# NDCA – Defense Industrial Base DA

## 1NC Shells

### 1NC – DIB Shell- Saudi Arabia

#### Arms sales are up now but Saudi Arabia is the key customer.

Ivanova 18 [Irina Ivanova, 10-12-2018, "Saudi Arabia is America's No. 1 weapons customer," CBS News Moneywatch, https://www.cbsnews.com/news/saudi-arabia-is-the-top-buyer-of-u-s-weapons/]

The U.S. remains the world's largest weapons exporter, a position it has held since the late 1990s. Our biggest customer? Saudi Arabia.

That business reality came to the forefront this week in President Donald Trump's refusal to crack down on the kingdom whose royal rulers have been accused of murdering a Saudi-born, U.S.-based dissident journalist who disappeared after entering the Saudi consulate in Istanbul.

The U.S. sold a total of $55.6 billion of weapons worldwide in the fiscal year that ended Sept. 30 — up 33 percent from the previous fiscal year, and a near record. In 2017, the U.S. cleared some $18 billion in new Saudi arms deals.

Mr. Trump has dismissed the idea of suspending weapons sales to Saudi Arabia to punish its crown prince, Mohammad bin Salman, for any involvement in the alleged murder of journalist Jamal Khashoggi. "I don't like the concept of stopping an investment of $110 billion into the United States," Mr. Trump said this week.

Last year in May, President Trump used his first foreign trip as an occasion to visit the kingdom and sign an arms deal advertised as $110 billion — a figure experts have since disputed as inflated, since it was not based on actual, signed contracts and included at least $23 billion previously approved by the Obama administration, according to Defense One. But even before that announcement, Saudi Arabia was by far the U.S.' largest arms client, according to the Stockholm International Peace Research Institute.

Over the five years ending in 2017, nearly one-fifth of American weapons exports went to Saudi Arabia, SIPRI reports. Overall, half went to the Middle East and North Africa. In the 2017 calendar year alone, some $18 billion in new Saudi arms deals were cleared by the U.S.

Bombs away

The current White House has shifted the type of weapons exports the U.S. favors. Prior to this year, aircraft was the largest component of U.S. arms sales, according to the Security Assistance Monitor. Under the first year of the Trump administration, sales of bombs and missiles dominated.

That year, the U.S. sold Saudi Arabia $298 million worth of Paveway laser-guided missiles, $98 million in ammunition for various types of firearms and $95 million worth of programmable bomb systems. A recent attack on a school bus in Yemen that killed dozens of children was carried out with a bomb the U.S. sold to Saudi Arabia, CNN has reported.

Just this year, the State Department has approved sales to Saudi Arabia of $670 million worth of BGM-71 TOWs, a type of anti-tank missile, $1.3 billion worth of medium self-propelled Howitzers and at least $600 million in "maintenance support services."

Arms sales as economic development

The Trump administration has taken steps this year to further boost arms sales abroad. This spring, the National Security Council put forth a policy that cuts regulations and diminishes the long wait times usually associated with weapons sales — all in the name of economic growth. The policy, called an "Arms Transfer Initiative," is explicitly meant to "expand opportunities for American industry [and] create American jobs," Tina Kaidanow, a longtime State Department diplomat who recently moved to the Pentagon, said at a conference in August.

#### Budget cuts make the defense industry reliant on sales for profit — sustainable industry growth is key to military readiness.

Webster 18 (Keith, VP of Chamber of Commerce, Pres of Defense and Aerospace Export Council, "It's time to update US defense export policies", 8/13/18, <https://www.defensenews.com/top-100/2018/08/09/its-time-to-update-us-defense-export-policies/>)

I recently stumbled upon an interesting article dated Oct. 1, 1999, by Loren Thompson with the Lexington Institute titled “Military Supremacy and How We Keep It.” In this article we are reminded of the February 1776 publication by British historian Edward Gibbon titled “The Decline and Fall of the Roman Empire.” We are told George Washington read this work and its subsequent volumes, and in his first annual message to Congress as president he made reference stating: “To be prepared for war is one of the most effectual means of preserving peace.” Or to quote Gibbon: “They preserved the peace by a constant preparation for war.”

America’s defense and aerospace industry is the second-largest gross exporter and retains the largest positive trade balance of any manufactured goods sector. The sector employs approximately 2.8 million individuals within the United States. America’s largest defense companies secure on average 70 percent of their annual revenue from domestic defense spending, with the remaining 30 percent accomplished through international sales to allies and friends.

With defense appropriations at historic highs, our defense and aerospace industries are well-positioned to equip our military, but headwinds are gathering. In the face of growing budget deficits, robust annual U.S. defense appropriations may turn out to be unsustainable. Additionally, trade disputes are causing the cost of raw materials to rise by at least 40 percent, which ultimately increases the cost of our military hardware and could potentially undermine the ability for U.S. manufacturers to compete in the global market. Taken one step further, it’s possible that trade disputes could result in our allies slowing or ending acquisitions of U.S. capability as a way to protest tariffs.

See this year’s Top 100 list!

Faced with these challenges, the U.S. defense industry is focused on increasing international sales. Companies seek 5 percent to 30 percent growth within five years, while a select few are seeking growth greater than 50 percent. The benefits of increased global market share include reduced need for domestic investment, reduced cost to the U.S. military, increased allied capability globally and greater innovation investments by U.S. industries, minimizing the ability of emerging competitors in the defense and aerospace sector to capture market share at American industries’ expense.

The U.S. defense-industrial sector is primed for rapid and significant growth, but conventional export policies and lengthy determination processes may be undermining the future health of the companies that support America’s safety, security and economic vitality. To do so is to ultimately enable our enemies and their industries to grow, and with that growth to develop products that will, if not checked, defeat U.S. military capability.

From aviation platforms to ammo, most allied and friendly nations around the world are unable to fully support their military forces with their own indigenous industries. Why? Because they are unable to financially sustain the breadth of industries needed to ensure military readiness, and because their industries were unable to compete effectively internationally to offset the limited domestic investment by their government.

Is this where the United States intends to be tomorrow — a place where we are unable to equip our military without relying on friends, allies and not-so-friendly nations for capability and components?

For a moment, let us consider our most worrisome competitors. They are nations that have their own military-industrial complexes, which are largely self-reliant. Some are well-established while others are rapidly emerging as credible innovators and suppliers. Their military industries are run as state-owned enterprises. U.S. industries are publicly held companies that — although receiving considerable U.S. government funding through the annual defense appropriations — are accountable to shareholders, investors and corporate boards, meaning they must be profitable or perish.

