianhai moving up to displace Hong Kong. History indicates that the success of major financial centres such as London and New York was due to quality and liquidity. The slow pace of development in the Shanghai Free Trade Zone succinctly illustrate the both the caution of Chinese financial reforms and the time it will take to achieve full capital account convertibility, allowing capital to move freely in and out of mainland China. It is no accident that Hong Kong has provided the institutional interface for the internationalisation of the Renminbi. For these reasons, it is unsurprising that the Chinese leadership continue to view Hong Kong as vital to the development and prosperity of southern China and for advancing the country’s financial reforms. Social problems Perhaps more importantly, Hong Kong offers the mainland an alternative governance model to that of the Anglo-Saxon world. When it came to banking, Hong Kong did not play the Anglo-Saxon game, thus avoiding the worst excesses of the Anglo-Saxon model. This offers the Chinese leadership a powerful example of the value of strong prudential controls over bank behaviour. Similarly, allowing state enterprises to list shares on Hong Kong’s stock exchange has exposed these enterprises to international governance standards without relinquishing control. A recently announced pilot programme to connect the Hong Kong and Shanghai stock exchange offers an incremental and controlled way of reforming the Mainland’s capital markets. But Hong Kong’s development also offers cautionary lessons on the political and social dangers of tolerating widespread poverty alongside high levels of affluence. Hong Kong’s reluctance to address these issues and its apparent obsession with fiscal austerity despite having ample fiscal resources appears at odds with rising social expenditures and concern with for these issues on the mainland. Beijing’s role in the selection of political candidates may be the focus for now, but for Hong Kong a more pressing concern is how to maintain its reputation for business and financial probity and deal with the consequential domestic wealth inequality.

### Status is Threatened

#### Status as a hub is threatened – perceived decrease in rule of law puts it at the brink

Curran 14 [(Enda Curran, journalist) Hong Kong Election Ruling Stirs Fear Over City's Status as Finance Hub, WSJ 9-1-2014] AT

Still, pro-democracy leaders say the risks are significant. "For members of the judiciary to have to be patriotic, this has serious implications for business," said Anson Chan, a former chief secretary in the Hong Kong government who founded a political group fighting for universal suffrage. "If it's one thing that the business community values, it's the rule of law." Until the past few months, faith in the independence of Hong Kong's regulators had also been strong. Earlier this year, Hong Kong regulators effectively blocked e-commerce company Alibaba, one of China's great business success stories, from listing its shares in the city because of the way its corporate structure treats outside investors. But in a development that raised eyebrows around its timing, Hong Kong's antigraft watchdog raided the home of Jimmy Lai, the founder of Next Media Ltd. and a staunch Beijing critic, in connection with his contributions to pro-democracy politicians. To some analysts, the raid suggested the commission—once unquestioned as an independent corruption fighter—was acting under political influence. Regulators said the move wasn't politically motivated.

### A2 Other Hubs fill in

#### Gipouloux pre-empts this – Tokyo is losing its global stature as the Japanese economy faces downturn; Beijing and Shanghai face uncertainty over China’s economic openness. Only Hong Kong solves.

#### Hong Kong is *uniquely positioned* – it’s a halfway point between East and West and has an open, liberalized economy that promotes trade.

### A2 shanghai fills in

#### Hong kong has unique advantages

Wong 2 [(Yue-Chim Richard Wong, prof of econ at The University of Hong Kong) “The Role of Hong Kong in China’s Economic Development” Working Paper Series Vol. 2002-26 November 2002] AT

With the Mainland opening up its financial sector, some foreign financial institutions will likely relocate their China-related activities from Hong Kong to the Mainland, especially Shanghai. Nonetheless, Hong Kong has advantages that will likely preserve its role as a center for China's international capital raising for the foreseeable future: • sound legal framework, and independent and efficient judiciary - while the Mainland's legal system remains in need of development; • free flow of capital and information - while the Mainland will maintain capital controls for the foreseeable future; • a mature financial market and sound banking system - while China's financia1 market is at a much earlier stage of development, with a financially weak banking system. These factors will make it difficult for Shanghai or other cities in the Mainland to rival Hong Kong's position as a major international financial center in the near future. Growing financing needs in the Mainland will likely benefit Hong Kong as an international financial center, especially in the following areas:

### ADD-ONS

### Asian Integration Add-on

#### Hong kong’s role as a financial center key to Sino-Asian integration

Gipouloux 11 [(François, Research Director, Centre National de la Recherche Scientifique (CNRS), France) “Gateways To Globalisation Asia’s International Trading and Finance Centres”] AT

‘Gateways to Globalisation cogently demonstrates that Hong Kong, Singapore, Beijing, Shanghai, and Tokyo operate as gateways to Asia and as linchpins for Asia to the global economy. The authors’ theoretical frameworks and original empirical research support provocative findings that challenge conventional thinking: Tokyo may decline as a global city. As Beijing and Shanghai ride China’s rapid growth they face uncertainty about its future openness to the global economy. Vibrant Hong Kong and Singapore confront challenges from other rising centers.’ – David Meyer, Washington University in St Louis, US Contents Contributors: L. Bastide, P. Carioti, P.W. Daniels, D. Du, A. Ekman, F. Gipouloux, R. Hisasue, Y. Hu, C. Hung, J. Meng, P. Miège, C.J. Smith, Y.-W. Sung, J.J. Wang, X. Xu, Z. Yuan, L. Zhang, S.X.B. Zhao Further information ‘A new geography of economic power is emerging in East Asia. Written by leading experts in the areas of globalization, trade, producer services, financial centers, logistics and R&D, the book provides indepth and updated analyses of the leading role of Hong Kong, Shanghai, Tokyo, and Singapore in the recent rise of Asia as a major manufacturing base and exporter. The book reveals the historical, geographical, socio-economic and political peculiarities in the formation of world cities in East Asia.’ – Jianfa Shen, Hong Kong Institute of Asia-Pacific Studies and The Chinese University of Hong Kong ‘Gateways to Globalisation makes a significant contribution to the understanding of the emerging East Asian regional system of financial centres within the broader global context and how they interact within the global circuits of finance. In particular, it focuses on the emergence of the financial centres of Tokyo, Shanghai, Hong Kong and Singapore and the attempts by both national governments and the private sector to position them so that they become more competitive in the global and regional context. The volume shows much historical sensitivity showing that while the increase in the importance of these financial centres is principally post 1945, their emergence has been aided by the deep historical roots that go back several centuries. The book will be of great value in the interpretation of the role of East Asia in what many commentators have called the “Asian Century”.’ – Terry McGee, The University of British Columbia, Canada ‘Gateways to Globalisation cogently demonstrates that Hong Kong, Singapore, Beijing, Shanghai, and Tokyo operate as gateways to Asia and as linchpins for Asia to the global economy. The authors’ theoretical frameworks and original empirical research support provocative findings that challenge conventional thinking: Tokyo may decline as a global city. As Beijing and Shanghai ride China’s rapid growth they face uncertainty about its future openness to the global economy. Vibrant Hong Kong and Singapore confront challenges from other rising centers.’ – David Meyer, Washington University in St Louis, US ‘This book distinguishes itself in its emphasis on historical and cultural links as well as contemporary globalization processes on large East Asian cities. Arising from a research program and four seminars, the editor has picked scholars who can relate past and present trends. Historical links of Japanese cities are explored. Leading world cities in the region are analysed in their evolution from entrepôts to modern gateways, service integrators, transport hubs and financial centres. It is a study of the integration and interrelationships of East Asian cities in the global economy.’ – Yue-man Yeung, Chinese University of Hong Kong Asia’s trading and financial hubs have become global cities which frequently have more in common and closer linkages with each other than with their corresponding hinterlands. As this book expounds, these global cities illustrate to what extent world trends deeply penetrate and permeate the national territorial interiors and processes that were otherwise presumed to be controlled by the State. Gateways to Globalisation is soundly based on accurate and extensive research (including perspectives from historians, economists, geographers and sociologists) from China, Japan, Singapore and Hong Kong, in order to grasp the regional character of trade and finance, beyond national borders and traditional academic frameworks. The book documents that today, major urban centres such as Tokyo, Beijing, Singapore, Hong Kong and Shanghai, situated on the periphery of the maritime corridor of East Asia, form a system characterised by the intensity of their economic linkages and integration into the world economy. Since the mid-1980s, these major Asian cities have become the worldwide-oriented centres for production, trade, finance and research. This collective effort offers, in addition to its regional framework, up-to-date information that strengthens an original trans-disciplinary analysis of a region and its economic characteristics, which will be of interest to readers within academia and beyond. This well-detailed and thorough work will interest academics and post-graduate students in economics, geography, finance, history, regional studies and Asian studies, as well as those who have a general interest in globalisation.

#### That solves Asian stability

Ying 6, Graduate School of Asia-Pacific Studies (GSAPS) at Waseda University, M.A. from Wuhan University, (Zhou, “Assessing China’s Soft Power Diplomacy and its Implications on Asia Cooperation,” <http://www.waseda-giari.jp/sysimg/imgs/200908_si_st_09zhou_paper_f.pdf>

China and Asian cooperation is an evolving concept, the questions of how Asian cooperation influence China‟s internatioal behavior and how China‟s external behaviors shape the process of Asian cooperation is intensely interwined. As previous studies have shown, China has been exhibiting a change in its attitude toward Asia since the mid-1990s: it regards Asia as a core strategic region and has actively implemented regional policies toward the continent, which had not been the case in the past. Based on its size, strategic location, and rising economic and military power, China has become the leading regional power in Asia; and factors of geography and interest have made Asia the main internaitonal arena where the Chinese government has always exerted influence. Reflecting its rising stature and influence in Asia, China has become a key player in dealing with regional hot spots. China‟s decision on Taiwan by military means or by peaceful means cast the decisively role in over the entire Asian security environment. China is rapidly emerging as the engine of growth in Asia, which affords it increasing influence and leverage. 50 For instance, China has begun propagating various diplomatic ideas such as: responsible power, new security concept, peaceful rise and development, harmonious world and harmonious Asia, and has implemented a good neighbor policy to support these notions. These efforts have mitigated the concerns of neighboring countires and warranted China‟s rise as a regional power. 51 China’s closer integration with economies in the region, along with a trend toward more assertive political and diplomatic manner, has contributed to great optimism for the economic and political regionalization in East Asia. China’s active participation in international institutions creates more chances to elicit cooperation on key issues. Moreover, China now brings more resources and influence to the table. Beijing’s lead role in addressing the Korean nuclear crisis is one such example. When come to the Asia community issue, the bloc should cover all actors in this region. However, owing to the awkward situation in the cross-strait relation, Taiwan is excluded from essentially all regional integration efforts in recent years. Sadly, talking about Taiwan in the context of regional integration (or anything else for that matter) remains a taboo for many Asian governments when China is in the same room. But if China‟s further soft power diplomacy can alleviate the confrontation, attracting the two parts on the negotiation table, this will grease the cowheel of the Asia community building. In historical retrospect, China was the dominant regional power both politically, economically and culturally. China had substantial soft power influence and had been the hegemonic power in the East Asian region with tributory relationships with other neigboring countires in the Qing dynasty and before. And culturally East Asia region was also heavily influenced by Chinese traditional culture including language and philosophies. Similar historical and cultural ties hold true for other countries in Southeast Asia and for Vietnam in particular. This predestinates China‟s ongoing role in Asia‟s prospect. The source of China‟s soft power in Asia lies in Chinese civilization, which allows China to take a leading role in creating a new difinition of so-called Asian values. Put differently, Chinese history and civilization are important resources because they can be reconstructed and reinvented to help creat an imaged Asian identity and values. 52 Thus, taking advantage of its history and cultural legacies, China can attempt to increase its soft power by creating common, imagined identities and values for Asians which is of paramount significance for the further Asian cooperation and the integration. For China, it is a possible task to assume because Chinese civilization and history transcend mere representation of a single national history. The rise of China is once again making it possible to pursue Asian values based on Chinese civilization, at least in Confucian East Asian countries. As some scholar mentioned, to speak of China’s role in East Asian regional integration, it is unavoidable to talk about China’s soft power. This is because soft power in terms of cultural and political influence, and diplomatic relations are indispensible elements for the region to accept China’s leadership role in building and influencing policy in the region. 53 To China, no matter what it want to be in shaping policies in the region, political and economic power is indispensible, but soft power is imperative. Soft power diplomacy, an aspect of regional cooperation in Asia, can act as a kind of adhesion to carry out the cooperation.

### WIP Cyber-War Add-on

#### Relations solve cybersecurity relations and miscalc

Chen 14 [(Jing de Jong Chen senior director and domain expert on global cybersecurity policy and strategy at Microsoft Corporation) “U.S.-CHINA CYBERSECURITY RELATIONS: UNDERSTANDING CHINA’S CURRENT ENVIRONMENT” Georgetown journal SEPTEMBER 15, 2014] AT

U.S.-China relations are facing a challenging period. How do the United States and China move away from the mistrust that currently governs the relationship? How could the U.S. and China find common ground when there are clearly disagreements over cyber sovereignty and Internet use? With fundamentally different political and social systems, how would the U.S. and China align their national security interests with global benefits to protect cyber infrastructure and trade? What security policies and legal frameworks are needed to promote global collaboration and supply chain trust? The following recommendations are provided from an industry perspective as potential common areas for both sides to consider, while recognizing the different political and economic structures and cybersecurity goals of each country. Establish a leadership and relationship model. A cybersecurity leadership and relationship model is needed to normalize the communication and conflict resolution between both countries. It should involve U.S. and Chinese stakeholders from both the public and private sectors, including policy makers, senior domain experts from technical, legal, trade and diplomatic fields with security expertise. The goal is to identify activities that are considered threatening for both countries and keep government-to-government and government-to-industry communication channels open. There are many existing international models for such working partnerships that could be used to create a structure for dialogue and to work through the complex challenges of cybersecurity. Develop and adopt globally recognized best practices to address supply chain trust. These would help both Chinese and U.S. industries participate and innovate in the broader global ICT economy. Governments and industry could better secure their networks by establishing a proper security assurance model, operational procedures and protections. Further, the use of widely available security technologies such as public and well vetted commercial encryption and authentication management would make it harder for hackers to compromise confidential data, providing a higher level of security for governments, businesses and individuals alike. Expand the role of industry in cyber norms and cybersecurity solutions. Expanding public-private partnerships and leveraging private sector expertise is critical to improve global cybersecurity. For the past decades, the global technology industry has been a major driving force and contributor to the Internet economy and the development of security standards and best practices, regardless country of origin. The technology industry should be trusted to carry out the future innovations to boost productivity, connect people and improve quality of life worldwide. Most of all, the industry should become partner to protect global critical infrastructures. Build international partnerships to combat cybercrime. Law enforcement collaboration across international borders is critical for addressing global cybercrime. Judicial exchanges and specialized legal training and partnerships with law enforcement would increase the effectiveness of prosecuting cybercrime based on national and international laws, and would identify gaps in the legal process of both countries that may hinder prosecution. Industry should also be encouraged to deliver services and innovation to reduce user risks and minimize the damages of cybercrime. Raise public awareness of online safety and privacy to reduce the impact of the hacking economy. Many Internet users risk becoming victims of professional hackers who make a living by having victims’ devices used as launching pads for cyberattacks, resulting in the loss of identity and theft of valuable information. A three-pronged strategy of education, enforcement, and economic incentives would increase public understanding of cybercrime and increasing investment in the cybersecurity industry would reduce the impact of a fast growing of hacking economy. Public awareness of online safety and privacy should be considered a national cybersecurity imperative for China and the United States alike. Conclusion All policy issues have their own unique origins and political imperatives. Reconciling the cybersecurity policies of the United States and China is particularly challenging due to the different views on national security, foreign policy, and social and economic interests, which are increasingly critical in terms of national cybersecurity policy and strategy. If the cybersecurity confrontations between the United States and China are not resolved, this problem could damage the progress and friendly relationship that has been established between the citizens of China and the United States. It could also undermine the social and economic interdependencies between the two countries. It will also limit the ability to achieve the global collaboration required to combat massive cybercrimes and the spread of terrorism. The technology industry and the private sectors at large have an important role to play in this process. Given the increasing damages and complexity of cyber threats, the contribution of the global ICT industry should be considered essential for the protection of critical infrastructure, as well as the promotion of global trade relations, economic prosperity, and public safety.

## Relations Impact

### Generic Relations K2 Coop

#### US-China cooperation prevents balance-of-power politics and war

Kissinger 9 [Former National Security Advisor and Secretary of State for Nixon [Henry A. Kissinger, “Rebalancing Relations With China,” The Washington Post]

According to conventional wisdom, the world economy will regain its vitality once China consumes more and America consumes less. But as both countries apply that prescription, it will inevitably alter the political framework. As Chinese exports to America decline and China shifts the emphasis of its economy to greater consumption and to increased infrastructure spending, a different economic order will emerge. China will be less dependent on the American market, while the growing dependence of neighboring countries on Chinese markets will increase China's political influence. Political cooperation, in shaping a new world order, must increasingly compensate for the shift in trade patterns. A cooperative definition of a long-range future will not be easy. Historically, China and America have been hegemonic powers able to set their own agendas essentially unilaterally. They are not accustomed to close alliances or consultative procedures restricting their freedom of action on the basis of equality. When they have been in alliances, they have tended to take for granted that the mantle of leadership belongs to them and exhibited a degree of dominance not conceivable in the emerging Sino-American partnership. To make this effort work, American leaders must resist the siren call of a containment policy drawn from the Cold War playbook. China must guard against a policy aimed at reducing alleged American hegemonic designs and the temptation to create an Asian bloc to that end. America and China should not repeat the process that, a century ago, moved Britain and Germany from friendship to a confrontation that drained both societies in a global war. The ultimate victims of such an evolution would be global issues, such as energy, the environment, nuclear proliferation and climate change, which will require a common vision of the future. At the other extreme, some argue that the United States and China should constitute themselves into a G-2. A tacit Sino-American global governing body, however, is not in the interest of either country or the world. Countries that feel excluded might drift into rigid nationalism at the precise moment that requires a universal perspective. America's great contribution in the 1950s was to take the lead in developing a set of institutions by which the Atlantic region could deal with unprecedented upheavals. A region hitherto riven by national rivalries found mechanisms to institutionalize a common destiny. Even though not all of these measures worked equally well, the end result was a far more benign world order. The 21st century requires an institutional structure appropriate for its time. The nations bordering the Pacific have a stronger sense of national identity than did the European countries emerging from the Second World War. They must not slide into a 21st-century version of classic balance-of-power politics. It would be especially pernicious if opposing blocs were to form on each side of the Pacific. While the center of gravity of international affairs shifts to Asia, and America finds a new role distinct from hegemony yet compatible with leadership, we need a vision of a Pacific structure based on close cooperation between America and China but also broad enough to enable other countries bordering the Pacific to fulfill their aspirations.

#### Cooperation builds mutual trust and stabilizes relations for the long-term

Garrett 4 – Director of the Asia Program at the Atlantic Council & Fellow @ United States Institute of Peace [Banning Garrett and Jonathan Adams, “U.S.-China Cooperation on the Problem of Failing States and Transnational Threats,” United States Institute of Peace, SPECIAL REPORT 126, SEPTEMBER 2004]

The United States and China increasingly share perceptions of the threats and challenges emanating from failing states and recognize the need for preventive and remedial measures to address these dangers. This convergence of perspectives allows for the possibility of enhanced Sino-American cooperation, and such bilateral cooperation could be a central element in strengthening the United States and China’s broader strategic relationship over the next few years. Enhanced cooperation between the United States and China on failing states and transnational threats could have bilateral, regional, and global benefits. On the international level, both nations working together could marshal more resources to address common threats and challenges. They could jointly help improve the effectiveness of multilateral organizations. The bilateral benefits of such cooperation could include less misunderstanding of each side’s unilateral policies toward third countries, such as in the cases of the U.S. military presence in Central Asia and China’s activities in Myanmar, and a demonstration that the two countries can work together on issues of common strategic concern—a critical step toward building domestic support in each country for Sino-American strategic cooperation. In addition, acting jointly on specific problems could help build strategic trust between the United States and China at a critical point in the evolution of their bilateral relationship. These gains will be realized, however, only if flashpoints in Sino-American relations can be successfully managed and other obstacles overcome. To gain support within each country, cooperation should be mutually beneficial and based on common understanding and agreements. The U.S. approach to decision making will need to belie Chinese perceptions of a U.S. tendency to dictate to coalition partners. Although significant obstacles stand in the way of enhanced U.S.-Chinese cooperation on the problems posed by failing states and transnational threats, the impetus to overcome these obstacles may strengthen rather than weaken in the next few years, especially if the problems become increasingly prominent. Closer Sino-U.S. coordination will not only serve U.S. and Chinese interests with regard to minimizing the threats emanating from failing states but also build mutual trust and provide a crucial strategic complement to the growing U.S.-China economic relationship, thereby underpinning long-term stability and development of U.S.-China relations.

### Asian Integration – High Now

#### Asian interdependence is high now but can decline

Economist 14 [(economics news source) “The flying factory Asia has built a web of economic interdependence which China would be ill-advised to unravel” Nov 15th 2014] AT

As a result, East Asia has become one of the most interconnected regions in the world. Trade among EU nations remains even more extensive, but they are part of a single market whereas East Asia has only a tangle of free-trade agreements. As Prema-chandra Athukorala, an economist based in Australia, points out, network trade has been the most dynamic part of world manufacturing exports since the 1990s. The share of East Asian developing countries increased from 14% in 1992-93 to over 30% in 2007-08, with China the main driving force (see chart 1). Such is the pull of China within this new “Factory Asia” that the currencies of most countries in the region now track the Chinese renminbi more closely than they do the American dollar, reckon Arvind Subramanian and Martin Kessler, formerly of the Peterson Institute. Yet for all its power, China is still only a part of the spider’s web, not the centre of it. “What makes the region unique is that you have a tight fit between regional and global integration. The supply chain is linked to final-goods markets in the United States and the EU,” says Razeen Sally of the Lee Kuan Yew School of Public Policy in Singapore. Global trade has slowed down in the past two years, and in 2012 East Asian trade with the rest of the world for the first time made no contribution to growth. Yet despite the lingering fallout from the 2008 global financial crisis the network effect is still going strong. Exports, especially to America, have shown signs of picking up this summer. Sudhir Shetty, the World Bank’s chief economist for East Asia and the Pacific region, expects the emerging countries in his area to grow by 7% this year, far faster than anywhere else in the developing world. China’s slowing growth rate remains a concern, but the ten members of the Association of South-East Asian Nations (ASEAN), including Indonesia, the Philippines, Singapore and Vietnam, are trying to make their region more self-sustaining. Next year ASEAN plans to establish an “economic community”—a single market to make network trade more seamless. But China’s assertiveness over disputed territories in the South and East China Seas has put it at loggerheads with important trading partners such as Vietnam and Japan. As yet the economic costs have been bearable, but the risks are high. James Reilly of the University of Sydney thinks that China’s new posturing is a revival of an old practice known as economic statecraft, meaning it is deploying its wealth for strategic foreign-policy purposes. This practice involves both carrots and sticks. In Asia the carrots have included pipelines, railways and trunk roads that China has provided around the region, mainly to supply its own economy with raw materials, but with wider benefits, especially for its poorer neighbours. But there is also coercion, even if this is often counterproductive. In 2012, for example, Chinese officials indirectly encouraged a consumer boycott of Japanese goods as Japan reasserted its claim to disputed islands it calls the Senkakus and the Chinese call the Diaoyus. Customs officials tightened up inspections of Japanese imports. Yet Japan did not back down. Instead, it got closer to neighbours in the region who also objected to Chinese aggressiveness, says Mr Reilly. In the same year Chinese restrictions on banana imports from the Philippines led to a backlash among Filipinos that brought their country closer to America. Bonnie Glaser of the Centre for Strategic and International Studies, a think-tank in Washington, says China may even be pursuing economic integration to strengthen its leverage. “China’s strategy is to weave together a network of economic interdependence. It is using the centrality of its power to persuade other nations that to challenge China on territorial issues is simply not worth it.” But its neighbours are not sitting placidly by. Last summer Chinese businesses in Vietnam were attacked by locals after a Chinese state-owned oil firm put an oil rig in waters that both countries lay claim to. Since then, American officials say, its allies in the region have become somewhat keener to move into America’s economic orbit to keep China in check. Japanese investment in China fell to $9.1 billion in 2013, from $13.5 billion the year before. At the same time Japan’s investment in ASEAN more than doubled, to $23.6 billion. Myanmar, until recently a satrap of China, is opening up to the West.

## Shipping Advantage

### 1AC Shipping Disasters

#### The risk of sea disasters is increasing now

Chong 14 [(Dennis Chong ,AFP reporter) “Accidents raise safety issues for crowded Hong Kong port” The China Post July 7, 2014] AT

Hong Kong is one of the world's busiest ports, but as a growing number of container ships compete with fishing boats for space in an ever-shrinking harbor, a spate of accidents has raised fears for maritime safety. The city, whose name means “fragrant harbor” in the Cantonese dialect, is as famous for its crowded shipping lanes as it is for its bustling streets. But a fatal collision between a local ferry and small pleasure boat in October 2012 left 39 people dead and sparked an investigation that discovered a “litany of errors” contributed to the tragedy. Since then, a number of other incidents — including two high-speed ferry accidents that injured scores of passengers and the grounding of a large container ship — have left those who ply Hong Kong's waters worried. Hong Kong's glittering skyscrapers are built around the iconic Victoria Harbor, where thousands of people criss-cross the waterways that separate the mainland and the city's islands daily. Annual vessel arrivals in the southern Chinese city have almost doubled since 1990 to almost 200,000 in 2013. Much of this increase is due to the construction of ports in the neighboring Chinese trading hub of the Pearl River Delta, which has led to more container ship traffic. Hong Kong itself is home to the world's fourth-largest container port. Kwok Mook-kiu, 69, who has worked as a small fishing boat or “sampan” operator for more than 30 years, said it is increasingly difficult to navigate a safe path. “There are so many more ships now. If a big cargo vessel passes by, I will just stop and wait until it is gone,” she told AFP. Intense Traffic “Few ports have the same intensity of marine traffic, or range of vessel sizes,” said Richard Colwill, who has worked as a marine planner in the city for 17 years Around 1,000 container ships and high-speed ferries use the city's waters each day, said Colwill, sharing routes with fishing boats, tug boats, yachts, cargo barges and local ferries. But while he believes the waters are safe, the increasing number of ferries means that if there is a collision, the potential for casualties is greater. “Should an incident occur, we are having more serious consequences because of a higher proportion of ferries within the traffic mix,” said Colwill, managing director at infrastructure consultancy BMT Asia Pacific. In May, a high-speed ferry collided with a cargo ship, injuring more than 30 people, and in November last year a high-speed ferry crashed into an unidentified object, leaving 87 hurt. That incident also highlighted the problem of rubbish strewn across the waterways. Tony Yeung, a former captain who now heads a local marine training institute, says obstacles as large as beds and refrigerators would force him to make a detour on busy sea routes. “When you are riding a high-speed ferry and you run into any of them, it can be very serious. When you go around them quickly, there may be other ferries beside you that you can crash into,” he said. Shrinking Harbor Boat operators say there is also a problem with land reclamation, which has seen Victoria Harbor shrink over the decades to create more space in a densely packed city. “The harbor has shrunk. The government wants land everywhere,” sampan operator Kwok said, adding that this increases risks. But the government's marine department defends its safety record, saying the number of collisions has fallen, from 327 in 1995 to 183 in 2012. “The average number of collisions is about 170 cases in the past five years. Most of the cases were minor in nature,” a marine department spokeswoman told AFP, describing there to be about 135,000 passenger trips made daily on local passenger vessels. The probe into the 2012 tragedy found safety measures were not enforced by inspectors for the department, described as “understaffed and underfunded” for the past decade by Paul Zimmerman, CEO of Designing Hong Kong, which campaigns for better planning and policies in the city. “The report thereafter basically found that in the last 20-odd years, the marine department adhered to some very casual attitudes and has not put good effort into maintaining a comprehensive inspection system,” lawmaker James To, who assisted the families of the victims, told AFP. The department, which said it has “strengthened” ship inspections after the disaster, has proposed improvement measures including a requirement for large passenger ships to carry better tracking and communication equipment. Meanwhile, those who spend every day on Hong Kong's frenetic waterways say vigilance is key to survival. “Of course I am worried about accidents, I am always afraid,” a 72-year-old ferry captain surnamed Lai said. “Sea traffic is busier now... just like crossing a busy road, you have to pay extra attention.”

#### Labor shortage in ship industry increases the risk of sea disasters

Chan 2/14 [(Thomas, reporter) “Low wages and long hours holding back sea safety, Hong Kong ferry operator says.” South China Morning Post, 14 February, 2015] AJ

Several measures have been put in place to ensure safer navigation in Hong Kong waters after the 2012 sea tragedy that claimed 39 lives, ferry operators told the Post. But manpower shortage remains a stumbling block to improving the industry, said one operator. Few people want to join as crew members because of the poor wages and long hours and this has an impact on operations, said Ken Wong Hon-kuen, director of operator Peng Chau Kaito. In 2013, the Marine Department announced five measures, including requiring vessels that carry more than 100 passengers to have a lookout on the bridge at night and in reduced visibility, and vessels to have a master list so that every crew member is aware of his duties in case of emergency. The changes were implemented in November. Other measures are: setting a minimum number of crew required in specific emergency situations, requiring the vessel's name to be printed on every life jacket, and watertight doors with alarms below the main deck to be fitted to the wheelhouse. The Marine Department said last week it is planning to implement various other improvement measures this year, including enhancing the training of coxswains, requiring coxswains to undergo regular medical examinations, and devising guidelines on rest arrangements of crew. But Wong of Peng Chau Kaito feared that the measures will just have too few hands to implement them given the manpower shortage facing the industry. "[The problem] is the evil consequence of the government's acts. Every time we tried to ask for a fare increase, the government would in return ask us to consider the benefit of society as a whole," Wong said. Having to cope with the pressure of oil prices and maintenance fees, he said that the only way the operators could cut costs was by keeping salaries low. An occasional spectator at the trial of two skippers involved in the Lamma tragedy, a former ferry captain who identified himself only as Mr Ho, said his peers often dozed off during their journeys because of their long working hours. He said that local ferry coxswains in general worked 24 hours on one shift, followed by one day of rest. Some routes provide round-the-clock services, requiring the captain to start at 7am, signing off from his shift the next morning at the same time. Those on other routes spend the night sleeping in their boats doubling up as security guards. Wong said that with their long working hours, captains could sometimes lack adequate rest that could affect their concentration. As many were also older, there was a risk of them being slower in their response to emergencies, he felt. He added that it was impossible to change the rosters due to insufficient hands. "If we change to an eight-hour shift, we would have to expand our manpower by two to three times," he added.

#### Human behavior modification is the key internal link – disruption wrecks global supply chains

ICMS 13 [(International Center for Maritime Studies) “Maritime Insight” Polytech University] AT

￼Port disruption to supply chains is maritime piracy to international shipping. Any disruptions happening at a port may have a great impact on the effective and efficient management of flows of cargo in the supply chain. There are not much literatures talking about port ￼disruptions and risk management. Lam and Yip (2012) argued that any possible port disruption, such as equipment breakdown, electrical outages and industrial accidents, could all result in a collapse of the whole supply chain system. Gurning and Cahoon (2011) analysed multiple mitigation strategies for managing maritime disruptions in the wheat supply chain. But the authors did not ￼specifically study how disruption affects the various stages and parties in a supply chain. Lam and Yip (2012) applied the Petri Net in analysing the impact of port disruption on supply chains and the parties involved, in a way which can better accommodate complex systems compared to Markov Chain used by Gurning and Cahoon (2011). The approach could also estimate the impact of the recent labour strike at container terminals in Hong Kong. ￼To enhance port efficiency as well as security whilst reducing port accidents, Yip ￼(2008) investigated port traffic risk issues by discussing historic accidents in the Hong Kong port. Search findings identified factors that can contribute to reducing the security level of port accidents. The port of registration, vessel types and the accident type are critical to the number of injuries and fatalities. It was found that port traffic risks follow certain pattern. Collision accidents mostly happen when port traffic is heavy. Passenger-type vessels have higher potential for injuries during accidents. ￼The endeavours to ensure transport safety and maritime security may have a nexus with human behaviour not only at seaports but also on board. The emergency of multinational crews drawn from different countries working on the same ship has important implications for safety in international safe ship operations. Based on five dimensions of national culture construct, Lu et al. (2012) evaluated seafarers' perception of the five dimensions, power distance, collectivism/individualism, uncertainty avoidance, masculinity/femininity and Confucian dynamism, each of which seems to be related to a different degree of human failures in ship operations. For example, low power distance might be good for work safety. With this understanding, effective action plans could be developed to reduce human failure in vessel management.

#### Minimum wage incentivizes people to work and doesn’t boost unemployment

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012. SMW = statutory minimum wage] AZ

Implementing SMW during times of favourable macroeconomic conditions would help relieve the pressures on employment and corporate profits, and encourage more people to join the labour market. On the contrary, should SMW be implemented during economic slowdown, the impact on the business environment would become more pronounced and dampen labour demand further. Hence, the MWC needs to analyse the socio-economic conditions during the implementation of SMW when assessing the potential impact of the SMW rate. VI The initial SMW rate came into force on 1 May 2011 amidst a robust economy in Hong Kong with strong domestic demand, notable expansion of business activities and persistent strength in labour demand, which provided a very favourable environment for its implementation. Hong Kong remained virtually in a state of full employment over the past year or so. The labour market stayed buoyant on the back of flourishing business activities, thereby cushioning considerably the pressure on the labour market brought about by the initial SMW rate. The overall prices and cost pressures on enterprises were nevertheless also on a visible uptrend for most of 2011. Among the additional labour force, we saw the most prominent increases in the older age groups (aged 50 to 59, and aged 60 and above). In the second quarter of 2012, labour force of these two groups increased year-on-year by around 33 200 (or 4.2%) and 34 400 (or 17.4%) respectively. In addition, female labour force posted a notable year-on-year increase of 68 900 (or 3.9%), of which about 50% were aged 50 and above. The implementation of the initial SMW rate, together with the buoyant economic conditions, helped encourage women with family responsibilities to enter the labour market. Meanwhile, the labour force participation rates of these groups were also considerably higher than those during the same period in 2011 (Table 4.9) The number of unemployment cases of Comprehensive Social Security Assistance is an alternative indicator for the incentive to work. There was a persistent decline in the number from 29 206 in April 2011 to 25 070 in August 2012, a drop of 4 136 cases or 14.2%. The implementation of the initial SMW rate thus neither resulted in substantial job loss nor led to heavier reliance on social welfare.

#### This is the best data

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

To deliberate the SMW rate in an objective and balanced manner, the MWC adopted an evidence-based approach by conducting comprehensive analyses on the data and empirical evidence of surveys and research studies, examining the social, economic and employment conditions in Hong Kong, and taking full account of the views of various sectors of the community. In studying the SMW rate, we made reference to the following four sources of evidence and information. They were: (1) data and information from statistical surveys and research studies, in particular the Annual Earnings and Hours Survey (AEHS) and Annual Survey of Economic Activities (ASEA) conducted by the Census and Statistics Department (C&SD) as well as the consultancy study commissioned by the Government on Knock-on Effect of Statutory Minimum Wage on Pay Hierarchies in the Retail and Restaurant Sectors (Study on Knock-on Effect); (2) empirical data, views and information provided by stakeholders and members of the public during consultation; (3) research and studies of experience of other places; and (4) academic journals. After examining the above data and information, we conducted impact assessment on different hourly wage levels so as to recommend an appropriate SMW rate.

#### Port disasters threaten global trade and Hong Kong’s status as a global hub

Hoovestal 13 [(Lance, Director of Business Development in Australia and Asia for Greenway Enterprises, Inc. He holds a PhD in Political and Social Science from the University of Melbourne, Australia) “Globalization Contained: The Economic and Strategic Consequences of the Container” Google books] AT

As one of the world’s busiest ports, Hong Kong officials recognize that excellent port security is critical to their continued competitiveness as a global trading hub. Since 9/11 their concerns about the possibility of a security incident involving a ship passing through Hong Kong’s territorial waters has been acute. As the third-busiest container port in the world, the security of Hong Kong is essential for global trade, particularly for its second-largest trading partner, the United States. The interruption of commerce due to a prolonged closure of the Port of Hong Kong would severely impact global supply chains. It would result in economic devastation in the order of billions of dollars to the Hong Kong economy alone. The terminal operators of Hong Kong are some of the largest port operators in the world, and as such they are leaders in the drive for container and global supply-chain security. International and local security initiatives are imple- mented by the majority of Hong Kong's port stakeholders. These initiatives represent attempts to secure not only the freight containers but the entire sup- ply chain itself. The safety and economic security of Hong Kong depends on the secure use of the world's sea- and airways on which containers move.

#### Safe shipping routes key to the survival of billions

Mitropoulos 5 [(Efthimios, Secretary-General of the International Maritime Organization of the United Nations) World Maritime Day Parallel Event, 11/15, International Maritime Organization]

We hoped to kick-start moves towards creating a far broader awareness that a healthy and successful shipping industry has ramifications that reach far beyond the industry itself. Global economic prosperity is dependent on trade and trade, in turn, is dependent on a safe and secure transport network. Shipping is the most important part of that global network, although it is rarely acknowledged as such, and seldom given the credit it deserves. Indeed, I have long come to the sad conclusion that the contribution made by the shipping industry - and, in particular, by those who work hard, both on board ships and ashore, to make it safer and more environmentally friendly - is greatly undervalued by the public at large. You may have noticed that I used the word "sad" to brand my conclusion. I am sorry to say that there is another word I might suggest as more fitting to characterize the situation and that is the word "unfair" - in capital letters! I think it is worth pausing for a moment to consider just how vital the contribution of ships and shipping actually is. More than 90 per cent of global trade is reportedly carried by sea; over the last four decades, total seaborne trade estimates have nearly quadrupled, from less than 6 thousand billion tonne-miles in 1965 to 25 thousand billion tonne-miles in 2003; and, according to UN figures, the operation of merchant ships in the same year contributed about US$380 billion in freight rates within the global economy, equivalent to about 5 per cent of total world trade. This year, the shipping industry is expected to transport 6.6 billion tonnes of cargo. If you consider this figure vis-a-vis the 6.4 billion population of the world, you will realize that this works out at more than one tonne of cargo for every man, woman and child on the face of the planet - even more for the richer nations. As seaborne trade continues to expand, it also brings benefits for consumers throughout the world. The transport cost element in the price of consumer goods varies from product to product and is estimated to account for around 2 per cent of the shelf price of a television set and only around 1.2 per cent of a kilo of coffee. Thanks to the growing efficiency of shipping as a mode of transport and to increased economic liberalization, the prospects for the industry's further growth continue to be strong. Shipping is truly the lynchpin of the global economy. Without shipping, intercontinental trade, the bulk transport of raw materials and the import and export of affordable food and manufactured goods would simply not be possible. Shipping makes the world go round and, so, let us be in no doubt about its broader significance. To put it in simple terms, as I have done before on a number of occasions during the campaign initiated at IMO to encourage all those involved in shipping to pay more attention to its public perception, without international shipping half the world would starve and the other half would freeze.

### ---Relations

#### High investment in Hong Kong is key to US-China relations

Paal 10 [(Douglas, vice president for studies at the Carnegie Endowment for International Peace; Richard Bush, director of Center for Northeast Asian Policy Studies of the Brookings Institution and a Senior Fellow of Foreign Policy; interviews CY Leung, Chief Executive of the Hong Kong Special Administrative Region) “U.S.–China Economic Relations: Hong Kong's Role” Carnegie Endowment for Peace SEPTEMBER 22, 2010] AT

Leung discussed the impact of China’s “One Country, Two Systems” policy, which exempts Hong Kong from adopting China’s socialist system and policies for 50 years, on Hong Kong’s role as a bridge between China and the United States. A Channel: China’s policy offers a high degree of autonomy for Hong Kong, allowing it to exercise full political rights, such as the right to participate in elections and freedom of expression. This maximizes Hong Kong’s ability to act as a channel between China and the outside world. Broader Role: While Hong Kong currently acts as a gateway between China and the West in the financial and economic sectors, it could potentially play a larger role by reaching out to research, media, and educational sectors, Leung said. However, Hong Kong would then face a delicate balancing act in dealing with sensitive issues, since it does not have complete political independence from China. HONG KONG AS A LAND OF OPPORTUNITIES Hong Kong’s physical and political geography places it in a unique position to connect economic interests in China with those in the United States and to assist China in improving its legal infrastructure, Leung said. However, Hong Kong also needs to develop its competitiveness in order to keep its own economy sustainable. Higher Education: With an international body of students and faculty in its universities, Hong Kong can leverage its status as a halfway point between the West and the East to attract talent. This enables Hong Kong to make positive contributions to China’s legal system. For example, a joint legal partnership between China and the United States that is designed to train Chinese judges will help increase Chinese recognition of the importance of the rule of law, thereby improving the judicial system. Drawing From the Mainland: The large presence of mainland students and returning overseas Chinese likewise attests to the perceived advantage of living and working in a more politically and economically free region. In response, the Hong Kong government has sought to retain talent by providing mainland students with one postgraduate year to seek employment. Competitiveness: The rise of Shanghai as a powerful financial center has challenged Hong Kong’s competitiveness as a financial center in the region, Leung said. While Hong Kong’s financial sector may not be sufficient to accommodate all of China’s needs, it still has a comparative advantage compared to Shanghai, due to its solid legal and judicial systems. Moreover, China’s growing economy needs more than one financial center. Labor Force: Hong Kong faces a shortage of highly educated labor; the percentage of its labor force with a university diploma is small, at only 19 percent. Hong Kong’s universities must adapt to the new market by training students to serve both local and overseas needs, especially when Hong Kong-based services are growing in popularity in China. A Services and Technology Economy: Hong Kong must diversify its economy if it wants to compete with other major cities in China. It can do this by developing high value services, such as training maritime lawyers and training insurance brokers to ensure smooth legal and financial transactions. Improving the quality of its higher education system will facilitate this transition, Leung said. A focus on scientific research and high-technology sectors will likewise allow Hong Kong to increase its competiveness by exporting expertise in pharmacy, biochemistry, and engineering to mainland China. FUTURE IMPLICATIONS Regional Connections: The integration of Hong Kong into the Chinese economy, especially in the region of Guangdong, will continue to deepen with the construction of high-speed trains, as well as Hong Kong’s growing dependence on China for labor, water, and electricity supplies. However, that regional integration must occur without compromising Hong Kong’s autonomy. U.S.-Hong Kong: The United States should continue to support Hong Kong by encouraging sustainable economic development and using it as a portal to transfer U.S. expertise and services to China. U.S.-China Trade Relations: Leung expressed his belief that an appreciation of renminbi will not help the U.S. economy, since economic tensions between the two countries are much more complicated than a simple currency adjustment. The fundamental issue, he argued, lies in the declining American competitiveness.

#### Strong economic relations encourage cooperation that solves war and Asian instability

Podesta 14 [(John Podesta, chair of the Center for American Progress, Counselor to President Barack Obama; Tung Chee Hwa, Founding Chairman of the China-U.S. Exchange Foundation and the Vice Chairman of the Eleventh National Committee of the People’s Political Consultative Conference; Samuel R. Berger, Chair of the Albright Stonebridge Group; Wang Jisi, President of the Institute of International and Strategic Studies and professor at the School of International Studies at Peking University) “U.S.-China Relations: Toward a New Model of Major Power Relationship” china-US exchange foundation, feb 2014] AT

An additional theme that emerged was the interplay of the bilateral and multilateral aspects of major power relations. One of our contributors pointed out that what is “new” about major power relations is the international context of bilateral relations today—not only the many international institutions and rules that guide the United States and China, but also that progress on global and regional issues requires that we cooperate. Many other countries have a serious interest in a stable U.S.-China relationship—and their views are relevant. Neither they, nor the United States or China are interested in a G-2, but rather an inclusive framework. Finally, developing a new model of major power relations is not unique to the U.S.-China relationship. Both countries have vital relationships with other nations, as do many other key powers with one another. The United States and China have no monopoly on this endeavor. Another key theme that emerged was that the process of cooperation sometimes leads to frustration just as much as the substantive disagreements between our two nations. For example, the United States often expects an answer on a proposal sooner than China is ready to offer one; alternatively, China has been frustrated not to receive timely responses to its requests. Finally, the expert group addressed the imbalance in the Asia-Pacific regional dynamic that has become a major concern in both Washington and Beijing: the notion that the United States is the center of the security architecture in the Asia- Pacific region, whereas China is the largest economic player in Asia. At the same time, other influential players in the region have their own interests: Japan, South Korea, the Association of Southeast Asian Nations, or ASEAN, to name a few, serve as centers of economic and political activity. In addition, Russia is energetically developing its Asia policy, increasingly involved in energy and other economic projects in the Asia-Pacific region and showing a keen interest in regional security affairs. India is similarly engaged. That interplay between security and economics poses real challenges for the future of bilateral relations. The United States is increasing its economic engagement in Asia to better match its security engagement, which has long been a significant side of the equation for the United States. The Obama administration’s efforts with the Trans-Pacific Partnership, or TPP, are designed to deepen its economic integration with Asia while China is increasing its participation in multilateral security forums. Both countries are working to balance regional engagement, but the U.S.-China economic/security dynamic in the Asia-Pacific will continue to present leaders in both countries with ongoing challenges. With these points in mind, we now turn to some recommendations for U.S.-China policy that arose from the track II dialogue. We seek to focus on concrete ideas that would help push the relationship forward. Not every one of the participants in our group necessarily agrees with each of the recommendations we discuss below, but they all share a deep interest in improving U.S.-China relations and believe that, as a whole, these ideas have merit. We divided them into three categories—interna- tional, regional, and bilateral—but the boundaries are somewhat fluid. 1. Along with other nations, the United States and China should continue to develop commonly accepted international rules and guidelines in areas where they currently are lacking, including in regional maritime relations, cyberspace, and outer space. In areas without shared guidelines, misunderstandings are more likely to surface. International standards on issues such as conduct in outer space and online could be important vehicles for reducing potential bilateral clashes. In the maritime domain, while there is already a robust body of international law, the United States should seek to ratify the U.N. Law of the Sea Convention, while China should make as rapid progress as possible toward developing a Code of Conduct with ASEAN. The United States and China should build on recent bilateral naval cooperation in the Gulf of Aiden and the 2014 Rim of the Pacific, or RIMPAC, invitation that was extended to the Chinese navy to foster deeper maritime cooperation and lay ground- work for new rules and guidelines for resolving disputes and avoiding crises. 2. The United States and China should work to strengthen the international archi- tecture of institutions and rules. Both Washington and Beijing have a strong inter- est in an effective, robust set of international institutions and frameworks. They should strengthen the international architecture by using it, reforming it, and mak- ing sure emerging powers are adequately represented. The two countries should coordinate more effectively on reform of the United Nations and other existing international organizations and make common efforts to strengthen the G-20 and other burgeoning mechanisms in order to stabilize the global financial situation. 3. The United States and China should work together on an international consen- sus to phase down Hydrofluorocarbons, or HFCs, under the Montreal Protocol as soon as possible. HFCs are one of the fastest-growing and most-potent green- house gases in the world. Phasing down the global production and use of HFCs could avoid half a degree Celsius of warming by the end of the century. The most concrete outcome of the June 2013 U.S.-China presidential summit at Sunnylands in California was the agreement between President Obama and President Xi to ￼￼￼￼ Toward a New Model of Major Power Relations | www.americanprogress.org 9 ￼work together to phase down HFCs under some combination of the Montreal Protocol and the U.N. Framework Convention on Climate Change. That June 2013 climate agreement should be considered a model for a new model relations effort and a blueprint for proceeding on other more intractable issues. If that initial bilateral agreement leads to successful multilateral action on HFCs, it will serve as a concrete example of U.S. and Chinese leaders moving past historical divides and finding a new platform for our two nations to take a global leadership role on one of the most important global issues of the day. Regional 4. The United States and China should look for opportunities to coordinate regional activities. For example, the United States and China could develop regional mechanisms for coordinating better on development assistance. They should consider supporting a permanent multilateral hub in Asia for humanitarian assistance and disaster relief. That would provide opportunities for operational level cooperation and would greatly benefit the victims of disasters. 5. The United States and China should seek trilateral dialogues with India and Japan and perhaps other nations. Such forums could begin with working-level agencies and think tanks and could help illuminate intentions and build trust among nations across Asia. These forums could focus first on issues of clear economic common interest—such as a market framework for infrastructure to support regional natural-gas trading—and gradually take on more difficult topics where common interests are much harder to find and define. 6. The United States and China should acknowledge publicly that the best long- term outcome on trade negotiations would be a high-standard, region-wide free trade agreement that will open up new avenues of commerce in the Asia-Pacific region. Currently, the United States is working hard to realize the TPP, and China is working on the Regional Comprehensive Economic Partnership, or RCEP, that was initiated by ASEAN. The United States and China should assure each other that neither the TPP nor RCEP are intended to weaken the economic influence of the other side in the region. In the end, the best result will be a merger of these and other initiatives into a high-standards regional free trade framework based on mutual interests. Of course, the “high-standards” aspect of that merger will be key. Any future steps should take into consideration the pace of economic transformation of both the United States and China. No future trade regime should result in a move to the lowest common denominator of trade standards. 7. Officials and experts in both countries need a more effective dialogue with their citizens on the importance of the U.S.-China relationship and what new- model relations exercise is designed to prevent and achieve. There are many positive stories of workaday Sino-American cooperation that do not make the mainstream press and are therefore not known to the public —and in some cases to key political leaders, particularly at the local level. For example, the American and Chinese Coast Guards cooperate frequently and effectively on an operational level, but that kind of operational cooperation is not as likely to attract media attention as bilateral flare-ups on sensitive issues. As one Chinese participant in our dialogues pointed out, we should seek to increase the atten- tion paid to the positive attributes of the relationship that can shift the focus from “crisis management” to “opportunity management.” 8. Governments should monitor and report on Security and Economic Dialogue, or S&ED, commitments. The S&ED between the two governments has evolved into a practical and results-oriented forum that is playing an important role in expanding real opportunities for bilateral cooperation. To make the S&ED as effective as possible, the United States and China should develop a mechanism to monitor and publicly report on the progress made on the commitments generated at the annual S&ED meeting. 9. Washington and Beijing should engage in a dialogue on a nuclear-free Korean Peninsula. North Korea’s nuclear program is a major and mutual security challenge, and our ability to find a new-model approach to that challenge is hindered by mutual doubt and suspicion about U.S. and Chinese long-term interests and future intentions. There are significant areas of overlapping interests between our two nations on this issue and a focused dialogue on the future of the Korean Peninsula can advance a more stable and mutually beneficial security outcome. Participants in this dialogue may include not only diplomats but also those in charge of security and military affairs of the two governments. Such a dialogue would not be designed to seek a bilateral solution to the Korean nuclear dead- lock but to work alongside the Six Party process and pave the way for a practical multilateral mechanism that will guarantee a peaceful and stable Korean Peninsula in the long run.

continues

The modern context for major power relationships is quite distinct from that of ear- lier centuries, and it remains in flux. The Cold War is long past, and while the United States remains the world’s only superpower, the unipolar era is ending. New powers are emerging or re-emerging; some are not nations but instead are evolving groups of countries, such as the European Union. A large, complex international system of institutions, rules, and norms guides many aspects of big power relations as never before. The United Nations; World Trade Organization, or WTO; International Monetary Fund, or IMF; World Health Organization, or WHO; International Atomic Energy Agency, or IAEA; and many others are the forums through which nations often attempt to make progress on shared challenges. Economic relationships between many pairs of major powers are very deep. And where once conquering another major power for territory made economic sense, it no longer does. Nevertheless, security concerns, some quite intense, persist between some major power pairs, as do territorial disputes. Furthermore, some competition between and among nations is a given—even between close allies. Big powers, however, also now share security challenges, such as global warming, pandemic disease, and terrorism, in ways they never have before. Only together can they address these challenges effectively. Their nuclear arsenals may ultimately provide a deterrent to major power conflict as well. No other big power relationship is more consequential than that between the United States and China. From one perspective, there is no need to rethink the U.S.-China relationship. Despite many stops and starts, the relationship has continued to grow and provide benefits for both sides for more than four decades. American policy toward China has remained fairly consistent over that time period, as has China’s toward the United States. America and China have successfully managed their competition and differences while continuing a robust economic relationship and occasionally cooperating on shared challenges. It could be concluded that these powers are already pursuing a new model of major power relations in which deep economic interconnectedness and security interdepen- dence exist alongside heated competition, sharp divides, and neuralgic disputes. A relationship similar to the modern day one between China and the United States has not existed before in history. But because it is historically unprecedented, it exists in a world that is in constant flux, and U.S. and Chinese interests do diverge, no one can know for certain that the stability the relationship has enjoyed thus far will last. Adding to and because of this uncertainty, both nations share a decided unease about the relationship. As Kenneth Lieberthal and Wang Jisi, two long-time watchers of the relationship conclude, “strategic distrust” plagues the relationship: Strategic distrust ... means a perception that the other side will seek to achieve its key long-term goals at concerted cost to your own side’s core prospects and interests. The major concern is that it appears as of 2012 that strategic distrust is growing on both sides and that this perception can, if it festers, create a self- fulfilling prophecy of overall mutual antagonism.6 Many Chinese fear that, despite repeated and consistent American statements to the contrary, the United States is engaged in a containment strategy against China. Meanwhile, economic insecurity in the United States causes Americans to view China as more of a predatory, unstoppable economic engine than it is.7 Jisi and Lieberthal point to history and ideology as especially potent sources of this distrust—and neither of those factors are easy to address.8 Chinese media often reinforce the trope of America as a dangerous, defensive, and declining hegemon. Though the American media is growing more sophisticated in its coverage of China, some outlets have painted China’s world domination as inevitable. Uncertainty about the future hangs over the relationship because no state can know another state’s intentions. A leader or diplomat can say whatever he or she wants, but it is impossible to know for certain what another state’s leaders actually think about the relationship and what future leaders will decide to do. When uncertainty about intentions is combined with rising capabilities, especially military capabilities, states begin to assume the worst and tensions mount. This can, in turn, result in what political scientists refer to as the “security dilemma.” As the late preeminent politi- cal scholar Kenneth Waltz once explained, “the source of one’s own comfort is the source of another’s worry. Hence a state that is amassing instruments of war, even for its own defensive, is cast by others as a threat requiring a response.”9 Because of these lenses of insecurity, the very contentious issues between both sides, and constituencies in both countries that could benefit from conflict, it is not difficult to imagine a set of circumstances that triggers a spiral of mistrust and animosity that could derail the Sino-American relationship. For this reason, and given the historical precedent of great power relations, thinking rigorously and creatively about possible new paths or directions is worthwhile.

#### War with China escalates and causes extinction

Wittner 11—Professor of History @ State University of New York-Albany [Lawrence S. Wittner, “Is a Nuclear War with China Possible?” Huntington News, Monday, November 28, 2011, http://www.huntingtonnews.net/14446]

While nuclear weapons exist, there remains a danger that they will be used. After all, for centuries national conflicts have led to wars, with nations employing their deadliest weapons. The current deterioration of U.S. relations with China might end up providing us with yet another example of this phenomenon. The gathering tension between the United States and China is clear enough. Disturbed by China’s growing economic and military strength, the U.S. government recently challenged China’s claims in the South China Sea, increased the U.S. military presence in Australia, and deepened U.S. military ties with other nations in the Pacific region. According to Secretary of State Hillary Clinton, the United States was “asserting our own position as a Pacific power.” But need this lead to nuclear war? Not necessarily. And yet, there are signs that it could. After all, both the United States and China possess large numbers of nuclear weapons. The U.S. government threatened to attack China with nuclear weapons during the Korean War and, later, during the conflict over the future of China’s offshore islands, Quemoy and Matsu. In the midst of the latter confrontation, President Dwight Eisenhower declared publicly, and chillingly, that U.S. nuclear weapons would “be used just exactly as you would use a bullet or anything else.” Of course, China didn’t have nuclear weapons then. Now that it does, perhaps the behavior of national leaders will be more temperate. But the loose nuclear threats of U.S. and Soviet government officials during the Cold War, when both nations had vast nuclear arsenals, should convince us that, even as the military ante is raised, nuclear saber-rattling persists. Some pundits argue that nuclear weapons prevent wars between nuclear-armed nations; and, admittedly, there haven’t been very many—at least not yet. But the Kargil War of 1999, between nuclear-armed India and nuclear-armed Pakistan, should convince us that such wars can occur. Indeed, in that case, the conflict almost slipped into a nuclear war. Pakistan’s foreign secretary threatened that, if the war escalated, his country felt free to use “any weapon” in its arsenal. During the conflict, Pakistan did move nuclear weapons toward its border, while India, it is claimed, readied its own nuclear missiles for an attack on Pakistan. At the least, though, don’t nuclear weapons deter a nuclear attack? Do they? Obviously, NATO leaders didn’t feel deterred, for, throughout the Cold War, NATO’s strategy was to respond to a Soviet conventional military attack on Western Europe by launching a Western nuclear attack on the nuclear-armed Soviet Union. Furthermore, if U.S. government officials really believed that nuclear deterrence worked, they would not have resorted to championing “Star Wars” and its modern variant, national missile defense. Why are these vastly expensive—and probably unworkable—military defense systems needed if other nuclear powers are deterred from attacking by U.S. nuclear might? Of course, the bottom line for those Americans convinced that nuclear weapons safeguard them from a Chinese nuclear attack might be that the U.S. nuclear arsenal is far greater than its Chinese counterpart. Today, it is estimated that the U.S. government possesses over five thousand nuclear warheads, while the Chinese government has a total inventory of roughly three hundred. Moreover, only about forty of these Chinese nuclear weapons can reach the United States. Surely the United States would “win” any nuclear war with China. But what would that “victory” entail? A nuclear attack by China would immediately slaughter at least 10 million Americans in a great storm of blast and fire, while leaving many more dying horribly of sickness and radiation poisoning. The Chinese death toll in a nuclear war would be far higher. Both nations would be reduced to smoldering, radioactive wastelands. Also, radioactive debris sent aloft by the nuclear explosions would blot out the sun and bring on a “nuclear winter” around the globe—destroying agriculture, creating worldwide famine, and generating chaos and destruction. Moreover, in another decade the extent of this catastrophe would be far worse. The Chinese government is currently expanding its nuclear arsenal, and by the year 2020 it is expected to more than double its number of nuclear weapons that can hit the United States. The U.S. government, in turn, has plans to spend hundreds of billions of dollars “modernizing” its nuclear weapons and nuclear production facilities over the next decade. To avert the enormous disaster of a U.S.-China nuclear war, there are two obvious actions that can be taken. The first is to get rid of nuclear weapons, as the nuclear powers have agreed to do but thus far have resisted doing. The second, conducted while the nuclear disarmament process is occurring, is to improve U.S.-China relations. If the American and Chinese people are interested in ensuring their survival and that of the world, they should be working to encourage these policies.

#### Asia conflict goes nuclear and outweighs

Dibb 1 (Paul, Prof – Australian National University, Strategic Trends: Asia at a Crossroads, Naval War College Review, Winter, http://www.nwc.navy.mil/press/Review/2001/Winter/art2-w01.htm)

The areas of maximum danger and instability in the world today are in Asia, followed by the Middle East and parts of the former Soviet Union. The strategic situation in Asia is more uncertain and potentially threatening than anywhere in Europe. Unlike in Europe, it is possible to envisage war in Asia involving the major powers: remnants of Cold War ideological confrontation still exist across the Taiwan Straits and on the Korean Peninsula; India and Pakistan have nuclear weapons and ballistic missiles, and these two countries are more confrontational than at any time since the early 1970s; in Southeast Asia, Indonesia—which is the world’s fourth-largest country—faces a highly uncertain future that could lead to its breakup. The Asia-Pacific region spends more on defense (about $150 billion a year) than any other part of the world except the United States and Nato Europe. China and Japan are amongst the top four or five global military spenders. Asia also has more nuclear powers than any other region of the world. Asia’s security is at a crossroads: the region could go in the direction of peace and cooperation, or it could slide into confrontation and military conflict. There are positive tendencies, including the resurgence of economic growth and the spread of democracy, which would encourage an optimistic view. But there are a number of negative tendencies that must be of serious concern. There are deep-seated historical, territorial, ideological, and religious differences in Asia.

### Human Behavior Key

#### Human behavior modification preserves global supply chains

ICMS 13 [(International Center for Maritime Studies) “Maritime Insight” Polytech University] AT

￼Port disruption to supply chains is maritime piracy to international shipping. Any disruptions happening at a port may have a great impact on the effective and efficient management of flows of cargo in the supply chain. There are not much literatures talking about port ￼disruptions and risk management. Lam and Yip (2012) argued that any possible port disruption, such as equipment breakdown, electrical outages and industrial accidents, could all result in a collapse of the whole supply chain system. Gurning and Cahoon (2011) analysed multiple mitigation strategies for managing maritime disruptions in the wheat supply chain. But the authors did not ￼specifically study how disruption affects the various stages and parties in a supply chain. Lam and Yip (2012) applied the Petri Net in analysing the impact of port disruption on supply chains and the parties involved, in a way which can better accommodate complex systems compared to Markov Chain used by Gurning and Cahoon (2011). The approach could also estimate the impact of the recent labour strike at container terminals in Hong Kong. ￼To enhance port efficiency as well as security whilst reducing port accidents, Yip ￼(2008) investigated port traffic risk issues by discussing historic accidents in the Hong Kong port. Search findings identified factors that can contribute to reducing the security level of port accidents. The port of registration, vessel types and the accident type are critical to the number of injuries and fatalities. It was found that port traffic risks follow certain pattern. Collision accidents mostly happen when port traffic is heavy. Passenger-type vessels have higher potential for injuries during accidents. ￼The endeavours to ensure transport safety and maritime security may have a nexus with human behaviour not only at seaports but also on board. The emergency of multinational crews drawn from different countries working on the same ship has important implications for safety in international safe ship operations. Based on five dimensions of national culture construct, Lu et al. (2012) evaluated seafarers' perception of the five dimensions, power distance, collectivism/individualism, uncertainty avoidance, masculinity/femininity and Confucian dynamism, each of which seems to be related to a different degree of human failures in ship operations. For example, low power distance might be good for work safety. With this understanding, effective action plans could be developed to reduce human failure in vessel management.

### Accidents High Now

#### Hong kong is on the brink – accidents are high now

Chong 14 [(Dennis Chong ,AFP reporter) “Accidents raise safety issues for crowded Hong Kong port” The China Post July 7, 2014] AT

Hong Kong is one of the world's busiest ports, but as a growing number of container ships compete with fishing boats for space in an ever-shrinking harbor, a spate of accidents has raised fears for maritime safety. The city, whose name means “fragrant harbor” in the Cantonese dialect, is as famous for its crowded shipping lanes as it is for its bustling streets. But a fatal collision between a local ferry and small pleasure boat in October 2012 left 39 people dead and sparked an investigation that discovered a “litany of errors” contributed to the tragedy. Since then, a number of other incidents — including two high-speed ferry accidents that injured scores of passengers and the grounding of a large container ship — have left those who ply Hong Kong's waters worried. Hong Kong's glittering skyscrapers are built around the iconic Victoria Harbor, where thousands of people criss-cross the waterways that separate the mainland and the city's islands daily. Annual vessel arrivals in the southern Chinese city have almost doubled since 1990 to almost 200,000 in 2013. Much of this increase is due to the construction of ports in the neighboring Chinese trading hub of the Pearl River Delta, which has led to more container ship traffic. Hong Kong itself is home to the world's fourth-largest container port. Kwok Mook-kiu, 69, who has worked as a small fishing boat or “sampan” operator for more than 30 years, said it is increasingly difficult to navigate a safe path. “There are so many more ships now. If a big cargo vessel passes by, I will just stop and wait until it is gone,” she told AFP. Intense Traffic “Few ports have the same intensity of marine traffic, or range of vessel sizes,” said Richard Colwill, who has worked as a marine planner in the city for 17 years Around 1,000 container ships and high-speed ferries use the city's waters each day, said Colwill, sharing routes with fishing boats, tug boats, yachts, cargo barges and local ferries. But while he believes the waters are safe, the increasing number of ferries means that if there is a collision, the potential for casualties is greater. “Should an incident occur, we are having more serious consequences because of a higher proportion of ferries within the traffic mix,” said Colwill, managing director at infrastructure consultancy BMT Asia Pacific. In May, a high-speed ferry collided with a cargo ship, injuring more than 30 people, and in November last year a high-speed ferry crashed into an unidentified object, leaving 87 hurt. That incident also highlighted the problem of rubbish strewn across the waterways. Tony Yeung, a former captain who now heads a local marine training institute, says obstacles as large as beds and refrigerators would force him to make a detour on busy sea routes. “When you are riding a high-speed ferry and you run into any of them, it can be very serious. When you go around them quickly, there may be other ferries beside you that you can crash into,” he said. Shrinking Harbor Boat operators say there is also a problem with land reclamation, which has seen Victoria Harbor shrink over the decades to create more space in a densely packed city. “The harbor has shrunk. The government wants land everywhere,” sampan operator Kwok said, adding that this increases risks. But the government's marine department defends its safety record, saying the number of collisions has fallen, from 327 in 1995 to 183 in 2012. “The average number of collisions is about 170 cases in the past five years. Most of the cases were minor in nature,” a marine department spokeswoman told AFP, describing there to be about 135,000 passenger trips made daily on local passenger vessels. The probe into the 2012 tragedy found safety measures were not enforced by inspectors for the department, described as “understaffed and underfunded” for the past decade by Paul Zimmerman, CEO of Designing Hong Kong, which campaigns for better planning and policies in the city. “The report thereafter basically found that in the last 20-odd years, the marine department adhered to some very casual attitudes and has not put good effort into maintaining a comprehensive inspection system,” lawmaker James To, who assisted the families of the victims, told AFP. The department, which said it has “strengthened” ship inspections after the disaster, has proposed improvement measures including a requirement for large passenger ships to carry better tracking and communication equipment. Meanwhile, those who spend every day on Hong Kong's frenetic waterways say vigilance is key to survival. “Of course I am worried about accidents, I am always afraid,” a 72-year-old ferry captain surnamed Lai said. “Sea traffic is busier now... just like crossing a busy road, you have to pay extra attention.”

### Accidents Kill Supply Chains/Econ

#### Shuts down global supply chains

Lam 15 [(Jasmine Siu Lee Lam School of Civil and Environmental Engineering, Nanyang Technological University, Singapore) “Special Issue on Risk Management in Port and Maritime Logistics” Elsevier Journals] AT

Acting as a key trade facilitator, maritime transport plays a crucial role in providing relatively low-cost and efficient transportation. Maritime transport is a dominant mode as about 90% of global trade volumes are carried by sea. Historically, the role of seaborne trade has been the backbone of economic development. Ports and shipping are key components of logistics activities and contribute to the effective and efficient management of flows of materials, products and information in supply chains. Ironically, ports and shipping are also considered among the most important causes for uncertainty in trade and logistics flows due to the concentration of goods being transported. Extreme events such as floods and cyclones in Australia and earthquakes in Japan have become serious challenges to the world economy. Other issues affecting connectivity and service quality of ports and shipping include safety management practices in ships and risk management in ports. Seaborne cargoes and seaports have been increasingly challenged by significant increase in accidents. These accidental damages are wide-ranging, spanning from operational to catastrophic in terms of occurrence level, and from man-made to natural in terms of risk nature. In particular, major ports are key nodes in supply chains serving stakeholders of various roles, while shipping networks are the links among the supply chain parties. Any major accidents of ports and shipping networks would lead to significant business interruptions and losses causing damaging effects on a country’s or region’s economy. The corresponding supply chain impacts could also be substantial. Therefore, it is crucial for maritime transport providers and stakeholders in the supply chains such as government authorities, manufacturers, distributors, and inland transport providers to better understand and mitigate the accidental damage involved.

### HK Port Popular

#### Hong Kong port is key

Lam 15 [(Jasmine Siu Lee Lam School of Civil and Environmental Engineering, Nanyang Technological University, Singapore) “Special Issue on Risk Management in Port and Maritime Logistics” Elsevier Journals] AT

Efficient container port Hong Kong is the third busiest container port in the world, handling 23.1 million TEUs (20-foot equivalent units) of containers in 2012. The naturally sheltered deep-water port serves over 80 international shipping lines, with around 410 weekly sailings to about 520 destinations around the globe. Of these, about 240 are intra-Asia shipping services, which underline Hong Kong’s position as a regional hub port. Hong Kong’s nine container terminals, situated in the Kwai Chung-Tsing Yi basin, are operated round the clock by five different companies. Together, these terminals occupy 279 hectares of land and provide 24 berths, 7,694 metres of deep-water frontage and a total handling capacity of over 19 million TEUs per year. To meet the draught requirements of the new generation of ultra-large container ships, the Hong Kong Special Administrative Region (HKSAR) Government is taking forward a project to dredge the Kwai Tsing Container Basin and its approach channel from the present navigable depth of 15 metres to 17 metres. The project is expected to be completed by 2016. Hong Kong is one of the few major international ports where container terminals are financed, owned and operated by the private sector. To remain at the forefront of the industry and meet growing demand, the terminal operators frequently upgrade their equipment and systems to enhance efficiency. A quay crane here can perform 36 to 40 moves per hour and the average turnaround time for container vessels at berth is estimated to be 10 hours. The operators also attach priority to pursuing green initiatives such as converting their diesel rubber-tyre gantry cranes to electric or hybrid machines. Apart from the container terminals, the port features a variety of cargohandling facilities, ranging from a River Trade Terminal for intra-Pearl River Delta connections, to mid-stream sites and public cargo working areas on the waterfront. They together meet the requirements of visiting vessels of various sizes and types

### Asian Integration Impact

#### Hong Kong’s port is key to Asian integration

Galpin 13 [(Simon, Director-General of Investment Promotion, Invest Hong Kong) “Trade facilitation at work in Hong Kong” Trade Forum December 01] AT

Hong Kong is a full member of the WTO and home to the largest community of shipping, freight forwarding and logistics providers in Asia. The city has one of the world’s busiest container ports, with nine terminals and 24 berths supporting a multitude of practical and reliable multi-modal logistics solutions. Warehouse and distribution centres are springing up close to Hong Kong’s container ports, with easy road connections to the international airport and via major highways to Mainland China. Round-the-clock border crossings and one-stop customs clearance allow for the efficient transfer of goods to and from Mainland China. The introduction of key trade facilitation measures has further increased efficiency: an electronic cargo clearance platform, an improved customs clearance scheme, as well as the Hong Kong Authorised Economic Operator (AEO) programme, a customs-to-business partnership to enhance international supply chain security and facilitate the movement of legitimate goods. From the trade perspective, finance is paramount to this activity. Hong Kong is home to 71 of the world’s 100 largest banks. Many of them provide trade finance, and the environment for this is competitive, with multiple institutions providing complete trade finance solutions, including import and export loans, cash advances, finance for open account trading, packing credit, export documentary credit negotiation and export finance. In short, comprehensive solutions that allow small and medium-sized enterprises to capitalize on new business opportunities and negotiate better deals with suppliers. FACILITATING INTRA-ASIAN TRADE The impact on intra-regional trade has been significant. As strong, stable growth in the West has subsided, regional markets in Asia have become more attractive, highlighting the importance of enhanced integration. Currently, more than half of world trade takes place between members of regional trade agreements, and Asia is no exception. South-East Asia is shoring up its economic integration efforts through the Association of Southeast Asian Nations (ASEAN) Economic Community for 2015. Hong Kong is keen to be part of this trade and economic growth. A free trade deal between the city and ASEAN is planned to be concluded by early next year. ASEAN as a bloc accounted for about 10.2% of Hong Kong’s total trade in 2011, surpassing trade with the European Union. Hong Kong is also an important entry port of trade between Mainland China and ASEAN, with average annual growth for re-export trade reaching 12% in 2011. Hong Kong’s appeal for trade is multiple: as well as its position as a dynamic city with strong growth prospects, as China’s global financial centre and as an international asset management, shipping and trade centre, it is also a gateway to opportunities in Mainland China, a regional base for expansion across Asia and the first stepping stone for Mainland Chinese companies going global.

#### Regional integration solves energy crisis and war

Ahmed 5 [(Sadiq, senior manager for the World Bank's South Asia region) “South Asia’s Growth and Regional Integration”] AT

History shows that a successful regional integration is often preceded by global integration. But regional integration also provides opportunities to make progress in areas that otherwise would not take place in the absence of regional cooperation. Some of these opportunities include addressing the problems of energy shortage, relaxing the mobility constraints for lagging and landlocked regions, overcoming high transaction cost due to poor trade facilitation across regions, and reaping the positive benefits emerging from reputation effects/political risk premium/peace dividend through regional cooperation. The gains from these opportunities can contribute to higher sustained growth. Importantly, better economic cooperation can lead to better political relations thereby reducing conflicts and associated social and economic costs. Regional cooperation can play an important role in addressing the problem of energy needs in the region. Energy endowments differ among the South Asian countries, but energy trade in the region is low. Only India, Bhutan, and Nepal currently trade in electricity. Bangladesh is endowed with natural gas reserves, but gas trade is constrained by the region’s inadequate infrastructure and political misconceptions. Pakistan and Afghanistan can play an important role as transit states for the rest of South Asia, as they provide the best route for access to Central Asia’s energy. Regional cooperation, along with national initiatives, could play a useful role in ensuring that no region/country in South Asia is left behind. Rising inequality across regions and within countries is becoming a concern to the policymakers as rising inequality is a threat to the region’s growth and stability. Several lagging regions in South Asia are border economies. They suffer from the disabilities typically associated with landlocked countries or geographical isolation. Examples include north-east India, South Asia’s Growth and Regional Integration 7 north-west Pakistan, northern Bangladesh, and parts of Nepal and Afghanistan. Typically, these subregions have poor connectivity with the markets within the country and with the neighbouring countries. Regional cooperation on transport and trade facilitation can transform these landlocked regions into land-linked regions. There are other areas where the region can benefit through cooperation. These include tourism, education, health, and professional services, where the risk of trade diversion is low. In conclusion, provided external protection is further reduced globally, regional integration could play a beneficial role in allowing the South Asian countries to gain from geographical proximity, improved transport and trade facilitation, improved management of cross-border resources (for example, energy and water), and reduced conflict and friction.

#### Asian conflict goes nuclear

C. Raja Mohan 13, distinguished fellow at the Observer Research Foundation in New Delhi, March 2013, Emerging Geopolitical Trends and Security in the Association of Southeast Asian Nations, the People’s Republic of China, and India (ACI) Region,” background paper for the Asian Development Bank Institute study on the Role of Key Emerging Economies

Three broad types of conventional conflict confront Asia. The first is the prospect of war between great powers. Until a rising PRC grabbed the attention of the region, there had been little fear of great power rivalry in the region. The fact that all major powers interested in Asia are armed with nuclear weapons, and the fact that there is growing economic interdependence between them, has led many to argue that great power conflict is not likely to occur. Economic interdependence, as historians might say by citing the experience of the First World War, is not a guarantee for peace in Asia. Europe saw great power conflict despite growing interdependence in the first half of the 20th century. Nuclear weapons are surely a larger inhibitor of great power wars. Yet we have seen military tensions build up between the PRC and the US in the waters of the Western Pacific in recent years. The contradiction between the PRC’s efforts to limit and constrain the presence of other powers in its maritime periphery and the US commitment to maintain a presence in the Western Pacific is real and can only deepen over time.29 We also know from the Cold War that while nuclear weapons did help to reduce the impulses for a conventional war between great powers, they did not prevent geopolitical competition. Great power rivalry expressed itself in two other forms of conflict during the Cold War: inter-state wars and intra-state conflict. If the outcomes in these conflicts are seen as threatening to one or other great power, they are likely to influence the outcome. This can be done either through support for one of the parties in the inter-state conflicts or civil wars. When a great power decides to become directly involved in a conflict the stakes are often very high. In the coming years, it is possible to envisage conflicts of all these types in the ACI region. ¶ Asia has barely begun the work of creating an institutional framework to resolve regional security challenges. Asia has traditionally been averse to involving the United Nations (UN) in regional security arrangements. Major powers like the PRC and India are not interested in “internationalizing” their security problems—whether Tibet; Taipei,China; the South China Sea; or Kashmir—and give other powers a handle. Even lesser powers have had a tradition of rejecting UN interference in their conflicts. North Korea, for example, prefers dealing with the United States directly rather than resolve its nuclear issues through the International Atomic Energy Agency and the UN. Since its founding, the involvement of the UN in regional security problems has been rare and occasional.¶ The burden of securing Asia, then, falls squarely on the region itself. There are three broad ways in which a security system in Asia might evolve: collective security, a concert of major powers, and a balance of power system.30 Collective security involves a system where all stand for one and each stands for all, in the event of an aggression. While collective security systems are the best in a normative sense, achieving them in the real world has always been difficult. A more achievable goal is “cooperative security” that seeks to develop mechanisms for reducing mutual suspicion, building confidence, promoting transparency, and mitigating if not resolving the sources of conflict. The ARF and EAS were largely conceived within this framework, but the former has disappointed while the latter has yet to demonstrate its full potential. ¶ A second, quite different, approach emphasizes the importance of power, especially military power, to deter one’s adversaries and the building of countervailing coalitions against a threatening state. A balance of power system, as many critics of the idea point out, promotes arms races, is inherently unstable, and breaks down frequently leading to systemic wars. There is growing concern in Asia that amidst the rise of Chinese military power and the perception of American decline, many large and small states are stepping up their expenditure on acquiring advanced weapons systems. Some analysts see this as a structural condition of the new Asia that must be addressed through deliberate diplomatic action. 31 A third approach involves cooperation among the great powers to act in concert to enforce a broad set of norms—falling in between the idealistic notions of collective security and the atavistic forms of balance of power. However, acting in concert involves a minimum level of understanding between the major powers. The greatest example of a concert is the one formed by major European powers in the early 18th century through the Congress of Vienna after the defeat of Napoleonic France. The problem of adapting such a system to Asia is the fact that there are many medium-sized powers who would resent any attempt by a few great powers to impose order in the region.32 In the end, the system that emerges in Asia is likely to have elements of all the three models. In the interim, though, there are substantive disputes on the geographic scope and the normative basis for a future security order in Asia.

## China Economy Adv

### 1AC

#### Hong kong growth boosts China’s economy

Economist 14 [(global economic news source) Why Hong Kong remains vital to China’s economy, Economist 9-30-2014] AT

AS PROTESTS grip Hong Kong and worries mount about how China might respond, one of the most unsettling questions for the city’s residents is whether its fate matters much to the rest of the country. Hong Kong has long served as the bridge between China and the world, conveying trade and investment flows both ways. That role has diminished in recent years as China has opened its borders and plugged itself directly into the global economy. Hong Kong's leaders warn that the current unrest will only result in Chinese businesses bypassing it even more. Judging by size, they have a point: Hong Kong is clearly less important than in the past. Its GDP has shrunk from 16% of China’s in 1997, the year it was returned to Chinese control, to 3% today. That has led many inside China and abroad to conclude that Hong Kong is fading towards economic irrelevance. Is it? Not so fast. The focus on size alone is too simplistic. With China’s development over the past two decades, growth has spread around the country—no one city can dominate GDP when there are now nearly 200 cities with populations of more than 1m people and rapidly rising incomes. But in the financial sphere Hong Kong has remained indispensable to China. And in several dimensions its position has actually been consolidated, not eroded, in recent years. Hong Kong has proved to be more reliable than the mainland as a source of equity financing. Since 2012, Chinese companies have raised $43 billion in initial public offerings in the Hong Kong market, versus just $25 billion on mainland exchanges, according to Dealogic. More than anywhere else in the world, Hong Kong has also provided Chinese companies with access to global capital markets for bond and loan financing. What’s more, Hong Kong is the key hub for investment in and out of China. It accounted for two-thirds of foreign direct investment into China last year, up from 30% in 2005. Although much of this money is simply passing through Hong Kong, foreign companies also use the city as their staging post for investing in China as it offers them something that no mainland city does: a stable investment environment, protected by fair, transparent courts that enforce long-established rule of law. And it is not just foreign companies and investors that turn to Hong Kong. Over the past five years, the Chinese government has made the city a testing ground for a range of financial reforms: the yuan’s path towards acceptance as a global currency began in Hong Kong in 2009 with an experiment in trade settlement; Hong Kong is also home to the biggest “dim sum” bond market—yuan-denominated debt that is issued overseas; and a soon-to-be-launched programme that will for the first time allow any foreign investor to buy China-listed shares will be conducted via the Hong Kong stock exchange. Hong Kong has been only too willing to host these experiments believing, rightly, that they are crucial to its survival as a thriving financial centre. In short, China has benefited greatly from Hong Kong’s unique status. It is a city that is sealed off from the mainland but closely connected to it; a territory that is fully integrated into the global economy but ultimately controlled by the Communist Party in Beijing. Even with its unique status, however, there is no question where the balance of power lies in Hong Kong’s relationship with China: about half of Hong Kong’s exports end up in China; one-fifth of its bank assets are loans to Chinese customers; and tourism and retail spending, mostly from China, account for 10% of Hong Kong's GDP. In the opposite direction, the Chinese economy’s direct exposure to Hong Kong is vanishingly small. But it would be a grave mistake to conclude that Hong Kong therefore does not matter to China. If China were to do anything that jeopardised their special relationship, Hong Kong would suffer most; but China would also pay a heavy price.

#### Chinese growth key to avert nuclear war

Yee 2 [Herbert Yee, Professor of Politics and International Relations at the Hong Kong Baptist University, and Ian Storey, Lecturer in Defence Studies at Deakin University, 2002 “The China Threat: Perceptions, Myths and Reality, RoutledgeCurzon, pg 5]

The fourth factor contributing to the perception of a China threat is the fear of political and economic collapse in the PRC, resulting in territorial fragmentation, civil war and waves of refugees pouring into neighbouring countries. Naturally, any or all of these scenarios would have a profoundly negative impact on regional stability. Today the Chinese leadership faces a raft of internal problems, including the increasing political demands of its citizens, a growing population, a shortage of natural resources and a deterioration in the natural environment caused by rapid industrialisation and pollution. These problems are putting a strain on the central government's ability to govern effectively. Political disintegration or a Chinese civil war might result in millions of Chinese refugees seeking asylum in neighbouring countries. Such an unprecedented exodus of refugees from a collapsed PRC would no doubt put a severe strain on the limited resources of China's neighbours. A fragmented China could also result in another nightmare scenario - nuclear weapons falling into the hands of irresponsible local provincial leaders or warlords.'2 From this perspective, a disintegrating China would also pose a threat to its neighbours and the world.

### China Econ K2 Democracy

#### Growth is key to solve Chinese social unrest

Shirk 7, director of the University of California system-wide Institute on Global Conflict and Cooperation and Ho Miu Lam professor of China and Pacific Relations at IR/PS and Deputy Assistant Secretary of State in the Bureau of East Asia and Pacific Affairs (Susan, Fragile China, pg 69)

By sustaining high rates of economic growth, China's leaders create new jobs and limit the number of unemployed workers who might go to the barricades. Binding the public to the Party through nationalism also helps preempt opposition. The trick is to find a foreign policy approach that can achieve both these vital objectives simultaneously.

#### That causes democratic reforms which snowball into full democracy

Waldron 4 Senior Fellow of Foreign Policy Research Institute and the Lauder Professor of International Relations at the University of Pennsylvani (Arthur Spring, “Democratization and Greater China: How Would Democracy Change China?” Orbis, [www.fpri.org/orbis/4802/waldron.democracychangechina.pdf](http://www.fpri.org/orbis/4802/waldron.democracychangechina.pdf%22%20%5Ct%20%22_blank))

More surprisingly, Hu has at least paid lip service to democracy for the citizenry as well. On the eve of National Day, October 1, he made a speech that asserted: ‘‘We must enrich the forms of democracy, make democratic procedures complete, expand citizens’ orderly political participation and ensure that the people can exercise democratic elections, democratic decision making, democratic administration, and democratic scrutiny.’’18 Why is Hu saying this? Other Chinese have been forthright in their demands that their country adopt what journalists still often refer to as Western-style democracy—even though Japan, India, South Korea, Taiwan, the Philippines, and other Asian states have democratic lineages in many cases far longer than many of the West’s ‘‘new democracies.’’ Thus, on the eve of a Party meeting called for mid-October to discuss amending the constitution, the respected Beijing constitutional scholar and economist Cao Siyuan published China’s Constitution Revision—Protect Everyone’s Legal Rights, which he sent to every member of the Politburo. In it he advocates immediate steps to discard Marxist rhetoric, give priority to citizens’ rights, and enforce the presumption of innocence in court proceedings. He urges holding direct elections at all levels, empowering local and provincial legislatures, privatizing the media, and guaranteeing freedom of speech, press, and religion.19 The immediate official response to these suggestions was to place Cao under 24-hour security police surveillance (now lifted). Almost simultaneously with Cao’s calls came news that an experimental, directly elected community council may be envisaged for a Beijing neighborhood.20 Reporters did not expect a dramatic democratic breakthrough, but was this a straw in the wind? This is not to suggest that the Communist Party has changed its colors and is preparing to lead China through a transformation to democracy. But evidently the issue is alive in China and the Party is attempting to deal with it. Almost inevitably, that will lead to experiments in limited opening—and those, as we saw in the late 1980s and early 1990s, usually lead to far greater changes than their authors envisage. The reason that the Party is playing with democratic fire is simple: popular pressure, at home and from the Chinese diaspora, and the knowledge within the political class that whoever succeeds in channeling into democratic institutions the aspirations and free-floating resentments of today’s China will emerge as a winner.

### A2 China Decline US Heg

#### No Asia heg – multiple barriers

Chellaney 12—Brahma Chellaney, Professor of Strategic Studies at the New Delhi-based Center for Policy Research, is the author of *Asian Juggernaut* and *Water: Asia’s New Battleground*. [May 1, 2012, “The Resistible Rise of Asia?” Project Syndicate, http://www.project-syndicate.org/commentary/the-resistible-rise-of-asia-]

NEW DELHI – A favorite theme in international debate nowadays is whether Asia’s rise signifies the West’s decline. But the current focus on economic malaise in Europe and the United States is distracting attention from the many serious challenges that call into question Asia’s continued success. To be sure, today’s ongoing global power shifts are primarily linked to Asia’s phenomenal economic rise, the speed and scale of which have no parallel in world history. With the world’s fastest-growing economies, fastest-rising military expenditures, fiercest resource competition, and most serious hot spots, Asia obviously holds the key to the future global order. But Asia faces major constraints. It must cope with entrenched territorial and maritime disputes, such as in the South China Sea; harmful historical legacies that weigh down its most important interstate relationships; increasingly fervent nationalism; growing religious extremism; and sharpening competition over water and energy. Moreover, Asia’s political integration badly lags behind its economic integration, and, to compound matters, it has no security framework. Regional consultation mechanisms remain weak. Differences persist over whether a security architecture or community should extend across Asia, or be confined to an ill-defined “East Asia.” One central concern is that, unlike Europe’s bloody wars of the first half of the twentieth century, which made war there unthinkable today, the wars in Asia in the second half of the twentieth century only accentuated bitter rivalries. Several interstate wars have been fought in Asia since 1950, when both the Korean War and the annexation of Tibet started, without resolving the underlying Asian disputes. To take the most significant example, China staged military interventions even when it was poor and internally troubled. A 2010 Pentagon report cites Chinese military preemption in 1950, 1962, 1969, and 1979 in the name of strategic defense. There was also China’s seizure of the Paracel Islands from Vietnam in 1974, and the 1995 occupation of Mischief Reef in the Spratly Islands, amid protests by the Philippines. This history helps to explain why China’s rapidly growing military power raises important concerns in Asia today. Indeed, not since Japan rose to world-power status during the reign of the Meiji Emperor (1867-1912) has another non-Western power emerged with such potential to shape the global order. But there is an important difference: Japan’s rise was accompanied by the other Asian civilizations’ decline. After all, by the nineteenth century, Europeans had colonized much of Asia, leaving in place no Asian power that could rein in Japan. Today, China is rising alongside other important Asian countries, including South Korea, Vietnam, India, and Indonesia. Although China now has displaced Japan as the world’s second largest economy, Japan will remain a strong power for the foreseeable future. On a per capita basis, Japan remains nine times richer than China, and it possesses Asia’s largest naval fleet and its most advanced high-tech industries. When Japan emerged as a world power, imperial conquest followed, whereas a rising China’s expansionist impulses are, to some extent, checked by other Asian powers. Militarily, China is in no position to grab the territories that it covets. But its defense spending has grown almost twice as fast as its GDP. And, by picking territorial fights with its neighbors and pursuing a muscular foreign policy, China’s leaders are compelling other Asian states to work more closely with the US and each other. In fact, China seems to be on the same path that made Japan an aggressive, militaristic state, with tragic consequences for the region – and for Japan. The Meiji Restoration created a powerful military under the slogan “Enrich the country and strengthen the military.” The military eventually became so strong that it could dictate terms to the civilian government. The same could unfold in China, where the Communist Party is increasingly beholden to the military for retaining its monopoly on power. More broadly, Asia’s power dynamics are likely to remain fluid, with new or shifting alliances and strengthened military capabilities continuing to challenge regional stability. For example, as China, India, and Japan maneuver for strategic advantage, they are transforming their mutual relations in a way that portends closer strategic engagement between India and Japan, and sharper competition between them and China. The future will not belong to Asia merely because it is the world’s largest, most populous, and fastest-developing continent. Size is not necessarily an asset. Historically, small, strategically oriented states have wielded global power. In fact, with far fewer people, Asia would have a better balance between population size and available natural resources, including water, food, and energy. In China, for example, water scarcity has been officially estimated to cost roughly $28 billion in annual industrial output, even though China, unlike several other Asian economies, including India, South Korea, and Singapore, is not listed by the United Nations as a country facing water stress. In addition to its growing political and natural-resource challenges, Asia has made the mistake of overemphasizing GDP growth to the exclusion of other indices of development. As a result, Asia is becoming more unequal, corruption is spreading, domestic discontent is rising, and environmental degradation is becoming a serious problem. Worse, while many Asian states have embraced the West’s economic values, they reject its political values. So make no mistake. Asia’s challenges are graver than those facing Europe, which embodies comprehensive development more than any other part of the world. Despite China’s aura of inevitability, it is far from certain that Asia, with its pressing internal challenges, will be able to spearhead global growth and shape a new world order.

#### No China heg – dollar is world’s reserve currency

Skidelsky 12—Robert Skidelsky, Professor Emeritus of Political Economy at Warwick University and a fellow of the British Academy in both history and economics, is a working member of the British House of Lords. [May 21, 2012, “Why China Won’t Rule,” Project Syndicate, http://www.project-syndicate.org/commentary/why-china-won-t-rule]

Moreover, to be a world economic power, China requires a currency in which foreigners want to invest. That means introducing full convertibility and creating a deep and liquid financial system, a stock market for raising capital, and a market rate of interest for loans. And, while China has talked of “internationalizing” the renminbi, it has done little so far. “Meanwhile,” writes Chi, “the dollar is still supported by the strong US political relations with most of the world’s largest foreign-reserve-holding countries.” Japan, South Korea, Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates all shelter under the US military umbrella.

#### Chinese values make world leadership impossible

Skidelsky 12—Robert Skidelsky, Professor Emeritus of Political Economy at Warwick University and a fellow of the British Academy in both history and economics, is a working member of the British House of Lords. [May 21, 2012, “Why China Won’t Rule,” Project Syndicate, http://www.project-syndicate.org/commentary/why-china-won-t-rule]

The second problem is one of political values. China’s further “ascent” will depend on dismantling such classic communist policy icons as public-asset ownership, population control, and financial repression. The question remains how far these reforms will be allowed to go before they challenge the Communist Party’s political monopoly, guaranteed by the 1978 constitution. Two important cultural values underpin China’s political system. The first is the hierarchical and familial character of Chinese political thought. Chinese philosophers acknowledge the value of spontaneity, but within a strictly ordered world in which people know their place. As the Analects of Confucius puts it: “Let the ruler be a ruler, the subject a subject, a father a father, and a son a son.” There is also very little belief in the sanctity of human life: Buddhism holds that there is no difference between humans and animals and plants. A pledge to protect human rights was written into the Chinese constitution in 2004; but, as the recent case of the blind dissident Chen Guangcheng illustrates, this is mostly a dead letter. Similarly, private property ranks below collective property. Then there is the Confucian doctrine of the “mandate of heaven,” by which political rule is legitimized. Today, the mandate of Marxism has taken its place, but neither has any room for a mandate of the people. Ambivalence about the source of legitimate government is not only a major obstacle to democratization, but is also a potential source of political instability. These historical legacies limit the extent to which China will be able to share in global leadership, which requires some degree of compatibility between Chinese and Western values. The West claims that its values are universal, and the US and Europe will not cease pressing those values on China. It is hard to see this process going into reverse, with China starting to export its own values. China has a choice: it can either accept Western values, or it can try to carve out an East Asian sphere to insulate itself from them. The latter course would provoke conflict not only with the US, but also with other Asian powers, particularly Japan and India. China’s best possible future thus probably lies in accepting Western norms while trying to flavor them with “Chinese characteristics.” But neither choice is a scenario for China “replacing” the US. Nor, I think, is this what China wants. Its goal is respect, not dominance.

#### China can’t be a hegemon—economic and security dynamics favor the U.S.

Skidelsky 12—Robert Skidelsky, Professor Emeritus of Political Economy at Warwick University and a fellow of the British Academy in both history and economics, is a working member of the British House of Lords. [May 21, 2012, “Why China Won’t Rule,” Project Syndicate, http://www.project-syndicate.org/commentary/why-china-won-t-rule]

LONDON – Is China poised to become the world’s next superpower? This question is increasingly asked as China’s economic growth surges ahead at more than 8% a year, while the developed world remains mired in recession or near-recession. China is already the world’s second largest economy, and will be the largest in 2017. And its military spending is racing ahead of its GDP growth.

The question is reasonable enough if we don’t give it an American twist. To the American mind, there can be only one superpower, so China’s rise will automatically be at the expense of the United States. Indeed, for many in the US, China represents an existential challenge.

This is way over the top. In fact, the existence of a single superpower is highly abnormal, and was brought about only by the unexpected collapse of the Soviet Union in 1991. The normal situation is one of coexistence, sometimes peaceful sometimes warlike, between several great powers.

For example, Great Britain, whose place the US is often said to have taken, was never a “superpower” in the American sense. Despite its far-flung empire and naval supremacy, nineteenth-century Britain could never have won a war against France, Germany, or Russia without allies. Britain was, rather, a world power – one of many historical empires distinguished from lesser powers by the geographic scope of their influence and interests.

The sensible question, then, is not whether China will replace the US, but whether it will start to acquire some of the attributes of a world power, particularly a sense of responsibility for global order.

Even posed in this more modest way, the question does not admit of a clear answer. The first problem is China’s economy, so dynamic on the surface, but so rickety underneath.

The analyst Chi Lo lucidly presents a picture of macro success alongside micro failure. The huge stimulus of RMB4 trillion ($586 billion) in November 2008, mostly poured into loss-making state-owned enterprises via directed bank lending, sustained China’s growth in the face of global recession. But the price was an increasingly serious misallocation of capital, resulting in growing portfolios of bad loans, while excessive Chinese household savings have inflated real-estate bubbles. Moreover, Chi argues that the crisis of 2008 shattered China’s export-led growth model, owing to prolonged impairment of demand in the advanced countries.

China now urgently needs to rebalance its economy by shifting from public investment and exports towards public and private consumption. In the short run, some of its savings need to be invested in real assets abroad, and not just parked in US Treasuries. But, in the longer term, Chinese households’ excessive propensity to save must be reduced by developing a social safety net and consumer credit instruments.

Moreover, to be a world economic power, China requires a currency in which foreigners want to invest. That means introducing full convertibility and creating a deep and liquid financial system, a stock market for raising capital, and a market rate of interest for loans. And, while China has talked of “internationalizing” the renminbi, it has done little so far. “Meanwhile,” writes Chi, “the dollar is still supported by the strong US political relations with most of the world’s largest foreign-reserve-holding countries.” Japan, South Korea, Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates all shelter under the US military umbrella.

### China Growth Good – Trade

#### China growth encourages trade and prevents conflicts

Kenny 11—Charles Kenny is a senior fellow at the Center for Global Development, a Schwartz fellow at the New America Foundation, a senior economist on leave from the World Bank, and author [September 6, 2011, “Red Dawn,” *Foreign Policy*, http://www.foreignpolicy.com/articles/2011/09/06/red\_dawn?page=full]

But if the world is underestimating the accelerating speed of China's rise, Subramanian's analysis also suggests that we're overestimating the problems that an economically ascendant China will impose on the rest of us. The country's rise, he points out, has been intimately connected with globalization, including the expansion of trade under the World Trade Organization (WTO) umbrella as well as growing cross-border flows of finance and technology. In 1820, during the last period in which China was the world's economic heavyweight -- and a fiercely isolationist one -- exports accounted for 1 percent of global GDP and considerably less than 1 percent of China's economy. In 2008, the same statistics were 29 percent for the world and 35 percent for China. China is already a far more globally integrated economy than either Britain or the United States was in their respective heydays. In 1870, exports accounted for only 12 percent of Britain's output. In 1975, they accounted for a mere 7 percent of the U.S. economy. The same percentages for imports were 7 percent for the United States in 1975 and 25 percent for China in 2008. And the fact that much of today's trade is part of multicountry production processes for goods makes China even more bound to an open global economic system than the raw numbers would suggest. Furthermore, China will become the dominant economic power in a period where the international trading regime appears likely to have weathered the threat of a retreat behind tariff walls that doomed the last great period of globalization during the Great Depression. And it will do so as an economy still benefiting from "catch-up growth" -- the low-hanging economic fruit that China, as a poorer country, can grab by adopting innovations already widely used in richer countries -- which, because it involves exploiting technologies and processes developed in those rich countries, demands a level of openness to the world. Both of these points suggest that China will remain a fair-dealing member of the WTO out of self-interest. Certainly, it is an active one. In 2009, half of the WTO disputes filed involved China on one side or the other. Most are still working their way through the settlement process, so it is too early to say with certainty how law-abiding China will be; nonetheless, Subramanian notes that the WTO has been a powerful mechanism for controlling the bullying instincts of economic heavyweights in the past. The United States, for example, has been subject to complaints in 88 WTO disputes, leading to findings of 33 violations, and the United States has complied or is complying in 26 cases. Meanwhile, China's rise -- and the United States' concomitant decline -- is likely to increase the likelihood of the renminbi becoming a global reserve currency, a prospect that economic prognosticators have begun to consider with some seriousness since the 2008 economic crisis. But if anything, this shift -- if it happens -- is likely to mitigate some aspects of China's role in the global economy that the rest of the world finds most problematic. As Subramanian notes, China will have to develop financial markets that are deep, liquid, and open to foreigners. At the moment, the country's capital market is closed, the renminbi is undervalued and not fully convertible, and domestic financial markets are rudimentary. At the same time, there are signs that the government is responding to some of these challenges, for example by issuing 6 billion renminbi-denominated sovereign bonds to offshore investors in Hong Kong in 2009. And further steps in that direction would increase the export competitiveness of the rest of the world's goods as well as create an exciting investment opportunity for those few in the rich world still actually saving money. In short, China will be a different kind of global power because the nature of global power has changed dramatically over the past two centuries. Geographical domination is no longer necessary; today a considerable part of power does not even involve physical goods, let alone land, but rather is tied up in finance, technologies, and services. Just as the United States demonstrated in its eclipse of Britain that a sovereign empire wasn't needed to dominate the world economy, China may not need even the military strength that the United States exercised for the last 50 years to remain preeminent. And China's reliance on global trade and financial links, underpinned neither by force of arms nor sovereign control, means the newly dominant power has considerable self-interest in maintaining multilateralism. That suggests the more China embraces its role as economic heavyweight in an integrated world, the better for the rest of the world -- and perhaps in particular the United States -- in terms of national security and economic opportunity. Even for Americans who fear the rise of China, then, the best advice is to embrace the inevitable.