Our enemies control and preserve their military-industrial complex with an iron fist, while ours must function like any other publicly traded business in the United States.

In order to ensure our continued security and state of readiness, we must pursue ways for the U.S. government and our defense industries to partner more closely with a goal of achieving the following: a commitment through legislation, policy and procedures to reduce the regulatory burdens that adversely impact product costs and innovation investments; and a commitment by our government to reduce and remove barriers to successful competition in the global markets.

For both domestic performance and global competition success, timeliness and cost are critical success factors often disrupted by excessive U.S. government control and intervention.

Revisiting Cold War-era policies and procedures can help create a contemporary model for advancing global sales, which can ensure U.S. readiness, contribute to military-industrial independence and limit the reach of our adversaries’ influence. We must ensure through innovation and domestic production that we can regularly prepare for war to help preserve the peace without being reliant upon others.

#### Readiness prevents all global conflicts – military strength secures the international order.

Inboden 16. (William Charles Inboden, PhD, is Executive Director of the William P. Clements, Jr. Center for History, Strategy, and Statecraft and Associate Professor of Public Affairs at the University of Texas-Austin. The Role of a Strong National Defense. 2016. <https://s3.amazonaws.com/ims-2016/PDF/2016_Index_of_US_Military_Strength_ESSAYS_INBODEN.pdf>)

One of the few core responsibilities of the federal government mandated by the Constitution of the United States is “to provide for the common defence.”2 Upon commissioning, every American military officer swears an oath to “support and defend” this Constitution.3 Accordingly, the core mission of the American military is to protect and defend our nation. This means deterring potential aggressors and, if deterrence fails, fighting and winning wars. Any consideration of the military’s role and American defense policy must start with that foundational principle. Yet if the need for a strong military begins with the mission to fight and win wars, it does not end there. As the quote from Theodore Roosevelt at the beginning of this essay illustrates, American leaders have long appreciated that a formidable military can produce abundant diplomatic and economic dividends, even—especially—when not wielded in wartime. The United States’ military capability supported our nation’s rise to global greatness over the past century, but this was often because of the increased influence and credibility produced by this capability rather than the overt use of force. Along the way, there developed an American strategic tradition that integrated military strength with diplomatic acumen, economic growth, and international influence.4 It is an historic tradition with an impressive heritage and continuing salience today. Drawing on the historical record, there are many ways beyond the kinetic use of force that a strong national defense bolsters our national power and global influence. A robust defense budget and defense policy also strengthens our nation in manifest other ways. A well-equipped defense enhances our capabilities and influence across virtually all other elements of national power: our economy, our diplomacy, our alliances, and our credibility and influence in the world. Conversely, an underresourced national defense threatens to diminish our national power across all of these other dimensions. A strong national defense is thus indispensable for a peaceful, successful, and free America—even if a shot is never fired. The diplomatic successes in building and maintaining a stable and peaceful international order achieved by the United States over the past century have been enabled by America’s military dominance. Conversely, the calamitous defense budget cuts and corresponding rise of potential peer competitors in the present day are already undermining America’s diplomatic and economic influence. A well-appointed military improves diplomacy with adversaries, strengthens our alliances, signals credibility and resolve, deters aggression, and enhances national morale. Yet this is not to disregard the manifest other dividends that a strong military can pay. There are multiple pathways by which investments in military hard power produce economic benefits. For example, the military’s role in protecting a stable international environment also creates predictable and secure conditions in which economic growth can flourish. The American security umbrella facilitated Western Europe’s postwar reconstruction and economic revival, and Asia’s half-century economic boom has been partly a function of America’s treaty alliances in the region maintaining peace and stability, exemplified by the United States Navy’s Seventh Fleet protecting an open maritime order, freedom of navigation, and secure sea lanes.

### 1NC – DIB Shell- Taiwan

#### **Defense industry profits are high now but sustained growth is fragile – continuing innovation is key.**

Knight 6/17 [Robin Knight, AlixPartners, 6-17-2019, "The Aerospace &amp; Defense Industry Faces Several Major Challenges in the Year Ahead, and First-Movers Will Hold a Long-Term Advantage, Says AlixPartners Study," Business Wire, https://www.businesswire.com/news/home/20190617005245/en/Aerospace-Defense-Industry-Faces-Major-Challenges-Year]

In the past year, the aerospace & defense (A&D) industry globally saw record deliveries, growth, and profitability. However, the year ahead portends to be much more challenging, and not just because of the Boeing 737 MAX crisis, although that situation could itself color what happens well beyond just Boeing. That’s according to a new study by AlixPartners, the global consulting firm.

The study finds the top 100 listed A&D companies experienced record growth last year (an 8.6% increase in revenues, the highest annual growth rate of the decade) and sustained strong profitability (10.6% in earnings before interest and taxes, or EBIT). Meanwhile, OEMs and suppliers both performed well, posting revenue increases of 9.9% and 7.6%, respectively, driven by higher production rates in commercial aircraft (Boeing and Airbus delivered 1,606 commercial aircraft, an 8% increase vs. 2017), very healthy passenger and cargo traffic, and rising defense budgets globally, the latter up 2.7%.

However, 2019 has already seen several clouds gathering across key A&D market segments, says the study, including:

In commercial aircraft, while the long-term impact of the 737 MAX crisis is not yet clear, it is already negatively impacting Boeing and the whole aerospace supply chain and could also lead to new certification requirements. Regaining the trust of passengers will be critical, says the study, and this crisis may also impact Boeing’s long-awaited new mid-market airplane, or “NMA.”

Several “cracks” have appeared in the commercial-aircraft supply chain in recent years— in the cabin, engine, and aerostructure sectors in particular. These cracks have drawn attention to the fragility of the industrial chain set-up at current production rates, and how the chain needs to be strengthened to sustain the higher production rates needed to clear record backlogs in narrowbody aircraft.

Volatile oil prices, volatility in international trade, and rising non-fuel costs are hurting airline profitability globally, as reflected in the recent 20% decline in the International Air Transport Association’s (IATA) profit forecast for airlines for 2019.

Beyond these industry factors, a new opportunity—and threat—for industry participants is the continued rise of digital technologies, says the report. These technologies can potentially help industry players to stay ahead of the competition and better anticipate customer and public needs, but they are adding another layer of complexity to an already complex business environment, such as: The rising awareness of the environmental impact of aviation, driving the industry towards more fuel-efficient propulsion technologies, including hybrid and electrical aircraft.

The fact that in many ways the digital revolution has already begun, such as the example of platforms like Airbus’s Skywise gaining traction with airlines. The first-movers who adopt smart digital solutions will enjoy a long-term advantage, says the report.

#### Taiwan arms sales boost stocks in the short term and ensure stable long term growth for the defense industry

Aparajita Dutta 7/10/2019

US Ok's $2.2B Arms Sales to Taiwan: 3 Defense Stocks in Focus, MSN Money, https://www.msn.com/en-us/money/topstocks/us-oks-dollar22b-arms-sales-to-taiwan-3-defense-stocks-in-focus/ar-AAE7ZUe

Investors putting money into U.S. defense stocks cheered the news of the U.S. State Department’s approval of a potential arms sale worth $2.2 billion to Taiwan on Jul 8. As expected, the U.S. Aerospace-Defense industry’s major indices like the S&P 500 Aerospace & Defense (Industry) and the Dow Jones U.S. Aerospace & Defense index inched up 0.4% on Jul 9 following this announcement.¶ While the deal bears good news for U.S. defense contractors, it faced criticism from China, which considers Taiwan as a deranged province.¶ The approval comes at a sensitive time with Washington and Beijing resuming trade talks. It may hamper possible trade negotiations.¶ Details of the Deal¶ According to the Defense Security Cooperation Agency (DSCA), the deal includes 108 M1A2T Abrams tanks, about 250 Stinger missiles, four Stinger Fly-to-Buy missiles, along with related equipment and support. DSCA said the possible arms sale might also include mounted machine guns, ammunition, Hercules armored vehicles for recovering inoperative tanks, heavy equipment transporters and related support.¶ Per DSCA, the proposed tank sale should contribute to the modernization of Taiwan’s main battle tank fleet, boosting its ability to counter current and future regional threats, thereby strengthening its homeland defense. These tanks are expected to aid Taiwan’s goal of upgrading its military capability.¶ The missile sales are believed to support U.S. foreign policy and national security strategy by improving the security and defensive capability of Taiwan.¶ U.S.-Taiwan Relations¶ America and Taiwan enjoy a robust unofficial military relationship, with the United States being the primary arms supplier to the latter. The two nations share a long-time combat relationship, with the first weapon transfer of 48 F-5E jets dating back to as early as 1979.¶ In particular, this relationship has strengthened over the last decade, with Taiwan significantly boosting its defense investment in the face of increasing pressure from China. Of the numerous military deals struck between America and Taiwan in the last decade, the $6.5 billion-arms deal involving 30 Boeing BA Apache attack helicopters, 330 Patriot missiles and 32 Harpoon submarine-launched missiles in 2008 is worth mentioning.¶ Stocks to Gain¶ Here we discuss three companies, which are expected to benefit from the approval of the $2.2 billion arms sales deal. These stocks also have a solid long-term growth rate that makes us confident of their future earnings.¶ General Dynamics’ GD Abrams M1A2 is the advanced version of the M1A1 battle tank and is equipped with an improved fire control system. It continues to be the top tank choice for the U.S. Army, National Guard and Marine Corps as well as several U.S. allies. The company boasts a solid long-term earnings growth rate of 8.9%.¶ Raytheon’s RTN Stinger missile maintains a greater than 90% success rate in reliability and training tests against advanced threat targets. This weapon can be rapidly deployed by ground troops as well as Apache helicopters for air-to-air engagements. The company boasts a solid long-term earnings growth rate of 11.3%.¶ BAE Systems Plc BAESY Hercules vehicle offers lowest acquisition, operational and maintenance cost of any 70-ton capable recovery system. It was the primary 70-ton recovery system during Operation Iraqi Freedom The company boasts a solid long-term earnings growth rate of 4%.

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One of the few core responsibilities of the federal government mandated by the Constitution of the United States is “to provide for the common defence.”2 Upon commissioning, every American military officer swears an oath to “support and defend” this Constitution.3 Accordingly, the core mission of the American military is to protect and defend our nation. This means deterring potential aggressors and, if deterrence fails, fighting and winning wars. Any consideration of the military’s role and American defense policy must start with that foundational principle. Yet if the need for a strong military begins with the mission to fight and win wars, it does not end there. As the quote from Theodore Roosevelt at the beginning of this essay illustrates, American leaders have long appreciated that a formidable military can produce abundant diplomatic and economic dividends, even—especially—when not wielded in wartime. The United States’ military capability supported our nation’s rise to global greatness over the past century, but this was often because of the increased influence and credibility produced by this capability rather than the overt use of force. Along the way, there developed an American strategic tradition that integrated military strength with diplomatic acumen, economic growth, and international influence.4 It is an historic tradition with an impressive heritage and continuing salience today. Drawing on the historical record, there are many ways beyond the kinetic use of force that a strong national defense bolsters our national power and global influence. A robust defense budget and defense policy also strengthens our nation in manifest other ways. A well-equipped defense enhances our capabilities and influence across virtually all other elements of national power: our economy, our diplomacy, our alliances, and our credibility and influence in the world. Conversely, an underresourced national defense threatens to diminish our national power across all of these other dimensions. A strong national defense is thus indispensable for a peaceful, successful, and free America—even if a shot is never fired. The diplomatic successes in building and maintaining a stable and peaceful international order achieved by the United States over the past century have been enabled by America’s military dominance. Conversely, the calamitous defense budget cuts and corresponding rise of potential peer competitors in the present day are already undermining America’s diplomatic and economic influence. A well-appointed military improves diplomacy with adversaries, strengthens our alliances, signals credibility and resolve, deters aggression, and enhances national morale. Yet this is not to disregard the manifest other dividends that a strong military can pay. There are multiple pathways by which investments in military hard power produce economic benefits. For example, the military’s role in protecting a stable international environment also creates predictable and secure conditions in which economic growth can flourish. The American security umbrella facilitated Western Europe’s postwar reconstruction and economic revival, and Asia’s half-century economic boom has been partly a function of America’s treaty alliances in the region maintaining peace and stability, exemplified by the United States Navy’s Seventh Fleet protecting an open maritime order, freedom of navigation, and secure sea lanes.