### Poverty UQ – HK

#### Poverty high in HK now – it’s a major problem

Tomlinson 15 [SIMON TOMLINSON. “Hong Kong's human battery hens: Claustrophobic images show how slum families squeeze their lives into the tiniest apartments.” Daily Mail UK, Feb 22 2013. <http://www.dailymail.co.uk/news/article-2282764/Hong-Kongs-human-battery-hens-Claustrophobic-images-slum-families-squeeze-lives-tiniest-apartments.html>] AJ

They are barely bigger than a toilet cubicle. Yet these depressingly cramped spaces serve as a kitchen, living room, dining room, bedroom, pantry and everything in between for their cooped-up inhabitants. Those unfortunate enough to live in these urban slums range from the elderly and unemployed to low-income families and singletons. Their location? Hong Kong. One of the richest cities in the world. These bird's-eye images have been taken by the Hong Kong-based Society for Community Organisation (SoCO) in a bid to document the plight of the city's most underprivileged people. With a land mass of 1,104sq km (426 sq mi) and a population of seven million, Hong Kong is one of the most densely populated areas in the world. As rent is so high - around HKD$90 (£8) per square foot a month - and the waiting list for public housing so long, many are forced to live in inconceivably small spaces to survive. In one picture, a family-four have to share a double bed which barely leaves them room to move. The walls are covered from floor to ceiling in shelves piled high with food, clothes, toiletries and all manner of daily essentials. On the top bunk, two youngsters, one of them asleep from exhaustion, lie next to a rucksack, school paraphernalia and a desk fan. Two others below do their best to carry on with their daily routine even though they can just about turn around. In another room, which measures just 4ft by 7ft, a man is seen fast asleep. When he wakes, there is just about enough space to swing his legs out of the bed, but beyond that the only way he can walk is out of the door. SoCO says the story is much the same for hundreds of thousands of Hong Kong's poorest people. These images were taken in the districts of Sham Shui Po, Yau Tsim Mong and Kowloon City, but it's a similar picture all 18 of the city's regions. The group's director, Ho Hei Wah, told MailOnline: 'Hong Kong is regarded as one of the richest cities in the world. However, lurking beneath this prosperity is great inequality in wealth and a forgotten group of poor people. 'Hundreds of thousands still live in caged homes and wood-partitioned cubicles, while the unemployed, new-arrived families from China and children in poverty struggle for survival. SoCO's underprivileged clients are increasing in numbers – while the city’s wealth continues to accumulate.' The city went through a period of unprecedented economic boom during the 1970s, but at the same time the then colonial government became riddled with rampant corruption. Mr Ho said there was great poverty and the underprivileged, including boat people, resettlement estate residents and squatters, were overwhelmingly high in numbers. SoCO was formed in the 1971 by a group of clergymen and other activists who foresaw the growing social injustices and campaigned to reign them in. But more than 40 years later and after the reunification with China, Mr Ho says the poorest are still being neglected by those in power. He added: 'Faced with rapid changes in society, SoCO has continuously worked together with grassroots people to fight for a reasonable livelihood by upholding the principles of "equality for everybody", "promotion of civil rights" and "implementing justice". 'Originally an underprivileged group of people has, in unison, become a stronger force to propel the reform of an unjust social system. 'We will continue to soldier on with the underprivileged and hope more people will join forces with us to safeguard human rights and the rule of law, thus enabling the development of a caring and just society.' From its earliest days as a British colony - after the First Opium War of 1839-42 - Hong Kong has served as a major centre of international trade. During the 20th Century, the population was bolstered by large numbers of refugees, mostly from China, who helped launch a new role for the region as a manufacturing hub in which 'Made in Hong Kong' goods were exported throughout the world. In recent years, as the economy of mainland China became less isolationist, Hong Kong evolved once again into a service-based economy. By the 1980s, it had became an international financial centre and joined the world's top 10 economies. It was that shift from manufacturing to knowledge-based industry that has been main driving force for the area's wealth disparity. Since 1997, when Hong Kong was handed back to China, it has operated under the principle of 'One Country, Two Systems', which has allowed the city to retain a high degree of autonomy, including its capitalist system. As such, it has done little to stem the widening gap between rich and poor. In 2007, a Hong Kong Government census showed that the number of families earning less than HK$4,000 a month had increased by 80,000, while those on more than HK$40,000 had increased by 100,000.

# Disad

## Generic Econ DA

### Aff XT vs Employment DA

#### Unemployment doesn’t turn the case.

#### [SPENDING] Extend Chan – Wage increases boost consumer spending, which grows Hong Kong’s economy without a property bubble. Outweighs – a. even if unemployment increases, the large majority of workers have more money, so there’s a net increase in consumer spending.

#### b. turns their link – increased spending gives money to hirers, so companies can afford to pay a living wage without firing workers

#### [PROTESTS] The protests will dissolve on the *perception* of state action – even if the plan hurts the economy, it’s seen as pro-social policy which solves

#### Also, the MAJORITY will have more money – even if some people are unemployed and even if the net economic effect is negative, enough people are satisfied to stop the protests

#### [INVESTORS] The Roberts evidence says the plan is a signal of stability – investors are looking for signs of change to justify investment in Hong Kong – even if it directly hurts the economy, investors can use it to justify investment, which boosts the economy. Outweighs:

#### Turns their link - investment gives more money to hirers so companies can afford to pay a living wage without firing workers

#### increased investment sends positive economic signals that increase all other economic indicators – a virtuous cycle feeds growth

#### Foreign investment builds *capital* and *institutions*, resulting in growth that’s robust to collapse

Makki 2 [(Shiva S. Makki) “Impact of Foreign Direct Investment and Trade on Economic Growth” World Bank] AT

Foreign direct investment (FDI) and trade are often seen as important catalysts for economic growth in the developing countries. FDI is an important vehicle of technology transfer from developed countries to developing countries. FDI also stimulates domestic investment and facilitates improvements in human capital and institutions in the host countries. International trade is also known to be an instrument of economic growth. Trade facilitates more efficient production of goods and services by shifting production to countries that have comparative advantage in producing them. Our analysis, based on cross sectional data of a sample of 66 developing counties over three decades, indicates that FDI and trade contribute significantly towards advancing economic growth in developing countries. We show that FDI interacts positively with trade and stimulates domestic investment. Sound macroeconomic policies and institutional stability are necessary pre-conditions for FDI-driven growth to materialize. Our results imply that lowering inflation rate, tax rates, and government consumption would promote economic growth in developing countries.

### Generic A2 Econ

#### Empirically, wage increases boost labor supply, resulting in full employment that boosts growth whereas low wages cause harmful labor shortages

Fields 94 [(Gary, School of Industrial and Labor Relations and the Department of Economics at Cornell University) “Changing Labor Market Conditions and Economic Development in Hong Kong, the Republic of Korea, Singapore, and Taiwan, China” The World Bank Economic Review, Vol. 8, No. 3 (Sep., 1994), pp. 395-414] AT

This article reaches two principal conclusions. The first is that labor market conditions continued to improve in all four economies in the 1980s at rates remarkably similar to their rates of aggregate economic growth. The second is that although wage repression was not a major factor in the growth experiences of these economies in the 1980s, the weakening of the labor movement was a significant factor in one country, the Republic of Korea, at least until 1987. Is labor market repression necessary for successful economic growth? The answer suggested by the available evidence is no. Labor market repression is not necessary, because Taiwan (China) and Hong Kong developed very nicely without labor market repression. Is labor market repression desirable? Again, no. Wage repression had such negative economic consequences in Singapore in the 1970s that it was abandoned and has not been reinstituted since. Korea's labor repression became untenable, so that in 1987 that country instituted a general political liberalization that included fundamental changes in industrial relations practices. Nonetheless, there are those who argue that wages should be held down in the future lest economic growth be stifled because of the loss of export competitive- ness. I would ask two questions of those who hold such views. First, if wages are held down, how would companies deal with the labor shortages that would be expected to result? Would economic growth be curtailed? Second, what is the point of export-led growth if working people do not benefit from it? Why achieve growth? The general labor market lesson coming from the East Asian NIES is that the entire working population can and has benefited from labor market institutions. Labor market institutions enabled employment and earnings to be pulled up rapidly, increasing demands for labor emanating from export-led growth. The records of these economies in attaining and maintaining generally full employment, improving their job mixes, raising real earnings, and lowering their rates of poverty are the envy of the rest of the developing world.

#### Expert consensus – every relevant stakeholder and expert concludes aff

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

Setting SMW at an appropriate level is vital to striking the balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, while sustaining Hong Kong’s economic growth and competitiveness. Members of the MWC are drawn from the labour sector, business sector, academia and Government. We examined and considered a multiplicity of issues and, by way of iterative analyses and in-depth discussions, built up and reached consensus through mutual understanding and respect for divergent views.

### Impact D

#### Hong Kong’s Econ is resilient

IDF 15 [(Index of Economic Freedom) “Hong Kong” Country Rankings, 2015] AT

Hong Kong’s economic freedom score is 89.6. Its overall score has declined by 0.5 point since last year, reflecting a higher level of perceived corruption that outweighs small improvements in business freedom, labor freedom, and fiscal freedom. Hong Kong continues to be the top-rated economy in the Index. Hong Kong, a global free port and financial hub, continues to thrive on the free flow of goods, services, and capital. As the economic and financial gateway to China, and with an efficient regulatory framework, low and simple taxation, and sophisticated capital markets, the territory continues to offer the most convenient platform for international companies doing business on the mainland. An impressive level of resilience has enabled it to navigate global economic swings and domestic shocks.

#### Hong Kong’s economy is resilient

He 6 [(Dong, Executive Director of the Hong Kong Monetary Authority) “The macroeconomic impact on Hong Kong of hypothetical Mainland shocks” HONG KONG MONETARY AUTHORITY QUARTERLY BULLETIN JUNE 2006] AT

To address these concerns, we use a global economic model developed by Oxford Economic Forecasting to quantify the impact on Hong Kong of a range of Mainland macroeconomic shocks. To assess Hong Kong’s resilience under unusual circumstances, the magnitudes of the shocks considered are deliberately set to be large. The simulation results show that the impacts of most of these shocks on Hong Kong are relatively modest, and pale in comparison with that experienced by Hong Kong during the Asian financial crisis. The analysis suggests that Hong Kong is able to withstand shocks of considerable magnitudes, thanks to a number of in-built sources of strength in the economy. Hong Kong’s macroeconomic resilience against Mainland shocks reflects the observation that the rest of the world is as important as the Mainland in influencing the external trade performance of Hong Kong. Also, Hong Kong’s interest rates are fundamentally anchored to those of the United States under the Linked Exchange Rate system. Last but not least, flexible labour and product markets as well as strong net asset positions of both the Government and private sectors further enhance Hong Kong’s capacity to absorb adverse shocks.

### TL A2 Employment DA

#### Turn – minimum wage incentivizes people to work and doesn’t boost unemployment

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012. SMW = statutory minimum wage] AZ

Implementing SMW during times of favourable macroeconomic conditions would help relieve the pressures on employment and corporate profits, and encourage more people to join the labour market. On the contrary, should SMW be implemented during economic slowdown, the impact on the business environment would become more pronounced and dampen labour demand further. Hence, the MWC needs to analyse the socio-economic conditions during the implementation of SMW when assessing the potential impact of the SMW rate. VI The initial SMW rate came into force on 1 May 2011 amidst a robust economy in Hong Kong with strong domestic demand, notable expansion of business activities and persistent strength in labour demand, which provided a very favourable environment for its implementation. Hong Kong remained virtually in a state of full employment over the past year or so. The labour market stayed buoyant on the back of flourishing business activities, thereby cushioning considerably the pressure on the labour market brought about by the initial SMW rate. The overall prices and cost pressures on enterprises were nevertheless also on a visible uptrend for most of 2011. Among the additional labour force, we saw the most prominent increases in the older age groups (aged 50 to 59, and aged 60 and above). In the second quarter of 2012, labour force of these two groups increased year-on-year by around 33 200 (or 4.2%) and 34 400 (or 17.4%) respectively. In addition, female labour force posted a notable year-on-year increase of 68 900 (or 3.9%), of which about 50% were aged 50 and above. The implementation of the initial SMW rate, together with the buoyant economic conditions, helped encourage women with family responsibilities to enter the labour market. Meanwhile, the labour force participation rates of these groups were also considerably higher than those during the same period in 2011 (Table 4.9) The number of unemployment cases of Comprehensive Social Security Assistance is an alternative indicator for the incentive to work. There was a persistent decline in the number from 29 206 in April 2011 to 25 070 in August 2012, a drop of 4 136 cases or 14.2%. The implementation of the initial SMW rate thus neither resulted in substantial job loss nor led to heavier reliance on social welfare.

#### Outweighs:

#### Uniqueness goes aff – companies are seeking workers now – the plan solves a labor shortage which boosts employment more

Timmons 13 [(Heather, reporter) “Hong Kong’s labor shortage means $140-a-day construction jobs and waiters with benefits” Quartz, Nov 19] AT

Hong Kong’s labor market is becoming a compact example of the labor problems stalking China—there are not enough people who want to fill blue- and pink-collar jobs like waiting tables, working in shops or performing manual labor. In status-conscious Hong Kong, where nearly half of employed workers define themselves as “managers,” “professionals” or “associate professionals” (pdf pg. 2), some businesses are feeling the shortage acutely. Continues Hong Kong—like mainland China only more so—is plagued by an aging population and an increasingly educated youth that are choosing office jobs over manual labor, and the shortage is only expected to get worse. The city’s total labor force will rise from 3.59 million this year to 3.71 million in 2018, then drop to 3.52 million in 2031, according to recent Census and Statistics Department projections (pdf pg. 6). That will mean 14,000 fewer people than jobs by 2018, the agency said. Hong Kong has compensated in the past where pink-collar labor was lacking by allowing hundreds of thousands of immigrants, mostly women, to live and work here as “domestic helpers.” Now other industries are clamoring to be allowed to import more labor, including, not surprisingly, the construction industry.

#### Best data – my authors aggregated four sources of data and formed expert consensus

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

To deliberate the SMW rate in an objective and balanced manner, the MWC adopted an evidence-based approach by conducting comprehensive analyses on the data and empirical evidence of surveys and research studies, examining the social, economic and employment conditions in Hong Kong, and taking full account of the views of various sectors of the community. In studying the SMW rate, we made reference to the following four sources of evidence and information. They were: (1) data and information from statistical surveys and research studies, in particular the Annual Earnings and Hours Survey (AEHS) and Annual Survey of Economic Activities (ASEA) conducted by the Census and Statistics Department (C&SD) as well as the consultancy study commissioned by the Government on Knock-on Effect of Statutory Minimum Wage on Pay Hierarchies in the Retail and Restaurant Sectors (Study on Knock-on Effect); (2) empirical data, views and information provided by stakeholders and members of the public during consultation; (3) research and studies of experience of other places; and (4) academic journals. After examining the above data and information, we conducted impact assessment on different hourly wage levels so as to recommend an appropriate SMW rate.

#### Empirics go aff

Aguadito 13 [(BSc and Master's in Econ. Former economic consultant) “Hong Kong: The not-so-free market darling of conservatives (HK port workers strike, win pay raise)” Daily Kos MAY 07, 2013] AT

At the time, "business activists" claimed this would cost Hong Kong working class thousands of jobs, but in a lesson that we can very much learn here in the US, reality played out much differently: As seen above, after the minimum wage was passed and imposed, Hong Kong's unemployment rate has steadily declined and reached full employment (amidst a worldwide financial panic too). All the consultants and officials who claimed in 2010 that this would destroy the markets were, well, downright wrong (and we have the benefit of hindsight to show us this).

#### Outweighs

#### unemployment actually DECLINED – proves any unemployment effect is so small it’s overwhelmed by market conditions; either the economy booms which overwhelms negative effects, or it falls and collapse is inevitable

#### Disproves their predictions of economic catastrophe – the SAME predictions have been made in the past and failed – don’t trust their claims

#### Extend Wong – companies restructured jobs, but the overall employment rate didn’t decline. Their studies capture micro-level job changes and don’t include the way those jobs MOVE instead of being eliminated.

#### Turn – business taxes for social services non-unique the effect, and wage increases force out less productive firms and spur innovation

Bowring 13 [PHILIP BOWRING, Hong Kong-based journalist and commentator, based in Asia for 39 years writing on regional financial and political issues. “Everyone in Hong Kong deserves a living wage.” South China Morning Post, Sunday, 15 December, 2013, 4:14am] AJ

The irony is that if incomes were better distributed, the pressure on the government to use its huge revenues for social purposes would be less. But the government itself, as the largest employer, has been a major agent in suppressing the wages of the low-skilled. Government reduction of staffing and use of contractors to provide various services took a large number of unskilled workers out of the civil service, where there are formal pay scales and a degree of collective bargaining, into a situation where they had no bargaining power at all. Needless to say, the middle to higher echelons of the civil service were not only exempt from this outsourcing but continued to enjoy higher salaries than most of their peers in the private sector. Meanwhile, at the bottom end of the pay scale, the government's undercutting of wages flowed through the whole private sector. Nor is suppression of wages just seen among the unskilled. The Lamma ferry disaster and the dock crane operators' strike have cast light on how poorly paid are many with exacting jobs and heavy responsibilities. Naturally, small businesses such as restaurants worry that big increases in wages for the likes of cleaners will make their businesses unviable. But, in most cases, rents are a bigger burden than wage increases. And no business should exist if it cannot pay a wage that provides a minimum living standard. Higher wages will kill some businesses but create new demand for others. They will also drive something badly needed in Hong Kong - higher productivity. For sure, there are labour shortages in some sectors which cannot simply be filled by increasing wages. Construction is one, given the heavy manual work involved. But mega projects like the high-speed railway were originally justified by the government for their job-creating impact. So there is scant excuse now for using any shortage as a lever for the broader relaxation of labour import demanded by the developer/contractor interests. The government itself spends a lot on supporting bureaucrats at the Productivity Council but foreigners comment on the poor productivity of Hong Kong's construction sector. Failure to focus on productivity is explained by low wage levels and the fact that corporate profits are more determined by land price inflation than by operating efficiently.

### More Empirics

#### Empirics prove no job loss or loss of growth– their doomsday claims are false

Vines 11 [Stephen Vines, “Doomsday for companies? More like business as usual,” South China Morning Post, 8/6/2011] **AZ**

When the very long debate raged over whether Hong Kong should introduce a minimum wage law, there were dire predictions over job losses, increased inflation and companies being forced to close. Recently published data shows that the impact has been minimal, and so the time has come to name and shame those doomsayers. The fact is that, since the introduction of the law in May, Hong Kong's unemployment level has remained low. The rate of 3.5 per cent for the three months ended June is unchanged from that for the quarter of the year prior to the law's introduction. Economic growth remains strong and there is zero evidence of businesses being forced to close.

#### No effect on employment – jobs actually expanded

MWC 14 [JAT Sew Tong et al (Chairperson of the Minimum Wage Commission of Hong Kong), “2014 Report of the Minimum Wage Commission,” Minimum Wage Commission] AZ

After the implementation of the revised SMW rate, the number of employees in most LPS (in particular the retail and restaurant sectors) increased. In the second quarter of 2014, the number of employees in LPS as a whole increased by 36 500 year-on-year (up by 4.3%) (Figure 4.21). As at the second quarter of 2014, the unemployment rates of different LPS still stayed at relatively low levels (Figure 4.22), whereas the figure in June to August 2014 was 0.2 percentage point above its year-ago level. The proportion of unemployed persons who were dismissed/laid off among all unemployed persons could also indicate whether enterprises had dismissed or laid off employees due to rising labour costs or operating difficulties. Since the implementation of SMW in May 2011, the proportion of unemployed persons who were dismissed/laid off among all unemployed persons showed no visible increase. The corresponding proportion for the second quarter in 2014 was 46.1%, which was lower than the annual figures in the past few years (Figure 4.23)

#### All your authors are WRONG

Vines 11 [Stephen Vines, “Doomsday for companies? More like business as usual,” South China Morning Post, 8/6/2011] **AZ**

It's hard to know where to start when recalling the misleading information about the idea, but let's get going with an opinion leaders' survey sponsored by this newspaper and published back in 2006. It showed that 41 per cent of 'top executives' were convinced that the new wage law would adversely affect the business and socio-economic environment. Miriam Lau Kin-yee, the leader of the 'pro-business' Liberal Party, confidently predicted that even at a level of HK$24 per hour (a figure the party proposed in preference to the HK$28 rate implemented), there would be 300,000 job losses. Lau's Liberal Party colleague Tommy Cheung Yu-yan, who allegedly represents the catering industry in the legislature, went further, initially warning of disaster if the wage level was above HK$20 per hour, but then had to backtrack and apologise. However, he was still able to issue this dire warning: 'There is one fear within the industry, that they would have to close down.' Maybe it's time for Cheung to issue another apology. The same can be said for the Hong Kong General Chamber of Commerce, which likes to think of itself as the voice of business. It consistently campaigned against the law and said that the 'minimum wage will inevitably affect employment in the low-paying sectors, especially the small and medium enterprises and their employees'. A slightly more nuanced view came from Duncan Abate, a partner at the law firm Mayer Brown JSM and an executive council member of the Employers' Federation of Hong Kong. 'Minimum wage is a very intrusive piece of legislation that warps the balance between supply and demand and creates unemployment,' he said. Well, he was wrong about creating unemployment, and as a lawyer he should know that Hong Kong is riddled with intrusive legislation, but most of it does not favour the lowest-paid. Meanwhile, The Economist magazine, which can be described as the defender of the laissez-faire faith, carried a long article that concluded with the words, 'a remarkable economic experiment is at an end'. It is strange that the magazine only noticed this end of an epoch when it came to employee protection, and not the mass of government regulations that preserve the monopolies of the big corporations.

### US ev not apply

#### Evidence from the US doesn’t apply

#### Hong Kong’s economy is dominated by large corporations, who can manage labor cost increases better than other countries

#### Hong Kong’s poorest workers don’t pay taxes, so income increases are not dampened by higher taxes like they are in other countries

### Market Shift

#### The market will adapt

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

In reviewing the SMW rate, we were particularly concerned about the employment situation of those who would more likely be affected by SMW. Taking lower-skilled employees as an example, when the initial SMW rate was just implemented, their unemployment rate once surged by 0.5 percentage point from 3.8% in the first quarter of 2011 to 4.3% in the second quarter. During the same period, the number of lower-skilled employees (excluding government employees and live-in domestic workers not covered by SMW) dropped by 32 000 (or 1.9%), indicating that the labour market took time to adapt when SMW was just implemented. The pace of job creation gradually accelerated thereafter, offsetting the previous loss. As at the second quarter of 2012, the number of lower-skilled employees increased notably by 54 300 (or 3.3%) year-on-year, accounting for over 60% of additional employees in Hong Kong (Table 4.6).

#### Outweighs – even a rapid shift didn’t harm employment, so the more gradual implementation of the plan through normal means allows even smoother adjustment

Muth 12 [Karl T. Muth, freelance writer and international economist, “Minimum Wages: A Policy Lever?” Global Policy Journal, <http://www.globalpolicyjournal.com/blog/15/11/2012/minimum-wages-policy-lever>, 11/15/2012] AZ

A student reading basic coursework in economics would be *led* to believe that minimum wages would be an interesting policy tool. In times when a government needed to quickly and certainly increase employment, it seems the temptation to reduce or eliminate the minimum wage would be overwhelming. Instead, this is not the case. One explanation is that minimum wages do not decrease employment (or, viewed from the opposite perspective, increase unemployment) to the extent one might expect. To examine this, many propose looking to Hong Kong, which quickly implemented a minimum wage in July of 2010 (from the first minimum wage proposals in November 2009, the final proposal moved swiftly through the legislative process). Needless to say, the entire labor market of Hong Kong did not shift instantly to correct for the coming minimum wage (switching costs in the labor market are high and ready substitutes are not always available – finding one person to do the work of two often takes training and the absorption of substantial search costs). When the minimum wage went into effect in Hong Kong, the effect on unemployment was not substantial.

### Extra Offnse

#### Turn – living wage strikes a crucial balance and encourages marginal workers to get employed

Robertson 13 [Benjamin Robertson, “Minimum wage can benefit Hong Kong, says Nobel laureate,” South China Morning Post 12/9/2013] AZ

A well-structured minimum wage can have a positive impact on Hong Kong and should be encouraged, says Nobel laureate Christopher Pissarides. In an interview with the South China Morning Post, Pissarides also warns against rising debt levels in China, drawing parallels with the troubled euro zone and his native Cyprus. "I am supportive of a minimum wage because of the encouragement that it gives to young people in particular, and older and not well-qualified people who feel they might be exploited," he says. A specialist in labour market theories, Pissarides says the challenge is to find a level that protects workers without discouraging hiring. He recommends a starting level equivalent to 40 to 45 per cent of the average wage. In the United States, the level is too low "and does not provide the security it needs to provide", while in France, at about 55 per cent of median income, it is "discouraging employers … and creating unemployment". The Hong Kong minimum wage remains a contentious issue between employers and unions since it was introduced in 2011. Originally set at HK$28 an hour, it was raised to HK$30 in May. Unions wanted HK$35. According to the Census and Statistics Department, the average monthly salary in June was HK$13,982. Assuming a 48-hour work week plus meal times, a worker earning the minimum wage would take home HK$6,240 a month - within the framework suggested by Pissarides. The hourly rate should then be "pushed up until you reach the point where you are putting at risk job creation and then leave it there", he says. Pissarides is in Hong Kong in his capacity as visiting professor at Hong Kong University of Science and Technology. He won the Nobel prize in economic sciences in 2010.

#### Outweighs

#### It cites a Nobel laureate economist – his models and analysis are more qualified and more likely to be true than an opposing claim

#### Negative effects are uncertain and contested while positive effects are clear – at worst, encouragement offsets unemployment increases, at best the link turn outweighs

#### c. confirmed by the official minimum wage commission

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

Despite the fact that the Basket of Indicators we considered has covered data from various aspects, not all impact of SMW can be reflected merely by the changes in figures. In the process of reviewing the SMW rate, we also discussed some considerations and impact that could not be totally quantified, including: (a) Enhancing employees’ quality of life: Benefitting from an increase in the SMW rate, grassroots employees can enjoy a certain level of income, thus increasing their consumption power and improving their livelihood. (b) Preserving the market’s capacity to adjust: While SMW imposes a wage floor, it also limits the flexibility of wage adjustment. If the rate is raised to an excessively high level, it would undermine the flexibility of different sectors and enterprises in coping with the changes in their respective operating environment. Preserving the market’s capacity to adjust will be conducive to the sustainable development of all sectors. (c) Enhancing incentive to work: The increase in wages induced by the implementation of the initial SMW rate, together with a buoyant labour market, encouraged more potential labour force and people with family responsibilities to enter or re-enter the labour market, and helped people who used to live on social welfare become self-reliant.

#### Reject their evidence – it’s scaremongering

CWI 10 [(China worker, Committee for a Workers’ International is a Trotskyist organisation with parties or groups in nearly 40 countries) “May Day 2010: A Living wage for all – Fight capitalism!” 29 April 2010] AT

They say businesses will close – this is scaremongering. Spokesmen for catering sector bosses claim they cannot afford a minimum wage. But wage trends are dictated mainly by the big and very profitable chains such as KFC, McDonald’s and Café de Coral (whose CEO sits on Donald Tsang’s minimum wage commission) not by small family-owned restaurants. We socialists say if any business cannot afford to pay its workers even a modest HK$33 an hour they should be taken into democratic public ownership to safeguard jobs and workers’ rights.

### MWC 12 Weighing

#### Best data – my authors aggregated four sources of data, taking into account neg studies as well

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

To deliberate the SMW rate in an objective and balanced manner, the MWC adopted an evidence-based approach by conducting comprehensive analyses on the data and empirical evidence of surveys and research studies, examining the social, economic and employment conditions in Hong Kong, and taking full account of the views of various sectors of the community. In studying the SMW rate, we made reference to the following four sources of evidence and information. They were: (1) data and information from statistical surveys and research studies, in particular the Annual Earnings and Hours Survey (AEHS) and Annual Survey of Economic Activities (ASEA) conducted by the Census and Statistics Department (C&SD) as well as the consultancy study commissioned by the Government on Knock-on Effect of Statutory Minimum Wage on Pay Hierarchies in the Retail and Restaurant Sectors (Study on Knock-on Effect); (2) empirical data, views and information provided by stakeholders and members of the public during consultation; (3) research and studies of experience of other places; and (4) academic journals. After examining the above data and information, we conducted impact assessment on different hourly wage levels so as to recommend an appropriate SMW rate.

### MWC 14 Weighing

#### Absolute best study

MWC 14 [JAT Sew Tong et al (Chairperson of the Minimum Wage Commission of Hong Kong), “2014 Report of the Minimum Wage Commission,” Minimum Wage Commission] AZ

According to the Minimum Wage Ordinance (MWO), the function of the Minimum Wage Commission (MWC) is to report its recommendation about the Statutory Minimum Wage (SMW) rate to the Chief Executive (CE) in Council. In performing its function, MWC must have regard to the need to maintain an appropriate balance between the objectives of forestalling excessively low wages and minimising the loss of low-paid jobs, and the need to sustain Hong Kong’s economic growth and competitiveness. MWC adopted an evidence-based approach in reviewing the SMW rate. Apart from making reference to the relevant statistical data, MWC also studied the findings obtained from other surveys and conducted extensive consultation to fully consider views on the review of the SMW rate from various sectors of the community. Below are the four main areas analysed and considered by MWC when reviewing the SMW rate: (a) Array of Indicators: To assess the impacts of SMW, the relevant indicators covered the socio-economic and employment conditions after the implementation of SMW in May 2011 and the revision of the SMW rate in May 2013, as well as the latest relevant data. In view of the time gap between the review of the SMW rate and the implementation of the recommended rate, MWC also conducted scenario testing based on the local economic outlook so as to adopt a more holistic approach in reviewing the SMW rate; (b) Views of stakeholders and members of the public: MWC actively solicited and gauged the views of stakeholders and members of the public on the impact of the SMW rate on society, economy and different sectors (in particular the low paying sectors (LPS), and small and medium enterprises (SMEs)) and on the review of the SMW rate; (c) Other relevant considerations: These included considerations which could not be fully covered by the Array of Indicators, but were related to the review of the SMW rate; and (d) Impact assessment: Assessments were conducted on the additional wage bills entailed by the recommended SMW rate, as well as the impact which might be brought upon employees, businesses, unemployment rate and inflation.

### Inequality Offense

#### LW increases intergenerational equality through education

Hang 14 [Leung Yuk Hang, “Good or Bad—minimum wage law,” Hong Kong Law Blog, 10/3/2014] AZ

Alleviate intergeneration poverty The problem of intergeneration poverty may be solved as the grassroot could become affordable to pay for their children’s tuition fee or extra curricular activities. With increased income, more and more children in grassroot family are able to receive better resources to develop their talent and abilities. With higher abilities, they would become more competitive and could compete with those from higher socio-economic statue on a fair basis. They are able to earn a higher income than their parents in the future and say goodbye to poverty.

#### Income rose – empirics prove

Hong Kong Council 10 [Before and After the Statutory Minimum Wage Ordinance in Hong Kong: Survey of Low-income Workers and their Families, “2010 Report on Annual Earnings and Hours Survey of the Census and Statistics Department”] AZ

Household income increased for 69.9% and individual worker’s income for 72.6% of respondents after the introduction of the minimum wage. The survey results showed that 69.9% of respondents, representing 131,125 low-income workers’ families, benefitted from an increase in household income after the minimum wage was introduced. (See Table 1or Report 3.3.1) Moreover, 72.6% of respondents reported that their monthly individual income increased after the minimum wage was introduced. (See Table 2 or Report 4.2.1, 4.2.3) These findings would indicate that the minimum wage policy has had positive impact on low-income workers and their families.

### A2 No Significant Increase

#### Past minimum wage increases have caused large decreases in poverty before inflation rose

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

1.1.1 A statutory minimum wage went into effect on 1 May 2011; the hourly wage was set at HK$28 per hour. This measure was aimed at protecting the interests of low-paid workers by providing a wage floor to avoid excessively low wages. 1.1.2. The impact of the minimum wage on poverty reduction can be gauged by comparing the number of poor working households in the third quarter of 2010 with those in the third quarter of 2011. In order to control other economic factors which may confound the impact of minimum wage, we use the 2010 figure serving as a baseline against which to compute the change in the number of working poor households after the implementation of the minimum wage. 1.1.3. Our analysis shows that the minimum wage raised the salaries of low-wage earners, but the salary increase diminished for the second and third deciles of the low-income groups most likely to benefit from the implementation of the minimum wage. In the lowest 10%, the average wage rose by 17.2%. In the second decile, with salaries between HK$5,500 and HK$7,500, the average wage grew by 9.3%. For the decile with salaries ranging from HK$7,500 to HK$8,500, the average wage grew by 6.6%. (See Table 1) 1.1.4. If inflation is considered, average salaries grew less or even declined. According to the Census & Statistics Department, the year-on-year change in the consumer price index (A) at Q3, 2011, was 7.7. After adjusting for inflation, average wage growth rates at Q3, 2011 were 9.5%, 1.6% and -1.1% for the first, second and third deciles of salary groups (See Table 1). 1.1.5. As for its effects on poverty reduction, since the statutory minimum wage increased the income of low-paid employees, it has lifted 28.0% of low-income workers’ households out of poverty, and 28.5% of the people in these households out of poverty. (See Table 2). 1.1.6. The poverty rate among employed workers’ families in Quarter 3, 2010 was 9.2%. After the implementation of the minimum wage, this rate dropped to 6.5% in Quarter 3, 2011. Thus 163,200

persons were lifted out of poverty (See Table 2).

## Specific Econ DA

### A2 Wong [Harvard-Westlake]

#### A. This is seriously miscut – the unemployment effect they cite was in the CONTROL group, not the test group. The following paragraph proves

Wong 14 [(Hung Wong, Department of Social Work, The Chinese University of Hong Kong; Shengquan Ye, Department of Applied Social Studies, City University of Hong Kong, Kowloon, Hong Kong) “Impact of enforcing a statutory minimum wage on work and quality of life of vulnerable groups in Hong Kong” INTERNATIONAL JOURNAL OF SOCIAL WELFARE] AT

Of the 38 CSSA recipients who were working at T1, 7 (12.1%) did not work at T2. The percentage of CSSA recipients who were working increased from 65.5% at T1 to 70.7% at T2 (see Table 3). The employment effect of the minimum wage on CSSA recipients is significantly more positive than it is on the low income-control group.

#### B. Goes aff – we’re the only one citing the net effect of a minimum wage and the article conclusion – that’s the Wong evidence in the aff

### A2 Informal Markets

#### All the unemployment answers take this out. Their data is from official statistics that only measure employment in formal economies, proving that formal employment didn’t decline. That means people didn’t leave the formal sector for the informal sector. This disad is basically an employment DA.

#### Living wage drastically increases informal sector wages – wage boosts may exceed formal sector

Khamis 08 [Melanie Khamis, “Does the Minimum Wage Have a Higher Impact on the Informal than on the Formal Labor Market? Evidence from Quasi-Experiments,” IZA Working Papers, December 2008] AZ

The impact of labor laws and regulations on the informal labor market has been the focus of the literature on developing country labor markets. This paper tested empirically the hypothesis often mentioned that the minimum wage does have an impact on the informal labor market, possibly even a stronger impact on the informal than formal labor market. Exploiting quasi-experiments of minimum wage changes and applying econometric techniques, kernel density graphs and difference-in-difference estimation, employed by the minimum wage literature in the U.S. and the U.K. (Card 1992ab; Card and Krueger 1995; Stewart 2002), I found empirical support that the minimum wage and minimum wage changes have an impact on informal wages and even a higher impact on informal sector wages than formal sector wages. The difference-in-difference estimations for the 1993 minimum wage change showed a significant positive impact on informal sector wage distribution and on overall wages. These results were robust when looking at the kernel densities of a 2004 minimum wage change. Data limitations with respect to the geographical coverage did not allow an extension of the difference-in-difference estimator to the 2004 case, which only allows visual inspections of the kernel densities. This makes the Öndings for 2004 less convincing than the 1993 minimum wage analysis based on kernel densities and difference-in-difference estimates. Following up the quote in the introduction with empirical evidence, the Argentine minimum wage is more effective among those who are regarded informal sector workers than in other segments of the labor market.11 A lighthouse effect, a term employed if the minimum wage affects the wage determination in the informal sector, is found to be the case for Argentina. These results are not only interesting for the Argentine case, but also contribute to the broader debate on the view of the labor market. In the traditional view of the dual labor market by Harris and Todaro (1970) the informal sector would have experienced a wage decrease due to minimum wage increases in the formal sector. After the minimum wage increase in the formal sector, some unemployed workers of the formal sector would seek employment in the informal sector, thereby driving informal sector wages down. Yet, the results in this paper do not support this view of the labor market as an increase of informal sector wages, even stronger than formal sector wages, was estimated. The overall effect of the minimum wage was dominated by the informal sector. The dualistic model of the segmented labor markets does not seem to apply universally to developing country labor markets. The idea put forward that the minimum wage might serve as a reference wage and non-compliance with labor legislation is not practised on all levels seems to apply (Marshall 2004). Employers might pay the minimum wage but not comply with the social security registration (Marshall 2004; Kostzer 2006; Kristensen and Cunningham 2006). The other theoretical explanations for the minimum wage impact on the informal sector wage, which might involve second round impacts of the minimum wage change, might play a role.

### A2 Inflation

#### Hong Kong’s trade economy is strong and inflation is not a problem – your evidence is outdated and doesn’t take into account post-recession growth

Ma 3/2 [Wenda Ma (economist and researcher at the Hong Kong Trade Development Council), “Economic and Trade Information on Hong Kong,” 3/2/2015, http://hong-kong-economy-research.hktdc.com/business-news/article/Market-Environment/Economic-and-Trade-Information-on-Hong-Kong/etihk/en/1/1X000000/1X09OVUL.htm] AZ

For 2015, Hong Kong’s external demand is expected to be constrained by the unsteady and rather feeble global economic environment, while the domestic demand should show further growth. In the latest round of review in February, the government forecast Hong Kong’s economy to grow by 1-3% for 2015 as a whole. Local consumption demand and tourist spending weakened in 2014. The value of retail sales, in nominal terms, dropped 0.2% in 2014, after growing by 11% in 2013. Yet the labour market conditions remain tight. The seasonally adjusted unemployment rate stood at 3.3% for November 2014-January 2015, close to the lowest level in 17 years. Meanwhile, Hong Kong’s consumer prices rose 4.1% year-on-year in January 2015, after rising by 4.4% in 2014. Looking ahead, inflationary pressure should be contained in the near term, as the softening trend in global food and commodity prices should keep external price pressures in check, while local cost pressures will likely stay moderate. In 2014, a total of 60.8 million visitors, equivalent to 8.4 times of the size of Hong Kong’s local population, were recorded, with those from the Chinese mainland accounting for 78% of the total. Visitor arrivals to Hong Kong increased 12% in 2014, after rising by 11.7% in 2013, while those from the Chinese mainland saw a stronger growth of 16% in 2014, after rising by 16.7% in 2013. In 2013, total tourism expenditure associated to inbound tourism amounted to HK$332 billion, an increase of 14.8% from the previous year. The four pillar economic sectors of Hong Kong are: trading and logistics (23.9% of GDP in terms of value-added in 2013), tourism (5%), financial services (16.5%), and professional services and other producer services (12.4%). On the other hand, the six industries which Hong Kong has clear advantages for further development are cultural and creative, medical services, education services, innovation and technology, testing and certification services and environmental industries, which together accounted for 9.1% of GDP in terms of value-added in 2013.

#### Wages are not the MAJOR driver of growth – main drivers are food and housing, so the plan isn’t enough to trigger the impact. That’s Cautherly

#### Businesses are able to absorb the cost so there’s no consistent impact on overall inflation

#### Minimum wage increases productivity and competitiveness – solves inflation

Mayneris et al 14 [Sandra Poncet, Florian Mayneris, Tao Zhang, “The Cleansing Effect of Minimum Wage: Minimum Wage Rules, Firm Dynamics and Aggregate Productivity in China, ” CEPII (Centre d’Etudes Prospectives et d’Informations Internationales), September 2014] AZ

We study how the 2004 reform of minimum wage rules in China has affected the survival, average wage, employment and productivity of local firms. To identify the causal effect of minimum wage growth, we use firm-level data for more than 160,000 manufacturing firms active in 2003 and complement the triple difference estimates with an IV strategy that builds on the institutional features of the 2004 reform. We find that the increase in city-level minimum wages resulted in lower survival probability for firms that were the most exposed to the reform. For surviving firms, wage costs increased without negative repercussions on employment. The main explanation for this finding is that productivity significantly improved, allowing firms to absorb the cost shock without hurting their employment nor their profitability. At the city-level, our results show that higher minimum wages fostered aggregate productivity growth thanks to productivity improvements of incumbent firms and net entry of more productive ones. Hence, in a fast-growing economy like China, there is a cleansing effect of labor market standards. Minimum wage growth allows more productive firms to replace the least productive ones and forces incumbent firms to strengthen their competitiveness, these two mechanisms boosting the aggregate efficiency of the economy.

### A2 Benefits Cut

#### No consistent effect on benefits

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

There were views that while increasing their employees’ wages, some employers might also restructure the remuneration packages such as reducing year-end bonus, on-the-job training, paid rest days or paid meal breaks after the implementation of SMW to mitigate the rise in labour costs. The findings of AEHS nevertheless showed that the overall picture of whether full-time employees were entitled to meal benefits and year-end payment/bonus in May to June 2011 was largely similar to that in April to June 2010. In May to June 2011, 9.7% of full-time employees were entitled to meal benefits only (9.6% in 2010); 23.9% were entitled to year-end payment/bonus only (25.4% in 2010); and 2.2% were entitled to both (2.4% in 2010). The changes in the retail sector were however more noticeable: the proportion of full-time employees entitled to at least one or both of these benefits dropped from 35.3% in April to June 2010 to 25.5% in May to June 2011. 4.27 Before the implementation of the Minimum Wage Ordinance (MWO), many employers and employees, in particular small and medium enterprises (SMEs) and monthly-paid employees, did not have clear concept and agreement on whether rest day or meal break should be paid or not. The relevant records might not be readily available as well. The 2010 AEHS hence could not gauge the information on whether employees were entitled to paid rest days and/or paid meal breaks. According to the findings of 2011 AEHS conducted after the implementation of SMW, 25.8% of full-time employees in all sectors were entitled to paid rest day(s) only; 10.9% were entitled to paid meal break(s) only; and 47.0% were entitled to both(5). As compared with the overall figure for all sectors, the proportion of full-time employees having paid rest day(s) only was lower (18.6%) in LPS as a whole; but the proportion of full-time employees having paid meal break(s) only was higher (20.5%), while 38.4% had both.

### A2 Targeting Effect

#### Doesn’t apply to Hong Kong – minimum wage workers typically have to support a large household

Sayer 10 [John Sayer, Director General of Oxfam Hong Kong, “Analysis: Policy address must stress on poverty alleviation,” Oxfam, 10/26/2010, http://www.oxfam.org.hk/en/policyaddresspoverty.aspx] AZ

Chief Executive Donald Tsang Yam-kuen’s efforts to address poverty issues in his policy address are welcome. He has acknowledged that the government has a responsibility to reduce the wealth gap in Hong Kong and assist those who struggle to get by even in the midst of our city’s prosperity. Yet his proposals are at best short-term band-aid solutions to long-term endemic problems. Introducing a minimum wage is a necessary step to ease the plight of workers at the bottom of the wage scale. However, the government has not yet set the minimum wage level, nor has it acknowledged the need to set a rate that will provide adequately for workers’ families. Oxfam Hong Kong recently conducted a study which showed that, among nearly 200,000 poor households with at least one working member, over 64 percent included children or elderly family members. Every employed person in these poor households has to support two family members in addition to himself or herself. The government should take this into account in setting a reasonable minimum wage.

### A2 Fewer Startups

#### No change in entrepreneurship – empirics

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

There were views that additional operating costs induced by SMW might on one hand have weakened the incentive for business start-up, and caused less competitive enterprises to gain less profit, or even incur losses and close down their businesses on the other. Whether these scenarios took place could be reflected by changes in the numbers of establishments, business registrations, and bankruptcy and winding-up petitions. 4.39 As shown in Table 4.5, there were increases in the numbers of establishments in all sectors as well as in LPS after the implementation of the initial SMW rate. As at June 2012, the number of establishments rose to a record high of 349 645 (or a year-on-year increase of 1.7%). Hence, the implementation of the initial SMW rate did not seem to have significant adverse impact on entrepreneurship.

### A2 Foreign Workers

#### No link – minimum wage increases haven’t applied to foreign domestic workers, it’s normal means

CHK 14 [Hong Kong news source “Minimum salary for Hong Kong’s foreign domestic workers increases, but by a pitiful amount” October 1, 2014] AT

One such example that has gone by largely unnoticed is yesterday’s announcement of the Labour Department’s refusal to grant the city’s 300,000 or so foreign domestic helpers the tiny HKD400 monthly salary increase they asked for. They’re going to get HKD100 extra instead. The Minimum Allowable Wage for foreign domestic helpers has therefore gone up from HKD4,010 to HKD4,110 a month, an increase of 2.5 percent. That percentage doesn’t sound half bad actually, but that’s not exactly hard when you’re dealing with such small numbers in the first place.

### A2 Decrease in working hours

#### The decrease in average working hours is slight while working hours increase for the most vulnerable

Wong 14 [(Hung Wong, Department of Social Work, The Chinese University of Hong Kong; Shengquan Ye, Department of Applied Social Studies, City University of Hong Kong, Kowloon, Hong Kong) “Impact of enforcing a statutory minimum wage on work and quality of life of vulnerable groups in Hong Kong” INTERNATIONAL JOURNAL OF SOCIAL WELFARE]

Interestingly, the report showed a slight decrease in the weekly working hours by 0.4 per cent 1 year after the SMW. However, our study reveals a significant increase in the weekly working hours among the vulnerable groups. This finding suggests that the employers of individuals belonging to vulnerable groups tend to adopt a different management strategy in response to the SMW by requiring the employees to work for a longer time. An additional finding from our study is that the social relations domain of QoL decreased dramatically for those who worked for more than 18 hours before the legislation. This group of people remained working for long hours after the legislation (see Figure 4). Further analyses revealed that the decrease in the social rela- tions domain of QoL took place mainly among the newly arrived women and low-income workers, but not among the CSSA recipients who worked for much fewer hours than did the former two groups. The find- ings raise the concern as to whether long working hours make it difficult for people to maintain their relation- ships with family and friends. Interestingly, working hours did not correlate with the physical health and social relations domains of QoL, but correlated positively with the other two domains, which is a departure from previous findings (e.g., Verbakel & DiPrete, 2008). A possible reason is that the longer working hours may contribute to QoL through increasing monthly income. This explanation gains support from the findings based on partial corre- lation analysis which revealed that the correlation between working hours and the two domains of QoL became non-significant when monthly income was con- trolled. To further understand the impact of the SMW on the life of vulnerable groups, future research should examine how working hours and monthly income can affect the interaction and daily living of the families more specifically.

#### Outweighs

#### it moves the most vulnerable off the brink so they can buy non-essential goods and contribute more to the economy; working hours decrease for the wealthy doesn’t significantly reduce their spending

#### The average decrease is small, whereas the increase for the most vulnerable is much larger – slight pay reductions don’t significantly change spending habits and won’t harm the overall economy as much as larger changes, even if they apply to more people

#### No change in workers’ hours

MWC 14 [JAT Sew Tong et al (Chairperson of the Minimum Wage Commission of Hong Kong), “2014 Report of the Minimum Wage Commission,” Minimum Wage Commission] AZ

There were views that as SMW had pushed up labour costs, enterprises might reduce the working hours of the relevant employees to alleviate such cost pressure. According to the data from AEHS, the year-on-year change in the median weekly working hours of lower-skilled full-time employees in most LPS in May to June 2013 was not notable (Table 4.7). More visible decreases were recorded only in security services (down by 4.5%), food processing and production (down by 4.1%), and laundry and dry cleaning services (down by 3.5%). More recent findings from GHS showed that the average weekly working hours of lower-skilled full-time employees (excluding government employees and live-in domestic workers) in the second quarter of 2014 were 46.5 hours (14), similar to its year-ago level. To this end, the uprating of SMW in 2013 did not bring about significant impact on the working hours of lower-skilled full-time employees. 4.50 The 2013 Study on Knock-on Effect also showed that the contractual monthly working hours of most of the matched target employees in the retail and restaurant sectors remained unchanged in September 2013 over a year earlier. Only 3.1% and 1.8% of the matched target employees in these two sectors respectively had their contractual working hours slashed, suggesting that the revised SMW rate did not substantially affect working hours. Also, the monthly wages of most of these employees either increased or remained unchanged.