## Uniqueness

### UQ – Defense Industry High

#### **Defense industry at record highs now – growth will continue.**

Thompson 19 [Scott Thompson, 5-16-2019, "Aerospace and Defense Industry Hits Record Revenues and Profits in 2018," Pwc, http://usblogs.pwc.com/industrialinsights/2019/05/16/aerospace-and-defense-industry-hits-record-revenues-and-profits-in-2018/]

With an industry revenue of $760 billion – exceeding the previous record of $729 billion in 2014 – and operating profit of $81 billion, surpassing the previous record set in 2017 by 9%, the A&D sector scored record revenues and profits in 2018. We’ve also seen a very active M&A environment in 2018 where the industry recorded the third highest deal value in history, causing a number of changes in the top 100 list, as well as pending changes for 2019.

Both the commercial aerospace and defense sectors are expected to experience continued strong revenue and operating profit improvements in 2019 with the help of projected increases in aircraft deliveries, aircraft aftermarket and increase in defense spending.

Commercial Aerospace 2018 Recap

Growth in revenue passenger miles was 6.5% in 2018 and the fifth consecutive year above 6%, about twice the global GDP growth, which is helping to drive demand for new equipment and aftermarket in the near and long term. We saw another record being set in 2018 with new aircraft deliveries increasing by 8% for a total of 1,606, 125 more than in 2017, with further production increases planned for narrowbodies. The sector is also experiencing a healthy aftermarket, as the fleet of aircraft in service continues to grow. Backlog duration also improved in 2018, falling from an average of 9 years to 8 years, at current rates.

Commercial Aerospace Outlook

Commercial aviation has become a critical part of our global infrastructure and it’s expected to continue to grow faster than the overall economy. For example, 82% of the global population has never taken a single aircraft flight, and the global middle class is projected to grow from 25% to 60% by 2030. That in turn will create a huge market of potential new customers for the aviation industry. The commercial aerospace sector should sustain growth in 2019 and beyond, driven by the continued increase in aircraft deliveries and the consistently strong demand in revenue passenger miles.

Defense 2018 Recap

In 2018, we have seen defense budget increases around the world, led by the US defense budget at $700 billion, about a 20% increase in two years, in addition to increases in Europe and Asia. Overall, the defense industry saw an acceleration in revenue and profit growth in 2018 with the top six US defense contractors reporting a 12% increase in revenue and 6% improvement in profit and the top five European defense companies reporting a 4% increase in revenue and 21% increase in operating profit.

Defense Outlook

Defense revenue is expected to show continued growth in 2019 due to an increased U.S. defense budget, and we also expect operating profit and margin to improve in 2019. With the high level of tension between the West and Russia, China and Iran, and improved but continuing tense relationship with North Korea, we could see a shift in new defense priorities as well.

In terms of M&A, as geopolitical uncertainties and other factors have contributed to an increase in defense spending, we believe bolstering military capabilities with emerging technologies such as artificial intelligence, cybersecurity, hypersonic and more, will be drivers of deal activity next year and beyond.

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The fact that in many ways the digital revolution has already begun, such as the example of platforms like Airbus’s Skywise gaining traction with airlines. The first-movers who adopt smart digital solutions will enjoy a long-term advantage, says the report.

#### Alt causes don’t matter – the defense budget is big enough to tank budget cuts.

Walter 19 [Henry Walter, “The Defense Industrial Base: How Idiosyncratic and Historical Influences Dictate Its Future”, International Social Science Review Volume 95 Issue 1, April 2019, https://digitalcommons.northgeorgia.edu/cgi/viewcontent.cgi?article=1351&context=issr]

Ultimately, the DIB is “not in imminent crisis.”77 If the US wants to build it, defense contractors will come (however inefficiently). Although the US defense market would benefit from significant reform, it is important to maintain perspective: the US modernization budget alone is still larger than any other country’s entire defense budget.78 The US Congress clearly prioritizes military spending more than any other country: even under the Obama presidency, in 2015, over 50 percent of discretionary federal spending and over 15 percent of total federal spending are dedicated to defense.79 US military spending already constitutes more than a third of global military spending.80 Future acquisition reforms should begin from an understanding that the US defense industry is already unlike any other market and is deeply influenced by historical trends and decisions.

#### US arms sales are strong now – the world’s top three defense contractors by sales are American companies, bringing in billions of dollars annually.

Macias 01/10/19 (Amanda, covers national security, defense industry and the intelligence community for CNBC. Joined CNBC's Washington bureau in 2018 and is based in the Pentagon. “American firms rule the $398 billion global arms industry: Here's a roundup of the world's top 10 defense contractors, by sales”. January 10, 2019. <https://www.cnbc.com/2019/01/10/top-10-defense-contractors-in-the-world.html>)