### A2 Competitiveness

#### The impact is small at best

Yip 13 [(Paul, professor of social work and social administration at the University of Hong Kong) “In fight against poverty, Hong Kong needs basic respect for workers” south china morning post 09 October, 2013] AT

Certainly, we can understand business concerns that high labour costs would make Hong Kong less competitive. However, that shouldn't stop successful firms contributing 1 or 2 percentage points of their annual profits to employees. This would have a limited impact on shareholders and their own riches. And I'm sure there would be lots of happier faces. Furthermore, the government and non-governmental organisations should provide additional security for the community, especially young people, by creating more long-term, permanent positions. The government's use of subcontractors is one factor creating the working poor in our community. On the surface, officials may save some money, but what about the social costs? Reducing poverty requires a collective community effort. Yes, we need good government policies. But socially responsible companies and a hard-working, intelligent labour force are crucial components as well. We don't have to follow the example of the welfare states of Western Europe. However, the basics of respecting workers, paying them a decent salary and being committed to building a harmonious society should not be any different. We might take a different route, but we should be aiming to achieve the same thing.

#### Turn – the minimum wage means only the most resilient industries survive, which increases Hong Kong competitiveness

Sharif 11 [(Naubahar Sharif, Division of Social Science, The Hong Kong University of Science and Technology; Can Huang, United Nations University-MERIT and Maastricht University) “Innovation strategy, firm survival and relocation: The case of Hong Kong-owned manufacturing in Guangdong Province, China” Research Policy Jun 18, 2011] AT

The most damaging of these policies for manufacturers—for instance the introduction of a minimum wage—are applicable to the whole of Guangdong Province, en bloc, where the minimum wage has risen by an average of 18.6% since 1 March 2011.7 Another example of a policy applicable to all of Guangdong Province is the imposition of stringent pollution control requirements on manufacturing plants across the entire province. (Given these challenging province-wide business conditions we did not, in our study, investigate the relocation of Hong Kong-owned manufacturing firms between cities within Guangdong. This may be regarded as a methodological limitation of our paper insofar as we do not study or compare microeconomic environments across cities within Guangdong—that would have required a very different data-gathering methodology, applied at the city level. Therefore, within-province variation across cities cannot be addressed in this study.) These challenges have squeezed thousands of firms operating in labor-intensive, highly polluting industries, most of which have been and continue to be run by Hong Kong-based entrepreneurs. The prevailing sentiment, as expressed by leaders of Hong Kong’s manufacturing associations, is that the substantial costs associated with relocation as well as increased operating costs in the new region effectively mean that relocation out of Guangdong is a suboptimal choice. Our survey data confirm the view that rising cost is the primary reason for a firm’s decision not to stay in Guangdong, while attractive conditions in other locations or business expansion are the least important reasons (Fig. 1). Unless Hong Kong-owned manufacturing firms can develop new strategies—and move up the value chain—they will find it difficult to survive in Guangdong, dramatically undermining Hong Kong’s manufacturing-related service-based economy there. Policymakers in Guangdong prefer clean, high value-added industrial activities to these highly polluting and labor-intensive industries. However, any dramatic shake-up in Hong Kong-owned manufacturing activity in Guangdong would have serious repercussions that might be hard to manage. The upshot is that the success or failure of Hong Kong-owned manufacturing firms in Guangdong matters tremendously because their economies are increasingly integrated and their prosperity rests on the health of these firms. Despite an extensive body of literature on economic linkages and cross-border investment between Mainland China and Hong Kong, very few studies—including two undertaken by the Federation of Hong Kong Industries (2003, 2007) and another by Huang and Sharif (2009)—focus on the innovation activities of Hong Kong-owned manufacturing firms in Guangdong. Even fewer studies have linked the innovation patterns of these Guangdongbased, Hong Kong-owned manufacturing firms to survival and relocation decisions. Because these activities have helped to forge strong economic ties between Mainland China and Hong Kong and transform the region into a manufacturing powerhouse in Southern China, this is a noteworthy gap in the literature. This study attempts to fill this gap by conducting an innovation survey, administered from March to September 2008, involving 492 Hong Kong firms with manufacturing operations in Guangdong. The econometric analysis based on the survey data demonstrated that the firms’ innovation activities determine their survival and relocation decisions.

#### Turn – business taxes for social services non-unique the effect, and wage increases force out less productive firms and spur innovation

Bowring 13 [PHILIP BOWRING, Hong Kong-based journalist and commentator, based in Asia for 39 years writing on regional financial and political issues. “Everyone in Hong Kong deserves a living wage.” South China Morning Post, Sunday, 15 December, 2013, 4:14am] AJ

The irony is that if incomes were better distributed, the pressure on the government to use its huge revenues for social purposes would be less. But the government itself, as the largest employer, has been a major agent in suppressing the wages of the low-skilled. Government reduction of staffing and use of contractors to provide various services took a large number of unskilled workers out of the civil service, where there are formal pay scales and a degree of collective bargaining, into a situation where they had no bargaining power at all. Needless to say, the middle to higher echelons of the civil service were not only exempt from this outsourcing but continued to enjoy higher salaries than most of their peers in the private sector. Meanwhile, at the bottom end of the pay scale, the government's undercutting of wages flowed through the whole private sector. Nor is suppression of wages just seen among the unskilled. The Lamma ferry disaster and the dock crane operators' strike have cast light on how poorly paid are many with exacting jobs and heavy responsibilities. Naturally, small businesses such as restaurants worry that big increases in wages for the likes of cleaners will make their businesses unviable. But, in most cases, rents are a bigger burden than wage increases. And no business should exist if it cannot pay a wage that provides a minimum living standard. Higher wages will kill some businesses but create new demand for others. They will also drive something badly needed in Hong Kong - higher productivity. For sure, there are labour shortages in some sectors which cannot simply be filled by increasing wages. Construction is one, given the heavy manual work involved. But mega projects like the high-speed railway were originally justified by the government for their job-creating impact. So there is scant excuse now for using any shortage as a lever for the broader relaxation of labour import demanded by the developer/contractor interests. The government itself spends a lot on supporting bureaucrats at the Productivity Council but foreigners comment on the poor productivity of Hong Kong's construction sector. Failure to focus on productivity is explained by low wage levels and the fact that corporate profits are more determined by land price inflation than by operating efficiently.

#### Minimum wage empirically results in increased productivity and competitiveness – wage increases mean only best firms survives

Mayneris et al 14 [Sandra Poncet, Florian Mayneris, Tao Zhang, “The Cleansing Effect of Minimum Wage: Minimum Wage Rules, Firm Dynamics and Aggregate Productivity in China, ” CEPII (Centre d’Etudes Prospectives et d’Informations Internationales), September 2014] AZ

We study how the 2004 reform of minimum wage rules in China has affected the survival, average wage, employment and productivity of local firms. To identify the causal effect of minimum wage growth, we use firm-level data for more than 160,000 manufacturing firms active in 2003 and complement the triple difference estimates with an IV strategy that builds on the institutional features of the 2004 reform. We find that the increase in city-level minimum wages resulted in lower survival probability for firms that were the most exposed to the reform. For surviving firms, wage costs increased without negative repercussions on employment. The main explanation for this finding is that productivity significantly improved, allowing firms to absorb the cost shock without hurting their employment nor their profitability. At the city-level, our results show that higher minimum wages fostered aggregate productivity growth thanks to productivity improvements of incumbent firms and net entry of more productive ones. Hence, in a fast-growing economy like China, there is a cleansing effect of labor market standards. Minimum wage growth allows more productive firms to replace the least productive ones and forces incumbent firms to strengthen their competitiveness, these two mechanisms boosting the aggregate efficiency of the economy.

### A2 Perception Link

#### Investors perceive the plan as stable

Cho 12 [(alex, author of Intertrust report, economic reporting agency) “Budget Bulletin Hong Kong 2011/2012” Intertrust, 2011/12] AT

Economic Outlook From an economic performance perspective, the overall 2010 GDP growth is 6.8% and the Government expects to see solid growth in the economy in 2011. The unemployment rate has fallen to one of all times low. Although the effect of implementation of statutory minimum wage is yet to be seen, it is expected the general strong economic growth should help Hong Kong through this change. The strong growth sustained by the Mainland and Asian economies will continue to benefit Hong Kong, yet the fragile economic recovery in the United States and Europe might still have some potentially negative effect. The Financial Secretary forecasted the 2011 GDP growth will be in the range of 4% to 5%.

### A2 MW = Red Tape/Kills Free Markets

#### The entire 1AC is an impact turn to this – totally unregulated free markets are dangerous and cause instability

#### Hong Kong’s 2010 minimum wage and several other social policies make this non-unique and prove there’s no impact

Economist 10 [“End of an experiment The introduction of a minimum wage marks the further erosion of Hong Kong’s free-market ways” Jul 15] AT

The minimum wage will also expand the rules involved in doing business in Hong Kong. Especially at the entrepreneurial end of the spectrum, business people long enjoyed a lack of red tape. Until 1999 companies were required to tell the government when an employee arrived or departed, and to provide information on their incomes once a year so that taxes could be calculated. But because income tax was paid only above HK$90,000 and then HK$100,000, perhaps 60% of the population paid nothing. Tiny businesses often did not bother to file and their non-compliance was largely ignored. Even sophisticated multinationals could set up a representative office in hours without concern for continuous paperwork. This changed in 2000 with a compulsory pension scheme, one of many social-policy efforts championed by the last colonial administration. Companies were required to file monthly data to one of a few selected intermediaries and to remit 5% of pay for any employee on more than HK$5,000 a month. The minimum wage will increase the demand for paperwork again, and by a lot. Hours and wages will be filed for all workers, right down to people in the knick-knack shops and markets that have been a vibrant component of Hong Kong's economy. The government will have to spend more money on collecting data and inspecting firms. Rules for all Other labour-market rules have come along. You may say some were overdue: in 1996 discrimination on grounds of sex, disability and family status became explicitly illegal; in 2009 the ordinance was expanded to include race. Professions began imposing local standards. Hong Kong had, for example, been an appealing destination for doctors from around the world. During Cowperthwaite's tenure, more than half of physicians born in Hong Kong had been educated overseas. But in 1997 new licences were restricted to those who were locally certified. Foreign-trained specialists have become increasingly scarce. A provision in the minimum-wage law bans unpaid student internships for all but those attending Hong Kong schools. Product markets have more rules too. Hong Kong's enthusiastic embrace of free trade made its food shops a collection of the world's favourite goodies. But on July 1st a food-labelling law came into effect with the usual laudable motivations—better information and concern about tainted products from China—and the usual unintended consequences. The Hong Kong Food Council, a trade association, released a survey shortly before the law's introduction concluding that 10% of all the prepackaged products sold in the territory would not comply and would have to be withdrawn. A large grocery chain has already pulled more than 1,000 items, including commonly available breakfast cereals, from its shelves. Small shops selling ethnic and health food say the rules may wipe out their entire stocks. In finance also, intervention has been on the rise. The Hong Kong Mortgage Corporation was created just before the handover with the overt aim of encouraging home ownership, rather like Fannie Mae and Freddie Mac, the American behemoths that were at the core of the recent global crisis. Hong Kong banks have conventionally been conservative lenders, extending mortgages that cover less than 70%, and sometimes even less than 50%, of property values. An insurance scheme provided by the Mortgage Corporation enables local banks to advance loans of up to 95% of values. Like Fannie and Freddie it has become a huge force in the wholesale market by buying, packaging and reselling mortgages. It has ventured abroad too: in 2008 it created a joint venture in Malaysia to provide mortgage guarantees; in 2009 it created another in Shenzhen and it bought South Korean mortgage-backed securities. In response to the Asian financial crisis of 1997-98, the government directly intervened in the Hong Kong stockmarket, buying up local shares. Though its stake was largely liquidated by 2002, HK$50 billion-worth was retained by a fund controlled by the central bank. This portfolio has since swollen and contracted more than the local market, suggesting that it is being actively managed. And in 2008, in the midst of the global financial crisis, Hong Kong introduced universal deposit insurance, which it had explicitly rejected in the 1960s. The law is set to expire at the end of the year, but regulators and bankers say unofficially that it would be unthinkable for the territory to allow a bank to collapse. Perhaps the most intriguing change, although little noticed so far, is a new monopoly law, a draft of which was entered into the government records on July 2nd. In principle, such a law should foster competition. In practice, it is likely to extend the purview of the state into private business, not least mergers—while leaving established monopolies, often associated with the government, entrenched. Behind the scenes some of these have been busily seeking exemptions. One such monopoly is the Jockey Club, which owns the gambling franchise. It is simultaneously the largest direct taxpayer, responsible for 7% of total receipts, and through its contributions to schools, hospitals and other charities, drawn from profits, accounts for perhaps another 0.7% of spending on public services. Lots of companies would love to bust this monopoly—for evidence, look at their enthusiastic entry into neighbouring Macau—but because of its philanthropic role the Jockey Club is likely to be protected. Under reconstruction Other monopolists can expect to get similar treatment. In 1986 four stock and derivative exchanges were merged into a regulated monopoly. Shares in the exchange were publicly listed but in 2007 the government disclosed that it had 6% of the openly traded shares, making it the largest owner. Consequently it has a direct financial interest in the exchange's success. Attempts since to set up alternative markets in Hong Kong have been stymied by protective regulations. The government is also increasing its role in transport. State involvement is common in many countries, but in Hong Kong this is at odds with the free-market past. The entrance to the Cross-Harbour Tunnel, which was built in the 1970s under a private tender but reverted to government control in 1999, is permanently gridlocked, partly thanks to tolls that are too low, especially at peak hours. The new airport was structured as an independent entity that could be listed, but any talk of privatisation has disappeared. Two vast new projects, a bridge to Macau and a high-speed railway to Guangzhou, are being handled directly by the government, with no tendering and no discussion of privatisation. Only a few years ago it appeared that the government's steps into the economy would be curtailed by experience. Heavy subsidies to create a Disney amusement park and a place called Cyberport, to encourage the development of internet-related companies, both drew strong criticism. The park has not been a success and Cyberport is best known as an investment coup for the tycoon who was able to obtain cheap land under an industrial scheme that could be resold as luxury flats. But similar schemes abound. Disney recently received more land. New areas are being reserved for “science parks” and, turning the infant-industry argument upside down, money is being allocated to rejuvenate Hong Kong's faded film industry. These are not disconnected episodes. Underlying them is a shift in officialdom's view of the economy. In 2008 Mr Tsang announced that he had succeeded in having Hong Kong included within China's five-year plans. Last year he said that in light of the global financial crisis, “we have to revisit the government's role in promoting economic development” and special efforts would be made to encourage the growth of six industries. Hong Kong, in other words, now has an industrial policy. Milton's paradise lost Cowperthwaite gave two plausible reasons for such efforts. First, a country might need to develop natural resources. But that did not apply to Hong Kong. Second, countries might be less interested in maximising wealth than distributing it. He also thought that a false step. Mr Tsang and his colleagues are all for wealth maximisation too, but it may be that Hong Kong, no longer being a poor outpost, has lost the stomach to work like one. The huge growth in government spending during the last colonial administration was required, according to Lord Patten, the final governor, because “Hong Kong's economic vitality and strength were not matched by adequate social-welfare.” Many recent shifts in the law have elements of social policy, and many of the most vocal advocates of the shift reflect the opening of the political system, creating pressure for real problems to be addressed. Hong Kong remains, by and large, a vibrant, entrepreneurial place, with government spending far below Western standards. The costs of rising intervention will take a while to appear—and may always be hard to measure, especially with mainland China growing so fast. Yet a remarkable economic experiment is at an end.

### A2 Guangdong Proves

#### Multiple alt causes to Guangdong

Sharif 11 [(Naubahar Sharif, Division of Social Science, The Hong Kong University of Science and Technology; Can Huang, United Nations University-MERIT and Maastricht University) “Innovation strategy, firm survival and relocation: The case of Hong Kong-owned manufacturing in Guangdong Province, China” Research Policy Jun 18, 2011] AT

The Guangdong manufacturing environment has, however, been changing dramatically of late. Since mid-2007, Hong Kong manufacturers (as well as other manufacturers operating in Guangdong) have found themselves increasingly forced either to shut downor tomove theirmanufacturing operations out of Guangdong. This shakeup in industrial activity has been caused by the combined effects of unfavorable central government policies that have penalized low-end and low-cost manufacturing, a regulation requiring exporters to pay a deposit equivalent to half the amount spent on importing almost two thousand raw materials; 4 cancellation or reduction of tax refunds on goods such as metals, plastics, textiles, and furniture;5 a stronger Yuan; escalating prices for energy and raw materials; stringent pollution control requirements in Guangdong; the introduction of welfare benefits for employees; and the introduction of a labor law stipulating the benefits and responsibilities of both employers and employees, insurance coverage, and overtime pay.6

## Vulnerability to Shocks DA

### TL A2 Vulnerability to Shocks DA

#### Robust evidence proves indexing to aggregate wage inflation prevents vulnerability to shocks

Porter 8 [(Nathan, desk economist covering China at the International Monetary Fund, was the Fund's main economist analyzing Hong Kong SAR's economy, Senior Economist at the Australian Treasury) “The Impact of Introducing a Minimum Wage on Business Cycle Volatility: A Structural Analysis for Hong Kong SAR” IMF working paper 08/285] AT

Consequently, the introduction of the minimum wage should be done in a way which preserves Hong Kong’s domestic price flexibility. We find that introducing a minimum wage in Hong Kong SAR has the potential to elevate macroeconomic volatility and distort the dynamic response of the economy to shocks. Indeed, introducing a minimum wage which binds for 20 percent of households is estimated to amplify the volatility of output over the business cycle by 0.2 percent to 9.2 percent, and of employment by −1.2 percent to 7.8 percent. These wide ranges reveal the sensitivity of the effects of introducing a minimum wage to the mechanism for adjusting it over time. We also find that the resilience of the economy of Hong Kong to shocks affecting its external price competitiveness can be largely preserved through judicious choice of the mechanism for adjusting the minimum wage over time. In particular, indexation of the minimum wage to aggregate wage inflation is found to dominate alternative adjustment mechanisms, with no indexation or indexation to consumption price inflation particularly boosting volatility. This result is robust to variation in the coverage of the minimum wage and the source of business cycle fluctuations.

#### Outweighs:

#### specificity – the plan is specifically designed to be resilient; their evidence indicts other wage policies and therefore overestimates harms

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Estimated unconditional standard deviations indicate that introducing a minimum wage in Hong Kong SAR which binds for 20 percent of households will amplify the volatility of output over the business cycle by 0.2 percent to 9.2 percent, and of employment by −1.2 percent to 7.8 percent. These wide ranges reveal the sensitivity of the effects of introducing a minimum wage to the mechanism for adjusting it over time. Introducing a minimum wage without indexing it is estimated to inflate the business cycle volatility of output by 9.2 percent at the 20 percent coverage level, and of employment by 6.6 percent. Nevertheless, introducing a minimum wage indexed to aggregate wage inflation is estimated to amplify the volatility of output over the business cycle by only 0.2 percent at this coverage level, and of employment by only 0.2 percent. Introducing a minimum wage indexed to other variables is estimated to inflate business cycle volatility to intermediate degrees. Indexation of the minimum wage to aggregate wage inflation restores output and labor market efficiency more rapidly in response to shocks than alternative adjustment mechanisms. In response to a shock which affects external price competitiveness, restoring labor market efficiency requires realigning the marginal rates of substitution of households between leisure and consumption with their after tax real wages. A subset of the skilled households are able to adjust their wages optimally in a given period (doing so to equate the expected present value of their marginal rates of substitution between leisure and consumption with the expected present value of their after tax real wages). This implies that the wages received by skilled households adjust relatively quickly to restore their labor market efficiency conditions. Since, in this one sector model, the marginal rates of substitution between leisure and consumption are highly positively correlated across skilled and unskilled households, if the minimum wage received by unskilled households is fully indexed to past aggregate wage inflation, then it also adjusts relatively quickly to restore their labor market efficiency conditions.

#### The finding is robust to types of minimum wages and fluctuations, which takes into account the conditions their studies use in addition to many other conditions – my finding applies more universally

#### Indexing to wage inflation means after shocks, the wage level can adjust itself – that solves the impact

## China Political Capital DA

### A2 Plan is Chinese Concession

#### No link – their evidence is in the context of making DEMOCRATIC REFORMS as the concession which is what the protests are officially about. The plan avoids this concession since it’s seen as circumventing the issue, but it’ll still solve the ROOT CAUSE of protests which is economic in nature

#### HONG KONG is the one doing the plan – there’s literally no way it could be seen as a concession by China… their disad assumes the wrong actor – this should lower your credence in the disad to virtually zero

## HW Outsourcing DA

### A2 Outsourcing

#### No plan-specific evidence – their uniqueness card is about China and link evidence is not about either

#### Poverty advantage link turns this – their outsourcing argument assumes the increase in labor costs will cause jobs to shift from Hong Kong

#### No internal link – low wages play almost no role in location

Castree 04 [Noel Castree, Neil M. Coe, Kevin Ward and Michael Samers. “Spaces of Work: Global Capitalism and the Geographies of Labour.” SAGE Publications 2004] AJ

The fifth myth is directly related to the fourth: it’s the myth of cheap labour. In this myth, firms with the capacity to choose between several possible production sites ultimately gravitate to places with the lowest labour costs. This myth goes back to the 1960s and 1970s, when a number of TNCs relocated factories to the Far East from Western Europe and North America marking the emergence of a so- called ‘new international division of labour’ (Fröbel et al., 1980). It’s a particularly egregious myth because the locational decisions of capi- talist firms are infinitely more complex than simply seeking out cheap workers. The skill levels, compliance, initiative and work-rate of labourers are all vitally important, as are the regulatory environment and relative location of the place being considered. Nonetheless, the myth of cheap labour exerts a powerful hold. It’s become a shorthand for the ‘war among workers’ that supposedly prevails when the costs of labour vary so radically between places in the ‘first’, ‘second’ and ‘third’ worlds.

# Counterplan

## Misc DAs

### Regs bad

#### Businesses would perceive further regulations as negative – kills investment

IDF 15 [(Index of Economic Freedom) “Hong Kong” Country Rankings, 2015] AT

However, the economy’s institutional uniqueness, enshrined in its exceptional commitment to economic freedom and a high degree of autonomy pledged by the mainland, has faded a bit. Although Hong Kong maintains the features of an economically free society, economic decision-making has become somewhat more bureaucratic and politicized, and the government’s administrative scope and reach have expanded. Recent political events appear to have undermined public trust and confidence in the administration. Hong Kong became part of the People’s Republic of China in 1997, but under the “one country, two systems” agreement, China promised not to impose its socialist policies on Hong Kong and to allow Hong Kong a high degree of autonomy in all matters except foreign and defense policy for 50 years. The critical issue today is the shape and form that “universal suffrage,” promised for 2017 by Chinese authorities, will take. Although the government controls all land in Hong Kong, the economy has benefited from its commitment to small government, low taxes, and light regulation. Major industries include financial services and shipping; manufacturing has largely migrated to the mainland. Hong Kong’s economy has become increasingly integrated with China through trade, tourism, and financial links. RULE OF LAWVIEW METHODOLOGY Property Rights 90.0 Create a Graph using this measurement Freedom From Corruption 75.0 Create a Graph using this measurement Hong Kong continues to enjoy relatively low rates of corruption, although business interests exercise a strong influence in the unicameral legislature and executive branch. Beijing’s heavy-handed efforts in 2014 to assert greater control from the mainland have galvanized pro-democracy sentiments. The rule of law is respected, and the efficient and capable judiciary remains independent. Property rights are well protected. LIMITED GOVERNMENTVIEW METHODOLOGY Government Spending 89.7 Create a Graph using this measurement Fiscal Freedom 93.2 Create a Graph using this measurement The standard income tax rate is 15 percent, and the top corporate tax rate is 16.5 percent. The overall tax burden equals 13.7 percent of domestic income. Government expenditures amount to 18.5 percent of gross domestic product. Public debt is low, and a budget surplus has been maintained, but population aging and greater spending on social programs have increased fiscal pressures.

## Inflation PIC

### Generic Plan Key

#### Minimum wage policy is key to Hong Kong economic stability – only the plan preserves resilience

Porter 8 [(Nathan, desk economist covering China at the International Monetary Fund, was the Fund's main economist analyzing Hong Kong SAR's economy, Senior Economist at the Australian Treasury) “The Impact of Introducing a Minimum Wage on Business Cycle Volatility: A Structural Analysis for Hong Kong SAR” IMF working paper 08/285] AT

As a relatively small and open economy, serving as an intermediating hub for international trade and investment flows, Hong Kong SAR is considerably exposed to shocks transmitted via trade and financial channels. Adjustment to these shocks has historically relied heavily on the flexibility of domestic goods, labor, and asset prices, given that its rigid exchange rate arrangement (the Linked Exchange Rate System) precludes a stabilization role for monetary policy, and with fiscal policy constrained by lags and constitutional limits. In other words, the monetary and fiscal arrangements in Hong Kong place a premium on this market flexibility. Consequently, the introduction of the minimum wage should be done in a way which preserves Hong Kong’s domestic price flexibility. We find that introducing a minimum wage in Hong Kong SAR has the potential to elevate macroeconomic volatility and distort the dynamic response of the economy to shocks. Indeed, introducing a minimum wage which binds for 20 percent of households is estimated to amplify the volatility of output over the business cycle by 0.2 percent to 9.2 percent, and of employment by −1.2 percent to 7.8 percent. These wide ranges reveal the sensitivity of the effects of introducing a minimum wage to the mechanism for adjusting it over time. We also find that the resilience of the economy of Hong Kong to shocks affecting its external price competitiveness can be largely preserved through judicious choice of the mechanism for adjusting the minimum wage over time. In particular, indexation of the minimum wage to aggregate wage inflation is found to dominate alternative adjustment mechanisms, with no indexation or indexation to consumption price inflation particularly boosting volatility. This result is robust to variation in the coverage of the minimum wage and the source of business cycle fluctuations.

#### Any other adjustment mechanism increases market inflexibility and means shocks are more damaging

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By reducing labor market flexibility, introducing a minimum wage impedes the restoration of external price competitiveness following shocks. However, the size of these impediments may be expected to vary depending on the source of business cycle fluctuations. Estimated impulse responses of key output and labor market variables in Hong Kong SAR to a variety of nominal and real shocks originating domestically and abroad are compared in Figures 3−8, across alternative mechanisms for adjusting the minimum wage over time. In particular, we consider the impulse responses of output price inflation, output, wage inflation and employment to the following shocks: domestic and foreign supply shocks, domestic and foreign demand shocks, and domestic and foreign monetary conditions shocks. 10 Estimated impulse responses indicate that introducing a minimum wage has the potential to distort the dynamic responses of the output and labor markets to shocks. Relative to alternative adjustment mechanisms, indexation of the minimum wage to aggregate wage inflation least distorts the impulse responses of output and employment, irrespective of the source of business cycle fluctuations, for similar reasons to those given above. Under alternative adjustment mechanisms, the peak responses of output and employment to domestic and foreign supply and monetary conditions shocks are generally amplified. Nevertheless, the peak responses of output and employment to domestic and foreign demand shocks are essentially invariant to the introduction of a minimum wage. In response to a domestic supply shock, in the form of an increase in labor productivity in Hong Kong SAR, output rises and employment falls. Unless indexed to aggregate wage inflation, a minimum wage distorts the responses of the output and labor markets.

continues

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#### Hong Kong’s economy is key to the global economy – volatility deters investment and trade

Karaian 14 [(Jason, Senior Europe Correspondent for Quartz, based in London. He previously spent 10 years at The Economist Group; and Heather Timmons, Asia Correspondent for Quartz, based in Hong Kong) “Why Hong Kong’s protests matter to the global economy” Quartz, Sep 29] AT

Rating agencies Fitch and Standard & Poor’s say the protests will have no short-term impact on the city’s credit rating, but any extended slowdown of Hong Kong’s regular commercial activities could have long-lasting ripple effects on everything from global banking to insurance, shipping, and China’s currency. That’s because Hong Kong remains a global powerhouse for trade, finance, and insurance, thanks largely to its position as a gateway to mainland China. The value of goods traded via the island city totaled $977 billion last year—5.2% of the world’s overall $18.8 trillion in trade. Hong Kong consistently ranks as the world’s third-most important financial center, behind London and New York. It has steadily closed the gap with its Western counterparts in recent years, as measured by assessments of the ease of doing business, tax laws, its talent pool, according to global financiers (pdf): Hong Kong is the main gateway for foreign direct investment in China. Mainland China attracted $124 billion in global investment (pdf) last year, and, based on previous years, about half of that amount is likely to have flowed through Hong Kong. Hong Kong is home to more than 3,700 regional offices for overseas companies, and more than 80% are responsible for those companies’ business in China, thanks to Hong Kong’s robust rule of law, according to the American Bar Association. About 60% of China’s outbound investment is channeled through or directed to Hong Kong, the Hong Kong government estimates. Hong Kong’s gateway role is reflected in the massive size of its banking industry, with assets worth around eight times the city’s GDP. Some 40% of Hong Kong banks’ HK$9 trillion ($1.15 trillion) in foreign claims are now extended to borrowers in mainland China, up from only 5% a decade ago: The city is also an important source of fee-generating business for investment banks, accounting for $502 million in fees in the first half of this year, according to Thomson Reuters. That was around twice the amount that i-banks made in places like Singapore, South Korea, and Malaysia over the same period. Earlier this month the city’s bankers broke new ground by ushering in the market’s debut Islamic bond, worth $1 billion. The issue vaulted Hong Kong to fifth place in the year-to-date rankings of Islamic banking centers, a fast-growing space. The city is also the world’s fifth-largest foreign exchange trading center, and the largest center for renminbi trading. Trades with the Chinese yuan made up $49.5 billion of Hong Kong’s $275 billion in average daily FX turnover in April of last year: Hong Kong accounts for 72% of all offshore renminbi-denominated currency payments (paywall), according to data from Swift, a global payments system. Alibaba’s blockbuster IPO in New York this month led to some soul searching in Hong Kong, which the Chinese e-commerce giant spurned because it didn’t like its rules on shareholder voting rights. Still, Hong Kong remains a popular venue for initial public offerings, the second-largest in the world in terms of capital raised over the past decade, fueled by mainland firms raising money in the city: But volatility is anathema to IPOs, and Hong Kong’s stock market will probably be beset by it for the foreseeable future. A gauge of volatility jumped by more than 20% in trading today, and this cloud hanging over the market might scare away companies looking to list.

#### Only the plan is resilient to tightening monetary policy

Porter 8 [(Nathan, desk economist covering China at the International Monetary Fund, was the Fund's main economist analyzing Hong Kong SAR's economy, Senior Economist at the Australian Treasury) “The Impact of Introducing a Minimum Wage on Business Cycle Volatility: A Structural Analysis for Hong Kong SAR” IMF working paper 08/285] AT

Under its Linked Exchange Rate System, deviations from uncovered interest parity which exert nominal depreciation pressure in Hong Kong SAR necessitate offsetting monetary tightening to stabilize the nominal exchange rate. In response to this tightening of monetary conditions, prices and wages both decline, while excess capacity in the output and labor markets arises. Unless indexed to aggregate wage inflation or unit labor cost growth, a minimum wage amplifies this underutilization of resources.2 In response to a tightening of monetary conditions in the United States, prices and wages both decline, while excess capacity in the output and labor markets arises. These responses reflect the corresponding tightening of monetary conditions in Hong Kong SAR under its Linked Exchange Rate System. Unless indexed to aggregate wage inflation, a minimum wage amplifies this underutilization of resources, although differences in the adjustment under the various indexation schemes are small.

#### Prefer this evidence – large data set of 31 variables and 25 years as well as a comparison against the US as a baseline

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The data set consists of quarterly seasonally adjusted observations on thirty one macroeconomic variables for Hong Kong SAR and the United States over the period 1983Q4 through 2008Q2. All aggregate prices and quantities are expenditure based. The nominal interest rate is measured by the three month money market rate expressed as a period average, while the nominal exchange rate is quoted as an end of period value. Data for Hong Kong was obtained from the CEIC database maintained by Internet Securities Incorporated, while data for the United States was extracted from the FRED database maintained by the Federal Reserve Bank of Saint Louis.

### A2 No indexation

#### No indexation means wages can’t adjust to shocks

Porter 8 [(Nathan, desk economist covering China at the International Monetary Fund, was the Fund's main economist analyzing Hong Kong SAR's economy, Senior Economist at the Australian Treasury) “The Impact of Introducing a Minimum Wage on Business Cycle Volatility: A Structural Analysis for Hong Kong SAR” IMF working paper 08/285] AT

For a small open economy with a fixed exchange rate regime, no indexation or indexation of the minimum wage to consumption price inflation amplifies distortions in the output and labor markets. Without indexation (or some other adjustment) there is no way for real wages to adjust after a shock. Depending on the shock, indexation to consumption price inflation can lead real wages to adjust in the wrong direction—in response to a terms of trade shock which affects the price of imports, real wages must adjust in the opposite direction to maintain the external price competitiveness of the labor market. Indexation of the minimum wage to consumption price inflation impedes this adjustment, as the price of consumption moves in tandem with the price of imports.

#### No indexation empirically means shocks are more damaging and cause a decrease in employment and productivity

Porter 8 [(Nathan, desk economist covering China at the International Monetary Fund, was the Fund's main economist analyzing Hong Kong SAR's economy, Senior Economist at the Australian Treasury) “The Impact of Introducing a Minimum Wage on Business Cycle Volatility: A Structural Analysis for Hong Kong SAR” IMF working paper 08/285] AT

In response to a foreign supply shock, in the form of an increase in labor productivity in the United States, prices and wages both decline to restore the external price competitiveness of the output and labor markets. During this period of adjustment, excess capacity in the output and labor markets arises. In this case, the type of indexation does not matter, but a minimum wage which is not indexed significantly amplifies this underutilization of resources. A domestic demand shock, in the form of an increase in government expenditures in Hong Kong SAR, generates capacity pressures in the output and labor markets. A minimum wage does not exacerbate these capacity pressures, but does distort the subsequent adjustments of the output and labor markets. A foreign demand shock, in the form of an increase in government expenditures in the United States, generates capacity pressures in the output and labor markets. A minimum wage does not exacerbate these capacity pressures, but does cause excessive subsequent downwards adjustments of output and employment unless indexed, although the form of indexation does not matter.

### A2 Index to Consumption

#### Indexation to consumption/consumer prices/commodity prices adjusts prices the wrong way

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## EITC CP

### A2 EITC CP

#### Doesn’t apply – the poorest earners don’t pay any tax to begin with, so a tax credit wouldn’t help them

Yip 13 [(Paul, professor of social work and social administration at the University of Hong Kong) “In fight against poverty, Hong Kong needs basic respect for workers” south china morning post 09 October, 2013] AT

Hong Kong's situation is somewhat different; everyone thinks they are owed something, whether they be rich or poor. This is a self-centered society, without much community spirit. The rich complain of an overreliance on welfare that leads to a deterioration of the business environment; the poor remain in poverty, with little chance of climbing the ladder. The working poor have been deprived of a salary that would allow them to maintain a decent living. The relatively low salaries also provide little incentive to work instead of relying on government assistance. At the same time, over 50 per cent of those who work do not earn enough to pay tax. Many actually work hard, for long hours, but their efforts are not rewarded with a reasonable salary.

## UBI/Welfare CP

### Spending DA

#### Perm require a living wage and a universal basic income – basic income for everyone would buffer the impact of unemployment – perm means there’s no disad to the aff

#### Perm do the aff and a universal basic income for people currently holding jobs or temporarily or involuntarily employed, but not for people who are unemployed by choice. It’s legit – includes the whole aff and part of the CP. The CP creates an incentive not to work since work isn’t necessary to subsist, which decreases productivity and economic growth; only the perm gives an incentive to work which boosts the overall economy

#### The UBI forces high government spending

McCardle 14 [(Megan, contributor) How a basic income in the U.S. could increase global poverty April 18, 2014] AT

The first is just fiscal. If you look at how much income would be required to actually give anyone what even we consider a very basic standard of living, you’re talking about probably $15,000 for every man, woman and child in the United States. So you think about for a family of two adults — that’s $30,000 a year. That’s probably enough to live on, but what’s the fiscal impact of that? It’s about 200 million people you would have to be sending those checks to — a little over, actually. So you’re talking about in the region of $6 trillion a year, which is much larger than our current budget. At the same time, you know, often it’s argued: Well, you could do that and you would zero out all the poverty programs. But a lot of the poverty programs are things that I don’t think we would be comfortable zeroing out. So for example, $30,000 a year is probably not enough to pay for a special needs child who has a lot of wheel chairs and special training and so forth that they need, so that program is going to stay. It’s possibly not enough to cushion various financial shocks; those sorts of programs are going to stay. And so what you would end with is an add-on that’s sort of conservatively doubling the size of the federal budget. If you think about the debate, I don’t think there’s anyone in America who wants their taxes doubled. And how would a basic income affect work? The other problem of course is that some people are going to drop out of the labor force. If you can live without working, some people will choose to. We don’t know how many there are; no one’s ever tried this experiment, but what is the end result? The tax base is going to be shrinking at the same time that the number of payouts has to go up.

#### This is also a massive solvency deficit – Hong Kong doesn’t have the attitudes or tax base to support UBI – their evidence assumes different societies

Yip 13 [(Paul, professor of social work and social administration at the University of Hong Kong) “In fight against poverty, Hong Kong needs basic respect for workers” south china morning post 09 October, 2013] AT

A recent visit to Oslo, Norway's capital, provided some interesting comparisons. There, a hamburger costs the equivalent of about HK$60, or three times as much as in Hong Kong. On the other hand, Norway's median household income is also about three times higher than it is here. A bus driver earns as much as a teacher or a lecturer in an academic institution. The top 10 per cent of income-earners make three to four times as much as the lowest 10 per cent. In Hong Kong, the top 10 per cent earn more than 10 times as much as those in the bottom 10 per cent. There is no statutory minimum wage in Norway but most people, if not all, earn enough to pay tax; tax revenue is over 40 per cent of gross domestic product. Workers in McDonald's earn the equivalent of about HK$160 an hour. The Norwegian community believes that people who sell burgers deserve a decent salary. People accept the high cost of living, and are prepared to pay to reduce social inequality. Of course, average home prices are only about half of those in Hong Kong. Visitors to Norway are concerned about the high costs, but it doesn't stop them visiting, to experience the beautiful scenery, blue skies, clean air and rich culture. My Norwegian counterpart, Professor Lars Mehlum, of the University of Oslo, says a consensus has been built on the view that a better society can be created if everyone earns a decent salary and everyone pays tax. There is no free lunch, and people are willing to pay, through taxes, for a society with less poverty and inequality; a place where everyone gets a share of the lunch they pay for - both the affluent and the less well off. He believes a more harmonious and happier society can be created by narrowing the income gap. The Norwegian government provides generous family-based benefits, including maternity leave and free education up to university level for all. But, again, everyone is contributing to the situation; there is community consensus to support the necessary measures. There are potential pitfalls, however. High wages can, for example, lead to more work being outsourced to countries with cheaper labour. Hong Kong's situation is somewhat different; everyone thinks they are owed something, whether they be rich or poor. This is a self-centered society, without much community spirit. The rich complain of an overreliance on welfare that leads to a deterioration of the business environment; the poor remain in poverty, with little chance of climbing the ladder. The working poor have been deprived of a salary that would allow them to maintain a decent living. The relatively low salaries also provide little incentive to work instead of relying on government assistance. At the same time, over 50 per cent of those who work do not earn enough to pay tax. Many actually work hard, for long hours, but their efforts are not rewarded with a reasonable salary.

#### Increased government spending guts purchasing power – increases poverty

Kui-Wai 14 [(Li Kui-Wai, professor at the Department of Economics and Finance, City University of Hong Kong) Hk Has Adopted A Sensible Fiscal Policy, China Daily 12-31-2014] AT

The money saved will be returned to the relevant government departments in the future. In the short-term the economy is experiencing both low unemployment and low inflation. So it is an appropriate time to reduce government spending. This will help control inflation, which can steadily erode people’s purchasing power. In other words, the government should avoid encouraging inflation by spending when the economy is buoyant. Good fiscal discipline dictates that government spending be contrary to the business cycles. Therefore the government should spend more during recession to help the needy. But it should try to save during boom times to avoid the economy overheating. Hong Kong’s many years of fiscal surplus is a fine record and an economic strength rather than a burden. Indeed, Hong Kong’s strong fiscal performance is the envy of many nations. So the 1 percent spending cut serves more as a warning than a reduction in the quality of government services. In fact it offers an opportunity for government departments to encourage efficiency. Given the high level of social and economic development in Hong Kong, this is a sensible policy.

#### Spending also drains Hong Kong’s surplus which deters investment and makes Hong Kong vulnerable to shocks, causing economic collapse

Kui-Wai 14 [(Li Kui-Wai, professor at the Department of Economics and Finance, City University of Hong Kong) Hk Has Adopted A Sensible Fiscal Policy, China Daily 12-31-2014] AT

Secondly, the openness of Hong Kong’s economy means that shocks to the global economy can easily affect Hong Kong. Examples of this may include changes to US interest rates in 2015, the strength or weakness of the euro, imbalances in the mainland economy and greater use of yuan. Instability in remote parts of the world and unforeseen changes in Asia may also have an adverse affect upon Hong Kong. The 1 percent spending cuts are needed because of the risk of future problems. Many welfare advocates argue that the SAR government has a healthy fiscal surplus and should spend more. But this is a naive argument. Governments cannot spend simply because there is a surplus. Welfare spending can spiral out of control because the more money is spent, the more will be needed. In some ways, fiscal policy in Hong Kong has gone in the wrong direction since 1995. At that time the economy was in good shape but the government of the day increased short-term welfare expenditure. It was during a period of full employment, asset booms and rising inflation. It resulted in an asset bubble which burst during the 1997-98 Asian financial crisis. However, large increases in welfare since 1995 have been matched by increases in tax exemptions. Consequently, there was greater need for expenditure. But the budget was now constrained by a narrower tax base. This was the worst of both worlds. As a consequence, Hong Kong reported its largest fiscal deficit following the 1997-98 crisis. There were discussions about widening the tax base — including the possible introduction of a goods and sales tax (GST). Alleviating Hong Kong’s structural problems was set to take time. It was therefore appropriate that in 2005, government bonds were used as a monetary instrument. The economic justification was that it was better to “save and borrow” than just to drain fiscal reserves. Hong Kong returned to fiscal surplus soon after this. But the openness of the Hong Kong economy makes it vulnerable to external events. To prepare for these unexpected shocks, fiscal policy is effective in ensuring economic stability. It is a good way to smooth out rough parts of the business cycle. Hong Kong’s significant fiscal reserves are more than a sign of economic strength. They also demonstrate to local and foreign businesses that Hong Kong has the fiscal buffers to deal effectively with financial shocks. Therefore, it would be better if the financial secretary, during this stage of the business cycle, focused on strengthening Hong Kong’s economic capacity and skill base. Increasing welfare will not be effective. It will only increase spending — not economic output. Although unemployment is low, job security is unstable in terms of skill advancement and upward social mobility. Hong Kong economy is plagued with a vicious spiral of high property prices and a narrow range of services. Certain government policies do not encourage the consistent development of the economy. So reducing fiscal spending is an important step. But resources saved should be used to develop Hong Kong’s economy. They should be directed to enlarging economic capacity and improving skills. The government should stay in the back seat rather than engaging in economic intervention. Economic development should focus on productivity and output. Only this can actually enhance the welfare of all. Welfare and redistribution policies should only be used to help those seriously in need.

### Welfare Fails

#### Welfare fails

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

In addition, there are certain shortcomings to the Comprehensive Social Security Allowance scheme, which is not able to provide adequate assistance to working poor families. According to our studies, first, the CSSA scheme stigmatizes welfare recipients, discouraging the needy from applying for the allowance. Second, it hardly increases the work incentive for welfare recipients because of a flawed “disregarded earnings” system. Third, the take-up rate of CSSA for the working poor is low. Only 12% of the working poor with household incomes below the average CSSA payment receive CSSA support. To supplement the Comprehensive Social Security Allowance, in 2010/2011 the government proposed a Community Care Fund as a second safety-net measure designed to engage the business sector in the task of poverty alleviation. However, the business sector has shown little willingness to donate to this matching fund. Worse, the proposed measures are only one-off, which cannot support poor families in the long run. Some measures (e.g. rental allowance) still target only CSSA recipients.

#### Stigma means there’s no solvency

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

3.2.1 Though the minimum wage has raised the income of low-paid workers and lifted 28.5% of people in low-income families out of poverty, 71.5% of low-income workers’ family members remain trapped in poverty. CSSA is indeed an official safety net to allow them to maintain a basic standard of living. However, according to the Census and Statistics Department, in the first quarter of 2011, 119,000 low-income workers’ families had a monthly income of less than the average CSSA payment for the corresponding household size, representing 63.4% of the total households of the working poor. However, a majority of these households, though most would qualify, are actually not on CSSA. During the same period, only 13,706 low-income households were on CSSA, representing just 12% of 14 households with at least one worker that are currently living below the CSSA standard. The low take-up rate is partly attributed to the long-established stigma attached to welfare recipients in Hong Kong, which discourages the working poor from applying for CSSA, according to the results of our CSSA Perception Surveys conducted in 2007 and 2009.

### Solvency Deficits

#### Bargaining power deficit – ONLY a living wage levels the playing field by countering employers’ advantage over employees, which allows for discrimination and exploitation of workers

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

The first IE rationale for a minimum wage law is that workers suffer an inequality of bargaining power (IBP) because imperfect labor markets and a lopsided distribution of resources and rights put employers in the dominant position in wage bargaining and the individual worker in a weaker and dependent position (Commons and Andrews 1936; Kaufman 1989). With IBP, market competition cannot fully protect the wages and conditions of labor, and thus a counter vailing institutional mechanism must be introduced to ensure efficiency and equity. The primary objectives are protection of labor and balance in social outcomes. In developing the IBP idea, I proceed in two steps. The first is to consider the role of imperfect competition in labor markets; the second is to consider the role of lopsided resources and rights. The two are distinct and need to be treated separately. Imperfect competition. A situation of equal bargaining power exists in a competitive labor market since both employer and employee are wage takers, meaning neither has power to raise or lower the wage (and other conditions) above or below the competitive market rate. This yields economic efficiency. At least by one standard the competitive outcome is also ethically just—what Budd (2004) called the standard of “marginal productivity justice” (the fact that under competition workers are paid the value of their marginal product). The labor market also provides full protec- tion to workers since with zero cost they can quit and find jobs elsewhere and, conversely, competition forces firms to provide economi- cally optimal terms and conditions of labor. But what if labor markets are imperfect? In theory, an imperfect market may give the power advantage to either the employer or employee. Although an imbalance either way can occur, the IE position is that most often it is the workers—particularly those with fewer skills, less education, or from disadvantaged gender and ethnic groups—who suffer IBP. The reasoning is simple: who feels the greater pressure to reach an agreement and fill the job, and who has the greater resources and alternative options to fall back on if an agree- ment is not reached—the company or the worker? In most circumstances, the answer is the company. A rationale for a minimum wage (or union) is thus to “protect the un- derdog” and “level the playing field.” The IE position is that in both theory and practice labor markets are always imperfectly competitive, albeit to var ying degrees and in varying ways. We first start with the transaction concept advanced by Commons (1934) and integrate it with the transac- tion cost idea of Coase (1937). The model of perfect competition entails an implicit assumption that property rights to goods and services can be exchanged at zero cost (Dow 1997). A logical implication of such a world of zero transaction cost (TC), Coase argues, is that multi-person firms should vertically disintegrate into single-person entities, such as sole proprietorships and independent contractors. The reason is that with zero TC the market is more efficient at coordinating economic activity than are organizations and management and, hence, the latter disaggregate to their irreducible minimum. Single-person firms, however, have no employees (by definition), so labor factor markets, employment relationships, and the labor demand/supply diagram also disappear by implication (Kaufman 2007b, 2008). In their place, the single-person firms (perhaps some with large capital stocks) obtain labor services through competitive product markets in the form of intermediate goods/ser vices sold by independent contrac- tors, such as John Jones Auto Assembler, Inc. and Nancy Smith Legal Services Ltd. Turning the logic around, if labor markets exist, then they must be imperfectly competitive, since their existence rests on a necessary condition of positive TC—itself a product of imperfect information, fundamental uncertainty, and other such market imperfections. These conditions, in turn, necessarily make labor contracts incomplete, opening the door to a host of contracting problems and market failures, such as principal-agent conflict, moral hazard, and externalities. IE cites a second reason why labor markets are always imperfect. An essential condition of the competitive model is that labor is a homogeneous (undistinguishable) commodity. But this condition is violated by the very nature of the employment relationship. The reason is that labor services are embodied in the worker (a form of indivisibility) and cannot be separated at the time of sale; thus the worker and employer form a personal relationship at the point of production (Prasch 2004). This fact distinguishes “outsiders” from “insiders,” which, along with search and mobility costs due to imperfect information (an attribute of positive TC), makes incumbent employees preferable to external labor market job candidates as a source of labor services for firms. Hence, workers are not homogeneous but heterogeneous, leading to a situation of monopsony (broadly defined to include structural and dynamic monopsony, oligopsony, monopsonistic competition, and so on) in which the labor supply curve to the firm is upward-sloping (Card and Krueger 1995; Bhaskar and To 1999; Manning 2003; Erickson and Mitchell 2008). The implication of the two preceding lines of argument is that as a matter of theory and logic, labor markets are always and everywhere imperfectly competitive. Thus, from a theory perspective, imperfect competition should be the base-line for analysis, particularly when efficiency comparisons are made among alternative labor market outcomes, and the competitive model should be downgraded to a special and somewhat ad hoc case. A convenient but also incomplete representa- tion of imperfect competition is the standard monopsony diagram, shown in panel (1) of Figure 1. In a monopsony labor market the wage is set by the firm, implying, as IE economists (for example, Dunlop 1944; Les- ter 1964) have long maintained, that wage rates are an administered price—a price set by employers who operate in labor markets with some degree of discretion and wage-making power. If this potential market power is exer- cised (for qualifications, see Bronfenbrenner 1956), the imperfectly competitive wage W1 will be lower than the competitive wage W2. For inframarginal workers this may take the form of salary compression. The impediments to mobility and limits on competition provide firms an opportunity to practice some degree of compression, discrimination and exploitation in terms and conditions of employment, possibly by providing a wage below the competitive level for new hires, less than competitive pay increases or promo- tions for tenured employees, or, alternatively, sub-competitive benefits, working conditions, or treatment. In any of these cases, the workers are at an IBP disadvantage; a minimum wage, in these conditions, helps to balance bargaining power and eliminate this less-than- competitive outcome. If well positioned (for example, set at W2), a minimum wage may also lead to an increase—not decrease—in employment, such as from L1 to L2.4 IE recog- nizes, of course, that the extent of structural or dynamic monopsony-like power available to firms in low-wage labor markets may be mod- est; nonetheless, empirical evidence suggests that even here the labor supply curve to firms is often less than perfectly elastic (Manning 2003), particularly for inframarginal workers (Young and Kaufman 1997).