American defense firms are the indisputable top producers of the world’s weapons.From combat ships to hypersonic missiles to fighter jets, Lockheed Martin remains the world’s top arms manufacturer.Total weapons sales by Russian firms came in second. For the first time, a Russian company appeared in the top 10 alongside European and American corporations.WASHINGTON — American defense firms are the indisputable leaders of the world's $398 billion arms sales industry, according to a [report](https://www.sipri.org/media/press-release/2018/global-arms-industry-us-companies-dominate-top-100-russian-arms-industry-moves-second-place) by the Stockholm International Peace Research Institute, also known as SIPRI. In 2017, weapons sales from the top 100 companies totaled $398.2 billion, a 2.5 percent uptick from 2016 and a third year of growth for the industry. (The total excludes China, due to a lack of available data on which to make a reasonable or consistent estimate," according to the report.). Total weapons sales by Russian firms came in second. For the first time, a Russian company appeared in the top 10 alongside European and American corporations. The arms sales of the 10 Russian companies amounted to $37.7 billion in 2017, which accounts for 9.5 percent of total top 100 arms sales. Here's a roundup of the world's top 10 defense firms, by sales. 10 Arm sales: $8.6 billion Country: Russia For the first time, a Russian weapons supplier appeared in the top 10 of SIPRI's annual list. Almaz-Antey, Russia's largest arms company, increased its weapons sales by 17 percent in 2017 to $8.6 billion, according to the report. Almaz-Antey is the manufacturer of Russia's S-400, a mobile long-range surface-to-air missile system, which has lured foreign military buyers. The S-400 is the Kremlin's answer to America's Patriot missile system made by [Raytheon](https://www.cnbc.com/quotes/?symbol=RTN) and [Lockheed Martin'](https://www.cnbc.com/quotes/?symbol=LMT)s THAAD platform. At least [13 countries have expressed interest in buying the S-400 instead of American alternatives](https://www.cnbc.com/2018/11/19/russia-lures-buyers-as-s-400-missile-system-costs-less-than-us-models.html) despite the potential for triggering U.S. sanctions. 9. Leonardo Leonardo The AgustaWestland AW101 is a medium-lift helicopter used in both military and civil applications. Arm sales: $8.9 billion Country: Italy Leonardo has a portfolio ranging from helicopters to missiles to drones. Formerly known as Finmeccanica, Leonardo is the largest of only two Italian defense contractors to rank in the top 100 arms companies in the world. Leonardo also manufactures equipment for non-military space programs. The firm brought in $8.9 billion in 2017 arms sales, which accounts for 68 percent of the company's total revenue. 8. Thales Thales Group French troops are seen with a 81mm mortar. Arm sales: $9 billion Country: France As one of the largest defense contractors in Europe, Thales produces a variety of weapons systems ranging from armored vehicles to missile defense to navigation equipment. Thales' arms sales of $9 billion account for about half of its total 2017 revenue. In 2017, the French firm raised weapon sales by nearly seven percent from the year prior. 7. Airbus Group Airbus An Airbus Eurofighter Typhoon operated by the German Air Force is seen. Arm sales: $11.3 billion Country: Trans-European Airbus Group, the second largest defense contractor in Europe, brought in $11.3 billion in arms sales in 2017. The weapons contracts account for only 15 percent of the company's $75 billion 2017 revenue, however. The bulk of the firm's revenue comes from commercial aircraft and its space unit. The company's most recognizable military product is the Eurofighter Typhoon fighter jet, a collaboration between the United Kingdom, Germany, Italy and Spain. There are 546 jets Eurofighters in operation today. 6. General Dynamics U.S. Marine Corps photo Marines from 4th Tank Battalion, Twentynine Palms, Calif., roll down a dirt road on their M1A1 Abrams Main Battle Tank during a day of training. Arm sales: $19.5 billion Country: United States [General Dynamics](https://www.cnbc.com/quotes/?symbol=GD), known in part for America's stalwart M1 Abrams tank, brought in $19.5 billion in 2017, down slightly from $19.6 billion the previous year. The M1 Abrams has been used in nearly every major U.S. conflict since its inception in 1980 and still serves as the main battle tank for the U.S. Army and Marine Corps. The firm's arms sales represent 63 percent of total sales. General Dynamics brought in $31 billion overall in 2017. 5. Northrop Grumman U.S. Air Force photo A KC-135 Stratotanker aircraft refuels a B-2 Spirit aircraft with the 509th Bomb Wing over Kansas Aug. 29, 2012. Arm sales: $22.4 billion Country: United States [Northrop Grumman](https://www.cnbc.com/quotes/?symbol=NOC) saw a 2.4 percent increase in 2017 sales to $22.4 billion. In June, the aerospace and defense tech firm acquired rocket maker Orbital ATK for $7.8 billion. The deal allows Northrop to expand its foothold in the space market, an area where Orbital ATK has played a dominant role. In October, [the U.S. Air Force awarded Northrop Grumman](https://www.cnbc.com/2018/10/10/us-air-force-hands-blue-origin-northrop-grumman-and-ula-each-a-major-rocket-deal.html) $792 million to develop a domestic launch system prototype. Per the award, Northrop's work on its OmegA Rocket is expected to be completed by 2024. 4. BAE Systems BAE Systems A prototype of BAE Systems' Amphibious Combat Vehicle for the U.S. Marine Corps. Arms sales: $22.9 billion Country: United Kingdom BAE Systems remains the UK's top arms producer and saw growth of 3.3 percent in its 2017 sales. Notably, nearly 30,000 of BAE's 83,000 employees work for an American subsidiary. This past summer, the defense firm won a U.S. Marine Corps contract to build the next amphibious combat vehicle. The contract is expected to amount to $1.2 billion. 3. Raytheon Arms sales: $23.9 billion Country: United States [Raytheon](https://www.cnbc.com/quotes/?symbol=RTN) is the world's top manufacturer of guided missiles and a leader in missile defense systems. The defense giant saw a 2 percent increase in 2017 sales to $23.9 billion compared to sales in 2016. Raytheon's portfolio includes the Patriot missile system, a combat-tested platform that has become the backbone of European ballistic missile defense. Outside of Europe, Raytheon's Patriot system is operated by nine nations. 2. Boeing Department of Defense Arms sales: $26.9 billion Country: United States The gap between America's top two defense firms, Lockheed Martin and [Boeing](https://www.cnbc.com/quotes/?symbol=BA), widened by $18 billion in 2017. "The fall in Boeing's arms sales can be partially attributed to delays in the delivery of KC-46 tanker aircraft and the end of deliveries of C-17 transport aircraft," analysts wrote in the report. However, Boeing's arms sales only account for 29 percent of the aircraft manufacturing giant's total 2017 company sales. In 2018, Boeing bagged a significant number of Pentagon contracts. In the month of September alone, Boeing was [awarded more than 20 contracts](https://www.cnbc.com/2018/10/09/boeing-bagged-billions-in-pentagon-contracts-this-summer.html) with a cumulative value of $13.7 billion. 1. Lockheed Martin Courtesy of Lockheed Martin Arms sales: $44.9 billion Country: United States From combat ships to hypersonic missiles to fighter jets, Lockheed Martin remains the world's top weapons manufacturer. In 2017, the Bethesda-based arms giant brought in $44.9 billion in sales, an 8.3 percent increase from 2016. This year, Lockheed Martin [snatched both of the Pentagon's new hypersonic weapon contracts](https://www.cnbc.com/2018/08/14/lockheed-martin-gets-480-million-hypersonics-contract-from-pentagon.html) and continued delivery of its F-35 fighter jet, America's most expensive weapons system.

### UQ – Arms Sales

#### Arms sales rising now – keeping steady pace is key to growth.

Mehta 18 [Aaron Mehta, Deputy Editor and Senior Pentagon Correspondent for Defense News, 11-8-2018, "The US brought in $192.3 billion from weapon sales last year, up 13 percent," Defense News, https://www.defensenews.com/industry/2018/11/08/the-us-brought-in-1923-billion-from-weapon-sales-last-year-up-13-percent/]

Combined weapon sales from American companies for fiscal 2018 were up 13 percent over fiscal 2017 figures, netting American firms $192.3 billion, according to new numbers released Thursday by the State Department.