### Work Disincentive

#### The CP disincentivizes work

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

3.2.2 Nevertheless, the current system of “disregarded earnings” does not encourage CSSA recipients to work because the total amount of excluded income is low (a maximum of HK$2,500), with a high rate of diminishing CSSA allowance as income increases. The first HK$800 is disregarded when CSSA eligibility and payment levels are calculated. If the salary is higher than HK$800, 50% of the remaining salary will be disregarded until the salary reaches HK$4,200. When the salary exceeds HK$4,200, the additional salary leads to a reduction in CSSA of the same amount. As the largest group of low-income households receiving CSSA are three-member families, comprising about 29%6 , we can take this as an example. The average CSSA monthly payment for a three-person family is HK$9,035. When the employed member’s salary increases from HK$5,000 to HK$6,000, the CSSA will correspondingly decrease by the same amount (HK$1,000). In other words, the implicit marginal tax rate is 100%. Under this situation, CSSA recipients do not have any incentive to work more if their salary reaches HK$4,200.

## Wage Subsidy CP

### Corporate Tax DA [relations]

#### The counterplan would WRECK Hong Kong’s perceived stability – it’s a corporate haven because it has no corporate tax now; raising the corporate tax would tank that

LATN 11 [(Law and Tax News, news service for international tax and economic policy) “Offshore Legal And Tax Regimes”

Hong Kong is not an offshore center in the traditional sense of the word but rather a territory which offers a non-discriminatory low tax regime governed by the "territorial principle" under which only income arising in or derived from Hong Kong is taxable in the jurisdiction. As such its attraction lies not in the tight secrecy and minimal corporate disclosure and administrative requirements which characterize a number of offshore common-law island jurisdictions but rather in low tax rates, generous tax deductible allowances, a policy of only taxing income sourced from within the jurisdiction and the complete absence of capital gains taxes, withholding taxes, interest taxes, sales tax & VAT. Corporate and trust laws are virtually identical to the corporate and trust laws of the United Kingdom and most business activities are carried out behind the vehicles of limited companies, limited partnerships and sole proprietorships. Being a common law jurisdiction trusts are also widely used and understood. Hong Kong Low-Tax Treatment Of Business Operations Since profits tax is levied only on Hong Kong-source income, other types of revenue flow will escape taxation. The residential or non-residential status of an entity is irrelevant. Advance tax rulings are available on the question of whether or not for profits tax purposes trading income is deemed onshore and taxable or offshore and tax exempt. The Profits Tax Ordinance in itself is not that helpful on the subject, beyond giving a definition of taxable income as follows: The entity must trade in Hong Kong The income must arise from such a trade The income must arise in or be derived from Hong Kong Hong Kong is a common law jurisdiction, and there is a considerable amount of case law that bears on the question of taxability. Much of this is summarised in the Inland Revenue's Practice Note No 21. Some of the rules that have developed are as follows: The establishment of an office does not of itself render a company liable to profits tax where that office is not generating profits from within the territory. A key criterion is the place where the contract was negotiated and signed. Income relating to a sale contract negotiated by the seller from the territory by way of facsimile or telephone where the negotiation did not require travel outside the territory is deemed Hong Kong source income for profit tax purposes. Likewise if the contract is negotiated and signed outside the territory and the goods sold are not sourced from within the territory then any income arising is not deemed Hong Kong source income for profits tax purposes. This is often achieved by utilizing an offshore company which re-registers in the territory as a foreign company but whose directors both remain non-resident and negotiate and execute the contract from the offshore jurisdiction. Where the Hong Kong entity is merely a booking center in the sense that it does not negotiate or draft the sale agreement (which is carried out abroad) but merely issues an invoice on instructions, operates a bank account and maintains accounting records covering the transaction then the income from such a transaction is not deemed Hong Kong source income for profits tax purposes. Advance tax rulings are available in the SAR and are particularly favored and recommended on the question of whether or not for profits tax purposes trading income is deemed onshore and taxable or offshore and tax exempt. There are a number of specific full or partial exemptions from profits tax (NB the rate of profit tax has 16.5% since 2008/9): Interest on a loan made available to the borrower in a foreign jurisdiction is not deemed Hong Kong source income and is therefore not taxable. An entity whose business is to grant rights to use a trademark, copyright, patent or know how pays a flat profit tax of 30% of 16.5% (4.95%, or 4.5% for an unincorporated business) of the payment received with all related expenses being non tax deductible. If the recipient of the payment is a related offshore licensing company the Hong Kong company must withhold and hand over 4.95 % of the fee paid over. Income from the international operations of shipping companies is exempt from tax unless the ships are operating in Hong Kong waters or proximate to the same in which case only that proportion of income earned in Hong Kong is subject to local tax of 16.5%. Shipping profits meeting the conditions of the double taxation agreement with the USA are exempt from profits tax in Hong Kong. Dividend income received by a Hong Kong parent company from either a resident or foreign subsidiary is not deemed income in the holding company's hands and is thus not subject to an assessment to profits tax. Interest or capital gains made on qualifying maturity debt instruments are taxed at 50% of the normal profit tax rate. The re-insurance of offshore risks is taxed at 50% of the normal profit tax rate on assessable profits Life insurance businesses are assessed at 5% of the value of the premiums arising in Hong Kong. For airline companies, irrespective of whether or not the company is managed and controlled from Hong Kong assessable profits are the proportion of income arising within Hong Kong (from the uplift of passengers and freight locally) to the proportion of worldwide income. Under a number of international aircraft double taxation agreements the government has agreed to include income arising abroad for taxation in Hong Kong where that income is exempted abroad under the agreement. Likewise profits meeting the conditions of the double taxation agreements are exempt from profits tax locally. The sale of goods on consignment from Hong Kong on behalf of a non resident is subject to a tax of 1% of the turnover without any deductions unless the non resident can produce accounts to show that he would have paid less profit tax than consignment tax in which case a normal rate of tax will apply .The selling of goods on consignment is deemed to be the equivalent of creating a permanent establishment. Profits remitted to a Hong Kong parent which represent the profitable disposal of its shareholding in a resident or non resident subsidiary are not assessed to tax in the territory both because the gains are capital gains and because (in the case of a non resident company) income arising outside jurisdiction is exempt from tax under the principle of territoriality. The profitable disposal by a Hong Kong entity of foreign real estate is not assessed to tax in the territory both because the gains are capital gains and because of the principle of territoriality. This includes a disposal effected by means of the Hong Kong entity selling 100% of the shares in a company whose sole asset is the foreign real estate. The transfer by a Hong Kong entity of capital assets to a foreign or resident subsidiary or branch at market value and at a profit is considered a capital gain and thus does not attract tax in Hong Kong (unless the assets are classified as revenue assets). Rental income from foreign real estate is not assessable income in Hong Kong for profit tax purposes. (However depreciation & interest payments on loans made to finance the real estate tax are not deductible in the territory). Interest income received by a resident or non resident business entity on deposits lodged with a financial institution are exempt from profits tax (By way of exception if the deposit was made by a "financial institution" then any interest received by the financial institution is deemed trading income for profits tax purposes and taxed accordingly). The following sources of trading income are exempted from profits tax Interest received or capital gains made on the purchase, retention or sale of a Government bond issued under the Loans (Government Bonds) Ordinance; Exchange fund debt instruments; Hong Kong dollar denominated multi–agency debt instruments; Specified investment schemes which comply with the requirements of a government supervisory authority are exempt from tax. Specified investment schemes include investments in unit trusts and mutual funds The repayment by a foreign subsidiary to its Hong Kong parent of the principal of loan capital or share capital is free of tax in the territory including where the repayment is by way of a capital reduction or a final dividend distribution in a liquidation. In the February 2008 budget, Financial Secretary John Tsang announced that small and medium businesses would be in line for a one-off tax reduction, with a proposed 75% concession of profits tax for 2007-08, up to a maximum of HKD25,000. Business registration fees were also waived for 2008-09. Concerns expressed by offshore hedge funds located in Hong Kong that their tax status may change were relieved in June, 2005, when the Revenue (Profits Tax Exemption for Offshore Funds) Bill 2005, which seeks to amend the Inland Revenue Ordinance to implement the proposal to exempt offshore funds from profits tax, was gazetted. First proposed by the Hong Kong government in the 2003/2004 budget, the idea to exempt offshore funds from profits tax is designed to reinforce the status of Hong Kong as an international financial centre, and bring the territory into line with other major financial centres across the globe. "The proposed exemption will help attract new offshore funds to Hong Kong and to encourage existing ones to continue to invest here," noted a government spokesman, continuing that: "Anchoring offshore funds in Hong Kong markets could also help maintain international expertise, promote new products, and further develop the local fund management industry. The proposal would lead to an increase in market liquidity and employment opportunities in the financial services and related sectors. "Hong Kong is facing keen competition from other major IFCs in attracting foreign investments. Major financial centres such as New York and London as well as the other major player in the region, Singapore, all exempt offshore funds from tax. The financial services industry has expressed the view that it is vital for us to provide tax exemption for offshore funds, or otherwise some of these funds may relocate away from Hong Kong, leading to loss of market liquidity and a negative read-across impact on other financial services, including downstream services such as those provided by brokers, accountants, bankers and lawyers."

#### Hong Kong is key to US-China relations – status as a financial center and continued investment is key

Paal 10 [(Douglas, vice president for studies at the Carnegie Endowment for International Peace; Richard Bush, director of Center for Northeast Asian Policy Studies of the Brookings Institution and a Senior Fellow of Foreign Policy; interviews CY Leung, Chief Executive of the Hong Kong Special Administrative Region) “U.S.–China Economic Relations: Hong Kong's Role” Carnegie Endowment for Peace SEPTEMBER 22, 2010] AT

Leung discussed the impact of China’s “One Country, Two Systems” policy, which exempts Hong Kong from adopting China’s socialist system and policies for 50 years, on Hong Kong’s role as a bridge between China and the United States. A Channel: China’s policy offers a high degree of autonomy for Hong Kong, allowing it to exercise full political rights, such as the right to participate in elections and freedom of expression. This maximizes Hong Kong’s ability to act as a channel between China and the outside world. Broader Role: While Hong Kong currently acts as a gateway between China and the West in the financial and economic sectors, it could potentially play a larger role by reaching out to research, media, and educational sectors, Leung said. However, Hong Kong would then face a delicate balancing act in dealing with sensitive issues, since it does not have complete political independence from China. HONG KONG AS A LAND OF OPPORTUNITIES Hong Kong’s physical and political geography places it in a unique position to connect economic interests in China with those in the United States and to assist China in improving its legal infrastructure, Leung said. However, Hong Kong also needs to develop its competitiveness in order to keep its own economy sustainable. Higher Education: With an international body of students and faculty in its universities, Hong Kong can leverage its status as a halfway point between the West and the East to attract talent. This enables Hong Kong to make positive contributions to China’s legal system. For example, a joint legal partnership between China and the United States that is designed to train Chinese judges will help increase Chinese recognition of the importance of the rule of law, thereby improving the judicial system. Drawing From the Mainland: The large presence of mainland students and returning overseas Chinese likewise attests to the perceived advantage of living and working in a more politically and economically free region. In response, the Hong Kong government has sought to retain talent by providing mainland students with one postgraduate year to seek employment. Competitiveness: The rise of Shanghai as a powerful financial center has challenged Hong Kong’s competitiveness as a financial center in the region, Leung said. While Hong Kong’s financial sector may not be sufficient to accommodate all of China’s needs, it still has a comparative advantage compared to Shanghai, due to its solid legal and judicial systems. Moreover, China’s growing economy needs more than one financial center. Labor Force: Hong Kong faces a shortage of highly educated labor; the percentage of its labor force with a university diploma is small, at only 19 percent. Hong Kong’s universities must adapt to the new market by training students to serve both local and overseas needs, especially when Hong Kong-based services are growing in popularity in China. A Services and Technology Economy: Hong Kong must diversify its economy if it wants to compete with other major cities in China. It can do this by developing high value services, such as training maritime lawyers and training insurance brokers to ensure smooth legal and financial transactions. Improving the quality of its higher education system will facilitate this transition, Leung said. A focus on scientific research and high-technology sectors will likewise allow Hong Kong to increase its competiveness by exporting expertise in pharmacy, biochemistry, and engineering to mainland China. FUTURE IMPLICATIONS Regional Connections: The integration of Hong Kong into the Chinese economy, especially in the region of Guangdong, will continue to deepen with the construction of high-speed trains, as well as Hong Kong’s growing dependence on China for labor, water, and electricity supplies. However, that regional integration must occur without compromising Hong Kong’s autonomy. U.S.-Hong Kong: The United States should continue to support Hong Kong by encouraging sustainable economic development and using it as a portal to transfer U.S. expertise and services to China. U.S.-China Trade Relations: Leung expressed his belief that an appreciation of renminbi will not help the U.S. economy, since economic tensions between the two countries are much more complicated than a simple currency adjustment. The fundamental issue, he argued, lies in the declining American competitiveness.

#### War with China escalates and causes extinction

Wittner 11—Professor of History @ State University of New York-Albany [Lawrence S. Wittner, “Is a Nuclear War with China Possible?” Huntington News, Monday, November 28, 2011, http://www.huntingtonnews.net/14446]

While nuclear weapons exist, there remains a danger that they will be used. After all, for centuries national conflicts have led to wars, with nations employing their deadliest weapons. The current deterioration of U.S. relations with China might end up providing us with yet another example of this phenomenon. The gathering tension between the United States and China is clear enough. Disturbed by China’s growing economic and military strength, the U.S. government recently challenged China’s claims in the South China Sea, increased the U.S. military presence in Australia, and deepened U.S. military ties with other nations in the Pacific region. According to Secretary of State Hillary Clinton, the United States was “asserting our own position as a Pacific power.” But need this lead to nuclear war? Not necessarily. And yet, there are signs that it could. After all, both the United States and China possess large numbers of nuclear weapons. The U.S. government threatened to attack China with nuclear weapons during the Korean War and, later, during the conflict over the future of China’s offshore islands, Quemoy and Matsu. In the midst of the latter confrontation, President Dwight Eisenhower declared publicly, and chillingly, that U.S. nuclear weapons would “be used just exactly as you would use a bullet or anything else.” Of course, China didn’t have nuclear weapons then. Now that it does, perhaps the behavior of national leaders will be more temperate. But the loose nuclear threats of U.S. and Soviet government officials during the Cold War, when both nations had vast nuclear arsenals, should convince us that, even as the military ante is raised, nuclear saber-rattling persists. Some pundits argue that nuclear weapons prevent wars between nuclear-armed nations; and, admittedly, there haven’t been very many—at least not yet. But the Kargil War of 1999, between nuclear-armed India and nuclear-armed Pakistan, should convince us that such wars can occur. Indeed, in that case, the conflict almost slipped into a nuclear war. Pakistan’s foreign secretary threatened that, if the war escalated, his country felt free to use “any weapon” in its arsenal. During the conflict, Pakistan did move nuclear weapons toward its border, while India, it is claimed, readied its own nuclear missiles for an attack on Pakistan. At the least, though, don’t nuclear weapons deter a nuclear attack? Do they? Obviously, NATO leaders didn’t feel deterred, for, throughout the Cold War, NATO’s strategy was to respond to a Soviet conventional military attack on Western Europe by launching a Western nuclear attack on the nuclear-armed Soviet Union. Furthermore, if U.S. government officials really believed that nuclear deterrence worked, they would not have resorted to championing “Star Wars” and its modern variant, national missile defense. Why are these vastly expensive—and probably unworkable—military defense systems needed if other nuclear powers are deterred from attacking by U.S. nuclear might? Of course, the bottom line for those Americans convinced that nuclear weapons safeguard them from a Chinese nuclear attack might be that the U.S. nuclear arsenal is far greater than its Chinese counterpart. Today, it is estimated that the U.S. government possesses over five thousand nuclear warheads, while the Chinese government has a total inventory of roughly three hundred. Moreover, only about forty of these Chinese nuclear weapons can reach the United States. Surely the United States would “win” any nuclear war with China. But what would that “victory” entail? A nuclear attack by China would immediately slaughter at least 10 million Americans in a great storm of blast and fire, while leaving many more dying horribly of sickness and radiation poisoning. The Chinese death toll in a nuclear war would be far higher. Both nations would be reduced to smoldering, radioactive wastelands. Also, radioactive debris sent aloft by the nuclear explosions would blot out the sun and bring on a “nuclear winter” around the globe—destroying agriculture, creating worldwide famine, and generating chaos and destruction. Moreover, in another decade the extent of this catastrophe would be far worse. The Chinese government is currently expanding its nuclear arsenal, and by the year 2020 it is expected to more than double its number of nuclear weapons that can hit the United States. The U.S. government, in turn, has plans to spend hundreds of billions of dollars “modernizing” its nuclear weapons and nuclear production facilities over the next decade. To avert the enormous disaster of a U.S.-China nuclear war, there are two obvious actions that can be taken. The first is to get rid of nuclear weapons, as the nuclear powers have agreed to do but thus far have resisted doing. The second, conducted while the nuclear disarmament process is occurring, is to improve U.S.-China relations. If the American and Chinese people are interested in ensuring their survival and that of the world, they should be working to encourage these policies.

### ---for Add-on

#### Hong Kong’s credit rating downgrade puts its status as a global listings hub on the brink

Dodd 14 [(Christopher, reporter) “HSBC downgrades Hong Kong on China tensions” Finance Asia 8 July 2014] AT

HSBC has downgraded its investment outlook for Hong Kong equities on the back of tensions with China over the Occupy Central issue and the risk of falling property prices. Although the move -- from neutral to underweight -- is a small one, it is symbolic given the city is the global bank’s historic home. The bank is Hong Kong's biggest and in 2013 derived more than 40% of its Asia-Pacific pre-tax earnings from the city. “We … note recent concerns about negative news flow regarding the ‘Occupy Central’ campaign,” HSBC said in its quarterly report. More details are expected on Tuesday, with HSBC also citing an expected slowdown in mainland Chinese tourist arrivals. But the move comes at a sensitive time for the city, just a week after as many as 500,000 people mounted a protest for democracy in the city, on July 1, aimed at the Chinese government. “In the long-run it’s a good thing [the downgrade]. It sends a message to China’s government that its policies are harming Hong Kong’s economy,” Kenneth Leung, a lawmaker representing the accountancy profession in Hong Kong, told FinanceAsia. HSBC declined to comment further. The downgrade comes amid a ratcheting up of tensions between a swathe of the population in the city and the Chinese government; primarily over politics but also because the mainland’s perceived murky business climate is increasingly seen seeping into the city. Beijing, before the protest, issued a white paper, effectively reminding the city that it belonged to China and that certain of its privileges were just that. Last week the Chinese government went a step further and warned the city that its status as a premier offshore renminbi hub was something that might not last forever. At a press conference, China’s vice-finance minister Wang Baoan said that, since reunification, the mainland had contributed greatly to Hong Kong’s prosperity, including billions of renminbi in bonds. “This is a growing cake Hong Kong should cherish but if you do not want to eat, it is Hong Kong's own thing,” he said. The increasing tension comes as Hong Kong’s property market, which has soared over the past decade, has shown some signs of a possible cooling – another factor behind HSBC’s decision. However, despite signs of falling prices, there were 5,270 residential transactions in May, according to Knight Frank, which is 10% higher than in the previous month and the highest level of the past 15 months. Financial hub Perhaps of more immediate importance is Hong Kong’s status as a global listing hub, which has come under threat in the past two years. Although 2013 saw something of a resurgence in the second half, there is still a glut of banks chasing a dwindling number of deals. And, anecdotally, headhunters are seeing a reduction in activity from the city's big banks, suggesting a lack of staff moves and new hires. HSBC joins Moody's and Australian bank ANZ in expressing concern for the city’s outlook in the past 10 days. Moody's restated its negative stance on the city's banking system, citing its exposure to mainland borrowers. ANZ, meanwhile, said it had noticed “the rising risk of political tension in Hong Kong and its possible impact on economic fundamentals”. “Hong Kong’s long-term economic competitiveness is on the table,” it said in the report. That said, the big three credit ratings agencies are still positive on the city in different areas. Standard & Poor’s credit rating for Hong Kong stands at AAA; Moody’s rating on sovereign debt is Aa1; and Fitch’s credit rating for the city is AA+. But the Occupy Central movement has its sights on causing disruption as soon as next month, planning a sit-in just yards from the Asian headquarters of HSBC, Citi and other banks. Although harming business in the city is not the goal of the organisers, they told FinanceAsia last week, the disruption will undoubtedly have implications for business. How the Hong Kong and Chinese governments respond will be key to the city holding on to its status as a premier financial hub. “I wonder what the big three ratings agencies think. It doesn’t appear either side [Occupy and the Chinese government] will compromise,” Leung told FinanceAsia.

#### Plan boosts credit rating and solves investor confidence – it’s perceived as a shift toward pro-social policies

Dagong 12 [(Dagong Credit Reporting agency) “Dagong Maintains Hong Kong SAR’s AAA Credit Rating and Stable Outlook” Dagong 2012-11-30] AT

adumbrate = signals/foreshadows

Dagong Global Credit Rating Co., Ltd. (hereinafter referred to as “Dagong”) maintains the AAA local and foreign currency credit ratings for the Hong Kong Special Administrative Region of the People’s Republic of China (hereinafter referred to as “Hong Kong SAR”) with a stable outlook. The Hong Kong SAR government continues with the gradual progress in the local political development under the Basic Law framework. Though affected by the moderated global trade Hong Kong’s economy remains vigorous. Hong Kong’s financial system and fiscal performance are stable and sound. With abundant fiscal and foreign exchange reserves, the government solvency remains at an extremely high level. The main reasons for maintaining the credit rating of the Hong Kong SAR are as follows: 1. The social tension which has slightly intensified recently will be steadily alleviated under the progress towards the planned target of political development. Since the return to China, the Hong Kong SAR has stepped into the transition period of the political regime, and the economic and social system has to be adjusted accordingly. The recently-intensified social tension is caused by multiple factors, but it reflects the current circumstance of rising social contradiction during the transition period. With the clearly defined political development target under the Basic Law, the Hong Kong SAR government actively promotes the arrangement of general election for both of the chief executive and the legislative council. The implementation of minimum wage and the enhanced role of the Hong Kong SAR government in economic activity adumbrate the gradual shift of government policies towards strengthening economic adjustment and safeguarding public interest. Social problems will be mitigated consequently and the political development process is relatively unambiguous.

### Spending DA

#### Government spending is inflationary – this would increase poverty

Kui-Wai 14 [(Li Kui-Wai, professor at the Department of Economics and Finance, City University of Hong Kong) Hk Has Adopted A Sensible Fiscal Policy, China Daily 12-31-2014] AT

The money saved will be returned to the relevant government departments in the future. In the short-term the economy is experiencing both low unemployment and low inflation. So it is an appropriate time to reduce government spending. This will help control inflation, which can steadily erode people’s purchasing power. In other words, the government should avoid encouraging inflation by spending when the economy is buoyant. Good fiscal discipline dictates that government spending be contrary to the business cycles. Therefore the government should spend more during recession to help the needy. But it should try to save during boom times to avoid the economy overheating. Hong Kong’s many years of fiscal surplus is a fine record and an economic strength rather than a burden. Indeed, Hong Kong’s strong fiscal performance is the envy of many nations. So the 1 percent spending cut serves more as a warning than a reduction in the quality of government services. In fact it offers an opportunity for government departments to encourage efficiency. Given the high level of social and economic development in Hong Kong, this is a sensible policy.

#### Spending from the CP will spiral out of control, draining government revenue – this collapses the economy – maintaining a large surplus is key

Kui-Wai 14 [(Li Kui-Wai, professor at the Department of Economics and Finance, City University of Hong Kong) Hk Has Adopted A Sensible Fiscal Policy, China Daily 12-31-2014] AT

Secondly, the openness of Hong Kong’s economy means that shocks to the global economy can easily affect Hong Kong. Examples of this may include changes to US interest rates in 2015, the strength or weakness of the euro, imbalances in the mainland economy and greater use of yuan. Instability in remote parts of the world and unforeseen changes in Asia may also have an adverse affect upon Hong Kong. The 1 percent spending cuts are needed because of the risk of future problems. Many welfare advocates argue that the SAR government has a healthy fiscal surplus and should spend more. But this is a naive argument. Governments cannot spend simply because there is a surplus. Welfare spending can spiral out of control because the more money is spent, the more will be needed. In some ways, fiscal policy in Hong Kong has gone in the wrong direction since 1995. At that time the economy was in good shape but the government of the day increased short-term welfare expenditure. It was during a period of full employment, asset booms and rising inflation. It resulted in an asset bubble which burst during the 1997-98 Asian financial crisis. However, large increases in welfare since 1995 have been matched by increases in tax exemptions. Consequently, there was greater need for expenditure. But the budget was now constrained by a narrower tax base. This was the worst of both worlds. As a consequence, Hong Kong reported its largest fiscal deficit following the 1997-98 crisis. There were discussions about widening the tax base — including the possible introduction of a goods and sales tax (GST). Alleviating Hong Kong’s structural problems was set to take time. It was therefore appropriate that in 2005, government bonds were used as a monetary instrument. The economic justification was that it was better to “save and borrow” than just to drain fiscal reserves. Hong Kong returned to fiscal surplus soon after this. But the openness of the Hong Kong economy makes it vulnerable to external events. To prepare for these unexpected shocks, fiscal policy is effective in ensuring economic stability. It is a good way to smooth out rough parts of the business cycle. Hong Kong’s significant fiscal reserves are more than a sign of economic strength. They also demonstrate to local and foreign businesses that Hong Kong has the fiscal buffers to deal effectively with financial shocks. Therefore, it would be better if the financial secretary, during this stage of the business cycle, focused on strengthening Hong Kong’s economic capacity and skill base. Increasing welfare will not be effective. It will only increase spending — not economic output. Although unemployment is low, job security is unstable in terms of skill advancement and upward social mobility. Hong Kong economy is plagued with a vicious spiral of high property prices and a narrow range of services. Certain government policies do not encourage the consistent development of the economy. So reducing fiscal spending is an important step. But resources saved should be used to develop Hong Kong’s economy. They should be directed to enlarging economic capacity and improving skills. The government should stay in the back seat rather than engaging in economic intervention. Economic development should focus on productivity and output. Only this can actually enhance the welfare of all. Welfare and redistribution policies should only be used to help those seriously in need.

### Solvency Answers

#### It’s the squo and the perm is best

Xueying 14 [(LI, Regional Correspondent for Strait Times) “Hong Kong to launch subsidy for low-wage households” Strait Times Jan 16, 2014] AT

MARKING a "philosophical" shift in official attitudes on how poverty can be eradicated, the Hong Kong government will be supplementing the wages of its working poor, Workfare style. This, together with an existing minimum wage policy, will form a sturdy safety net for the city's poor, say observers. The new scheme - which will cost HK$3 billion (S$491 million) a year - was a centrepiece in Hong Kong Chief Executive Leung Chun Ying's annual policy address yesterday to set out his government's direction for the coming year. Called the Low-income Working Family Allowance, the policy will benefit families that fall at or beneath the new poverty line drawn up just four months ago. This is half the city's median household income, which stands at HK$31,000 for a family of four.

#### Perm do the CP – it’s plan plus, it requires employers to a pay a living wage but also subsidizes them to do so, so it’s not severance. Technical differences aren’t enough to prove competition since it allows the neg to modify minute aspects of the plan the aff can’t predict or cut prep to – the CP results in employers paying a living wage

#### Perm do the plan and have the government subsidize wages and raise taxes according to the CP to fund the subsidy – the CP is plan plus since it requires that employers pay a living wage, but also subsidizes employers for doing so

#### Perm do the plan, and provide a wage subsidy equal to the different between wages in the status quo before the plan is implemented and a living wage – it provides more money so it solves poverty better, and including the CP shields the net benefit.

#### Wage subsidies increase unemployment – you misread economics and Australia proves

Mitchell 1/2 [Billy Mitchell, Professor in Economics and Director of the Centre of Full Employment and Equity “Friday lay day – wage subsidies do not work,” Economic Outlook, 1/2/2015] AZ

Wage subsidies do not work, do not work, do not work How many more lessons do the supply-siders need? As the newly-elected conservative Federal Government in Australia was elected in September 2013 it started to hack into public spending and the unemployment rate has risen sharply since. It is now higher than at the peak of the GFC upturn. To cover its tracks it claimed that it was prioritising the creation of jobs through a wage subsidy scheme known as –Restart – which provided financial incentives of up to $A10,000 for up to two years to any firm that employed an unemployed person who was above 50 years of age and who had been on income support for more than 6 months. The workers had to be “employed for at least 30 hours per week” to attract the full subsidy. The Government allocated $524.8 million over four years to the scheme and projected that 32,000 workers would be employed per year for each of the years of the funding as a result of the initiative. The scheme was introduced on July 1, 2014. Official data from the Senate estimates show that in the first five months of the scheme just 510 unemployed workers have been given jobs under the scheme of the 175,000 Australians who are eligible. The official estimates suggest that “the program could fall 95 per cent short of the government’s target.” Wage subsidies typically fail and are an inferior way of stimulating employment. They are motivated by the flawed idea that mass unemployment is the result of excessive real wages relative to productivity and if the wage that the firm has to pay is cut – either directly, by the workers accepting a lower wage or indirectly, by the government paying some of the wage – then firms will employ more workers. Two obvious points are overlooked, which always conspire to undermine such wage subsidy schemes. First, firms will not employ workers no matter how ‘cheap’ they become if the output that the workers might produce cannot be sold. Firms do not produce to generate infinite stores of inventory. Second, firms might try to substitute subsidised workers for non-subsidised workers as long as the subsidy is in place, which renders any net employment effect negligible. In this case, there also appears to be no substitution occurring because firms are laying workers off generally as total spending is weak. The better public policy way to increase employment is to create jobs directly via large scale public employment schemes. There is a litany of failed wage subsidy schemes. See this article from Joseph Stiglitz (January 1, 2015) – The politics of economic stupidity – where he says: The malaise afflicting today’s global economy might be best reflected in two simple slogans: “It’s the politics, stupid” and “Demand, demand, demand” … The near-global stagnation witnessed in 2014 is man-made. It is the result of politics and policies in several major economies.

#### Prefer:

#### Recency – it’s from couple days ago

#### My author is a head economist and cites one of the leading economists of the decade – prefer experts since uncertainty means we should default to tested ideas

#### Political bias towards the CP – this means you resolve disagreements about claims in aff’s favor

#### Minimum wage solves better – political enforcement

Adam and Moutos 11 [Antonis Adam, Thomas Moutos, professor of economics at University of Ioannina, “A Politico-Economic Analysis of Minimum Wages and Wage Subsidies,” Research Division of theFederal Reserve Bank of St. Louis] AZ

In this paper we construct a political economy model in which minimum wages are determined according to the wishes of the median voter. Using the minimum wage scheme as the status quo, we show that the replacement of minimum wages by wage subsidies guaranteeing the same (pre-tax) level of income (achieved by the government supplementing the wage income of workers by a subsidy equal to the difference between the competitive wage rate and the minimum wage rate), is not likely to receive political support unless it is supplemented by increased taxation of profits (after-tax profits are also likely to increase). Moreover, we show that the likelihood of implementation of wage subsidies is undermined by the existence of a heterogeneous labour force.

#### Prefer empirical comparative evidence – empirics account for real-world factors that theoretical studies can’t, and comparative evidence is able to quantify different solvency levels

### A2 Rotgers

#### Rotgers is dependent on Danish data – the only problem is that Denmark already has a living wage – this ev proves the perm

US Embassy no date [“Introduction to Denmark,” Embassy of the United States, http://denmark.usembassy.gov/living-in-denmark.html] AZ

Due to a strong trade union movement, wages in Denmark are generally higher than in the United States. Negotiated minimum wage is approximately $20/hour.

### Weighing

#### Timeframe – the CP can’t create job training in the long term

MDRC 13 [“Subsidized Employment: A Strategy for Bad Economic Times and for the Hard-to-Employ,” 02/2013] AZ

These findings suggest that providing transitional jobs can provide short-term income support to individuals with serious barriers to employment or to broader groups during poor economic times, but it does not guarantee improvements in long-term employment or other outcomes. Thus, it is important to test enhanced models of subsidized jobs that include partnerships with private employers, the use of incentives for participants and employers, additional training in hard skills to better prepare people for unsubsidized jobs, and other supports designed to address the specific needs of the population being served. Two major, multisite projects run by MDRC — the Department of Labor’s Enhanced Transitional Jobs Demonstration and the Department of Health and Human Services’ Subsidized and Transitional Employment Demonstration — are currently testing the next generation of subsidized employment models, which are distinctly different from older TJ programs. These programs aim to increase the long-term employment of a variety of hard-to-employ populations, including welfare recipients, former prisoners, and low-income noncustodial parents. They also have additional goals specific to the target population, such as reducing welfare receipt, reducing recidivism, and increasing child support payments. Larger-scale counter-cyclical initiatives may be needed as well, particularly for certain groups that have been most dramatically affected by the Great Recession and the slow recovery — for example, non-college-bound youth, whose employment rates have seen a marked decline in the last decade. Without early work experience — an important form of human capital formation — their future lifetime earnings could be severely affected.

### Yes it’s squo

#### This is the status quo – obviously can’t solve

Wong 04 [(Linda, Associate Professor PhD, 1998, University of Iowa Labor economics, Applied econometrics) “Social Policy Reform in Hong Kong and Shanghai: A Tale of Two Cities” Pg 149 Google Books] AT

In Hong Kong, the ERB has been providing wage subsidy to employers of tailor- made naining courses since May 1993 (Lee, 1996, pp. 120-21). The level and duration of subsidy depend on the age of the trainee and the level of skills to be trained. For unskilled workers, the ERB will subsidize one-third of the trainee’s monthly salary for one month (trainees aged between 30 and 39), two months (over 39 years of age), or three months (over the age of S0 or handicapped), depending on individual cases. Wage subsidy of half a month's salary was introduced for skilled and semiskilled workers (monthly salary of not less than I-lK$7.000) in July 1995. Wage subsidy for retrainees aged between 30 and 39 will last for three months, while retrainees aged over 39 will be subsidized for six months. A wage subsidy for skilled and semiskilled training is provided on the understanding that the retrainees, having passed the post-training assessment, will be employed full time at a monthly salary of not less than I-lK$7,000.

## Worker PIC

### TL A2 PIC Generic

#### 1. Permutation do the counterplan – it’s legitimate, workers were excluded in Hong Kong’s past minimum wage law so this would be normal means

#### 2. Protests is a disad – only doing the plan for ALL workers can solve the perception-based impacts in the aff– the counterplan is perceived as a reservation to minimum wage laws so that the protestors’ demands aren’t being completely met, which causes the protests to continue

#### 3. Complexity disad – carving out exceptions increases the complexity of Hong Kong’s business law, which introducing massive uncertainty and lack of clarity that makes it harder to operate there

#### Empirically proven – Chinese regulatory loopholes chill investment and cause massive economic instability

Barboza 12 [(DAVID BARBOZA, correspondent for The New York Times based in Shanghai, China, since November 2004) “A Loophole Poses Risks to Investors in Chinese Companies” NY Times JANUARY 23, 2012] AT

Executives at Yahoo, which owns around 40 percent of the privately held Alibaba Group, complained that they had not been properly informed of the move, and that the Alibaba board did not approve the transfer. While the dispute was later resolved, it raised questions about the risks of investing in Chinese companies using a little-known regulatory loophole. Legal analysts scrambled to explain that investments in China’s Internet industry, among others, had hidden risks, and that government scrutiny of the loophole was increasing. “There’s still a lot of uncertainty,” Steven Xiang, the Shanghai-based managing partner at Weil, Gotshal & Manges, the American law firm, said. “No regulatory changes have occurred yet. But investors need to consider their risk appetite.” For years, big Internet companies in China, like Alibaba and Baidu, have raised billions of dollars by effectively skirting Chinese regulations that ban foreign investors from acquiring stakes in companies operating in restricted industries, like energy, telecommunications and the Internet. Using a complex investment vehicle known as the variable interest entity — or V.I.E. — Chinese companies have been able to accept money from foreign investors through offshore entities they set up. In the case of Alibaba, Mr. Ma controls a Chinese company that transfers its economic returns and governance structure to an offshore entity in the Cayman Islands. That vehicle, in turn, is contractually tied to the Alibaba Group and the Hong Kong-listed Alibaba.com, which it operates. Sina.com was one of the first to use this complex arrangement. But virtually every major Chinese Internet company has adopted a similar structure. Worries about United States-listed Chinese companies using this regulatory loophole are often confused with efforts by much smaller Chinese companies to list in the United States through so-called backdoor listings, or by acquiring the shell of an American company and merging Chinese assets into it. Companies using that method came under attack last year because of accounting scandals. There is no relationship between the two. But last year, investors grew nervous about Chinese stocks, and short-sellers tried to capitalize on the concerns to pummel the share prices of United States-listed Chinese companies. Chinese companies using the V.I.E. structure are generally much larger and include many of the most profitable young companies in China. Private companies often chose this route because they had difficulty raising capital in China, where state-run banks tend to favor government-owned companies. That is perhaps one reason Chinese regulators long ago gave tacit approval to such arrangements. As a result, about 108 of 225 Chinese companies listed on Nasdaq and the New York Stock Exchange use the V.I.E. structure, according to a study done by Fredrik Oqvist, an independent analyst in Beijing. But in recent years, the Chinese government has grown increasingly uneasy with the arrangement. Several regulatory agencies, including the Ministry of Commerce and the central bank, have questioned the viability of the complex structure in public statements. Last October, some Western law firms cautioned clients that the China Securities Regulatory Commission had written an internal memo raising doubts about the V.I.E., noting that “foreign parties with unknown motives own significant stakes in major Chinese Internet enterprises.” Legal experts, though, doubt Chinese regulators will abolish the practice or even force big Chinese companies to unwind their structures any time soon. “That’d be like taking a knife to about 80 U.S.-listed companies that have used this structure over the past 12 years,” said Lawrence Sussman, managing partner in the Beijing office of O’Melveny & Myers, the United States law firm. “This structure is unlikely to go away.” But many legal analysts say the risks are real. “We’ve developed a structure that’s fraught with risk,” said Paul Gillis, a visiting professor of accounting at Peking University in Beijing. “And until recently, I don’t think investors realized the risks. The Alibaba case is the one that set some of this off.” Alibaba said it had no choice but to transfer the assets of its online payment platform, Alipay, to a private company controlled by Mr. Ma after Beijing regulators tightened controls over online payment systems and threatened to make the operations of Alipay illegal. That could have posed dangers to Alibaba’s fast-growing e-commerce unit, Taobao. An Alibaba Group spokesman, John Spelich, said that the disagreement with Yahoo was resolved and that worries about the V.I.E. structure were exaggerated. The V.I.E. structure “is a longstanding, well-recognized and legally compliant model, and there is no indication that it is about to change with regard to responsible companies that play by the rules,” he said in a statement. “As far as I am concerned, last year’s entire V.I.E. controversy was nothing but a tempest in a teapot that benefited the shorts and excited the traditional critics of China and open international trade and investment.” But some critics saw Alibaba’s move as a sign that Mr. Ma, the company’s chairman, could move a valuable piece of the Alibaba Group off the books to hide its value from one of its biggest shareholders, Yahoo. At the time of the move, Alibaba and Yahoo had been at odds over Yahoo’s stake in the company. The Alibaba Group remains one of Yahoo’s most valuable assets, and Alibaba has been pressing Yahoo to give up that stake and sell it back to Chinese investors. The dispute was resolved in July, when Mr. Ma agreed to certain conditions. If Alipay goes public with a stock offering, Alipay will pay the Alibaba Group — which is partly owned by Yahoo and Softbank of Japan — at least $2 billion but no more than $6 billion, plus certain licensing fees. If Yahoo disposes of its stake ahead of an Alipay stock offering, its stake in Alibaba will most likely be adjusted to reflect Alipay’s value before an offering, analysts say. A sign of confidence in the deal came when last September, when an investment group that included Silver Lake Partners and DST Global agreed to pay about $1.6 billion to acquire a stake in the Alibaba Group, valuing the company at about $32 billion. Still, the controversy over Alipay leaves open many questions, analysts say. Chief among them is who really controls Alibaba and other Chinese companies that use the V.I.E. structure — the global investors who financed the companies, or the Chinese who control the local operation. Steven M. Dickinson, a lawyer who has worked in China for years at the United States law firm Harris & Moure, said global investors were ignoring risks. While the Chinese government may not soon move to unravel the deals, it could do so at any time, he says. And if it is to their advantage, the local Chinese owners could also dismantle the structure without approval. “It’s prohibited for foreigners to own an Internet company of any kind in China — not discouraged, but prohibited,” Mr. Dickinson said. “Every lawyer agrees that if this goes to court in China, those contracts are void; they’re illegal.”

#### That also means the Relations advantage is a disad – complexity means companies don’t want to operate in Hong Kong

#### 4. Ill will disad – exceptions in Hong Kong’s minimum wage law is bad for public perception

Wan 11 [(Diana, executive producer of RTHK's Chinese-language “Headliner” programme; in collaboration with Steve Vines, Hong Kong based writer and journalist. He has worked in Asia for The Guardian‚ The Daily Telegraph‚ and The Independent, was a consultant editor for The Asia Times) “Competition Law; School Textbooks; Minimum Wage Loopholes” The Pulse] AT

The Hong Kong government has long liked to tout itself as providing a “laissez-faire” economy, a “level playing field”, and a free market.But how free is a market when there are no laws to guarantee fair competition? The idea of a competition law has been under review for around 15 years, and it's STILL only in the debating stage. With us in the studio to discuss why it's taken so long are the Civic Party’s Ronny Tong and Victor Hung of the Consumer Council. Many of Hong Kong’s parents are up in arms about the cost of school textbooks, which has more than doubled over the past ten years. The government has said that it wants to balance the rights of publishers to profit in a free market with educational considerations. But change - some of it controversial – is in the air. It shouldn’t be hard to draft a good, clear, minimum wage law. Hundreds of jurisdictions have managed it, some of them in places considered a lot less advanced than Hong Kong. It may not be true to say that Hong Kong’s incoming minimum wage law has more holes than a sieve. But the loopholes it does contain have led to a lot of wrangling and ill feeling.

#### It triggers advantage 1 – it causes antagonism which GALVANIZES the protests

#### It tanks enforcement of the counterplan’s policy – people won’t comply with a law they know is biased

#### 5. Antagonism disad – the counterplan pits workers against each other since it gives some benefits at the expense of others, fracturing their interests and increasing the protests

### Consumer Demand Add on

#### The plan boosts consumer demand which protects growth – the alternative is property speculation which is *unstable*

Chan 10 [(Thomas Chan, head of the China Business Centre, Hong Kong Polytechnic University) “The minimum wage in Hong Kong: How much is enough?”] AT

Enactment of a minimum wage was part of society's effort to constrain the excesses of capital on labor in the early phrase of a capitalist market economy in the West. The first national legislation on minimum wage was passed as early as the late 19th century in New Zealand. Most sustainable (industrialized and industrializing) capitalist economies in the world enforced a minimum wage in the 20th century. Even less developed countries like Angola and Cameroon in Africa, Bangladesh and Cambodia in Asia, and Bolivia and Dominica in Latin America have put minimum wage requirements in place. In 2004, the Chinese mainland also passed its first minimum wage law. With a per capita exceeding $30,000, Hong Kong has no excuse. Minimum wage not only protects the unskilled labor contingent in a society, it has much further reaching implications. Labor is not, after all, merely a producer or a part of the cost of production or services. Labor is also a consumer; and in a service economy such as Hong Kong, economic growth depends very much on consumer demand. Even the unskilled laborer contributes to local consumer demand and in no small way compared to the rich. This is because the number of the former is always larger than the latter and their aggregate demand is not insignificant. While the capital in society is well organized and labor is disorganized (low degree of unionization), labor will forever be disadvantaged in wage bargaining. The result is the persistent attempts of capital persistent to press down wage levels in order to maximize profit. In turn, suffering from excessively low wages, consumption demand among the laboring population in society is also depressed, causing low economic growth and a low accumulation of social capital. Naturally, in post-colonial Hong Kong, the government has shifted to rely on land sales and real estate speculation to sustain growth. However, post-handover experiences have shown clearly that the property bubble has not been sustainable and that remaining high land and property prices have hindered economic restructuring and regeneration even after the collapse of the bubble. If there had not been an influx of tourists from the mainland to boost local consumer demand and to compensate for the reluctant consumption of the local population (due to a stagnation of median income and an increase in poverty after the handover), economic growth in Hong Kong would be stagnating or even declining.