The department previously announced that FY18 brought in $55.66 billion in foreign military sales, an uptick of 33 percent over FY17’s $41.93 billion. Through the Foreign Military Sales process, the U.S. government serves as a go-between for foreign partners and American industry.

What had not been released until now is the total direct commercial sales, the process through which foreign customers can directly buy systems from industry. Those figures topped $136.6 billion for FY18, a 6.6 percent increase from FY17’s $128.1 billion.

The Trump administration has made selling American defense goods abroad a key plank of its governance plan, under the guiding principal that “economic security is national security.” Earlier this year, the department rolled out its new Conventional Arms Transfer policy, or CAT, as well as new guidance for selling unmanned systems, with the explicit goal of increasing arms sales.

However, tying this year’s figures to the CAT changes may be a stretch. Sales can fluctuate year by year because of the size of certain weapons packages; a pair of large Saudi Arabian purchases in 2012 famously set that year up for a massive $287 billion annual total.

And there has already been steady growth each of the last three years, even before the Trump administration’s reforms kicked in, with $148.6 billion in total sales in FY16; $170 billion in FY17; and $192.2 billion in FY18.

A State Department official, speaking on background ahead of the official release of these figures, acknowledged to Defense News that these figures can’t be tied directly to changes in policy, noting they represent a “dynamic picture” and that the department is aware there are some factors “we do not control.”

Still, the official expressed confidence that as the CAT policy is enacted, it will lead to a natural growth in sales. How much, however, is hard to nail down.

“I don’t want to speculate on a particular goal that we’re looking at” for FY19, the official said. “We think a 13 percent increase is a significant increase year over year. We’d like to maintain that pace, but there are other factors that go into a given set of annual numbers, so I’m hesitant to give a target goal.”

Thanks to both the CAT changes and export reform efforts beginning under the Obama administration, there are more options for countries to use direct commercial sales, or DCS, for their procurements.

Asked if that meant DCS might grow as FMS cases drop, the official said that is “one dynamic” under review, but noted that “as certain systems start going through DCS, you’ll have new systems backfilling the FMS queue.”

“Things may transfer more on DCS direction, but new systems, new capabilities, will be preferred to be kept in the FMS channel,” the official added.

## Links

### Link – Saudi Sales

#### The Saudi market is indispensable for the defense industry – new sales are key to jobs and developing domestic military tech.

Omar & Juneau 17 (Omar Mohamed, Program Officer at Public Service, graduated from the University of Ottawa, Thomas Juneau is an assistant professor at the University of Ottawa’s Graduate School of Public and International Affairs. From 2003 to 2014, he was an analyst with Canada’s Department of National Defence. “The Special Partnership: Considering U.S.-Saudi Relations Through the Alliance”, https://ruor.uottawa.ca/bitstream/10393/36607/1/OMAR%2C%20Mohammed%2020175.pdf, p. 41-43)

Arms transfers between the U.S. and Saudi Arabia represent a major component of the security partnership. U.S. arms sales to Saudi Arabia touch on both the economic and security dimensions of the bilateral partnership. Alliance politics literature highlights that partners whose strategic interest revolve around the areas of defence and security are more likely to have enduring relationships. To help secure U.S. defence assurances, Saudi Arabia has pursued complex and lucrative arms deals, which have cemented long-term commitment to the security partnership. For the United States, arms transfers to Saudi Arabia help shore up Saudi Arabia’s defensive capabilities, while providing a reliable market for defence exports.

The Joint Security Cooperation Commission signed between the U.S. and Saudi Arabia in 1972, helped set a long-term framework for arms transfers between the two partners. As early as 1975, the value of U.S. arms sale had risen to an annual $5 billion, as contracts with Saudi operated as an economic stimulus for the domestic U.S. arms industry. The growing security ties between the two partners allowed the U.S. arms industry to provide new jobs, increase production and reduce per-unit costs for domestic arms supply deals for the U.S. military.109 As Bronson notes this trend made the Saudi market indispensable for the U.S. arms industry, further raising the cost associated with alliance abandonment.

The U.S. has been Saudi Arabia’s number 1 arms supplier for the duration of their diplomatic relationship. Between 1950 and 2004 the U.S. delivered over $67.1 billion worth of arms to Saudi Arabia under various agreements. 110 This figure has continued to grow, as a growing Iranian threat to U.S. and Saudi strategic interests has prompted an expansion of defence capability in the region. From 2011 up till 2016, Saudi Arabia was the top destination for U.S. arms exports overall, acquiring 9.7% of total U.S. arms exports worldwide.111 This figure includes the biggest military sale in U.S. history reached with Saudi Arabia in December 2011, for over $60 billion worth of airpower technology to modernize the Saudi Arabian Royal Air Force. 112 This deal included 84 new F-15 U.S. jet fighters, 70 refurbished F-15 jets, 70 Apache and 36 AH-6M helicopters.113 The U.S. and Saudi Arabia have also reached a successive number of deals intended to strengthen Saudi Arabia’s missile and maritime capabilities. In September 2014, the Obama Administration submitted for a $22 billion dollar sale for Congressional approval that would equip Saudi Arabia with Mission Surface Combatant Ships and M1A2 tanks.114 Although Saudi Arabia also purchases a substantial amount of weapons from U.S. allies such as France, the U.K., and Canada, the U.S. remains its leading arms supplier (see Figure 4)

#### Saudi sales are key to industry profits and jobs – budget cuts and spillover magnify the link.

Svet 16 [Oleg Svet, PhD in war studies from King’s College London, 9-26-2016, "Why Congress Supports Saudi Arms Sales," National Interest, https://nationalinterest.org/feature/why-congress-supports-saudi-arms-sales-17840]