#### Any exceptions reduce consumer spending since fewer people receive increases – the counterplan can’t solve this

#### Chinese economic collapse causes CCP instability and violent lash-out

Yep 9 [(Ray, Professor of Public Policy, Univ of Hong Kong) “Economic Downturn and Instability in China: Time for Political Reform?” SERIES: Brookings East Asia Commentary | Number 28 of 77, April 2009] AT

The existence of millions of disgruntled unemployed workers is a concern for any government, yet there are distinctive institutional features in China that make the regime particularly vulnerable to this threat. Decades of market reform have completely reshaped the nation’s mode of welfare delivery. The all-caring welfare philosophy of the pre-reform era, with the workplace supplying comprehensive support for its employees, is long gone. Though limited elements of a rudimentary welfare and entitlement system are present in the cities, an effective safety net for urban workers is still not on the horizon. The Chinese government is yet to hammer out a formula that fairly distributes burdens among employers, employees, and the state.¶ But it is the migrant workers, who receive no systematic support in times of need, who are the most at risk from the economic downturn. Rural-urban inequality is reflected not only in terms of discrepancy of life chances, income opportunities, and standards of living: the difference in welfare regime is also testament to the huge gap between the two worlds. Self-sufficiency is the defining feature of China’s rural welfare system, with peasants striving on their own to face economic ups and downs. With the economic and social systems in flux, and with no welfare system to serve as a tether, entitlement to the lease of land is crucial for the rural population. Land, and farming, provides a steady flow of income, cheap food, shelter, and most important of all, a sense of security. It is the last line of defense against economic disaster and a fall-back option for migrant workers.¶ However, in a severe downturn such as this one, when millions of these peasant workers eventually abandon their hopes in the cities and return home, many of them will have to face the cruel reality of landlessness. Many peasants lease out their lands when they take jobs in the cities, but others have been forced to surrender their land leases under less pleasant circumstances.¶ For revenue-hungry local governments, the sale of rural land is now a major source of income. More than one-third of revenue in county budgets now comes from land sales, which explains the general harmony between property developers, industrialists, and local officials in securing farmland for commercial purposes. As rural lands are “collectively owned”—Chinese peasants are entitled only to lease land for a fixed period of time and the ultimate control over land is in the hands of their “representatives,” village officials—peasants are simply at the mercy of local governments in defending their land leases. Waves of confrontation over land transfers in recent years attest to the general resentment of peasants against these transactions.¶ The effect of the Party’s latest decision in facilitating rural land transfers in alleviating tension remains uncertain. While the decision made in the 3rd Plenary Meeting of the 17th Party Congress held in October 2008 reiterates the peasants’ right to land contracts and allows greater flexibility in the exchange of land leases among peasants, specific policy prescriptions for regulating land requisition—the coercive sale of farmland for non-agricultural purpose by local governments—is missing.¶ The combination of presence of tens of million of frustrated, jobless, and landless people and the disposition of public security forces to sometimes employ excessive violence toward complainants appears to be the perfect recipe for confrontation and disturbance. The situation is so delicate that the Chinese government may consider it the lesser of two evils if some of these unemployed migrant workers prefer to stay in the cities. In light of such pent-up frustration, it may be reasonable to ponder the option of expanding avenues for public participation in governance, as this may help serve as a safety valve for releasing social tension. Charter 08, a petition released on December 10, 2008, represents the latest effort to articulate this theory. Originally signed by more than 300 university professors, entrepreneurs, writers, lawyers, and social activists, the document is a deliberate attempt to imitate the founding of the Charter 77 movement in Czechoslovakia. The Chinese document unleashes severe criticisms against the current political order in China:¶ “The political reality, which is plain for anyone to see, is that China has many laws but no rule of law; it has a constitution but no constitutional government. The ruling elite continues to cling to its authoritarian power and fights off any move toward political challenge. The stultifying results are endemic official corruption, an undermining of the rule of law, weak human rights, decays in public ethics, crony capitalism, growing inequality between the wealthy and the poor, pillage of the natural environment as well as of the human and historical environments, and the exacerbation of a long list of social conflicts, especially, in recent times, a sharpening animosity between officials and ordinary people.”¶ And the signatories go on to call for reforms enshrining the universal values of freedom, human rights, equality, republicanism, democracy, and constitutional rule. Unsurprisingly, the Chinese government has responded with coercive measures and a number of signers have been interrogated and held in police custody. Wu Bangguo, president of National People’s Congress, launched a further rebuttal to the initiative during the annual session of the Chinese legislature. In his report on National People’s Congress on March 9, 2009, he reiterated the distinctive path of Chinese democracy and excluded the possibility of implementing western ideas of bicameralism, multi-party rule, and separation of powers in China. In short, China will implement political reforms, but in its own style and pace.¶ It may be unfair to say that the Chinese government has been totally indifferent to popular demands for political reform. President Hu Jintao called democracy “the common pursuit of mankind” during his 2006 visit to the United States. And over the last three decades of market reforms, more than 250 new laws were passed, competitive elections have occurred widely at the village level across the countryside, and electoral experiments at the township and county levels were introduced. With the introduction of new laws like the Administrative Litigation Law, Chinese citizens do enjoy new leverage for redressing their grievances against the government. However, the bottom line for any form of political reform is that the Party’s dominance should never be challenged. As explained by Deng Xiaoping in the aftermath of Cultural Revolution in the late 1970s, “the Party did make mistakes, but it was the Party itself that corrected its mistakes.” The central message, echoed in Wu Bangguo’s work report, is that the Party alone should pick the opportune moment and formula for political modernization.¶ CCP: Economic stability as the key to social harmony¶ For the Party leadership under Hu Jintao, 2009 is hardly an ideal year for audacious change in political institutions. It is the twentieth anniversary of the 1989 Tiananmen Incident and the fiftieth anniversary of the Liberation of Tibet. As the global economic crisis continues, it will also be a year of social and economic dislocations. For Party leaders, “social harmony,” a synonym for maintenance of the status quo and suspension of diversity, is the priority. Contrary to the ideas of liberals who see political freedom and democracy as the solution to conflicts and tension, the Party regards economic stabilization as a more reliable option for preserving order.¶ Central to the response to the trying time ahead is a 4-trillion-yuan ($586 billion) plan to boost the national economy and a drastic increase in public expenditure, as outlined in Premier Wen Jiabao’s Report on Government Work to the NPC. Generous support has been bestowed upon sectors directly related to people’s livelihood. For example, the plan calls for an 18% increase in social security spending and similar rise in direct subsidies to farmers in 2009. Another 850 billion yuan will be allocated for medical and healthcare reforms over the next three years. These “people-centered” policies, as phrased by Wen, do not come cheap however. The 24% increase in public expenditure this year has to be financed by a deficit of 950 billion yuan ($139 billion), the largest since the founding of the People’s Republic of China in 1949. Yet, for the Party, this is an expensive but effective strategy of governance. For the Chinese leaders and the CCP, the unabated economic growth and steady rise in living standard over the last 30 years provided a new lease of life following the ideological bankruptcy of the 1970s; economic growth is the proven way to placate the people and preserve the Party’s legitimacy.¶ Political reforms that may help strengthen the administrative competence of the Chinese bureaucracy or contribute to a more business-friendly environment are deemed as relevant and thus welcomed by the regime. Political liberalization, as advocated by vocal intellectuals and dissidents in exile, is not. History tells us that those in power may contemplate sharing power when popular pressure for change has reached the boiling point and there is a threat of violent takeover. Social tension in China may have been rising and grievances against rampant corruption and social injustice are growing fast, but – given its tenacity and because success in delivering economic progress has remained by and large intact – it is debatable whether the Communist Party has already lost the mandate to rule and is prepared to concede to pressure for fundamental political reform. Realistically, an opening for political reforms will only emerge when the Party feels comfortable with its power position and is confident of its ability to control the pace and direction of those reforms. The turbulence and adversity inherent in the current global financial meltdown hardly seem conducive to these sentiments.

### ---Young People Key

#### Young people are key consumers

Chan 10 [(Kara, Professor in the Department of Communication Studies, Hong Kong University) “Youth as Consumers” 2010 City University of Hong Kong] AT

The global youth market is important to international marketers and advertisers because of its size, homogeneity and its growing purchasing power. Giges’s (1991) study found the life styles and consumption habits of people aged 14–34 around the world to be similar, especially in terms of their consumption of soft drinks, beer and footwear. Among the world population of 1.8 billion youth aged 10–24, 1.0 billion (61%) live in Asia (Nugent, 2006), making the Asian youth segment an important target market for products as well as social ideas. They also have relatively more disposable income than their Western counterparts because of more generous allowances and income from part-time jobs (Sharma, 2002). Within this region, Hong Kong is a major market with a distinct status as a world city and a long history of western influence (Fam and Waller, 2006).

<continue In 2008, the labor force participation rates of males and females age 15–19 are 13% and 12% respectively. The labor force participation rates of males and females age 20–24 are 66% and 70% respectively (Census and Statistics Department, 2009b). As a majority of the population in the 15–19 age group is studying, the 15–19 age group therefore has a lower labor force participation rate than the 20–29 age group (see Figure 1.1). This pattern holds true for both females and males (The University of Hong Kong, 2006). Labor force participation includes those currently employed as well as those looking for work. An expansion of opportunities for higher education in Hong Kong in recent years has led more young people continue their studies, and labor participation rates among those aged 15–19 have registered a steady decrease. The labor participation rates among males aged 20–29 has also dropped steadily. However, a similar drop has not been observed among females aged 20–29 (The University of Hong Kong, 2006). In 2008, there were 335,200 young people aged 15–24 working in Hong Kong (Census and Statistics Department, 2009c). Twenty- eight percent of them were engaged in the public administration, social and personal services while 26% were engaged in retail, accommodation, and food services (see Table 1.3).

### ---Luxury Spending Key

#### Luxury spending comprises a large portion of this spending

Chan 10 [(Kara, Professor in the Department of Communication Studies, Hong Kong University) “Youth as Consumers” 2010 City University of Hong Kong] AT

Many luxury product marketers consider Hong Kong as a major market for their products. It has been estimated that at least 50 designer brands have opened their own shops and branches in town (ACNielson, 2008). Global market research has shown that Hong Kong leads the Asia-Pacific region in the desire to purchase luxury brands if money is not an issue. Forty percent of respondents in Hong Kong claimed to buy such products. The regional average was 15% (ACNielsen, 2008). According to the study, Hong Kong tops the world in terms of the proportion of people claiming to buy Gucci (31%), Louis Vuitton (27%), and Burberry (26%) products. To maintain awareness, close to 500 million Hong Kong dollars was spent on advertising in this market in 2007 by the 50-odd luxury apparel and accessory brands monitored by Nielsen’s Advertising Information Service. The top spenders were Christian Dior, Chanel, and Louis Vuitton (ACNielsen, 2008).

### ---Small Businesses Key

#### Small business agree – increasing the minimum wage would boost consumer spending, allowing them to expand their operations

SBM 13 [Small Business Majority “Opinion Poll: Small Businesses Support Increasing Minimum Wage” April 24, 2013] AT

More than two-thirds of small business owners support increasing the federal minimum wage, up from $7.25 an hour, and adjusting it yearly to reflect the cost of living: A 67% majority of small business owners agree the current federal minimum wage of $7.25 per hour should increase, and that it should be adjusted annually to keep pace with the cost of living. Moreover, almost four in 10 (36%) strongly agree. Figure 1: Two-thirds support increasing minimum wage, adjusting it yearly with cost of living Do you favor or oppose increasing the federal minimum wage, up from $7.25 currently, and adjusting it annually after that increase is enacted to keep pace with the cost of living? figure 1 The vast majority of respondents pay all of their employees more than minimum wage: A sweeping 85% of small business owners surveyed do not pay any of their employees the federal minimum wage of $7.25. Figure 2: Vast majority of small businesses pay employees more than minimum wage Changing subjects to other issues facing the country and small businesses, do you pay any of your employees the minimum wage? figure 2 Two-thirds of entrepreneurs believe increasing minimum wage will boost consumer demand for small businesses, helping them grow and hire: A 65% majority agrees with this statement: “Increasing the minimum wage will help the economy because the people with the lowest incomes are the most likely to spend any pay increases buying necessities they could not afford before, which will boost sales at businesses. This will increase the customer demand that businesses need to retain or hire more employees.” Moreover, one-third of owners strongly agree with this statement. Figure3: Two-thirds of small business owners believe increasing minimum wage will boost consumer demand and the economy Do you agree or disagree with the following statement regarding the minimum wage? Increasing the minimum wage will help the economy because the people with the lowest incomes are the most likely to spend any pay increases buying necessities they could not afford before, which will boost sales at businesses. This will increase the customer demand that businesses need to retain or hire more employees.

#### 2 implications

#### Perception based disad – small businesses want the plan

#### Turns the disad – the perception of the minimum wage as a positive policy means small businesses will sustain new hires and that people will create new small businesses

### A2 Old People PIC

#### Public opinion views failures to protect the elderly in Hong Kong as exploitative – the counterplan wouldn’t solve our perception advantages

Ko 10 [(Cara Ko, communications officer for Oxfam Hong Kong, independent international development and humanitarian organization working against poverty and related injustice) “Government should provide meal allowance and increase health care vouchers” 2010-12-19] AT

Oxfam Hong Kong today published the results of its survey, “The living and health conditions of poor elderly people not on CSSA and their attitudes towards social security”. The survey, commissioned by Oxfam and conducted by Policy 21 Limited, examines the acute poverty of elderly people in Hong Kong. According to government statistics, there are 351,511 elderly people aged 65 or above living in poverty. This constitutes a poverty rate of 40%, the highest among all age groups. The survey revealed that the average monthly expenses of poor elderly people are HK$3,904, and they earn HK$3,359 on average. This means they face a deficit of $545 every month. Despite the deficit, over 90% of the respondents, though qualified, are not receiving Comprehensive Social Security Assistance (CSSA). Respondents indicated that their major expenses included meals, rental/mortgage payments, transportation and medical care. “It is a shame that in this wealthy city, such a large proportion of our older citizens are not receiving sufficient assistance from the social security net. We urge the government to take immediate action, including providing meal allowances and increasing the number of health care vouchers provided to the elderly people, as well as removing the limits for applying for the Old Age Allowance, so as to lift the elderly people out of poverty,” said Kalina Tsang, Manager of Oxfam’s Hong Kong Programme.

### A2 Interns PIC

#### 1. Perm do the counterplan – a loophole exists in minimum wage laws now as part of normal means

HKI 11 [Hong Kong Informer, local news source “Law firms find minimum-wage loophole”] AT

Law firms find minimum-wage loophole. Posted on 08 August 2011. Tags: Hong Kong News Law firms – with the help of the city’s three law schools – have found a way to avoid paying the statutory minimum wage to interns who would otherwise have qualified for it. Leung talks about love for Hong Kong as well – The Standard. Hong Kong auction hopes to cash in on stamp craze.

#### 2. Not doing the plan for interns means the poor can’t afford internships since they need paid internships to survive. This increases inequality and reduces the number of trained and experienced workers.

Mazaraki 11 [(Josephine, chief executive officer, Graduate Foundations Ltd) “Law firms should pay interns real money for the real work they must do” South China Morning Post 20 August, 2011] AT

I agree that work experience is invaluable for students in their graduate job search. Indeed, as an employer of graduates, I am acutely aware that without work experience on their resume, students are unlikely to get an interview, let alone a job. However, I believe it is essential that Hong Kong employers provide paid internship opportunities to local students and hire them to do real work. Many large banks and corporations do have paid internships, but there are not nearly enough positions for the 80,000-plus university students in Hong Kong. Interns need training and can require a significant time commitment from employers. However, investing in interns builds a pipeline of talent for the future. Are the firms who object to investing in interns the same firms who complain that there is a talent shortage in Hong Kong and that it is difficult to find experienced staff? Unpaid internships limit social mobility: if your parents cannot support you, or you need to contribute to the family finances, taking an unpaid internship is just not feasible. If students cannot get graduate jobs without relevant industry work experience on their resumes, we are restricting access to graduate employment to wealthier families. The recent unrest in Britain is a reminder of the risks in a society where there is no social mobility, where the top jobs are only accessible to those who are already well-off or well-connected. Let's hope we do not see any more employers and universities finding loopholes.

#### Impacts:

#### It triggers advantage 1 – income inequality and lack of graduate jobs will cause another wave of protests, even if there’s a living wage law for all

Buckley 12/11 [(Chris, journalist) “Hong Kong Protesters Lose a Last Bastion, but Vow to Go On” NY times, Dec 12, 2014] AT

Yet even in their defeat, the protesters, most of them college students, left with a new sense of political identity, a willingness to challenge the almighty power holders in Beijing, and a slogan from a science-fiction film that many of them repeated as they cleared out of the encampment in Hong Kong’s Admiralty district: “We’ll be back.” (A sliver of a protest camp remains in Causeway Bay, a busy shopping area.) “We have learned we have power when we are together and have enough people,” said Cat Tang, a tall youth who showed up for the scripted final act wearing a menacing helmet and gas mask, with safety pads on his limbs and a plastic shield on his right arm. “Today, we don’t have enough people. But tomorrow, sometime, we can.” The protests had no tangible success in forcing China to allow a more open election for Hong Kong’s next chief executive. But neither did China have any clear success in persuading the rising new generation in its wealthiest and most westernized enclave that they should passively accept China’s vision of what is best, as many of their elders have done. The intransigent positions on both sides seem likely to last. Hong Kong, if subdued for now, could well offer a continuing reminder, in an uncensored environment, of thwarted hopes for greater rights in greater China. The protests have also left the territory deeply polarized and trickier to govern. “It means the soldiers and generals of the future movement are there,” said Lee Cheuk-yan, a longtime labor leader and pro-democracy lawmaker. “The young people have awakened. This is really the gain of the movement.” Solidarity with the movement was on display as it ended. The police were forced to detain dozens of the city’s pro-democracy A-list on Thursday afternoon, hauling wealthy lawyers, prominent lawmakers, student leaders and a media mogul through a phalanx of officers and onto waiting buses with barred windows. The sight of peaceful, sober-minded pro-democracy leaders among the 209 people arrested during the clearance of the camp embodied a volatile new current in Hong Kong politics, said Fernando Cheung, a democracy supporter who is a member of the city’s Legislative Council. Many of those arrested, such as Martin Lee, the founding chairman of the city’s Democratic Party and a Queen’s Counsel of the British bar, were neither radicals nor given to confronting the police, he said. “It shows the growing divisiveness,” said Mr. Cheung, seated under a canopy surrounded by empty bottles, plastic sheets and other debris as the police cleared the site. “Society in general will have to pay a large and growing price for that.” A little later, Mr. Cheung was arrested after refusing to leave the area of the encampment, on a major road past the headquarters of the Hong Kong government. For more than a quarter-century, many of the same men, and a handful of women, have led countless demonstrations with limited visible effect. But the Umbrella Movement did not only mobilize youth who had previously kept out of politics. The long standoff also garnered an audience for more truculent groups, including raucous online communities, who argued that escalating confrontation with the authorities was the only way to break the will of the government and win concessions. At the same time, the street protests may have had the unintended effect of increasing the job security of the very person whose resignation the demonstrators called for repeatedly: Hong Kong’s chief executive, Leung Chun-ying. “He does have very strong backing from Beijing — they’ve found him someone they can really work with in tough times,” said a person with close ties to the Hong Kong and Beijing governments, who insisted on anonymity because of the continuing political tensions. He also said he believed protesters’ vows that they would keep challenging the authorities. “We will clear it, they will regroup, we will clear it again, they will regroup,” he said. “But eventually, they will dissipate.” Charlotte Chan, a 19-year-old nursing student, reclined on a sofa that had been used to block an escalator leading to the government offices and said that even those who wanted to keep up the demonstrations could see that they lacked broad support. But Ms. Chan predicted that students would soon rebound with new plans for civil action. “This is the start, the very beginning, and the pressure will accumulate — the next protests will be more aggressive,” she said. “Those who claim political neutrality cannot go on. You can’t pretend not to care.” Some in Hong Kong worry that the protests this autumn have harmed the long-term cause of achieving greater democracy. They fret that Beijing has permanently transferred large numbers of security and intelligence specialists to Hong Kong to keep a much closer eye on the Chinese Communist Party’s many critics. Beijing, they say, could end up even more resistant to further democratization in Hong Kong for fear that a hostile government might be elected. “This movement has done more damage to the pro-democracy camp than anything in the last 17 years,” said Steve Vickers, who was a senior Hong Kong police official before Britain handed over Hong Kong to China in 1997, and who said he favored the introduction of greater democracy. Under the British, and through the first 17 years of Chinese sovereignty here, the most powerful political force has been the leaders of the city’s biggest businesses — heavily Scottish at first, but now mostly Chinese families originally from the neighboring Guangdong Province or from Shanghai. These tycoons have long opposed increases in social spending, fearing they would lead to higher taxes on them. But the bruising political battle with democracy activists has hurt the tycoons’ image and their clout with top city officials and the Beijing authorities, people with a detailed knowledge of Hong Kong’s policy making said. To Beijing’s annoyance, the tycoons were reluctant to criticize the protesters for fear that their own businesses might be boycotted. One of the most politically active business leaders, a real estate developer, James Tien, publicly broke ranks in October with the administration’s support for Mr. Leung and called for more negotiations with the protesters. “The tycoons are no longer a factor; their days are past,” said the person who works closely with the Beijing and Hong Kong governments. That may be an overstatement: The tycoons have a history of hiring retiring senior civil servants and keeping close personal relationships with government leaders. But economic inequality and a lack of job opportunities for the young emerged as potent issues this fall for rallying young people, prompting an active government review of ways to address these issues. The students and other protesters vowed to keep the demonstrations alive. Late Thursday, more than 100 demonstrators gathered diagonally across the street from the demolished encampment. They stayed on the sidewalk, not blocking traffic, and shouted to wary police officers that they were engaged in one of Hong Kong’s favorite pastimes, “shopping!”

#### It triggers advantage 2 – income inequality scares off investors

Carroll 14 [(Toby Carroll, reporter) Hong Kong's pro-democracy movement is about inequality. The elite knows it, Guardian 7-27-2014] AT

Popular analyses of burgeoning political agitation around universal suffrage in Hong Kong often side-step an inconvenient reality – that the underlying story is not simply about relations with the mainland or concerns over its authoritarian ways, but rather about massive social inequality and the diminishing opportunities available to many Hong Kongers. On 4 June, Hong Kong’s Victoria Park filled with people to commemorate the Tiananmen Massacre in 1989. Less than a month later, massive numbers of Hong Kongers – many of them young – once again turned out on 1 July for the annual pro-democracy march throughout Hong Kong's financial hub. Both of these events exhibited the excitement and tension associated with increasing levels of political activity which has all too often been characterised as stemming from democratic deficits currently built into the region’s governance. It's true that in recent years, anti-mainland sentiment has increased, with popular targets being Beijing’s influence on the special autonomous region (created subsequently to the 1997 “handover” from British colonial rule), high profile stories about the behaviour of mainland tourists, and the ostensible impact of mainland investors on inflating property prices. Beijing asserting its authority over Hong Kong, although possibly part of its broader geo-strategic posturing rather than simply a discrete attempt to curtail political freedom, has undoubtedly contributed to simplistic narratives to explain the large mobilisations recently seen. Moreover, the increased presence of mainlanders in the autonomous region has quite likely contributed to exacerbating inequality in certain sectors. Mainland tourists have of course been an important customer base for retailers, a reality painfully evident when Xi Jingping’s anti-corruption drive was highlighted last month – in a city that prides itself on the rule of law and lack of corruption – as having a drastic impact upon watch and jewellery sales, reported to be down by as much as 40%. Having largely shed its once famous manufacturing base to the mainland and beyond, retail matters a great deal to employers. Furthermore, anyone familiar with Hong Kong also knows that real estate agencies, in a city with very limited employment options, also play a big role in terms of employment. But to unmask the real reasons behind dissent, it is also important to look at the city’s sky-high inequality rates, which are more about market dominance and governance than simply mainland influence. In 2013, around 1.3m people (19.6%) were deemed to be living below the official poverty line in Hong Kong. In 2011, the income distribution Gini coefficient hovered above a startling 0.53 (up on previous years and regularly cited as the highest of any developed economy in the world). The city is also famous for its painful delays to access to public housing (up to 10 years). And the mention last weekend of a new release of miserably-sized private apartments (just over 170 square feet) for under HKD$2m would hardly calm the nerves of those already at breaking point. Indeed, such announcements likely only add to popular anger, highlighting unattractive living spaces on offer in a city where many are forced to live in what are bleakly known as “cage homes” and informal housing in former warehouses. For the last couple of months, we have seen a steady who’s who of elite financial and economic figures instilling fear with respect to political mobilisations, one of which (Occupy Central) is yet to actually occupy any public space. The stunning stream of paranoid predictions has been revealing, although not nearly enough has been made of what this vocalising of concern reflects in terms of an irreconcilable division of interests. Li Ka-Shing – Hong Kong’s most prominent tycoon, apparently worth over $USD31 billion and whose every word is treated with the veneration normally accorded to oracles – barked that Occupy Central would contribute to eroding Hong Kong’s prospects. Peter Woo Kwong-ching, a prominent property developer, also came out to dissuade protesters from taking action in relation to demanding greater representation. Add to this the world’s four largest accounting firms – Ernst & Young, KPMG, Deloitte and PricewaterhouseCoopers Hong Kong – which collectively issued a statement published in a local newspaper to the effect that if Occupy Central were to proceed, it could hurt the attractiveness of Hong Kong as a location for multinational corporations and investors. Also contributing to the alarm was HSBC – the Hong Kong-based bank – which released a report downgrading its projections for Hong Kong, initially levelling the blame at Occupy Central and later, after receiving considerable criticism, adding a whole raft of other non-related concerns as more important, including the anti-corruption drive in China. But what, really, is the positive impact on most people of Hong Kong’s status as a financial centre? Are the interests of people facing high property prices, high costs of living and diminished social mobility really aligned with a system centred upon low taxation of corporate interests, rather than a redistribution system which could be channelled into better public education, healthcare and housing? Elite interests and the interests of most Hong Kongers are perhaps more diametrically opposed now than ever before. The real concern of many of these elite figures is that people in Hong Kong will convert demands for increasing suffrage into robust demands for redistribution; that in the face of plenty, those with little or no positive prospects won’t stand for obscenely concentrated wealth, power and privilege anymore. In this last respect, the alignment of Beijing’s political aspirations and those of a tiny but very powerful elite may prove a formidable pairing. However, given Hong Kong’s material conditions, political dissent will not easily be contained.

#### Independent impacts---A new generation of well-trained workers is key to legal advisory that ensures investment in Hong Kong – internships are the key internal link

Chan 14 [(Steve, Professor in DEPARTMENT OF POLITICS AND INTERNATIONAL STUDIES at SOAS, University of London) “Legal Services Industry in Hong Kong” HKTDC 13 June 2014] AT

According to the latest available figures, Hong Kong's exports of legal services amounted to US$266 million (HK$2.07 billion) in 2012, up 4.9% from the year-earlier period. Hong Kong's legal services sector plays a pivotal role in satisfying the professional services needs associated with mainland-related investment. As the Chinese mainland is one of the largest mergers and acquisitions (M&A) markets in Asia, many top legal advisors in the world have made a significant presence in Hong Kong to serve the region. Meanwhile, Hong Kong law firms have established a strong international-mainland business network and clientele. The listing of mainland enterprises in Hong Kong, along with the simplified procedures for mainland enterprises to set up offices in Hong Kong, further boosts the demand for a wide range of professional services provided by Hong Kong law firms. In recent years, arbitration and mediation have gained in popularity as alternative dispute resolution means to legal litigation, and Hong Kong is seen as a preferred venue for dispute resolution in the region. The Hong Kong Arbitration Ordinance is widely recognised as one of the most advanced arbitration statutes in the world. Arbitration awards made in Hong Kong are enforceable through the courts of most of the world's trading economies through its being a party to the New York Convention. These awards are also enforceable on the Chinese mainland since the establishment in 2000 of the arrangement on mutual recognition and enforcement of arbitral awards between Hong Kong and the mainland. Closer Economic Partnership Arrangement between Hong Kong and the Mainland (CEPA) As a member of the WTO, China has improved market access conditions for foreign firms to the mainland's legal sector. In addition, the liberalisation measures adopted under CEPA have also enhanced the access of Hong Kong’s legal sector to the mainland market. Since the implementation of CEPA in 2004, the Chinese mainland has further opened up its market to Hong Kong’s legal service sector. Among the provisions, the residence requirement for representatives of representative offices of the Hong Kong law firm on the mainland has been relaxed; Hong Kong permanent residents are allowed to sit the National Judicial Examinations; Hong Kong lawyers are allowed to be employed as legal consultants by mainland law firms; and restrictions on association between Hong Kong and mainland law firms have been relaxed. Under Supplement IX to CEPA, Hong Kong law firms with representative offices on the mainland are allowed to operate in association with one to three mainland law firms. As of end-March 2014, Hong Kong law firms (including many Hong Kong-based foreign law firms) had set up 117 representative offices on the mainland, of which 44 were set up after the implementation of CEPA in 2004. Beijing, Shanghai and Guangzhou are the most popular cities to establish mainland presence. Besides, 10 Hong Kong law firms have entered into association arrangements with their mainland counterparts under CEPA. CEPA allows mainland law firms to employ Hong Kong legal practitioners, but those who are employed by mainland law firms are not allowed to handle matters of mainland law. Hong Kong lawyers providing professional assistance at the request of mainland law firms on the basis of individual cases are not required to apply for a Hong Kong legal consultant permit. Yet, CEPA allows Hong Kong residents with Chinese citizenship to sit the mainland’s National Judicial Examinations. Hong Kong legal practitioners, who have passed the examinations and obtained the required internship, intensive training and assessment, are allowed to engage in non-litigation legal work in mainland law firms. In 2013, 114 Hong Kong residents had sat National Judicial Examinations in Hong Kong and 6 of them passed. Under Supplement VIII to CEPA, the mainland will consider widening the business scope for Hong Kong residents who have acquired mainland legal professional qualifications and hold a mainland lawyer’s practice certificate, with a view to allowing them to act as agents in civil litigation cases on the mainland relating to Hong Kong residents and juridical persons.

#### The requisite intern opportunities are decreasing now – that will collapse Hong Kong’s ability to retain investment

#### Doesn’t solve protests – the main groups protesting in Hong Kong were STUDENTS or recent graduates, while the majority of interns are also students. The counterplan effectively PICs out of the ONE GROUP that’s protesting now, so it doesn’t appease them and allows the protests to continue

### A2 Small Biz DA

#### Extend the 1AC Cautherly evidence – given projections of economic growth in Hong Kong, Small and Medium-size Enterprises will be able to absorb increases in wage growth, which proves no link to the disad

#### This outweighs:

#### Only this evidence accounts for projected GDP growth, which will increase total sales of SMEs and allow them to pay higher wages, which buffers the negative impacts they cite

#### It’s specific to the quantity increase of the aff advocacy since Cautherly’s proposal is what the aff defends – their evidence doesn’t apply to the specificity of the plan

## Work Incentive Transport Subsidy

### TL A2 WITS CP

#### Perm – do the plan and the counterplan with a raised income limit. A logical policymaker would modify the CP not to trade off with the plan. That shields the link and the aff is a net benefit

#### No solvency

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

The apparent objective of the WITS is inconsistent with its design. Though the WITS specifically focuses on work-related transportation expenses, its eligibility criteria and subsidy levels do not consider the transportation need of individuals, or the distance they must commute. Instead, the design is like a low-income family subsidy because eligibility is based on the economic situation of a household. Yet the objective of the WITS is not broad enough to provide sufficient subsidies to meet the living expenses of low-income families.

#### Doesn’t gives incentives to work

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

Incentives to Work The WITS does not provide strong incentives for low-income earners to work, partly because the current eligibility criteria are based on a family’s economic condition rather than an individual’s. If a worker fails the means test he or she cannot obtain the allowance, so it does not serve as an incentive to continue employment or to work longer hours. Furthermore, the system is only two-tiered with regard to working hours. Under the WITS, employees that work 36 hours per month are entitled to HK$300 per month. Those who work 72 hours or more per month are entitled to HK$600 per month. This system does not provide enough incentive to encourage employees to increase their working hours.

#### Empirically no one applies to it and too few are eligible

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

In fact, even before the implementation of the minimum wage, the income of some low-wage workers such as cleaners and security guards exceeded the original WITS income limit for a one-person household. This suggests that the income limit was set too low from the start. According to the Labour and Welfare Bureau, as of 30 December 2011 (several months after the implementation of the minimum wage), only 21,000 applications for the WITS had been filed, and only 10,000 applications (with approximately 10,947 applicants) had been granted the subsidy3 . The number of applications was far lower than the 218,0004 anticipated by the Government. In fact, only about 5% of eligible workers are receiving this support.

#### It’s too difficult to apply to

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

Income and assets tests make the application procedure for WITS complicated and thus discourage many eligible workers from applying. In principle, the means tests are employed to identify needy families and screen out the less needy. However, in practice, the tests require not only the applicant but also his/her family members to disclose a wide variety of assets and income. Also, applicants must submit proof of salary and monthly working hours. Thus many eligible applicants, particularly those who are self-employed or work for several employers, find it difficult to collect enough information for the WITS application.

#### Perception advantages are a disad – CP is perceived as stringent and pro-business

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

Furthermore, the assets limit is perceived as stringent. According to a survey conducted by Caritas in 20105 , 73% of interviewees indicated that the individual asset limit should be relaxed, and about 60% suggested that the one-person asset limit should be increased from HK$44,000 to HK$150,000 or above. Should the asset limit not be further relaxed, the test will hinder the Government from rewarding many hardworking low-wage earners.

### Extra Adv

#### WITS screws over households with children

Chack-kie 12 [(Wong, Hong Kong Institute of Asia-Pacific Studies) “Feasibility Study of Low-Income Working Family Subsidy” Oxfam hong kong May 2012] AT

The WITS is internally inconsistent when the Government considers it justifiable to consider the economic situation of a household, but fails to consider the expenses incurred in raising children in designing the WITS income limit. Currently, the design overlooks the fact that the economic burden of a family with children can be considerably higher than that of a family without children. Using the regression analysis model and the 2009/2010 Household Expenditure Survey of the Census and Statistics Department, we can estimate the increased household expenditure for an additional child and an adult. Results show that each additional child aged under 15 increases average household expenditure by HK$5,328 a month, and each additional adult by HK$4,165 – a monthly difference of HK$1,163 (See Table 2.3). Whatever the household size, a household with children has a higher per-capita expenditure than a household without; and the more children a household has, the per-capita expenditure is higher still. Families with children also tend to have less ability and less flexibility to deploy resources in times of need.

## Misc Advantage CP

### A2 Sell Public Housing

#### Doesn’t solve – 1AC Cautherly evidence says inflation wrecks people’s purchasing power – once the house is sold it’ll lose value until it’s worthless

#### People are EXTREMELY poor if they live in public housing – they can’t afford to buy housing, that’s the reason they’re there – it’ll be extremely expensive even if it’s below market price

#### Doesn’t solve – housing isn’t the only cost, other basic necessities are out of reach for Hong Kongers, that’s Cautherly

#### Perm do both – it solves MORE poverty by giving money to even the unemployed which is more likely to quell protests

#### No empirical evidence for counterplan solvency means it’s less likely to solve than the aff, which is backed by strong studies

### A2 Chinese Assistance

#### The counterplan makes Hong Kong’s economy vulnerable to shocks and increases poverty

Lam 12 [(Wai-Man, Honorary Assistant Professor at Centre for Civil Society and Governance, Department of Politics and Public Administration, Univ of Hong Kong) “Contemporary Hong Kong Government and Politics: Expanded Second Edition” Google Books] AT

While China's active and policy-driven assistance and economic integration have helped the economic recovery of Hong Kong, it also has negative consequences. Aside from making Hong Kong more politically and economically dependent on China (Yeung 2002), it has masked the real problems of its economic structure and therefore reduced the incentives of policymakers to carry out effective reforms, and may even mislead the development of Hong Kong's economy in a wrong direction. For example, the HKSAR government puts too much emphasis on developing the tertiary service industry, especially tourism, and lets the secondary industries, par- ticularly the manufacturing industry shrink even more, leading to a more concentrated and mismatched economy. Even the Chinese officials in Beijing have frequently warned Hong Kong about its dependence on only a few sectors, making it vulnerable and sensitive to the risk of economic cycles. The large inflow of hot money into Hong Kong since the 2008 ﬁnan- cial crisis also highly increased the risk of economic bubbles. The virtual economy driven by those bubbles does not beneﬁt the real economy which is more relevant to the livelihood of the general public and is even harmful to the real economy in the long run.

### A2 Chinese Investment

#### Structural corruption means investment in China is low and can’t solve

Davis 3 [(Anna Maria, business advisor, has lived and worked in Spain, Mexico, Portugal, Scotland, England and, for the past six years, Hong Kong) “Running Your Own Business in Hong Kong” Transitions abroad, last date cited is in 2003] AT

For as long as I can remember, I have had my own business as I like the sense of independence and the challenge that comes from being an entrepreneur. Often people overlook start up opportunities when living abroad because they assume that the process is too complex or risky. Risky, it can be, but starting your own business anywhere involves risks. For the past six years, I have had a part-time editing business in Hong Kong and in this article, I will use my experience to provide advice specific to Hong Kong but general enough to be applied to other places. Research Your Legal Rights and Responsibilities Obviously laws vary from country to country and even within a country. Nowhere is this more evident than in China. While Hong Kong as a territory belongs to China, Hong Kong’s legal system is separate from China’s legal system. While the former is based on the British legal system and as such is discernable and recognizable by western standards, the latter is a mine field of complexity and seriously compromised by corruption. In other Asian countries such as Thailand and Vietnam, non-nationals wanting to start a business must go into partnership with a local. This has its own potential for problems.

## Incentives CP

### Perm

#### Perm do the counterplan – a law is just an incentive to do something, where breaking the law results in penalties. Supreme Court ruling on the ACA proves – the law was construed as positive incentive—a tax break—to register, which was EQUIVALENT to a negative incentive—a fine—for not registering.

#### Perm do both – shields the link since it pays businesses if they provide a living wage; that money offsets the cost of higher wages

### Solvency Deficits

#### The counterplan is perceived as pro-business – doesn’t solve protests

#### Not indexed to inflation

#### Only a standardized minimum wage solves – it introduces legal certainty whereas the counterplan is unclear

## A2 Democracy CP

### CP – TL

#### Japan Times card goes aff – it says “what angers protesters is the sense that his administration values the needs of pro-China billionaires over those of workers struggling to eke out a living.”

#### CP exacerbates the internal link to protests advantage – it’s a complete concession to protesters, which tanks CCP legitimacy and risks regime collapse

#### Perm – do the aff and cause the CP’s government shift. Any solvency deficit to the CP is a reason to vote aff, since there’s a risk that protests don’t stop

## Misc Add-ons

### Spending – Relations

#### Spending guts investor confidence

IDF 15 [(Index of Economic Freedom) “Hong Kong” Country Rankings, 2015] AT

However, the economy’s institutional uniqueness, enshrined in its exceptional commitment to economic freedom and a high degree of autonomy pledged by the mainland, has faded a bit. Although Hong Kong maintains the features of an economically free society, economic decision-making has become somewhat more bureaucratic and politicized, and the government’s administrative scope and reach have expanded. Recent political events appear to have undermined public trust and confidence in the administration. Hong Kong became part of the People’s Republic of China in 1997, but under the “one country, two systems” agreement, China promised not to impose its socialist policies on Hong Kong and to allow Hong Kong a high degree of autonomy in all matters except foreign and defense policy for 50 years. The critical issue today is the shape and form that “universal suffrage,” promised for 2017 by Chinese authorities, will take. Although the government controls all land in Hong Kong, the economy has benefited from its commitment to small government, low taxes, and light regulation. Major industries include financial services and shipping; manufacturing has largely migrated to the mainland. Hong Kong’s economy has become increasingly integrated with China through trade, tourism, and financial links. RULE OF LAWVIEW METHODOLOGY Property Rights 90.0 Create a Graph using this measurement Freedom From Corruption 75.0 Create a Graph using this measurement Hong Kong continues to enjoy relatively low rates of corruption, although business interests exercise a strong influence in the unicameral legislature and executive branch. Beijing’s heavy-handed efforts in 2014 to assert greater control from the mainland have galvanized pro-democracy sentiments. The rule of law is respected, and the efficient and capable judiciary remains independent. Property rights are well protected. LIMITED GOVERNMENTVIEW METHODOLOGY Government Spending 89.7 Create a Graph using this measurement Fiscal Freedom 93.2 Create a Graph using this measurement The standard income tax rate is 15 percent, and the top corporate tax rate is 16.5 percent. The overall tax burden equals 13.7 percent of domestic income. Government expenditures amount to 18.5 percent of gross domestic product. Public debt is low, and a budget surplus has been maintained, but population aging and greater spending on social programs have increased fiscal pressures.

### Spending DA – Poverty and

#### Government spending is inflationary – this would increase poverty

Kui-Wai 14 [(Li Kui-Wai, professor at the Department of Economics and Finance, City University of Hong Kong) Hk Has Adopted A Sensible Fiscal Policy, China Daily 12-31-2014] AT

The money saved will be returned to the relevant government departments in the future. In the short-term the economy is experiencing both low unemployment and low inflation. So it is an appropriate time to reduce government spending. This will help control inflation, which can steadily erode people’s purchasing power. In other words, the government should avoid encouraging inflation by spending when the economy is buoyant. Good fiscal discipline dictates that government spending be contrary to the business cycles. Therefore the government should spend more during recession to help the needy. But it should try to save during boom times to avoid the economy overheating. Hong Kong’s many years of fiscal surplus is a fine record and an economic strength rather than a burden. Indeed, Hong Kong’s strong fiscal performance is the envy of many nations. So the 1 percent spending cut serves more as a warning than a reduction in the quality of government services. In fact it offers an opportunity for government departments to encourage efficiency. Given the high level of social and economic development in Hong Kong, this is a sensible policy.

#### Spending from the CP will spiral out of control, draining government revenue – this collapses the economy – maintaining a large surplus is key

Kui-Wai 14 [(Li Kui-Wai, professor at the Department of Economics and Finance, City University of Hong Kong) Hk Has Adopted A Sensible Fiscal Policy, China Daily 12-31-2014] AT

Secondly, the openness of Hong Kong’s economy means that shocks to the global economy can easily affect Hong Kong. Examples of this may include changes to US interest rates in 2015, the strength or weakness of the euro, imbalances in the mainland economy and greater use of yuan. Instability in remote parts of the world and unforeseen changes in Asia may also have an adverse affect upon Hong Kong. The 1 percent spending cuts are needed because of the risk of future problems. Many welfare advocates argue that the SAR government has a healthy fiscal surplus and should spend more. But this is a naive argument. Governments cannot spend simply because there is a surplus. Welfare spending can spiral out of control because the more money is spent, the more will be needed. In some ways, fiscal policy in Hong Kong has gone in the wrong direction since 1995. At that time the economy was in good shape but the government of the day increased short-term welfare expenditure. It was during a period of full employment, asset booms and rising inflation. It resulted in an asset bubble which burst during the 1997-98 Asian financial crisis. However, large increases in welfare since 1995 have been matched by increases in tax exemptions. Consequently, there was greater need for expenditure. But the budget was now constrained by a narrower tax base. This was the worst of both worlds. As a consequence, Hong Kong reported its largest fiscal deficit following the 1997-98 crisis. There were discussions about widening the tax base — including the possible introduction of a goods and sales tax (GST). Alleviating Hong Kong’s structural problems was set to take time. It was therefore appropriate that in 2005, government bonds were used as a monetary instrument. The economic justification was that it was better to “save and borrow” than just to drain fiscal reserves. Hong Kong returned to fiscal surplus soon after this. But the openness of the Hong Kong economy makes it vulnerable to external events. To prepare for these unexpected shocks, fiscal policy is effective in ensuring economic stability. It is a good way to smooth out rough parts of the business cycle. Hong Kong’s significant fiscal reserves are more than a sign of economic strength. They also demonstrate to local and foreign businesses that Hong Kong has the fiscal buffers to deal effectively with financial shocks. Therefore, it would be better if the financial secretary, during this stage of the business cycle, focused on strengthening Hong Kong’s economic capacity and skill base. Increasing welfare will not be effective. It will only increase spending — not economic output. Although unemployment is low, job security is unstable in terms of skill advancement and upward social mobility. Hong Kong economy is plagued with a vicious spiral of high property prices and a narrow range of services. Certain government policies do not encourage the consistent development of the economy. So reducing fiscal spending is an important step. But resources saved should be used to develop Hong Kong’s economy. They should be directed to enlarging economic capacity and improving skills. The government should stay in the back seat rather than engaging in economic intervention. Economic development should focus on productivity and output. Only this can actually enhance the welfare of all. Welfare and redistribution policies should only be used to help those seriously in need.

### Pro-Biz Perception - Protests

#### Government is perceived as pro-business which fuels the protests

Gu 14 [(Wei, Editor of China Wealth and Luxury and Head of Original Reporting for CWSJ., The Wall Street Journal) “Hong Kong Protests Also Fueled by Widening Wealth Gap” WSJ Oct. 9, 2014] AT

The divergence in fortunes between Hong Kong’s tycoons and the general public is a reason for the social tensions in the city. Hong Kong today is more prosperous than a generation ago. But many middle-class residents feel squeezed. Hong Kong’s Gini coefficient, a measure of income and wealth distribution, has widened since Britain handed the territory back to China in 1997. The city is now more unequal than the U.S., the U.K. or Singapore. Civil servants, although better off than many, complain of salary cuts, and lower pensions, education allowances and housing subsidies. University professors have seen cuts to salaries and benefits. Gone are perks like subsidies for children’s overseas education. Meanwhile, homeowners have benefited. House prices are at a record high in Hong Kong, up by a third from a previous peak in 1997. Hong Kong’s retail rents are now the most expensive in the world. Tycoons are getting richer. Li Ka-shing , the city’s wealthiest person, whose companies control a range of businesses from power to property, has seen his wealth swell from $12.4 billion in 1997 to $31.4 billion currently, according to Forbes. Hong Kong’s government has remained pro-business. The city has no taxes on capital gains or inheritances, mechanisms that developed countries use to even out wealth. The government introduced a minimum wage in 2010, only after much debate. The business elite wields more power today than under British rule, holding great sway with leaders in Beijing, argues Brian Fong, an assistant professor at Hong Kong Institute of Education. Such links are viewed negatively in Hong Kong. A week after Chinese President Xi Jinping met in Beijing with dozens of Hong Kong tycoons, the current protests broke out. Their scale took many observers by surprise.

### Pro-Biz Perception – Relations

#### Perception as pro-business undermines investor confidence – the plan solves

IDF 15 [(Index of Economic Freedom) “Hong Kong” Country Rankings, 2015] AT

However, the economy’s institutional uniqueness, enshrined in its exceptional commitment to economic freedom and a high degree of autonomy pledged by the mainland, has faded a bit. Although Hong Kong maintains the features of an economically free society, economic decision-making has become somewhat more bureaucratic and politicized, and the government’s administrative scope and reach have expanded. Recent political events appear to have undermined public trust and confidence in the administration. Hong Kong became part of the People’s Republic of China in 1997, but under the “one country, two systems” agreement, China promised not to impose its socialist policies on Hong Kong and to allow Hong Kong a high degree of autonomy in all matters except foreign and defense policy for 50 years. The critical issue today is the shape and form that “universal suffrage,” promised for 2017 by Chinese authorities, will take. Although the government controls all land in Hong Kong, the economy has benefited from its commitment to small government, low taxes, and light regulation. Major industries include financial services and shipping; manufacturing has largely migrated to the mainland. Hong Kong’s economy has become increasingly integrated with China through trade, tourism, and financial links. RULE OF LAWVIEW METHODOLOGY Property Rights 90.0 Create a Graph using this measurement Freedom From Corruption 75.0 Create a Graph using this measurement Hong Kong continues to enjoy relatively low rates of corruption, although business interests exercise a strong influence in the unicameral legislature and executive branch. Beijing’s heavy-handed efforts in 2014 to assert greater control from the mainland have galvanized pro-democracy sentiments. The rule of law is respected, and the efficient and capable judiciary remains independent. Property rights are well protected. LIMITED GOVERNMENTVIEW METHODOLOGY Government Spending 89.7 Create a Graph using this measurement Fiscal Freedom 93.2 Create a Graph using this measurement The standard income tax rate is 15 percent, and the top corporate tax rate is 16.5 percent. The overall tax burden equals 13.7 percent of domestic income. Government expenditures amount to 18.5 percent of gross domestic product. Public debt is low, and a budget surplus has been maintained, but population aging and greater spending on social programs have increased fiscal pressures.

# Kritik

## Poverty Discourse

### A2 Poverty Discourse

#### The alt can’t solve the case, so the case is a net benefit to the perm.

#### This outweighs – unemployment in Hong Kong is low now, so the aff impacts more people than the alt.

TE 15 [Hong Kong Unemployment Rate] AT

Unemployment Rate in Hong Kong remained unchanged at 3.30 percent in November of 2014 from 3.30 percent in October of 2014. Unemployment Rate in Hong Kong averaged 3.73 percent from 1981 until 2014, reaching an all time high of 8.50 percent in June of 2003 and a record low of 1 percent in July of 1989. Unemployment Rate in Hong Kong is reported by the Census and Statistics Department, Hong Kong.

#### Link turn – the plan impacts BOTH the working and unemployed poor. Many of Hong Kong’s unemployed poor do not work because they know the market will exploit them. The plan resolves this.

Robertson 13 [Benjamin Robertson, “Minimum wage can benefit Hong Kong, says Nobel laureate,” South China Morning Post 12/9/2013] AZ

A well-structured minimum wage can have a positive impact on Hong Kong and should be encouraged, says Nobel laureate Christopher Pissarides. In an interview with the South China Morning Post, Pissarides also warns against rising debt levels in China, drawing parallels with the troubled euro zone and his native Cyprus. "I am supportive of a minimum wage because of the encouragement that it gives to young people in particular, and older and not well-qualified people who feel they might be exploited," he says. A specialist in labour market theories, Pissarides says the challenge is to find a level that protects workers without discouraging hiring. He recommends a starting level equivalent to 40 to 45 per cent of the average wage. In the United States, the level is too low "and does not provide the security it needs to provide", while in France, at about 55 per cent of median income, it is "discouraging employers … and creating unemployment". The Hong Kong minimum wage remains a contentious issue between employers and unions since it was introduced in 2011. Originally set at HK$28 an hour, it was raised to HK$30 in May. Unions wanted HK$35. According to the Census and Statistics Department, the average monthly salary in June was HK$13,982. Assuming a 48-hour work week plus meal times, a worker earning the minimum wage would take home HK$6,240 a month - within the framework suggested by Pissarides. The hourly rate should then be "pushed up until you reach the point where you are putting at risk job creation and then leave it there", he says. Pissarides is in Hong Kong in his capacity as visiting professor at Hong Kong University of Science and Technology. He won the Nobel prize in economic sciences in 2010.