Senators Ran Paul and Chris Murphy recently proposed a congressional resolution to stop a $1.15 billion arms sale to Saudi Arabia. Their measure failed on a 26-71 vote this past Wednesday. Their case rested in large part on the fact that Riyadh's intervention in Yemen—conducted with American-made weapons—has cost an untold number of innocent lives in the Arabian Peninsula. While their argument carried weight from a humanitarian perspective, it did not make sense in terms of the impact it would have on American jobs, U.S. companies, and the wider defense industry. On a local level, hundreds of American jobs in the proposed sale are at stake. The most important aspect of the deal is the proposed purchase of Abrams tanks. Some of these tanks will be used as "battle damage replacement" for tanks lost by the Saudi military in Yemen. Riyadh also ordered a General Dynamics-produced system to recover tanks damaged on the battlefield. The Abrams tanks are produced by General Dynamics’ Combat Systems division in a plant in Lima, Ohio. About a decade ago the Lima plant employed 1,200 workers. Over the past few years, with declines in Defense Department purchases of weapons produced at the plant (including a 7 percent decrease in sales this quarter compared to the same period last year), the number of workers in the plant has dropped to four hundred. Stopping the sale to Saudi Arabia of such tanks would not only have put in jeopardy the remaining jobs at the Lima plan, but also put at risk larger deals with Saudi Arabia and our other Gulf allies, which themselves carry billions of dollars in revenue for American companies and are associated with tens of thousands of jobs in nearly every state in America. When considering this particular sale it is important to keep in mind the big picture of U.S. defense exports and their contribution to America's defense industry. Over the past six years, as U.S. defense spending has faced considerable budgetary pressures, American defense companies have struggled to maintain employees and keep production lines open. With tightening defense budgets, highly-skilled manufacturing jobs on the line, and the prospect of production lines for advanced U.S. weapons being phased out, American exports of defense articles and services have become and will continue to be ever more important. Saudi Arabia has emerged as the dominant purchaser of American arms. In 2010 Riyadh signed a record $60 billion deal to buy defense articles made by American companies. Under the deal, it agreed to spend $30 billion up front on fighter jets, helicopters, and other systems. That purchase is equivalent to a large chunk of the U.S. defense budget. In fact, the contribution is much larger, relatively speaking, when one looks at how it benefits the smaller defense companies that service American and foreign defense customers. The 2010 deal with Saudi Arabia entailed purchasing American jet fighters that will help manufacturers in forty-four states and aid in protecting seventy-seven thousand jobs. Importantly, the 2010 Saudi deal included the purchase of eighty-four new F-15 fighters. The prime contractor was Boeing, a hundred--year-old American multinational company that consistently ranks as one of the world's most admired companies. Until recently, Boeing produced only one F-15 per month, and the production line for F-15s was on the verge of being closed, that is, until the deal with Saudi Arabia. Riyadh's purchase helped save thousands of jobs for Americans working on Boeing's F-15 production line on the outskirts of Lambert-St. Louis International Airport. Boeing also makes Apache helicopters, and the Saudi deal included the purchase of seventy Apaches. As Fortune reported, "Production lines for Boeing's F-15, Harpoon missile, and Apache helicopter are sustained by exports, which support thousands of high-paying, highly skilled manufacturing jobs." Saudi purchases help keep highly-skilled manufacturing jobs in the United States.

#### Saudi sales are key to defense industry growth – manufacturing jobs and tech development.

Muralidharan 17 [Rathna K. Muralidharan, program director at the Lexington Institute focusing on global security and regional politics, 8-24-2017, "Trump’s Saudi Arms Deal – A Historical Boost for U.S. Industry," Real Clear Defense, https://www.realcleardefense.com/articles/2017/08/24/trumps\_saudi\_arms\_deal\_\_a\_historical\_boost\_for\_us\_industry\_112131.html]

President Trump’s commitment to support Saudi Arabia through arms sales is not only an investment in U.S.-Saudi relations but also in the American defense industrial base. Providing Foreign Military Sales (FMS) to the Kingdom sustains manufacturing jobs in America and promotes American defense technology abroad. This will strengthen the industrial base at home, foster closer relations between Washington and Riyadh, and protect U.S. commercial and security interests in the region.

In May of this year, President Trump approved a major arms sale to Saudi Arabia. Building off the groundwork of smaller sales approved during the Obama years, the aggregate agreement is valued at almost $110 billion. The arms deal will provide Riyadh with weapons systems to secure its borders, modernize its military, and create jobs — three goals shared by both countries.

The biggest winners in the deal are U.S. defense manufacturing companies. These firms include Lockheed Martin, Boeing, Raytheon, General Dynamics, BAE Systems, and Northrop Grumman. The sale is not only an investment in their domestic production facilities but also a promotion of the advanced technology that American companies have to offer. The FMS will create and sustain jobs all over the U.S.

As part of the arms deal, Lockheed Martin will build around 150 S-70 Black Hawk utility helicopters. The program will create 450 jobs each in both countries. Over the next 30 years, the deal is estimated to produce another 18,000 jobs in the U.S. to support the maintenance and modernization of these platforms. Most of these jobs will be based at the Sikorsky plant in Connecticut.

Saudi Arabia will buy 48 Chinook helicopter packages, as well as P-8 maritime patrol and reconnaissance aircraft, and 16 wide-body planes from Boeing. The Chinook helicopter project alone will sustain around 6,000 jobs in Ridley Park, Pennsylvania in addition to the labor needed to build engines at Honeywell Aerospace’s plant in Phoenix, Arizona.

Raytheon will provide air defense systems, smart munitions, C4I systems and cyber security. The deal includes Patriot and THAAD systems, manufactured by Raytheon and Lockheed Martin respectively, for air and missile defense.

The deal also approves the sale of 153 M1A1/A2 Abrams tanks and 20 Heavy Equipment Recovery Combat Utility Lift Evacuation Systems (HERCULES) produced by General Dynamics Land Systems and BAE Systems respectively. This will go a long way towards sustaining jobs at the Lima Army Tank Plant, the only tank production facility in the U.S.

Trump’s deal is a promotion of the first-class defense technology offered exclusively by American companies. The FMS lays the groundwork for stronger relations between U.S. defense manufacturing companies and Saudi Arabia. For example, the agreement includes a joint venture deal between Boeing, Alsalam Aerospace Industries, and Saudia Aerospace Engineering Industries. The venture will be focused on building both military and commercial helicopters and will be based in Riyadh and Jeddah.

#### **Cutting off Saudi sales decks revenue for defense manufacturers.**

Crooks 18 [Ed Crooks, 10-22-2018, "Five charts that explain Saudi Arabia’s importance to the global arms trade," Financial Times, https://www.ft.com/content/dd836c34-d60b-11e8-a854-33d6f82e62f8]

Arms exports to Saudi Arabia are not particularly significant to the German or US economies, but for specific factories, they can be critical. Mr Trump appears to have inflated his estimate for the number of jobs that could be supported by arms deals with Saudi Arabia, but he is right to suggest that cutting off sales would have consequences for some manufacturers.