## Generic Kritik

### TL Perm

#### Perm do both – including both of our movements builds critical mass and links radical movements with the public at large – only realistic action towards change can solve

Ng 13 [(Angie, PhD student in Applied Social Sciences at Durham University) “Fighting Inequality in Hong Kong: Lessons Learned from Occupy Hong Kong” Journal of Radical Criminology No 2 (2013)] AT

There is a need to keep strong links with other community organizations and stand together with other progressive people as part of the 99% fighting the 1%; Occupy Central became increasing isolated as it was perceived by other groups that they were no longer as open and receptive to cooperation. Standing together not only builds critical mass but also allows a movement and its message to spread through word of mouth, social media and other channels outside of mainstream media, forcing the mainstream to cover the issue. At the same time, movements must have realist expectations towards the mainstream press, who act as protectors of market interests and the status quo. Instead of fighting for "product placement" in the press, being disappointed with mainstream narratives and then officially cutting off contact with the press, it is best to understand that this is the way the mainstream media operates and ignore their reportage instead of letting it define future actions. Other alternatives include using the media creatively, expanding alternative media channels to communicate to the public and using direct action. Using methods such as street theatre, radical visual events and pirate radio stations, movements can bypass the mainstream media and raise awareness more directly and spark critical thinking. Movements must also reach out and touch the broader general public with direct messages rather than focusing too heavily on the specifics of internal debates. Many NGOs and individuals, both within and without the local encampment, had suggested this, but these recommendations were ignored. Due to inaction in this area, the general public received most of their information from the mainstream media and did not feel the movement had touched their lives. Examples of possible alternatives mentioned above include community-based actions, whether these be in neighborhoods or workplaces which address immediate needs, such as by growing food, providing childcare and reaching out to the homeless and isolated. These actions not only allow for movements to circumnavigate the Mainstream media but also allow for meaningful dialogue breaking down the artificial separation between the general public and members of the movement. With Hong Kong's disgraceful situation of income disparity and injustice, it needed a local Occupy movement, and it was admirable that people were brave enough to lead the way and start one there. The struggle for more equality does not end when authorities have removed one's camp, and this struggle must continue in Hong Kong in various forms, taking into account the lessons learned from this experience. Indeed, with plans for Occupy Central II in 2014, this time in the form of a road blockade to fight for universal suffrage in the territory, the movement continues to be the centre of public discussion in Hong Kong (But and Cheung 2013). Around the world, there need to be more and more of the 99% that stand together to demand change from governments, both via global movements, such as Occupy, and local, community-based actions centred around neighborhoods and workplaces, for example. There needs to be recognition that the world is increasingly being divided into two classes, the elite and precariat, and the precariat need to work collectively instead of competing to climb the social ladder, harbouring unrealistic dreams of becoming one of the elite. The fight for the oppressed must go on, as it is a long, continuous project, while each should remember that people with power don't give this power up unless they have to (Chomsky 2012).

## Security

### State Focus Key

#### Evaluating ontology requires a focus on state actions

Krolikowski 2008 (Alanna is a doctoral student in International Relations at the Department of Political Science of the University of Toronto. She completed an MA in International Relations at the Munk Centre for International Relations of the University of Toronto in August 2006; State Personhood in Ontological Security Theories of International Relations and Chinese Nationalism: A Sceptical View)

Thus, a different interpretation of Mitzen’s theory is adopted here, according to which the theory is not intended to be purely structural, but instead considers explanatory factors to consist in structures and the properties of units. This view retains a focus on the explanatory potential of individual trust type as a “variable.” More importantly for the argument advanced below, it also implies that we cannot make use of the ontological security concept to explain behaviour without looking at processes occurring at the level of the state, since the sources of variation in trust type are found at the unit level.33 In more general terms, it is difficult to sustain an application of the ontological security concept to states’ social relations that does not in some way consider variation in states’ properties (either across states or perhaps within states over time), a process which entails examining state-level processes rather than treating states as ontologically primitive units. The important point here is that, if we accept this second view of Mitzen’s theory, then we can seriously consider the role of agent-specific factors such as type of trust. A first step in applying the theory to concrete cases is then to examine the variation in this feature across actors.

### A2 Neocleous

#### This is in the context of US interventions around the world, which is obviously not the aff

#### It also recommends a way HONG KONG can stabilize its OWN economy – not a representation that justifies US interventionism in the name of economic security

### Protests A2 China Threat/Pan

#### The advantage doesn’t construct China as a threat – instead it’s a STABILIZING FORCE in the region… their link CLEARLY MISSES THE BOAT

### Relations A2 China Threat/Pan

#### No link – the aff doesn’t portray China as a threat or as an other, it merely says China has good reason to distrust the US due to US imperialism and aggression; and that the US is the one who WRONGLY perceives China as a threat, which relations overcomes

#### Relations turns this – it means the US no longer constructs China as a threat

### Yes China threat

#### **And if you evaluate their claims of ontological insecurity, it proves China IS an insecure actor and views rivals as a threat**

Krolikowski 2008 (Alanna is a doctoral student in International Relations at the Department of Political Science of the University of Toronto. She completed an MA in International Relations at the Munk Centre for International Relations of the University of Toronto in August 2006; State Personhood in Ontological Security Theories of International Relations and Chinese Nationalism: A Sceptical View)

According to such an approach, the history of the Chinese state-as-actor suggests that it should be a relatively straightforward case of unhealthy basic trust and ontological insecurity. Historians and political scientists studying China, from SSu-yu Teng and John Lewis Fairbank onward, have stressed the profound civilizational rupture that China experienced with its first “encounter with the West.”37 The traumas associated with subsequent colonization and exploitation shattered China’s self-understanding as the beneficent “Middle Kingdom” and exposed as illusory its long-held beliefs about the pacific nature of its external environment and its own place within it.38 These processes can be understood as having lead to a deep form of existential crisis that, while being in a sense ‘acute,’ has also been sustained over generations.39 The numerous upheavals experienced by the Chinese civilization during the 20th century, especially the most recent Tiananmen Square Massacre and ensuing international isolation, can no doubt count among the major disruptions to China’s sense of a continuous “biographical” narrative. As Chih-yu Shih recounts, the issue of outwardly oriented self-representation has also “been intrinsically related to China’s domestic institutional array”:40 One witnesses the change of China’s self-image from a ‘socialist China’ externally allied with the Soviet Union and internally embodied in central planning and land reform, to a ‘revolutionary China’ externally antagonistic toward both superpowers and internally plagued by the Cultural Revolutions, and then to an ‘experimental China’ externally lauding independence and internally praising decentralisation. The most recent shift is toward a ‘normal China’ externally looking for partnership and internally enforcing economic reform. All these changes have required a new theory of the world. While this series of redefinitions certainly suggests the capacity for identity change, because these historical changes have required fundamental and often violent reconstitutions of the Chinese state and sweeping reassessments of the international environment, they should be understood as traumatic disruptions rather than reflexive developments of China’s self-identity. The resulting sense of existential anxiety about its own self-identity and the nature of its environment should make of China an ontologically insecure actor with rigid basic trust. The condition of unhealthy basic trust which prevents China from quelling its existential anxiety and ontological insecurity should, according to the theory, compel China to engage in routinizing behaviours as a means of achieving a stable self-identity and a sense of ontological security. More specifically, we should expect ontological insecurity to prompt the reinforcement of an existing identity through routinized relationships. A state locked into this type of condition should systematically reproduce similar forms of behaviour with other actors as a means of stabilizing its identity. We should observe constant patterns in the state’s behaviour, including rigid, inflexible positions on international issues; a persistent loyalty to states with which it has routinized friendly or cooperative relations; and lasting animosity, hostility or rivalry with states that it is used to regarding as threats. Empirical observations disconfirming this hypothesis would include the absence of such patterns and, in their stead, change over time, flexibility in the state’s responses to different situations, adaptation and learning.

## Cap

### A2 McGrath

#### McGrath’s problem with the democratic approach is that it won’t result in pro-social policies – but the aff IS the socialist-type policy he ultimately desires so this goes aff

McGrath 2/7 [Ben McGrath “Hong Kong protest falls short of expectations”] AT

The minimum hourly wage of only $HK30 ($US3.90) has not kept up with inflation, while access to employment has dwindled. Last year’s protests erupted in late September after police cracked down on a strike and demonstrations by students. Amid public outrage over the use of tear gas, pepper spray and batons, the protests swelled to 50,000 people and protesters occupied sites at Admiralty, the government center, Causeway Bay, and Mong Kok in Kowloon for weeks. Almost from the beginning, the pan-democrats and their supporters in Occupy Central attempted to shut down the protests. While student leaders adopted more militant tactics, their aims were just as limited. They sought to pressure the Hong Kong government and Beijing into making concessions. In early December, Benny Tai along with his fellow co-founders of the Occupy Central group turned themselves in to police, urging the students in the streets to give up. After 11 weeks, the police shut down the protest sites. Hundreds were arrested, including members of the Democrat Party like Martin Lee, Albert Ho, and others from the pan-democrat grouping. As they had been pressing demonstrators to end their struggle, their arrests were nothing more than a cynical stunt to retain some political legitimacy. The lesson from last year’s protests was that the democratic aspirations of workers and youth cannot be met within the framework of bourgeois elections. Even if the demand for full and open elections had been achieved, the outcome would be an election dominated by the political representatives of Hong Kong’s wealthy elites which would continue the pro-market policies being pursued by the current city administration. A genuine fight for democratic rights is bound up with a political struggle against capitalism and all the factions of the ruling elite, and a turn to the working class in Hong Kong, China and internationally on the basis of a socialist program.

### A2 Protests Are Anti-Cap

#### Protests will inevitably fail, and they’re the exact form of politics they critique

McGrath 2/7 [Ben McGrath “Hong Kong protest falls short of expectations”] AT

Thousands of people in Hong Kong took part in a rally on Sunday, February 1, the first major demonstration since the ending last December of weeks of protests to demand more open elections. This event failed to bring out the same large numbers that took to the streets last year, a clear sign of the dead-end politics of the leaders of the so-called democracy movement. Sunday’s demonstrations were coordinated by the Civil Human Rights Front, a collection of Hong Kong organizations with ties to the pan-democrat grouping of legislators. Involved were many of the figures who led and subsequently shut down last year’s 11-week protest. They included Benny Tai, a university professor and co-founder of the group Occupy Central, and Martin Lee from the Democrat Party. Speaking about Sunday’s protest, Daisy Chan, a representative of the Civil Human Rights Front, said, “This only shows that Hong Kongers are no longer satisfied with conventional ways of protest.” She continued, “We will review whether the people want new ways to pressure the government ... I am confident Hong Kongers will show up again when the right moment comes.” Joshua Wong, from the student group Scholarism, who was prominent in last year’s protests, declared, “We want to sustain the momentum after the Occupy protests.” In reality, the protest leaders are seeking to maintain their credibility as they seek to suffocate and prevent a broader struggle from breaking out. Organizers estimated the turnout at 13,000, far below the projected 50,000. The demonstration began at Victoria Park and led through Causeway Bay, Hong Kong’s upscale shopping district and financial center. At the height of the demonstrations last year, tens of thousands joined the protests to demand direct and open elections for Hong Kong’s chief executive as well as in response to police repression. Currently, Hong Kong’s chief executive, the head of the city’s government, is selected by a pro-Beijing committee. When Great Britain returned its former colony to China in 1997, Beijing promised that it would maintain a “one country, two systems” that gives significant autonomy to the city. On August 31, Beijing announced that it would allow direct elections for chief executive in 2017, but only under the condition that candidates be vetted and approved by a nomination committee comprised of officials close to the central government. Last year’s protest movement demanded the opening up of nominations. Beijing warned on Wednesday that it would not change its position. Zhang Xiaoming, head of the government’s liaison office in Hong Kong, told top officials, including current Chief Executive Leung Chun-ying, “We could not allow any attempt to reject the central authority’s jurisdiction over Hong Kong under the pretext of a high degree of autonomy, to advocate Hong Kong independence, or even to overtly confront with the central government through illegal ways.” The protest leaders represent layers of the Hong Kong elite that are concerned that Beijing’s domination of the city’s administration will affect its viability as a financial centre and are seeking greater autonomy from the mainland. The falling support for the protests is a result of the failure to address the poor and the serious social conditions many face and the lack of an appeal to the working class in either the city or the Chinese mainland. Indeed, the Hong Kong ruling elite as a whole fears that any move that could lead to an explosion of social discontent. Hong Kong is dominated by a handful of billionaires, some like media tycoon Jimmy Lai with close ties to the pan-democrats, making it one of the most unequal societies in the world. Some 20 percent of people live below the official poverty line with little welfare support. The minimum hourly wage of only $HK30 ($US3.90) has not kept up with inflation, while access to employment has dwindled. Last year’s protests erupted in late September after police cracked down on a strike and demonstrations by students. Amid public outrage over the use of tear gas, pepper spray and batons, the protests swelled to 50,000 people and protesters occupied sites at Admiralty, the government center, Causeway Bay, and Mong Kok in Kowloon for weeks. Almost from the beginning, the pan-democrats and their supporters in Occupy Central attempted to shut down the protests. While student leaders adopted more militant tactics, their aims were just as limited. They sought to pressure the Hong Kong government and Beijing into making concessions. In early December, Benny Tai along with his fellow co-founders of the Occupy Central group turned themselves in to police, urging the students in the streets to give up. After 11 weeks, the police shut down the protest sites. Hundreds were arrested, including members of the Democrat Party like Martin Lee, Albert Ho, and others from the pan-democrat grouping. As they had been pressing demonstrators to end their struggle, their arrests were nothing more than a cynical stunt to retain some political legitimacy. The lesson from last year’s protests was that the democratic aspirations of workers and youth cannot be met within the framework of bourgeois elections. Even if the demand for full and open elections had been achieved, the outcome would be an election dominated by the political representatives of Hong Kong’s wealthy elites which would continue the pro-market policies being pursued by the current city administration. A genuine fight for democratic rights is bound up with a political struggle against capitalism and all the factions of the ruling elite, and a turn to the working class in Hong Kong, China and internationally on the basis of a socialist program.

### A2 Protests Are Capitalist

#### This goes aff – if the protests are pro-capitalist, the plan is required to quell the protests and ensure they don’t crush alt solvency

#### Hong Kong protests are anti-capitalist, despite western portrayal – prefer specific evidence

Frayne 14 [Craig Frayne, Socialist Worker Canada. “Hong Kong protests: pro-democracy means anti-capitalist.” Socialist.ca <http://www.socialist.ca/node/2518> SW]

Protests in Hong Kong began in September demanding greater democracy. But rather than simple demands for Western-style democracy, as they’ve been portrayed in the West, the strikes and protests are intertwining with social and economic demands. In 1997 Britain gave Hong Kong back to China, and since then the state capitalist regime has promised but not delivered democracy. When the Standing Committee of the National People’s Congress (NPCSC) of China proposed that nomination of candidates for Chief Executive (head of government) be vetted by at least half of a 1200-member committee representing Hong Kong business interests, protests exploded. Strikes and occupations The Hong Kong Federation of Students organized a strike that drew thousands and then occupied the central square. Police responded with tear gas but this failed to stop the protests and instead drew more people into the street and international solidarity. Spearheaded by student groups and Occupy Central (financial district), the protests grew to a broad-based, mass-movement and continued through October, becoming known as the Umbrella Movement for the umbrellas used to shield tear gas. Student and Occupy groups have played important organizing roles, and there are grassroots initiatives where people pass a microphone around in equal turns to share thoughts on the situation. After the tear gas attack the Hong Kong Confederation of Trade Unions called for a strike. As the crowds reached 200,000 people on the streets, they stuck to core demands of free elections, resignation of Chief Executive CY Leung, and resignation of the Police Chief. State and free market capitalism While Western media have described these events in vague pro-democracy language, Beijing state media hurled conspiratorial accusations of western provocation (similar to the Ukraine-Russia tensions). These simplifications distract from core issues, which are inconvenient to the elite on either side—issues of inequality and poverty amid opulence. Commentary has played down the fact that the latest protests are largely a continuation of Occupy Central actions, part of the global movement focused on economic inequality and corporate greed. These earlier Occupy protests drew the condemnation of global financial interests. Hong Kong branches of the big four accounting firms (PwC, Deloitte, KPMG and EY) issued a joint statement saying the city’s financial industry could be harmed; HSBC downgraded the city’s economic projections; Chambers of Commerce of Hong Kong, Italy, Canada and India also voiced their opposition; as did Hong Kong’s most prominent billionaire tycoons and property speculators. CY Leung said poor people shouldn't be allowed to vote, because "If it's entirely a numbers game—numeric representation—then obviously you'd be talking to half the people in Hong Kong (that) earn less than US$1800 a month. You would end up wotih that king of politics and policies." The complex economic relationship between the U.S. and China mean both sides have mutual benefit in downplaying the protests. Stable dictatorships have long been the preferred form of government for Anglo-imperial capitalism, and China is likely no different. When police first used tear gas on protesters, the U.S. Consulate declared they will “not take sides in the discussion of Hong Kong’s political development.” Among the U.S. and allies, criticism of CCP corruption and authoritarianism has muted as trade and investment have increased. Due to Chinese interest in Canada’s tar-sands and natural resources, this is perhaps even more the case with Harper than David Cameron or the Obama Administration. As long as China is banker and sweatshop for the West, moderation and stability will be the watchwords directed to Beijing. Methods to deal with Occupy Central in Hong Kong have been little different than those employed against protestors in New York or Toronto. Despite pro-democracy platitudes, politicians and corporations are too busy doing business with Beijing to genuinely care about these movements, and we should not let them claim otherwise. Anti-capitalism The anti-capitalist antecedents of the Umbrella Movement reveal opposition to both Chinese state capitalism and Western free market capitalism—both of which are undemocratic and controlled by billionaires. Anti-capitalist groups maintain support and organizing roles within the movement, and are advocating democratic reform as a first step to real change, while also emphasising that even with free elections the fight against capitalist oppression in Hong Kong would continue. According to Sophia Chan, an activist from the Hong Kong socialist organization Left 21, “In this democratic movement, we have been trying to push the economic and labour side…As for our demands, we see free elections as a major blow to business-government collusion and capitalist privilege, because currently half of the seats in the parliament of Hong Kong (‘Legislative Council’) reserved for ‘functional constituencies, which basically mean that certain economic sectors (such as finance) in Hong Kong are guaranteed a seat in the parliament. When we fight for policies such as the minimum wage or a standard labour law, it is almost always those members of parliament who block the bill. Also, the electoral committee for the Chief Executive election as proposed by Beijing would consist of 1,200 representatives, almost all of whom belong to business sectors such as real estate, banking, etc. Beijing has explicitly declared that this is to protect the interests of capitalists. As such, although we do think that a democratic political system is only the first step to real change, we also think that that in itself would already be a huge improvement for our fight against capitalist oppression in Hong Kong. Of course, we do also try to spread the idea that even if we obtain free elections, we would still battle against tycoons and capitalists.”

### Normative Statement

#### The plan is a normative statement passing the judgment that Hong Kong should have a living wage. Even if I don’t get to weigh the results of the plan against the K, the act of making this judgment takes a stance against capitalism, which is a net benefit to the perm and a disad to the alt

#### Hong Kong is the poster child of capitalism, the symbol the capitalist elite uses to justify itself to the public.

Aguadito 13 [(BSc and Master's in Econ. Former economic consultant) “Hong Kong: The not-so-free market darling of conservatives (HK port workers strike, win pay raise)” Daily Kos MAY 07, 2013] AT

While these concessions may seem like a small win for Hong Kong workers (considering their wages had been on a decline for years anyway), it's indicative of a growing trend in Hong Kong that is accepting a more regulated market that respects collective bargaining and the rights of multiple stakeholders, not just capitalist owners. Back in 2010, Hong Kong workers had a landmark victory against usurious capitalists when they earned passage of legislation mandating a minimum wage, as well as numerous other pro-labor measures. At the time, "business activists" claimed this would cost Hong Kong working class thousands of jobs, but in a lesson that we can very much learn here in the US, reality played out much differently: As seen above, after the minimum wage was passed and imposed, Hong Kong's unemployment rate has steadily declined and reached full employment (amidst a worldwide financial panic too). All the consultants and officials who claimed in 2010 that this would destroy the markets were, well, downright wrong (and we have the benefit of hindsight to show us this). Awareness of the plight of workers is growing in the Chinese territory,and the press as well as the general public are starting to understand the need to create a balance between workers rights/dignity and the fiduciary duty of capitalists to maximize shareholder wealth. What's most interesting is that Hong Kong is often touted by the right-wing in the United States as a model of the free market. The conservative Heritage Foundation has named Hong Kong the freest economy in the world for the past two decades. Grover Norquist of Americans for Tax Reform held Hong Kong up as a shining example of the free market recently. Former presidential candidate Mitt Romney even held a fundraiser in Hong Kong in the final stretch of his 2012 campaign. Milton Friedman also loved to use Hong Kong as the example of an ideal system. It's a territory that has abnormally low income taxes (although wealthier individuals do face higher marginal rates), no sales/VAT, no capital gains taxes, and offers a generally friction business-incorporation process. But the reality is that Hong Kong isn't much of a "free market" in the way many Republicans think the term means. In addition to the pro-labor reforms over the past two decades listed above, the basic characteristics of their economy show it's not some Republican utopia. Hong Kong is run by communist Chinese oligarchs and state-appointed leaders, despite being a Free Economic Zone. It has a hard peg of their currency to the United States dollar. And while there are few (or no) capital controls, they regularly intervene in the market in order to produce the exchange rate conducive to their public policy goals. It also has a robust public education system, with the government even funding limited spaces in its domestic universities and subsidy programs to study abroad (cry more, Rick Perry!). Additionally, over 50% of Hong Kongers are provided public housing by the government. And finally, Hong Kong has a universal healthcare system (and Republicans thought Obamacare was Marxist!), through a two-tiered provision with a "...'no turn away policy', which ensures that nobody is denied adequate health treatment due to lack of means" (Hong Kong: Health for all). Studies have examined the Hong Kong welfare system and determined that the state is more involved than many appreciate or understand (Linda Wong, City University Hong Kong) These facts clash greatly with the impression conservatives try to create of Hong Kong as the Valhalla of radical capitalism. But even though the conservative vision of the ideal "free market" in practice may differ greatly from their darling Hong Kong, one aspect which does fit is that it is decidedly un-democratic (in line with Republican worldview where moochers and takers are given little to no sympathy or assistance). The faux ideals like the "Hong Kong free market" put forth by conservatives of how societies should be organized are like pipe dreams, merely delusions from reality; a smoke screen to avoid exposing their true underlying desire: for an outright plutocracy and oligarchy. Conservatives aren't shy about expressing how their views clash with democracy (Hayek's affinity for Pinochet as one example). As Margaret Thatcher famously said: In the conservative "free market", funding a government jobs program that is the military is considered true capitalism. The Republican presidential ticket for 2012 ran a campaign that insisted on having military spending (subsidization of an entire industry) be a minimum of 4% of GDP. "Free market" ideas like this are why the single largest employer in the world is the US Defense Department (followed closely by our free-market buddies across the Pacific, the Chinese army). This view of the free market essentially means freedom for the rich and those who protect the rich, but no democratic values that protect workers' rights to assemble and bargain collectively. Conservatives reject the establishment of democratic institutions owned by the public and operated for the public interest, while showing a willingness to lay out hundreds of billions annually in military subsidies that provide jobs within the public-private hybrid military-industrial complex. Their worldview necessitates that the wealthy property and capital owners are in fact given preferential societal treatment. The right-wing "free market" meme is based on a false premise and is abused merely as a tool of rhetorical propaganda/newspeak, while nations like Hong Kong and Singapore are falsely held up as models that emulate their conservative economic ideals.

#### By recognizing the vast inequality produced by Hong Kong’s capitalist model, the 1AC mounts a challenge to the rose-tinted capitalist image

Ng 13 [(Angie, PhD student in Applied Social Sciences at Durham University) “Fighting Inequality in Hong Kong: Lessons Learned from Occupy Hong Kong” Journal of Radical Criminology No 2 (2013)] AT

The story of British colonial Hong Kong started with free trade. The Opium War was fought against China under the banner of "free trade", and after China lost this war in 1841, it conceded Hong Kong to Britain (Ropp 2010). In 1997, Hong Kong was returned to China and guaranteed autonomy for 50 years as a Special Administrative Region. Within the list of states the United Nations Development Programme (UNDP) considers as having very high human development, Hong Kong's income disparity comes first, making it even higher than the United States' infamous levels (Einhorn 2009); in fact, the territory has a GINI coefficient2 of 53.3, ranking fourteenth places worse than China, which has a GINI of 48.0, on the global list (CIA 2013) Neoliberal globalization has left there, as in other places, a superfluous population suffering from lack of income security (Chomsky 2012). Beneath the glitzy facade of one of neoliberalism's poster children, Hong Kong, lies the wage slavery of millions and levels of poverty even more unacceptable in a highly-developed territory. Despite the economic growth Hong Kong has experienced since the 1970s, a high level of economic inequality has continued to plague the city, and this inequality is growing (Chui, Leung and Yip 2012). Even though Hong Kong is one of the most expensive places in the world in which to live and is experiencing a surge in real-estate prices (ibid), over 50 percent of the population earn less than 11,000 Hong Kong Dollars (HKD) per month (BBC News, 2012, as cited by Chui, Leung and Yip 2012), which is roughly 1,419.34 US Dollars per month. Unlike others OECD countries, which have faced the financial crisis and European debt crisis, for the past ten years, Hong Kong has continued to experience an economic boom (ibid); China and other emerging economies have maintained high levels of growth despite the global situation (Drysdale 2012). Despite this, from 2001 to 2010, the income of those in the top 10 percent rose 60 percent while the income of those in the bottom 10 percent not only did not increase at all but decreased by 20 percent (Chen 2012); indeed, employers have been known to use any excuse to cut pay instead of sharing the prosperity with workers (Chui, Leung and Yip 2012). So worker insecurity has increased, in accordance with Alan Greenspan's advice that this precarious existence leads to a healthy economy since their financial insecurity will keep workers from making demands for higher wages (Chomsky 2012). At the same time, housing, education, hospitals, social services, and care for those with special needs have all been falling in standards (Henrard 2012). Continues Hong Kong has experienced the same de-industrialization as the US. In the US, companies looking to increase profits in manufacturing shifted jobs abroad, and there was a reverse of the previous trend, that of progress towards industrialization (Chomsky, 2012). The economy shifted from one of productive enterprise to financial manipulation, leading to a concentration of wealth in the financial sector (ibid); this in turn led to a concentration of political power, which produced legislation that only accelerated this cycle (ibid). Hong Kong is what is known as an oligarchy. Power is becoming increasingly concentrated in the hands of fewer and fewer financially privileged people. Just as in the US, the population of Hong Kong living a precarious existence is no longer confined to the fringes of society (Chomsky 2012); last year, out of 2.8 million workers there were 180,600 workers (or 6.4%) earning less than the minimum wage, and inclusive of these, 895,500 workers (31.9%) earned under 40 HKD per hour 3 (Census and Statistics Department, 2012: 55). While the working- and middle-class people have gotten by via artificial means, including longer working hours and high rates of borrowing as in the US (Chomsky 2012), wealth has become concentrated in the hands of fewer and fewer people, leading to these few privileged people having power over the working class and poor people. In such a situation, it is apparent that government policies are not making Hong Kong a more egalitarian place. continues

The situation of poverty on the ground, which serves as both the background and the very reason for Occupy Hong Kong, is dire and heart-breaking. The situation of most could be termed wage slavery. For a place that claims to be a world-class city, Hong Kong's laissez-faire attitude towards the vulnerable is nauseating. In a city with astronomically expensive rent and low wages, the regular people have been reduced to living a subsistence existence. While many slave away as janitors or rag pickers just to live in cage/coffin homes, they can look around nearby to see the luxury in which those who have benefited from their exploitation live; the expensive condominiums and shopping centres have cropped up everywhere, thanks to government preferences favouring the development of luxury buildings over public housing which has a many years-long waiting list, and these more spacious condos are not for the regular folk. Often, they are actually cheaper per square foot. In the past, people might have looked to these buildings and hoped to one day live and shop in them, but there is no longer the sense of hope as the gap between rich and poor is only getting wider. Old people who did whatever they had to in order to guarantee their children an education and improve their future have discovered that there are not enough living-wage jobs to go around; while they live in horrible conditions, some say all they look forward to is dying.

# T and Theory

## A2 Plan Flaw

### No Impact

#### No abuse – the plan’s clear enough for the neg to have ground and doesn’t affect the round

#### No impact – the plan is a general proposal, not a full bill to present to Congress, so it doesn’t have to be worded perfectly. For example, a real law in Hong Kong would be in Mandarin, but the plan being in English obviously isn’t a flaw.

## T frontlines

### A2 T Govs Plural

#### Counter-interpretation – government is defined as

Merriam Webster’s dictionary [“government”] AT

the particular group of persons forming the cabinet at any given time:

#### Since the plan exists over a period of time, it occurs with multiple governments with each particular regime continuing the same plan

#### I meet – Hong Kong’s government is constrained by the government of mainland China. Passing the plan requires both governments to take action requiring employers to pay a living wage.

#### I meet – Hong Kong functions under the “two systems” policy which means China and HK government would act

China.org no date [One Country, Two Systems. China.org. <http://www.china.org.cn/english/features/china/203730.htm>] AJ

The key points of the "one country, two systems" policy are that within the PRC, the main body (mainland) will continue with its socialist system, while Hong Kong, Macao and Taiwan will maintain the capitalist system. The aim is to achieve peaceful reunification of the motherland and maintain stability and prosperity in Hong Kong, Macao and Taiwan. "One country is the premise and basis of the two systems," and recognition of the principle means recognition of the premise of "one country" that refers to the PRC, and that the main body of the nation will maintain the socialist system with Chinese characteristics. The policy is an important component of the socialism with Chinese characteristics. Taking into account the special status of Taiwan, the Chinese Government has pursued to solve the Taiwan issue with the basic principle of "peaceful reunification and one country, two systems." That is, after the reunification of both sides across the Taiwan Strait, Taiwan's current socio-economic system, its way of life, as well as economic and cultural ties with foreign countries will remain unchanged. As a special administrative region, Taiwan will enjoy a high degree of autonomy, including administrative and legislative powers, an independent judiciary and the right of final adjudication on the island. It will run its own party, political, military, economic and financial affairs, may conclude commercial and cultural agreements with foreign countries and enjoy certain rights in foreign affairs. It may retain its armed forces and the mainland will not dispatch troops or administrative personnel to the island. On the other hand, representatives of the government of the special administrative region and those from different circles of Taiwan may be appointed to senior posts in the Central Government and participate in the running of national affairs. The development of Hong Kong and Macao since their return to the mainland testifies to the fact that the policy of "one country, two systems" is correct and has strong vitality. Hong Kong Special Administrative Region On July 1, 1997, Hong Kong returned to the mainland after 150 years of British colonial rule. It entered into a new historical era of "one country, two systems" and "Hong Kong governed by the Hong Kong people with a high degree of autonomy."

#### I meet – the plan has to be enforced through multiple parts of Hong Kong’s executive branch – each of these is a separate government and does the plan

### Solvency Advoc

#### Right here

Chan 10 [(Thomas Chan, head of the China Business Centre, Hong Kong Polytechnic University) “The minimum wage in Hong Kong: How much is enough?”] AT

On the other hand, a minimum wage should be a "living wage" to allow low income residents of Hong Kong to have a decent living and to maintain health, family life, and the education of their children. Without a minimum wage, the lower wages for a large proportion of the local population simply mean a transfer of public money to firms, which might not be invested in the future of Hong Kong. It is fortunate for Hong Kong that it finally has a minimum wage law. Yet, it would be self defeating if the level of minimum wage were to be set at such a low level as that for which the business sector is lobbying. It is also unfortunate that the government has refused to accept a minimum wage as the basic living wage for Hong Kong citizens. Both the local business community and the government, including senior officials, must change their mindset towards labor and societal development.

#### Here’s another one –

Bowring 13 [PHILIP BOWRING, Hong Kong-based journalist and commentator, based in Asia for 39 years writing on regional financial and political issues. “Everyone in Hong Kong deserves a living wage.” South China Morning Post, Sunday, 15 December, 2013, 4:14am] AJ

Everyone in Hong Kong deserves a living wage Philip Bowring says the existence of a large minority of citizens impoverished by low pay and poor income distribution should shame officials into action - first, by raising wages It must be a decade, possibly two, since attendants filled up your car at a petrol station almost anywhere in western Europe. You do it yourself. But here in supposedly rich, technologically advanced Hong Kong, petrol stations are manned by eager attendants who sometimes outnumber the pumps.

### WIP

#### Low wages are key to poverty in HK

Bowring 13 [PHILIP BOWRING, Hong Kong-based journalist and commentator, based in Asia for 39 years writing on regional financial and political issues. “Everyone in Hong Kong deserves a living wage.” South China Morning Post, Sunday, 15 December, 2013, 4:14am] AJ

Of course, most people are paid more than the minimum wage but the median wage in Hong Kong, which is roughly double the minimum, lags behind that in most advanced societies. At the macro level, the portion of national income paid to employees is low in the first place and its warped distribution makes it worse. Poverty so evident in a large minority of Hong Kong's population has many causes but chief among them are low wages and the government's deliberate suppression of welfare and transfer spending. The latter has recently been brilliantly documented by Leo Goodstadt, former head of the Central Policy Unit, in his recently published book, Poverty in the Midst of Affluence. Current chief scrooge, Financial Secretary John Tsang Chun-wah, should be required to read this before presenting his next budget. But this column is mainly about low wages. The government argues that wages are set by supply and demand in the labour marketplace. The minimum wage was introduced only recently and very reluctantly. It has done something to ease conditions for the lowest paid. But, at the same time, it shows up the huge numbers being paid wages which are so low that, unless supplemented by public housing, CSSA and other conditional assistance, they make normal family life impossible. The irony is that if incomes were better distributed, the pressure on the government to use its huge revenues for social purposes would be less. But the government itself, as the largest employer, has been a major agent in suppressing the wages of the low-skilled. Government reduction of staffing and use of contractors to provide various services took a large number of unskilled workers out of the civil service, where there are formal pay scales and a degree of collective bargaining, into a situation where they had no bargaining power at all.

#### Employment k2 bargaining power

Bowring 13 [PHILIP BOWRING, Hong Kong-based journalist and commentator, based in Asia for 39 years writing on regional financial and political issues. “Everyone in Hong Kong deserves a living wage.” South China Morning Post, Sunday, 15 December, 2013, 4:14am] AJ

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# NC frontline

## Polls

### Polls

#### Polls support the plan

Oxfam 7 [() “Employed, but Poor: Poverty among Employed People in Hong Kong” Oxfam Hong Kong Briefing Paper] AT

Oxfam’s underlying proposal is simple: all of us — not just business and government leaders — need to get involved in making Hong Kong the society it wants to be: polls indicate that a majority of the population supports a minimum wage, for instance. All of us need to consider what responsibilities we accept as individuals, and as a community.

# wip

## warming

Chinese innovation is key to worldwide renewables which solves warming

Merrill et al ’10, phd in political science from Yale and Executive Director of the National Academies’ Board on Science, Technology, and Economic Policy (Stephen, David Taylor, and Robert Poole, “The Dragon and the elephant”, Chapter 5 research and commercialization infrastructure, National Research Council, Committee on the Research on the Competitiveness and Workforce Needs of U.S. Industry” pg 40-42)

Reducing energy intensity by this amount in China and India will require a variety of innovations but is feasible, Ahuja said. Over the past several decades, for instance, the average energy intensity of all countries around the world has been declining by 1.25 percent per year. In India, energy intensity has declined by about half over the past 30 years. Trevor Houser, a director at China Strategic Advisory, discussed Chinese energy use and Chinese energy R&D (Figure 11). He noted that in 1980 the entire Chinese energy sector was controlled by the government; without any profit motive at work, investment was based purely on government plans. Since then much of the energy sector has been turned over to private corporations, resulting in large gains in efficiency. China's energy intensity today is only one-third of what it was in 1978. On the other hand, the private operators of energy companies have no incentives to limit emissions. The demand for energy in China is increasing at a phenomenal rate, Houser noted. Currently China has about 680 gigawatts of installed generating capacity, much of it added very recently. About 100 gigawatts was brought on line two years ago and another 100 gigawatts last year. It is projected that by 2020, China will have installed another 1000 to 1300 gigawatts of capacity. To put that in perspective, the total current generating capacity of the United States is now about 900 gigawatts. "When you have power demand growing that fast, it creates challenges for innovation because you are trying to throw whatever you have on the grid as quickly as possible," Houser observed. Large-scale blackouts in 2004 and 2005 pushed China to add power as quickly as possible, with very little investment in R&D and reliance instead on the technology most familiar to Chinese energy companies—pulverized coal. The Chinese power industry has become very adept at building coal-fired power plants in a period of shortage, taking about six months from start to finish. Last year, coal accounted for 90 of the 100 gigawatts added by Chinese power producers, with hydro and wind accounting for the remainder. The future will look very similar, Houser said, although Chinese companies are trying to diversify their power generating capacity somewhat. For example, China will add about 40 gigawatts of nuclear power over the next 15 to 20 years, making the country the largest nuclear power market in the world; but nuclear power will account for only 3 to 4 percent of the total installed capacity in 2020. Initially, the nuclear technology will be supplied by Westinghouse, which will build several nuclear plants and then transfer the technology to local companies that will build that next thirty plants. Hydroelectric power is the major hope for meeting China's goal of supplying 15 percent of its energy demand with renewable sources by 2020, Houser said. The plan is to have 240 gigawatts of hydro power by then, but that is the equivalent of building a new Three Gorges Dam every two years, which may not be politically feasible. Natural gas will be used to a certain extent in power generation, but it is needed for other purposes, such as feedstock in chemical plants and for household uses. Thus coal will continue to be the source of a large majority of the country's power for the foreseeable future. Because China will account for so much of the world's new power generation capacity over the next couple of decades, according to Houser, the innovation choices made in China will be crucial not just for that country but also for the rest of the world. He suggested that it is crucially important to get the incentives for cleaner technologies right in China because the country's huge market and position as a global manufacturing base for energy technology. If China builds a large amount of capacity with wind power, for example, world prices for that technology will drop significantly. But the same is true of dirtier technologies such as pulverized coal. Costs will go down, encouraging increased worldwide use.

China is why renewable prices are dropping

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

No doubt China's aggressive tactics are making clean energy more affordable. Solar panel prices have dropped by nearly half in the past two years, and wind turbine prices have fallen by a quarter, partly because of the global financial crisis but mainly because of China's rapid expansion in these sectors. Large Chinese wind turbines now sell for about $685,000 per megawatt of capacity, while Western wind turbines cost $850,000 a megawatt.

Only Chinese growth can solve for warming tech

A. Government subsidies

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

The booming Chinese clean-energy sector, now with more than a million jobs, is quickly coming to dominate the production of technologies essential to slowing global warming and other forms of air pollution. Such technologies are needed to assure adequate energy, with the world's population expected to grow nearly a third, to nine billion people by the middle of the century, while oil and coal reserves dwindle. But much of China's clean-energy success lies in aggressive government policies that help this crucial export industry in ways most other governments do not. These measures risk breaking international rules to which China and almost all other countries subscribe, according to trade experts.

B. Low labor costs, surplus raw materials, inexpensive construction

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

Chinese wind and solar power manufacturers further benefit from the government's imposition of sharp reductions this summer in exports of raw materials, known as rare earths, that are crucial for solar panels and wind turbines. China mines almost all of the world's rare earths. Of course, China's success in clean energy also stems from assets enjoyed by many of the country's industries: low labor costs, expanding universities that groom lots of engineering talent, inexpensive construction and ever-improving transportation and telecommunications networks. But the fuel propelling clean-energy companies in China lies in advantages provided by the government, executives say.

C. Permit and construction times

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

But the Hunan government's backing of Sunzone is much more extensive than anything in the United States.With government help, Sunzone lined up financing and received all the permits necessary to build a factory in just three months under an expedited approval system for clean-energy businesses. It took only eight more months to build and equip the factory. ''The construction teams worked 24 hours a day, seven days a week in three shifts,'' Mr. Zhao said. Building and equipping a solar panel factory in the United States takes 14 to 16 months, and getting environmental and other permits can take years, said Thomas Zarrella, the former chief executive of GT Solar in Merrimack, New Hampshire, a big supplier of solar manufacturing equipment to factories in the United States and China.

D. Cheap startup loans

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

But the U.S. clean-energy programs carry many time-consuming and difficult requirements. Companies must show they can repay loans and have innovative technology. The department has given conditional approval to 18 renewable-energy loan guarantees, although only four so far have led to the actual issuance of loans. But the administration is moving quickly to accelerate the process, said Jonathan Silver, the executive director of the Energy Department's loan guarantee program. China has been pumping loans into clean energy so rapidly that even $23 billion in credit offered by the China Development Bank to three solar panel exporters and a wind turbine maker since April has barely raised eyebrows. China Development Bank, owned by the government, exists to lend money for strategic priorities. Western clean-energy companies complain of much higher financing costs, when they can raise money at all. Banks have been cautious about the sector, which leans heavily on venture capitalists and private equity firms that demand implicit interest rates as high as 9 percent in the United States, said Thomas C. Maslin, a senior solar analyst at IHS Emerging Energy Research. Evergreen Solar, the Massachusetts company, struggled for three years to raise money in the United States, but had no trouble doing so in China. Chinese state banks were happy to lend most of the money for the factory on very attractive terms, like a five-year loan with no payments of interest or principal until the end of the loan, said Michael El-Hillow, chief financial officer of the company. ''You can't get a penny in the United States. It doesn't matter who you call - banks, government,'' Mr. El-Hillow said. ''Therein lies the hidden advantage of being in China.'' Many Chinese clean-energy executives argue that China should offer more subsidies for its own people to buy renewable energy, in addition to helping export-oriented manufacturers. But until that domestic demand takes off, government support will remain crucial. ''Who wins this clean energy race,'' Mr. Zhao of Sunzone said, ''really depends on how much support the government gives.''

US consumer subsidies

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

Barely a player in the solar industry five years ago, China is on track to produce more than half the world's solar panels this year. More than 95 percent of them will be exported to countries like the United States and Germany that offer generous subsidies for consumers who buy solar panels.

China winning

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

China's expansion has been traumatic for U.S. and European solar power manufacturers, and Western wind turbine makers are now bracing to compete with low-cost Chinese exports. This year, BP shut down its solar panel manufacturing in Frederick, Maryland, and in Spain, and laid off most of its employees while expanding a joint venture in China.

Solves warming

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

Mr. Zhao said that whatever the global trade rules might be on export subsidies, the world should appreciate the generous assistance of Chinese government agencies to the country's clean energy industries. That support has made possible a sharp drop in the price of renewable energy and has helped humanity address global warming, he said.

Cheap loans key to China’s energy sector

IHT ’10, International Herald Tribune (September 10, Keith Bradsher, “Government subsidies help propel China into lead in clean energy; lexis)

Low-interest loans from government-run banks are crucial to China's clean-energy success, some experts say, because of the high cost of factory equipment. ''If you change the interest rate half a percent or 1 percent, the difference is amazing, because the cost is all at the beginning,'' said Dennis Bracy, chief executive of the U.S.-China Clean Energy Forum, a group of Chinese energy officials and former U.S. cabinet officials.

Chinese energy efficiency will limit emissions

IHT ’10, International Herald Tribune (May ‘8, “Despite lofty goals, China spews out more gases;”, Keith Bradsher, Lexis)

Rajendra K. Pachauri, the chairman of the Intergovernmental Panel on Climate Change, a United Nations unit, said by e-mail that he believed China was serious about addressing its emissions.''There is a growing realization within Chinese society that major reductions in greenhouse gas emissions would be of overall benefit to China,'' he wrote after learning of the latest Chinese energy statistics. ''This is important not only for global reasons, because China is now responsible for the highest emissions of greenhouse gases, but also because its per-capita emissions are increasing at a rapid rate.'' To some extent, China's energy consumption now might actually help limit its global warming emissions in the future. China, for example, used 200 million tons of cement in building rail lines last year, while the entire American economy only used 93 million tons, said David Fridley, a China energy specialist at the Lawrence Berkeley National Laboratory. Although production of that cement raised energy use and emissions of global warming gases, it also expanded a rail system that is among the most energy-efficient in the world. China currently moves only 55 percent of its coal by rail, for example, which is down from 80 percent a decade ago, as many coal users have been forced by inadequate rail capacity to haul coal in trucks instead. The trucks burn 10 or more times as much fuel as trains to haul coal, Mr. Fridley said. But now, with new high-speed passenger lines leaving more room on older lines to haul coal and other freight, the percentages could begin shifting away from energy-inefficient trucking, he said.

#### Ev

Deane 05 [(Michael J. Deane, member of the professional staff in APL’s National Security Analysis Department) “THE COLLAPSE OF NORTH KOREA: A PROSPECT TO CELEBRATE OR FEAR?”] AT

Since the late 1980s, the key issue for US policy-makers has been the speed of DPRK collapse. In practice, US policy and behavior toward North Korea have been formulated consistently on the assumption of a rapid collapse. The fact of a non-collapsing DPRK compels us to seek a different key issue on which to predicate US policy and behavior. One possible issue is the DPRK’s level of military power, namely, the DPRK’s combat capabilities and order of battle. In itself, however, level of military power is insufficient. There are several states—Britain, France, Russia, and China—that have even greater military power but do not evoke equivalent fear. Clearly, the DPRK’s level of military power is important in assessing the outcome of a conflict but not the likelihood of a conflict. If level of military power were the key issue, the simple answer for US decision-makers would be to build a higher level of military power. Then, relations and interactions with the DPRK would become irrelevant. Another possibility is the DPRK uses of military power, namely, the DPRK’s military doctrine and strategy. The time-honored answer is that the DPRK, like all states at all times in history, develops its Armed Forces to deter its enemies in peacetime, manage escalation during crisis times, and defeat its enemies in wartime. This provides no differentiation, no threat per se, and, thus, no guidance to decision-makers. A third possibility concerns DPRK intentions, namely, the purpose for which the DPRK is building its military power in general and its nuclear and missile programs in particular. With a propensity for legalistic and technocratic worldviews, most US decision-makers shy away from the issue of intentions. “Actions speak louder than words” is the standard US mantra. “Trust, but verify” is the skeptic’s alternative. “Intentions are unknowable” is the lazy man’s retort. However, the very question of whether the DPRK of the future is a threat to the United States and US interests and, thus, the correct policy for the United States to pursue forces decision-makers ultimately to address the issue of intentions. In the third possibility, the essential choice for US decision-makers is between two stark alternatives. The DPRK is building its military power, especially its nuclear and missile capabilities • Because DPRK survival depends on a benign environment and foreign economic assistance. DPRK nuclear and missile power are critical as bargaining chips in diplomatic blackmail. The DPRK regime assumes that external largesse will be directly equivalent to DPRK military power, military threat, and nuclear and missile capabilities. • Because DPRK survival in an inevitable future war depends on its military power. DPRK nuclear and missile power are critical as instruments of war-fighting and war-winning. The DPRK regime views external negotiations as buying time and bargaining as acquiring resources in support of its war-making requirements. If the first alternative is the DPRK version of a “soft landing” intention, the second is a decidedly “hard landing” intention.

## cutting board

### Hong Kong Poverty

#### It’s so fucked up

Bloom 14 [(Dan, journalist) “Hong Kong's 'caged dogs': Poverty-stricken people forced to live like animals in one of the world's wealthiest and most densely populated cities” Feb 13, 2014] AT

Crammed into wire mesh boxes the size of coffins, these are the penniless people forced to live like animals in one of the world's richest cities. Hong Kong's forgotten 'caged dogs' pay about HK$1,500 a year (£117) to live in a city whose small size and high population pushes the rent on even a tiny flat far out of the reach of its poorest residents. The poverty-stricken people keep their clothes and photos of loved ones next to filthy blankets in their cages, which measure 6ft long and between 2 1/2 ft and 3ft wide and are stacked on top of each other. Some of them cannot stretch their legs out straight and are forced to sleep curled up in a ball. British-born photographer Brian Cassey, who lives in Cairns, Australia, is the latest to document residents of shocking cage homes who are known locally as 'caged dogs'. He found one of the illegal iron and timber shanties perched on the rooftop of a 12-storey apartment block in the downtown district of Kowloon, on the peninsula opposite the main city centre on Hong Kong Island. 'The atmosphere inside is hot, dark, intense and unfriendly', he said. 'As I first arrived in the corridor outside, I could hear the landlord inside yelling at the residents; I beat a retreat and returned later.' With a population of more than 7 million, about the same as London, the wealthy former British colony has an area of just 426 square miles which puts prices at a premium. A small one-bedroom apartment costs about HK$16,000 (£1,240) a month. The caged homes began in the 1950s and 1960s when a baby boom and an influx of Chinese migrants saw Hong Kong's population soar by more than a million. But there were just a few thousand cages until the 1990s, when the estimated number soared to a peak of 100,000 in 1997. Last year the government estimated there are 177,000 people living in highly inadequate housing in Hong Kong, but because so many of the cage homes are run illegally it is impossible to say how many of that number were cages. According to the most recent official figure in 2007, 53,000 people were living in the mesh boxes. One cage-dweller, Wong Tat Ming, 57, said his home is too small for him to stretch out fully, forcing him to sleep curled up into a ball. Many of the residents feel making a cage their home is better than living on the street. One, Roger lee, 61, said: 'I have been here for three years now and before this I was in another cage home. 'I've been on the public-housing waiting list for many years, but I'm single so have no hope.' The government says there are more than 220,000 people on the waiting list for public housing, about half of whom are single individuals, and the average wait is almost three years. Some illegally tenanted buildings were evicted recently, but only five out of 100 of the tenants were reportedly offered public housing. Homelessness in Hong Kong was once rare, but many hundreds now live in doorways, under overpasses, and in tunnels. Sze Lai-Shan works for Hong Kong's Society for Community Organisation, which visits 1,000 cage-dwellers a year and campaigns for their living standards to be improved. She told MailOnline: 'If you run a cage home you need to apply for a licence but people are now setting them up without licences and running them illegally, so the government doesn't have an accurate figure on how many there are. 'We're finding more and more illegal cage homes and the cost of living in them is rising. The average rent is about 1,500 Hong Kong dollars (£117) a year. If the landlord is kind they might charge $1,000, and that's for 15 or 18 square feet. 'We're trying to put pressure on the government to increase the supply of public housing and push the government to monitor the cage homes and the rent people are paying a lot more.'

#### Card

Siu 14 [Phila Siu, “HK$3 rise in Hong Kong’s minimum wage ‘would cost HK$1.4 billion’,” South China Morning Post, 8/5/2014] AZ

The city's employers will have to fork out an additional HK$1.4 billion a year if the hourly statutory minimum wage goes up from the current HK$30 to HK$33, the Minimum Wage Commission was told. "It's not a lot if you think about how many employers will be sharing the amount," a person with knowledge of the commission meeting at which the figures were presented said. The 12-member commission, headed by senior counsel Jat Sew-tong, is expected to submit a report on a new wage level to Chief Executive Leung Chun-ying before the end of October. Leung, in consultation with the Executive Council, is expected to make a decision on the wage by the end of the year. The business sector wants the wage level to stay the same, but would accept a 6.66 per cent rise to HK$32. Unionists are pressing for a rise of about one-third to as much as HK$39.70. The government told the commission members that the extra costs would be about HK$300 million and HK$790 million if the hourly minimum wage goes up to HK$31 and HK$32, respectively. The figures had not taken into account "ripple effects", meaning that staff already paid above the minimum wage level would seek more money. By contrast, the commission said earlier that the additional bill was HK$2 billion when the level went from HK$28 to HK$30 in 2011. But this figure took into account the ripple effects. A 2012 study on ripple effects, commissioned by the government, pointed out that the median hourly wage in the retail sector increased 10.2 per cent from HK$33.30 to HK$36.70 from September 2010 to a year later. The source said the commission received about 300 letters during the eight-week consultation that ended in May. Most unionists wanted HK$37 an hour, employers wanted the minimum wage frozen, and non-governmental organisations suggested a rate of HK$34. The source also said that commission members had not yet made clear what wage they preferred. "Actually the economic statistics presented by the government do not mean much. At the end of the day it is down to the tug of war between the representatives who have in mind a level they want," the source said. The Liberal Party's catering-sector lawmaker, Tommy Cheung Yu-yan. said the government's estimates failed to show the whole picture because ripple effects were not considered. Cheung, who had been criticised by unionists for suggesting a level of HK$20 before the law was introduced, now wants the level to stay at HK$30. He said the catering industry did not lay off staff because operation costs increased, as such expenses were transferred to customers. "The salaries of public estate tenants have already gone up sharply. The minimum wage is supposed to help the low-income families," he said. "It does not need to go up every year or every two years. Many low-income families are getting paid well above the minimum wage. The commission does not know economics. "How could the chairman Jat Sew-tong say earlier that the HK$30 level is working fine? Just look at the inflation."

### Employment to cut

<http://www.aon.com/apac/human-resources/thought-leadership/asia-connect/2011-sep/impact-of-smw-in-hk.jsp>

<http://www.economist.com/blogs/analects/2014/11/hong-kongs-domestic-helpers>

<http://www.getinews.com/news-9308124-The-new-minimum-wage-in-Hong-Kong-or-Hong-Kong-dollars-for-the-enterprise-more-than-eleven-billion-additional-expenditure.html>

### neg materials

#### I bet fink cuts this for the cap K and pranav calls this card on fire

McGrath 2/7 [Ben McGrath “Hong Kong protest falls short of expectations”] AT

Thousands of people in Hong Kong took part in a rally on Sunday, February 1, the first major demonstration since the ending last December of weeks of protests to demand more open elections. This event failed to bring out the same large numbers that took to the streets last year, a clear sign of the dead-end politics of the leaders of the so-called democracy movement. Sunday’s demonstrations were coordinated by the Civil Human Rights Front, a collection of Hong Kong organizations with ties to the pan-democrat grouping of legislators. Involved were many of the figures who led and subsequently shut down last year’s 11-week protest. They included Benny Tai, a university professor and co-founder of the group Occupy Central, and Martin Lee from the Democrat Party. Speaking about Sunday’s protest, Daisy Chan, a representative of the Civil Human Rights Front, said, “This only shows that Hong Kongers are no longer satisfied with conventional ways of protest.” She continued, “We will review whether the people want new ways to pressure the government ... I am confident Hong Kongers will show up again when the right moment comes.” Joshua Wong, from the student group Scholarism, who was prominent in last year’s protests, declared, “We want to sustain the momentum after the Occupy protests.” In reality, the protest leaders are seeking to maintain their credibility as they seek to suffocate and prevent a broader struggle from breaking out. Organizers estimated the turnout at 13,000, far below the projected 50,000. The demonstration began at Victoria Park and led through Causeway Bay, Hong Kong’s upscale shopping district and financial center. At the height of the demonstrations last year, tens of thousands joined the protests to demand direct and open elections for Hong Kong’s chief executive as well as in response to police repression. Currently, Hong Kong’s chief executive, the head of the city’s government, is selected by a pro-Beijing committee. When Great Britain returned its former colony to China in 1997, Beijing promised that it would maintain a “one country, two systems” that gives significant autonomy to the city. On August 31, Beijing announced that it would allow direct elections for chief executive in 2017, but only under the condition that candidates be vetted and approved by a nomination committee comprised of officials close to the central government. Last year’s protest movement demanded the opening up of nominations. Beijing warned on Wednesday that it would not change its position. Zhang Xiaoming, head of the government’s liaison office in Hong Kong, told top officials, including current Chief Executive Leung Chun-ying, “We could not allow any attempt to reject the central authority’s jurisdiction over Hong Kong under the pretext of a high degree of autonomy, to advocate Hong Kong independence, or even to overtly confront with the central government through illegal ways.” The protest leaders represent layers of the Hong Kong elite that are concerned that Beijing’s domination of the city’s administration will affect its viability as a financial centre and are seeking greater autonomy from the mainland. The falling support for the protests is a result of the failure to address the poor and the serious social conditions many face and the lack of an appeal to the working class in either the city or the Chinese mainland. Indeed, the Hong Kong ruling elite as a whole fears that any move that could lead to an explosion of social discontent. Hong Kong is dominated by a handful of billionaires, some like media tycoon Jimmy Lai with close ties to the pan-democrats, making it one of the most unequal societies in the world. Some 20 percent of people live below the official poverty line with little welfare support. The minimum hourly wage of only $HK30 ($US3.90) has not kept up with inflation, while access to employment has dwindled. Last year’s protests erupted in late September after police cracked down on a strike and demonstrations by students. Amid public outrage over the use of tear gas, pepper spray and batons, the protests swelled to 50,000 people and protesters occupied sites at Admiralty, the government center, Causeway Bay, and Mong Kok in Kowloon for weeks. Almost from the beginning, the pan-democrats and their supporters in Occupy Central attempted to shut down the protests. While student leaders adopted more militant tactics, their aims were just as limited. They sought to pressure the Hong Kong government and Beijing into making concessions. In early December, Benny Tai along with his fellow co-founders of the Occupy Central group turned themselves in to police, urging the students in the streets to give up. After 11 weeks, the police shut down the protest sites. Hundreds were arrested, including members of the Democrat Party like Martin Lee, Albert Ho, and others from the pan-democrat grouping. As they had been pressing demonstrators to end their struggle, their arrests were nothing more than a cynical stunt to retain some political legitimacy. The lesson from last year’s protests was that the democratic aspirations of workers and youth cannot be met within the framework of bourgeois elections. Even if the demand for full and open elections had been achieved, the outcome would be an election dominated by the political representatives of Hong Kong’s wealthy elites which would continue the pro-market policies being pursued by the current city administration. A genuine fight for democratic rights is bound up with a political struggle against capitalism and all the factions of the ruling elite, and a turn to the working class in Hong Kong, China and internationally on the basis of a socialist program.

## hub status

### inflation

#### Hong kong’s inflation is set to fall

China Bank December [“Hong Kong’s Economic Outlook for 2015” Economics & Strategic Planning Department, Dec 2014] AT

Hong Kong’s underlying inflation declined from a peak of 5.3% in 2011 to 4% last year and slowed further to 3.5% in the first 10 months of the year. Due to looming pressure on property prices and the plunge in oil price, Hong Kong’s inflation may drop below 3% in the second half of next year. The current cycle of inflation being driven by ever higher property prices is nearing an end. If prices and rents of small residential units began to weaken, the inflation being experienced by the grassroots would also ease.

### Impact---chinese liberalization

#### Hong kong is key to chinese trade liberalization

Richardson 14 [(David Richardson, Partner in Dorsey’s Hong Kong office, leading Mergers and Acquisitions lawyers in Hong Kong in 2001; John Chrisman, 25 years’ experience as a U.S. M&A and capital markets lawyer and focuses on transactions and financings in the Asia-Pacific region) Hong Kong’s Role In China’s Financial Reform – Punching Above Its Weight – Part 1, Dorsey and Whitney Llp 9-2-2014] AT

Historically, Hong Kong has always played a pivotal role in Mainland China’s economic and financial reforms. The most important entrepôt for Chinese trade for decades, Hong Kong is the largest capital source of Mainland China’s overseas direct investment, the center for cross-border RMB trade settlement and offshore5 RMB business, as well as a major overseas capital market for Mainland Chinese enterprises pursuing listings on the Hong Kong Stock Exchange. As an international financial center and offshore RMB hub, Hong Kong is lending its support to Mainland China’s new reforms to: develop its domestic financial market; improve international competitiveness of its enterprises; and liberalize its capital account. This eUpdate is Part 1 in a series of eUpdates to examine Hong Kong’s role in Mainland China’s economic and financial reforms. Part 1 explores the concrete steps taken so far and the proposed through train schemes (dealing initially with stocks, and subsequently possibly with commodities and bonds). Development of Domestic Financial Market Considering the development of the domestic financial markets as the centerpiece of financial reforms, the Central Government has put into place a system commensurate with the development of the country’s socialist market economy, the unique and prevalent economic model employed by Mainland China. The system mainly consists of a money market dominated by interbank bond transactions and lending, the commercial paper markets, a nationwide foreign exchange trading market and a capital market. However, observers are aware that these markets – the capital market in particular – are still in their early stages of development. They suffer from the apparent lack of investment instruments, poor corporate governance and the irrationality of Mainland China’s investment culture6. These recurrent problems not only substantially impair the efficiency of resource allocation in the financial markets, but also hinder the implementation of reforms in other fields. By opening its capital market, Mainland China opens also a window to acquire relevant, useful and readily usable experience from other countries or regions regarding how to enhance the quality of corporate governance amongst listed companies, as well as how to build a regulatory framework that is up to international standards – one which can effectively promote and supervise the healthy development of the country’s capital market. Mainland China need not venture far to find such experience and reference. Hong Kong has established over the years a financial system on par with international best practice. Having withstood the test of numerous financial crises such as the 1994 Mexican and Latin America “Tequila” Crisis, the 1997 Asian Financial Crisis, the 1998 Russian Default, the 2000 Dotcom Crash and more recently the 2008 Global Financial Meltdown8, Hong Kong’s regulatory regime has proved robust. Improvement of International Competitiveness of Enterprises The Third Plenary Session of the Eighteenth Communist Party of China Congress talked of state-owned enterprises (“SOEs”) playing a decisive role in reforms, on the basis that SOEs are to remain the backbone of Mainland China’s economy9 through the continuation of preferential policies, as the Central Government seeks to retain control over the economy. The example of CITIC Group Corporation10 (“CITIC Group”) is a particularly telling one. The first to be run on quasi-market principles, CITIC Group was at the forefront of the nation's economic reforms under Deng Xiaoping. One of CITIC Group’s subsidiaries (“Operational Co”) managed most of the operating assets of CITIC Group. Another of CITIC Group’s subsidiaries (“Hong Kong Listco”) is listed on the Hong Kong Stock Exchange. In August 2014, the Hong Kong Listco totally acquired the Operational Co from CITIC Group in a deal valued at approximately RMB219.66 billion11 (equivalent to12 US$35.74 billion). One of Mainland China’s largest SOEs would now have to meet the more stringent disclosure and corporate governance requirements under the Hong Kong regime. As it faces market scrutiny and includes private shareholders, CITIC Group would also have to rely on professional management commensurate with international best practice, instead of the largesse of the state, by enhancing accountability and transparency13. Allowing market forces to improve corporate practices in Mainland China appears to be the new order of the day. Liberalization of Capital Account Despite Mainland China’s status as the world’s largest exporter, the US Dollar remains the dominant currency for settlement at the global stage. As the Mainland Chinese financial system further integrates with the world and as the “go abroad” strategy calls for freer capital outflows, the need to internationalize the RMB and accelerate its convertibility becomes greater than ever. As the Central Government set out in the Twenty-third Five-Year Plan policy directions for freer cross-border capital flow and higher degree of convertibility of the RMB, Hong Kong has been given a vital role to play. Being the first offshore market to use RMB as the settlement, investment and funding currency, Hong Kong has steadily expanded the range of RMB products and services, including investment funds, commodity-linked products, exchange-traded funds, REITs, equities, insurance policies and notably the “dim sum” bond. As the international hub for RMB trade settlement, Hong Kong is estimated to handle approximately 80% of RMB payments globally. In the first four months of 2014, total RMB trade settlement conducted through banks in Hong Kong reached RMB1.95 trillion17 (equivalent to US$317.27 billion), an increase of 76% over the previous year. Whereas bond issuance has reached RMB338.8 billion (equivalent to US$55.12 billion) in the first three months of 2014, 890 bonds have been issued by 107 issuers from January to May 201418. In addition to growing demand in Hong Kong, the RMB trade and its expansion have led to changes in capital flow such as the relaxation of regulations regarding foreign direct investment and equity investment. As an offshore RMB hub, Hong Kong functions as the testing ground for Mainland China’s liberalization of its capital account in complying with international regulatory frameworks. Proposed Stock Through Train Scheme By opening the securities market to foreign investors, the Central Government is pursuing a strategy of “fragmenting the market with separate investors”19. What this means in practice is that foreign investors would be permitted to buy foreign currency-denominated shares and debt instruments in either domestic or overseas markets. This includes B Shares20, H Shares21 and Red Chips22, as well as overseas foreign currency-denominated bonds. However, RMB-denominated A Shares23, bonds and other money market instruments were not included until the Qualified Foreign Institutional Investor program24 was launched in 2002. Foreign retail investors are still prohibited from buying and selling RMB-denominated A Shares, bonds and other money market instruments. Mainland Chinese residents have so far been largely prohibited from buying, selling and issuing capital or money market instruments in the overseas market, but change is on the horizon, as Premier Li Keqiang announced the proposed stock through train scheme (“Stock Train”) at the Boao Forum for Asia in April this year. In his keynote speech, he announced that the Central Government is to launch a range of measures and policies to actively support Hong Kong to develop into an offshore RMB business hub as well as an international asset management center. He added that Mainland China will actively create favorable conditions to establish a Shanghai-Hong Kong Stock Exchanges connectivity mechanism which, by opening up a two-way flow, will promote healthy development of the capital markets of both Mainland China and Hong Kong. Under the Stock Train, retail investors from Mainland China and Hong Kong will, for the very first time, be permitted to cross-trade stocks listed in Hong Kong and Shanghai, up to a total one-off quota of RMB550 billion (equivalent to US$89.49 billion). Specifically, Mainland Chinese investors may trade up to RMB250 billion (US$40.68 billion) worth of Hong Kong-listed H Shares, subject to a daily maximum of RMB10.5 billion (US$1.71 billion), whereas Hong Kong investors may trade up to RMB300 billion (US$48.81 billion) worth of Shanghai-listed A Shares, subject to a daily maximum of RMB13 billion (US$2.12 billion)26. Hong Kong and overseas investors participating in the Stock Train through the Hong Kong Stock Exchange will remain protected by Hong Kong legislation27 through its common law system and robust regulatory regime. As Hong Kong Financial Services and the Treasury Secretary Chan Ka-keung pointed out: “[T]he through train scheme will give a new role for Hong Kong to play in the economic reform and opening up of China. It allows international investors access to the mainland markets through Hong Kong. We are filling a niche that is something very new. Instead of selling Chinese shares, instead of just selling Chinese investment projects overseas, we are filling a demand in China which is about achieving market reform in a risk-controlled manner29. From a regulatory standpoint that is quite smooth and the cost for China is relatively low. You don’t have to open up your own market, change your regulations, deal with offshore [participants]. You just let Hong Kong do the work.” The Stock Train: demonstrates that Mainland China is committed to accelerating the pace of its capital account liberalization; marks yet another policy milestone in the move to internationalize the RMB, as it offers additional investment channels in the offshore circulation mechanism, which is conducive to the development of a multi-tier capital market in Mainland China; reinforces Hong Kong's role in the two-way opening-up of Mainland China's capital market; and functions as a testing ground for the opening up of Mainland China’s markets and stock capital accounts in an orderly way30; in other words, a reform with risk management.

### Economy k2 credit rating

#### Credit downgrade kills hong kong competitiveness

Chan 14 [(Oswald Chan, reporter, cites multiple economics professors) Can Hong Kong afford a credit rating cut, China Daily 9-4-2014] AT

Chong Tai-leung, an economics professor at the Chinese University of Hong Kong's Institute of Global Economies and Finance, said: "If Hong Kong's credit rating is downgraded, it will send a negative signal indicating the investment environment in the city may turn bad in the future. "Downgrading Hong Kong's sovereign rating may compel the government to pay more interest when issuing government bonds, but the city's corporate bond market fundamentals should not be affected," Chong said. Billy Mark, associate professor at Hong Kong Baptist University's Finance and Decision Sciences Department, disagreed. "We have to watch out for the political risk factor as this may have spillover effects on the real economy. When this happens, the sovereign rating will be lowered. If the sovereign rating is downgraded, Hong Kong's corporate rating will also inevitably be downgraded, leading to interest rate hikes on corporate loans that would be detrimental to corporate profitability in the city." Beyond the political risk, Hong Kong's slowing economy will also take a toll on the city's credit rating. The SAR government has cut its gross domestic product growth forecast for this year from the initial range of 3 to 4 percent to 2 to 3 percent, due to a fall in mainland tourist spending and weaker domestic demand. Australia and New Zealand Banking Group Ltd said that the political deadlock and "inappropriate government policies" will pose risks to the city's long-term economic competitiveness. "In our view, inappropriate government policies (reducing the scale of the Individual Visit Scheme and tight stamp duty policy) pose bigger risks to the economy as Hong Kong will lose its unique advantage that allows it to benefit from growing cross-border flows," ANZ Bank said in a note. Ryan Lam, a senior economist at Hang Seng Bank Ltd, said that the bank had revised its estimate for Hong Kong's 2014 full-year economic growth from 3.3 percent to 2.8 percent. Tiffany Qiu, an economist at Royal Bank of Scotland Group Plc, said that Hong Kong's economic growth will to be modest, as the global trade outlook has been tepid the past two months. Qiu noted subdued mainland tourist spending and pointed out that the city's commercial property sector is facing major headwinds. The investment bank cut Hong Kong's economic growth forecast for 2014 from 3.2 percent to 2.4 percent.

## neolib

### neolib

#### Neoliberalism has left Hong Kong in a contradictory state: on the surface, Hong Kong is a model of economic growth and prosperity, the poster child for neoliberal successes. But beneath this façade lies the suffering and exploitation of millions.

Ng 13 [(Angie, PhD student in Applied Social Sciences at Durham University) “Fighting Inequality in Hong Kong: Lessons Learned from Occupy Hong Kong” Journal of Radical Criminology No 2 (2013)] AT

The story of British colonial Hong Kong started with free trade. The Opium War was fought against China under the banner of "free trade", and after China lost this war in 1841, it conceded Hong Kong to Britain (Ropp 2010). In 1997, Hong Kong was returned to China and guaranteed autonomy for 50 years as a Special Administrative Region. Within the list of states the United Nations Development Programme (UNDP) considers as having very high human development, Hong Kong's income disparity comes first, making it even higher than the United States' infamous levels (Einhorn 2009); in fact, the territory has a GINI coefficient2 of 53.3, ranking fourteenth places worse than China, which has a GINI of 48.0, on the global list (CIA 2013) Neoliberal globalization has left there, as in other places, a superfluous population suffering from lack of income security (Chomsky 2012). Beneath the glitzy facade of one of neoliberalism's poster children, Hong Kong, lies the wage slavery of millions and levels of poverty even more unacceptable in a highly-developed territory. Despite the economic growth Hong Kong has experienced since the 1970s, a high level of economic inequality has continued to plague the city, and this inequality is growing (Chui, Leung and Yip 2012). Even though Hong Kong is one of the most expensive places in the world in which to live and is experiencing a surge in real-estate prices (ibid), over 50 percent of the population earn less than 11,000 Hong Kong Dollars (HKD) per month (BBC News, 2012, as cited by Chui, Leung and Yip 2012), which is roughly 1,419.34 US Dollars per month. Unlike others OECD countries, which have faced the financial crisis and European debt crisis, for the past ten years, Hong Kong has continued to experience an economic boom (ibid); China and other emerging economies have maintained high levels of growth despite the global situation (Drysdale 2012). Despite this, from 2001 to 2010, the income of those in the top 10 percent rose 60 percent while the income of those in the bottom 10 percent not only did not increase at all but decreased by 20 percent (Chen 2012); indeed, employers have been known to use any excuse to cut pay instead of sharing the prosperity with workers (Chui, Leung and Yip 2012). So worker insecurity has increased, in accordance with Alan Greenspan's advice that this precarious existence leads to a healthy economy since their financial insecurity will keep workers from making demands for higher wages (Chomsky 2012). At the same time, housing, education, hospitals, social services, and care for those with special needs have all been falling in standards (Henrard 2012).

#### Lack of economic opportunities condemns workers to cycles of debt and poverty while political power is concentrated in the hands of the rich. Policy action is sorely needed.

Ng 2 [(Angie, PhD student in Applied Social Sciences at Durham University) “Fighting Inequality in Hong Kong: Lessons Learned from Occupy Hong Kong” Journal of Radical Criminology No 2 (2013)] AT

Hong Kong has experienced the same de-industrialization as the US. In the US, companies looking to increase profits in manufacturing shifted jobs abroad, and there was a reverse of the previous trend, that of progress towards industrialization (Chomsky, 2012). The economy shifted from one of productive enterprise to financial manipulation, leading to a concentration of wealth in the financial sector (ibid); this in turn led to a concentration of political power, which produced legislation that only accelerated this cycle (ibid). Hong Kong is what is known as an oligarchy. Power is becoming increasingly concentrated in the hands of fewer and fewer financially privileged people. Just as in the US, the population of Hong Kong living a precarious existence is no longer confined to the fringes of society (Chomsky 2012); last year, out of 2.8 million workers there were 180,600 workers (or 6.4%) earning less than the minimum wage, and inclusive of these, 895,500 workers (31.9%) earned under 40 HKD per hour 3 (Census and Statistics Department, 2012: 55). While the working- and middle-class people have gotten by via artificial means, including longer working hours and high rates of borrowing as in the US (Chomsky 2012), wealth has become concentrated in the hands of fewer and fewer people, leading to these few privileged people having power over the working class and poor people. In such a situation, it is apparent that government policies are not making Hong Kong a more egalitarian place.

### mwc cards

#### Best comprehensive, before-after study specific to Hong Kong

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

The MWC adopted an evidence-based approach in discharging its duties with regard to the statutory function as stipulated in the MWO. SMW has far-reaching impact on employment, society and economy. There are also diverse views and concerns about the SMW rate in various sectors of the community. To conform with the statutory function of the MWC and maintain an appropriate balance among the objectives mentioned in paragraph II above, the MWC not only made reference to the relevant data in a Basket of Indicators when reviewing the SMW rate, but also undertook detailed analyses on wage distribution data and findings of other surveys and considered views from various sectors of the community in order to recommend an appropriate SMW rate.

#### Combine statistics with expert consensus

MWC 12 [Tong et al, Hong Kong Minimum Wage Commission, “2012 Report of the Minimum Wage Commission,” 2012] AZ

In the process of deliberating and examining the SMW rate, the MWC conducted extensive consultation and considered fully and conscientiously the opinions of various sectors of the community. We gathered valuable views from stakeholders through two rounds of consultation meetings, which facilitated us in better understanding their position on the review of the SMW rate and the actual impact of the initial SMW rate. The MWC also conducted public consultation to collect written submissions from a wide spectrum of the community so as to grasp their concerns about the impact of SMW. These views provided important reference which laid a solid foundation for the impact assessment conducted during our review of the SMW rate. We would like to take this opportunity to express our gratitude to those stakeholders and interested parties that attended the consultation meetings or presented written submissions for their frank exchanges with the MWC.

## Anwers to block out

### Credit Rating

#### Credit rating is staying high – no change of collapse. Reuters 2014

Reuters. “Fitch, S&P say no immediate impact on Hong Kong's ratings from unrest” September 29, 2014. CC

 (Reuters) - Clashes between Hong Kong police and pro-democracy supporters won't significantly affect the city's credit ratings in the short term unless they last long enough to have a material impact on the economy, Fitch and Standard & Poor's (S&P) said on Monday. Fitch has a rating of "AA-plus" with a stable outlook while S&P has rated the former British colony a notch higher having assigned it the highest AAA-rating. "It would be negative if the protests are on a wide enough scale and last long enough to have a material effect on the economy or financial stability, but we don't currently see this as very likely," said Andrew Colquhoun, head of sovereign ratings for Asia Pacific at Fitch. "Hong Kong retains a number of credit strengths supporting its very high rating including the strength of the government's balance sheet, supply-side economic flexibility, and high standards of governance underpinned by high-quality public institutions," he said. Fitch had affirmed its rating on Sept 15. Riot police advanced on pro-democracy protesters in the early hours of Monday, firing volleys of tear gas after launching a baton-charge in the worst unrest in the city since China took back control of the former British colony two decades ago. The S&P analyst said the protests reflected different perceptions about Hong Kong's governance and were not unusual given its political status. Although these protests could have a modest and short-term negative impact on economic performance, it would not significantly affect investments. "We also see little impact on the strong institutions and governance that underpin the government’s credit ratings," said Kim Eng Tan, S&P's Singapore-based analyst. "Material negative impact on credit fundamentals are unlikely unless the situation deteriorates severely." Share prices fell more than 2 percent at one point and the Hong Kong dollar slipped.

#### No chance of escalation – China and US have stark cooperation – major incentives to deter war. Huan 12/31

Si Huan, Year of cooperation marks US, China relations, China Daly,12/31/2014. NS

Beijing and Washington have witnessed "a rise after restraint" in their interactions this year amid China's more proactive actions to lay out strategic cornerstones to prop up a "major-country diplomacy" that features stabilizing neighborhood, spearheading global economic development and weaving a network of partners, analysts said.¶ In a year summarized at a recent ministry reception as "a harvest year for Chinese diplomacy", President Xi Jinping and Premier Li Keqiang conducted 12 overseas visits to 30 countries in 2014, including Asian neighbors, as well as countries in distant Europe, Latin America and Oceania. Through more frequent bilateral interaction, Chinese leaders have spelled out a foreign policy vision that features good neighborliness and win-win cooperation.¶ So far, China has built various partnerships with 67 countries and five regional organizations, illustrating the "major-country style" in a non-aligned but partner-up approach.¶ Chinese leaders also voiced and propagated new economic and security concepts at a series of multilateral conferences such as the Nuclear Security Summit in the Netherlands, the sixth BRICS Summit in Brazil, and Shanghai Cooperation Organization Summit in Tajikistan.¶ In late November, Xi highlighted China's pursuit of a "major-country diplomacy with Chinese characteristics", namely new style and vision, on the premise of continuity and consistency of China's foreign policy, at the Central Conference on Work Relating to Foreign Affairs. Observers said the remarks signaled Beijing's diplomatic shift from its traditional approach of "keeping a low profile" toward striving for accomplishments, given the country's status as a rising economic giant.¶ In particular, the two intertwined global powers of China and the US have continued to forge a new paradigm of "big country relations" in the face of disagreement and competition.¶ Teng Jianqun, a senior research fellow from the China Institute of International Studies, said the China-US relationship is shifting into a "new normal", a term Xi has recently adopted to describe the current stage of China's economic development.¶ "Despite fierce competition and frequent setbacks in traditional areas such as trade and security, China and the US have managed to avoid conflicts and seek in-depth understanding," Teng said.

### Policymaking Bad

#### Confining discourse to only policy debates constructs a regime of truth that masks the constructed nature of their solvency; this leads to serial policy failure. Smith 97

Smith, 97 (Steve, professor of political science at the University of Wales, Review of International Studies, Cambridge journals online)

By focusing on the policy debate, we restrict ourselves to the issues of the day, to the tip of the political iceberg. What politics seems to me to be crucially about is how and why some issues are made intelligible as political problems and how others are hidden below the surface (being defined as ‘economic’ or ‘cultural’ or ‘private’). In my own work I have become much more interested in this aspect of politics in the last few years. I spent a lot of time dealing with policy questions and can attest to the ‘buzz’ that this gave me both professionally and personally. But I became increasingly aware that the realm of the political that I was dealing with was in fact a very small part of what I would now see as political. I therefore spent many years working on epistemology, and in fact consider that my most political work. I am sure that William Wallace will regard this comment as proof of his central claim that I have become scholastic rather than scholarly, but I mean it absolutely. My current work enquires into how it is that we can make claims to knowledge, how it is that we ‘know’ things about the international political world. My main claim is that International Relations relies overwhelmingly on one answer to this question, namely, an empiricist epistemology allied to a positivistic methodology. This gives the academic analyst the great benefit of having a foundation for claims about what the world is like. It makes policy advice more saleable, especially when positivism’s commitment to naturalism means that the world can be presented as having certain furniture rather than other furniture. The problem is that in my view ; indeed it is in fact a very political view of knowledge, born of the Enlightenment with an explicit political purpose. So much follows politically from being able to present the world in this way; crucially the normative assumptions of this move are hidden in a false and seductive mask of objectivity and by the very difference between statements of fact and statements of value that is implied in the call to ‘speak truth to power’. For these reasons, I think that the political is a far wider arena than does Wallace. This means that I think I am being very political when I lecture or write on epistemology. Maybe that does not seem political to those who define politics as the public arena of policy debate; but I believe that my work helps uncover the regimes of truth within which that more restricted definition of politics operates. In short, I think that Wallace’s view of politics ignores its most political aspect, namely, the production of discourses of truth which are the very processes that create the space for the narrower version of politics within which he works. My work enquires into how the current ‘politics’ get defined and what (political) interests benefit from that disarming division between the political and the non-political. In essence, how we know things determines what we see, and the public realm of politics is itself the result of a prior series of (political) epistemological moves which result in the political being seen as either natural or a matter of common sense.

#### Their claim to ‘objective’ or non-biased knowledge mystifies their role as scholars and allows dominant ideologies to slip in – question their knowledge claims. Robinson 06

Robinson 06 Professor of Sociology at the University of California, Santa Barbara (William I., Critical Globalization Studies, Chapter 2, “Critical Globalization Studies”, ed by R Richard P Appelbaum, http://www.soc.ucsb.edu/faculty/robinson/Assets/pdf/crit\_glob.pdf SW)

Does such a CGS imply that scholarship and the academic profession become comprised by ‘‘politicizing’’ them in this way? There is no value-free research, and there are no apolitical intellectuals. (This is not to say that our research should not adhere to the social science rules of logic and empirical veriﬁcation; indeed it must be lest it is reduced to propaganda.) We know from the philosophy and the sociology of knowledge that knowledge is never neutral or divorced from the historic context of its production, including from competing social interests (see, inter alia, Therborn, 1985; Fray, 1987; Chalmers, 2000; Sartre 1974; Robinson, 1996). Intellectual production always parallels, and can be functionally associated with, movement and change in society. There is no such thing as an intellectual or an academic divorced from social aims that drive research, not in the hard sciences, and much less in the social sciences and humanities. The mainstream scholar may ‘‘well believe in an independent, ‘suprasocial,’ detached knowledge as in the social importanlce of his expertise,’’ observes Horkheimer. ‘‘The dualism of thought and being, understanding and perception is second nature to the scientist. . . . [such mainstream scholars] believe they are acting according to personal determinations, whereas in fact even in their most complicated calculations they but exemplify the working of an incalculable social mechanism’’ (1972: 196–97). Many ‘‘mainstream’’ academics, shielded by the assumptions of positivist epistemologies, would no doubt take issue with this characterization of intellectual labor as, by deﬁnition, a social act by organic social agents. There are those who would posit a free-ﬂoating academic, a neutral generator of knowledge and ideas. But few would disagree that scholars and intellectuals are knowledge producers and that ‘‘knowledge is power.’’ Hence it is incumbent on us to ask, Power for whom? Power exercised by whom? Power to what ends? The theoretical and research trajectories of social scientists, policy makers, and others within the academic division of labor are inﬂuenced by their social position as shaped by class, as well as by gender, race, and culture. But many academics are linked to the state, to other social institutions, and to dominant groups in a myriad of ways, from corporate and state funding of research, to status, prestige, job security, and social approval that comes from integration into the hegemonic order, in contrast, as Ollman shows, to the well-known sanctions one risks in committing to a counterhegemonic project (1976: 119–32). Academics who believe they can remain aloof in the face of the conﬂicts that are swirling about us and the ever-higher stakes involved are engaged in a self-deception that is itself a political act. The claim to nonpolitical intellectual labor, value neutrality, and so forth, is part of the very mystiﬁcation of knowledge production and the ideological legitimation by intellectual agents of the dominant social order. Such intellectuals, to quote Sartre following Gramsci, are ‘‘specialists in research and servitors of hegemony’’ (1974: 238). The prevailing global order has its share of intellectual defenders, academics, pundits, and ideologues. These ‘‘functionaries of the superstructure’’ (Sartre, 1974: 238) serve to mystify the real inner workings of the emerging order and the social interests embedded therein. They become central cogs in the system of global capitalism, performing not only legitimating functions but also developing practical and particularist knowledge intended to provide technical solutions in response to the problems and contradictions of the system. In short, whether intended or not, they exercise a ‘‘preferential option’’ for a minority of the privileged and the powerful in global capitalist society.

### [OLD] A2 Protests Have Stopped

#### 2 reasons this doesn’t apply

#### Perception of future protests will continue to impede business until countermeasures are taken

#### Even without the protests, Hong Kong public opinion is polarized against China, challenging CCP legitimacy – that triggers the aff impacts

#### This was just the first round, and they’ve enabled more divisive future protests that will *continuously escalate* until their demands are met

Buckley 12/11 [(Chris, journalist) “Hong Kong Protesters Lose a Last Bastion, but Vow to Go On” NY times, Dec 12, 2014] AT

Yet even in their defeat, the protesters, most of them college students, left with a new sense of political identity, a willingness to challenge the almighty power holders in Beijing, and a slogan from a science-fiction film that many of them repeated as they cleared out of the encampment in Hong Kong’s Admiralty district: “We’ll be back.” (A sliver of a protest camp remains in Causeway Bay, a busy shopping area.) “We have learned we have power when we are together and have enough people,” said Cat Tang, a tall youth who showed up for the scripted final act wearing a menacing helmet and gas mask, with safety pads on his limbs and a plastic shield on his right arm. “Today, we don’t have enough people. But tomorrow, sometime, we can.” The protests had no tangible success in forcing China to allow a more open election for Hong Kong’s next chief executive. But neither did China have any clear success in persuading the rising new generation in its wealthiest and most westernized enclave that they should passively accept China’s vision of what is best, as many of their elders have done. The intransigent positions on both sides seem likely to last. Hong Kong, if subdued for now, could well offer a continuing reminder, in an uncensored environment, of thwarted hopes for greater rights in greater China. The protests have also left the territory deeply polarized and trickier to govern. “It means the soldiers and generals of the future movement are there,” said Lee Cheuk-yan, a longtime labor leader and pro-democracy lawmaker. “The young people have awakened. This is really the gain of the movement.” Solidarity with the movement was on display as it ended. The police were forced to detain dozens of the city’s pro-democracy A-list on Thursday afternoon, hauling wealthy lawyers, prominent lawmakers, student leaders and a media mogul through a phalanx of officers and onto waiting buses with barred windows. The sight of peaceful, sober-minded pro-democracy leaders among the 209 people arrested during the clearance of the camp embodied a volatile new current in Hong Kong politics, said Fernando Cheung, a democracy supporter who is a member of the city’s Legislative Council. Many of those arrested, such as Martin Lee, the founding chairman of the city’s Democratic Party and a Queen’s Counsel of the British bar, were neither radicals nor given to confronting the police, he said. “It shows the growing divisiveness,” said Mr. Cheung, seated under a canopy surrounded by empty bottles, plastic sheets and other debris as the police cleared the site. “Society in general will have to pay a large and growing price for that.” A little later, Mr. Cheung was arrested after refusing to leave the area of the encampment, on a major road past the headquarters of the Hong Kong government. For more than a quarter-century, many of the same men, and a handful of women, have led countless demonstrations with limited visible effect. But the Umbrella Movement did not only mobilize youth who had previously kept out of politics. The long standoff also garnered an audience for more truculent groups, including raucous online communities, who argued that escalating confrontation with the authorities was the only way to break the will of the government and win concessions. At the same time, the street protests may have had the unintended effect of increasing the job security of the very person whose resignation the demonstrators called for repeatedly: Hong Kong’s chief executive, Leung Chun-ying. “He does have very strong backing from Beijing — they’ve found him someone they can really work with in tough times,” said a person with close ties to the Hong Kong and Beijing governments, who insisted on anonymity because of the continuing political tensions. He also said he believed protesters’ vows that they would keep challenging the authorities. “We will clear it, they will regroup, we will clear it again, they will regroup,” he said. “But eventually, they will dissipate.” Charlotte Chan, a 19-year-old nursing student, reclined on a sofa that had been used to block an escalator leading to the government offices and said that even those who wanted to keep up the demonstrations could see that they lacked broad support. But Ms. Chan predicted that students would soon rebound with new plans for civil action. “This is the start, the very beginning, and the pressure will accumulate — the next protests will be more aggressive,” she said. “Those who claim political neutrality cannot go on. You can’t pretend not to care.” Some in Hong Kong worry that the protests this autumn have harmed the long-term cause of achieving greater democracy. They fret that Beijing has permanently transferred large numbers of security and intelligence specialists to Hong Kong to keep a much closer eye on the Chinese Communist Party’s many critics. Beijing, they say, could end up even more resistant to further democratization in Hong Kong for fear that a hostile government might be elected. “This movement has done more damage to the pro-democracy camp than anything in the last 17 years,” said Steve Vickers, who was a senior Hong Kong police official before Britain handed over Hong Kong to China in 1997, and who said he favored the introduction of greater democracy. Under the British, and through the first 17 years of Chinese sovereignty here, the most powerful political force has been the leaders of the city’s biggest businesses — heavily Scottish at first, but now mostly Chinese families originally from the neighboring Guangdong Province or from Shanghai. These tycoons have long opposed increases in social spending, fearing they would lead to higher taxes on them. But the bruising political battle with democracy activists has hurt the tycoons’ image and their clout with top city officials and the Beijing authorities, people with a detailed knowledge of Hong Kong’s policy making said. To Beijing’s annoyance, the tycoons were reluctant to criticize the protesters for fear that their own businesses might be boycotted. One of the most politically active business leaders, a real estate developer, James Tien, publicly broke ranks in October with the administration’s support for Mr. Leung and called for more negotiations with the protesters. “The tycoons are no longer a factor; their days are past,” said the person who works closely with the Beijing and Hong Kong governments. That may be an overstatement: The tycoons have a history of hiring retiring senior civil servants and keeping close personal relationships with government leaders. But economic inequality and a lack of job opportunities for the young emerged as potent issues this fall for rallying young people, prompting an active government review of ways to address these issues. The students and other protesters vowed to keep the demonstrations alive. Late Thursday, more than 100 demonstrators gathered diagonally across the street from the demolished encampment. They stayed on the sidewalk, not blocking traffic, and shouted to wary police officers that they were engaged in one of Hong Kong’s favorite pastimes, “shopping!”

#### Younger students are now galvanized – new protests are due in months

Dapiran 14 [(Antony, Hong Kong-based lawyer and writer) “Torch is passed as Hong Kong protests end” Sydney Morning Herald December 14, 2014] AT

While police and government cleaning contractors last Thursday tore down tents and swept clean the roads that had been occupied by pro-democracy protesters for 75 days, a curious assembly of young and old gathered on the roadside at a nearby freeway overpass. This group of over 200 people included members of the Hong Kong Federation of Students (HKFS) and Scholarism, the student groups that had led the "Umbrella Movement" protests, as well as an all-star gathering of senior Hong Kong democratic politicians, among them founding chairman of the Democratic Party Martin Lee, founding leader of the Civic Party Audrey Eu, political activist "Long Hair" Leung Kwok-hung, media mogul Jimmy Lai and Emily Lau, the current chairwoman of the Democratic Party. As these veterans sat on the asphalt shoulder-to-shoulder with the students, patiently awaiting arrest, it appeared to be a turning point not only in the protests but also in the city's democratic landscape, as a torch was passed from one generation to the next. Ms Lau, 62, a stalwart of Hong Kong's politics, explained that Hong Kong's youth had not always been so engaged. "We've been struggling for democracy for several decades," she said, "But very few young people took part. Most of them did not register as voters, and even if they did register many of them did not bother to vote. They just thought that the whole thing had nothing to do with them." The Umbrella Movement has changed all of that, with thousands of students sleeping in tents on Hong Kong's streets for months to press their campaign for democracy, even as a winter chill descended in the early December evenings. It gives Ms Lau some cause for optimism: "I hope this whole experience will be with them for the rest of their lives, and that they will inject a lot of vigour into the pro-democracy movement." However, she warned that the younger generation need to engage in the mainstream political process to take their movement forward: "I hope these young people can channel their energy into the electoral system as well. They will have to learn that the movement does not just include demonstrations in the streets. They also have to enter the political system, so they will have to think about forming political parties or joining political parties." One of the young people Ms Lau no doubt has in mind is Alex Chow, 24, general secretary of the HKFS and one of the key leaders of the protests. As the police net gradually closed in on Thursday, Mr Chow gave speeches to the assembled group, keeping up spirits as the afternoon wore on with slow progress being made on arrests. "I would agree that Hong Kong needs more people to get engaged with politics and political parties," Mr Chow said. However he also said that he has no current plans to form or join a party. In a Hong Kong University public opinion poll conducted in November, his HKFS (which is not a political party) was found to be the most popular political group in Hong Kong, outpolling Ms Lau's Democratic Party. Mr Chow was not shy in criticising his elders. The success of the protest movement, he said, depended on having an organised support network within the community. "That was the work we should have done in the past decades, but failed," he said. He plans to work on rectifying this. "We will consolidate our base in the community so that we can mobilise people more quickly and easily," he said. He plans to be prepared for the next political crisis, expected early next year when the government's proposal for political reforms will be presented to Hong Kong's Legislative Council for approval. "With several months work done in the community countering the government's agenda," Mr Chow said, "It will be time for us to come back out onto the streets again." After a long day sitting on the road, Ms Lau, Mr Chow and 207 others were eventually arrested on Thursday night. All were released unconditionally on Friday morning.

#### The next wave of protests are coming and will be radical

Sin 14 [(Noah, studying for an MSc in International Relations Theory at London School of Economics. He is also a Constituency Campaigner for Oxfam) “Hong Kong's Umbrella Revolution might be over, but it doesn't matter — the pro-democracy movement will only come back stronger” Independent UK 15 December 2014] AT

Yet without a unifying figure or strategy, the movement could go only so far. The occupy campaign camp to be perceived as too conservative and ineffective, especially by more radical factions. "[It] needs to be taken to a new level," Wong Yeung-tat, the leader of Civic Passion, told The New York Times. "There needs to be escalation, occupation of more areas or maybe government buildings. The campaign at this stage has become too stable." Groups such as Civic Passion are much more openly anti-China. They speak the language of "autonomy" and "deciding our own fate". They are confrontational and refuse to surrender to the police. And while they are far from representing mainstream public opinions, they have galvanised more clout and sympathy during the past two months than ever before. This presents Beijing with a bigger problem than the one they feared. Before they vetted political candidates in August, the Chinese government faced a harmless minority of moderates, who espoused upon the ideals of Gandhi and Martin Luther King. Now they face far more anti-authoritarian and uncompromising groups, whose ideologies are more akin to Malcolm X than Dr. King. But the Communist Party is not the only loser. The police force in Hong Kong, long hailed as one of the best in the world (presiding over very low crime rate), are facing its toughest time in terms of citizen-police relations. While it took less than a day to reopen the roads, it will take much longer than that to wash away the horrific images of plainclothes policemen dragging a protester to a corner to beat him up, not to mention police hitting protesters with batons, pepper spray and tear gas indiscriminately – all alien to this city of stability. There is also an unexpected guest on the list of losers. David Cameron was criticised by MPs for being "weak" over China’s ban on MPs to investigate how the protests were being handled. Under the Joint Declaration, Britain is the only guarantor Hong Kong has if China breaks its promise over democratisation and autonomy. Now that the worst case scenario has become reality, however, Downing Street has done next to nothing. Although the occupations have now concluded, we certainly haven’t seen the last of the democratic movement in Hong Kong. Banners and signs saying "We will be back" were left behind by protesters. And when they return, it will be a new generation of youngsters, battle-hardened, uncompromising, and determined to put everything on the line for the sake of their future.

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#### Students will continue protesting

Ong 12/14 [(Larry Ong, Epoch Times) “Hong Kong Protests: Police to Clear Last Umbrella Camp; Students Plan Next Step” Epoch times Dec 14] AT

Although at least 10 Causeway Bay regulars vow to stay and be arrested, others have decided to call it a day for now and prepare for the next fight. “As we have yet to overturn the Standing Committee of the National People’s Congress’s (NPCSC) Aug. 31 decision, now is not the opportune time to be arrested,” said Liu, a student, to TVB. The NPCSC ruled that while Hongkongers can have universal suffrage for the 2017 Chief Executive elections as long as the candidates are picked by a pro-Beijing nominating committee. Liu added that he might consider protesting again if the second round of consultations over political reform in Hong Kong results in similar restrictions on Hong Kong citizens’ democratic rights. Umbrella Movement Phase Two? Student leaders from the Hong Kong Federation of Students and Scholarism, two prominent groups in the Umbrella Movement have expressed similar sentiments to Liu. Alex Chow, secretary general of the HKFS, said that he won’t rule out a move to occupy the Hong Kong Legislative Council in the event a repressive law such as Article 23 is tabled, Passion Times reports. Article 23 is a proposed anti-subversion law that would curb Hong Kong citizens’ rights and freedoms if passed. It was tabled in 2002 but was shelved indefinitely after the public staged massive protests and petitions. Scholarism spokesman Oscar Lai said in a radio interview that his student group aims to stage small scale protests if the Hong Kong government doesn’t carry out a proper consultation on political reform next year with student and pan-democratic groups. Apart from staging additional sit-ins, the HKFS is considering shifting to non-cooperative action as a form of protest. Non-cooperative action can take the form of paying taxes with multiple checks or paying public housing rentals at the eleventh hour. “We will cooperate with organizations in different communities so as to initiate different non-cooperative movements,” Alex Chow said, according to local broadcaster Radio Television Hong Kong. “Of course, we understand that not everyone could take part in the Occupy movement so we need more varied action to draw people in and let them fight back.”

#### Desire for democracy guarantees new protests

Sun Times 14 [Chicago Sun Times December 14, 2014 “The birth of a movement in Hong Kong”] AT

Signs that the pro-democracy protests in Hong Kong are over — but not finished — abound. Across the now-closed protest camps in downtown Hong Kong, protesters declared their permanence. From the “We will be back” scrawled in red and yellow chalk to a large yellow banner declaring, “It’s just the beginning,” the protesters that were forcibly removed by police last week made clear their long-term intentions. A fading chant from protesters who failed to win concessions after 10 weeks of camping out? Or an early expression of a movement that one day will be known as the spark that started it all? From where we stand today, no one knows for sure. But something lasting clearly occurred in Hong Kong over the last three months, something the world may one day recognize as a new beginning. Students mobilized, the Chinese government — unlike 25 years ago in Tianamen Square — restrained itself, and new political identities were born. “Thousands and thousands of students, both at universities and in secondary schools, already each of them now has a fire of democracy burning in his heart or her heart,” a pro-democracy legislator, Martin Lee, told National Public Radio last week. “And this fire cannot be quenched by an iron fist.” Protests in the former British colony began after the Beijing government proposed public voting for Hong Kong’s next chief executive, but only after a committee dominated by people loyal to the Communist Party screened candidates. Protesters want free elections. Nearly three months of protests did nothing to move Beijng. But seeds were planted that will invariably bloom in ways no one can predict. This is how permanent, lasting movements are born. In the United States in 1955, the mind-set and resolve of black people across America were forever changed by the murder of Emmett Till, a black boy from Chicago who was killed in the South for the sin of allegedly whistling at a white woman. The depth of the outrage and revulsion, along with the grief and bravery of Till’s mother, are now widely understood as a seminal moment in the civil rights movement. Few recognized it as such at the time. In Hong Kong, an appetite for democracy has been whet. That too cannot easily be squelched. The protests have ended. The laws remain on the books. But, we trust, this is only the beginning.

#### Protestors have vowed to be back – that creates the *perception* of instability that will disrupt markets

Tong 12/15 [(Iris, voice of America reporter) “Hong Kong Activists Vow Return as Protests Declared Over” VOA December 15, 2014] AT

A small group of protest leaders chanted "We will be back" and called on Leung to step down. Hong Kong pro-democracy activist Kenneth Chan was among those arrested at Causeway Bay Monday. He told VOA before his arrest that the activists should have nothing to fear. "We have a sense of justice, of mission. Actually those people who should have fear are Leung Chun-ying and his people in power. They should fear so many Hong Kong citizens who come forward, to the front, through to the end," said Chan.

1. [↑](#footnote-ref-1)