However, the dependence goes both ways. The need to have weapons systems that work together means that it would not be easy for Saudi Arabia to switch to buying most of its arms from Russia or China.

The following five charts help explain Saudi Arabia’s importance to the global arms trade and the issues that the US and other countries will have to consider as they decide whether to follow Germany’s lead.

Saudi Arabia was by some distance the world’s largest importer of defence equipment and services last year by value, according to IHS Markit, the research group. Different sources with different methodologies come up with somewhat different conclusions. The Stockholm International Peace Research Institute (Sipri), using a narrower definition that focuses on large weapons systems and calculates in volume rather than value terms, puts India as the largest importer in recent years. But no matter how it is calculated, it is clear that Saudi Arabia is one of the world’s largest arms buyers.

Deliveries of defence equipment and services to Saudi Arabia have risen sharply, from $1.9bn in 2008 to a peak of $8.3bn in 2016 and on course for an estimated $7.3bn in 2018, again according to IHS Markit. The US share of those imports has increased, from 31 per cent in 2008 to an estimated 53 per cent this year. The other leading suppliers last year were the UK and Canada, followed by Germany and France.

For the US economy as a whole, arms sales to Saudi Arabia are insignificant. Military equipment made up 18 per cent of US exports to Saudi Arabia last year, but just 0.13 per cent of total worldwide exports, according to official data. The two countries announced last year that the kingdom would buy $110bn of US arms in the coming years, and Mr Trump has suggested that these exports would support up to 500,000 jobs, but he has not given any source for that estimate, which has been greeted sceptically by analysts. Most of the workforce in the US defence industry of roughly 1m is producing equipment for the federal government, which had a military procurement budget of $134bn in the past fiscal year alone, more than 40 times the value of exports to Saudi Arabia that year.

That said, for individual companies, arms sales to Saudi Arabia can be important sources of revenue. Saudi imports of some specific products, such as bombs and missiles, have increased dramatically, making them an important customer for manufacturers of those weapons. Of the US agreement to sell $110bn in arms to the kingdom, only $14.5bn has so far resulted in firm contracts. But Lockheed Martin, the US defence and aerospace group, has said its share of the plan could be worth $28bn in sales. As of June, the company had an order backlog of $105bn, so adding those Saudi sales could make a material difference.

### Link – Taiwan

#### Taiwan trade deals boost US defense companies

**Wu, 17**. J. R. Wu is the Bureau Chief of China at Dow Jones Newswires Holdings, Inc. Ms. Wu received a bachelor's degree in journalism from the University of Missouri. “Taiwan to continue buying arms from United States, boosting U.S. jobs.” (5/11/17). https://in.reuters.com/article/taiwan-usa/taiwan-to-continue-buying-arms-from-united-states-boosting-u-s-jobs-idINKBN1880BB(//JTR)

TAIPEI (Reuters) - Taiwan will continue to buy arms from the United States with its purchases boosting employment in at least six U.S. states and narrowing the bilateral trade gap, the government has told the United States, in rare public comment sure to anger China, which claims the island as its own.

Taiwan’s military purchases “have boosted the local economy of and employment in states such as Alabama, Arizona, Florida, Utah, Ohio and Pennsylvania,” the government said as part of the public comment process for a 90-day trade review being conducted by the United States.

Companies like Raytheon Co, Lockheed Martin Co, Boeing Co, Sikorsky and BAE Systems PLC have benefited from Taiwan’s purchases of missile defence systems, attack helicopters, fighter jets, and other amphibious assault vehicles, it said.

#### Defense industry depends on expensive high tech sales to Taiwan- plan shuts down production

Tucker and Glaser 11 Nancy Bernkopf Tucker is Professor of History at Georgetown University and at the Edmund A. Walsh School of Foreign Service. She also is a Senior Scholar at the Woodrow Wilson International Center for Scholars and the author of Strait Talk. Bonnie Glaser is a Senior Fellow with the Freeman Chair in China Studies at CSIS and also a Senior Associate with the CSIS Pacific Forum. Should the United States Abandon Taiwan?, 1 Center for Strategic and International Studies The Washington Quarterly • 34:4 pp. 2337, https://www.ciaonet.org/attachments/19262/uploads

Risks of Appeasement over Taiwan At the same time, Barack Obama and his administration would incur serious costs should they seek to fix U.S.—China relations by walking away from Taiwan. The Taiwan Relations Act (TRA) of 1979 and Ronald Reagan’s Six Assurances of 1982 created a framework for Washington—Taipei interaction after the United States withdrew diplomatic recognition in 1979.6 Although neither measure involved a legally binding expectation that Washington come to Taiwan’s rescueparticularly if it requires the use of forcethey do provide for the supply of defensive weapons and maintaining a U.S. capability in the region to help Taiwan. They have prevented successive administrations from pressuring Taiwan into cross-Strait negotiations or undertaking mediation, lest Washington become responsible for implementing agreements and managing the consequences of failure. Various U.S. interests support continuing arms sales to, and close economic relations with, an autonomous Taiwan. For instance, the U.S. defense industry profits from, and so encourages, Taiwan’s weapons procurement. Diplomats, the Pentagon, scholars, and other analysts have argued that arms sales help Taiwan defend itself, strengthen morale among Taiwan’s population, deter Beijing, insure Taipei has the confidence to negotiate with China, and that if talks go wrong Taiwan could fight until U.S. forces arrived. Weapons manufacturers also focus on the money and the jobs to be had for Americans. F-16 fighter aircraft illustrate the critical significance of defense contractors in sustaining the Taiwan relationship. George H. W. Bush, ignoring commitments to Beijing as well as objections from within his administration, decided to sell 150 fighters to Taipei during the 1992 presidential election campaign, hoping to insure re-election by providing a $4 billion contract and 5,800 jobs to General Dynamics’ operations in Texas.7 In 2011, a bipartisan group of 45 U.S. senators advocating new F-16 sales and upgrades of existing aircraft not only warned President Obama that Taiwan would be forced to ground some 70 percent of its fighters by 2020 without U.S. action, but that Lockheed Martin’s F-16 production line would shut down without orders for Taiwan. Industry analysts estimate this would mean the loss of some 11,000 jobs in 43 states.8 Another side to U.S. abandonment of Taiwan is the trajectory of events that would follow such a momentous alteration of U.S. policy. Would it help or hurt U.S. interests that Taiwan, almost certainly, would not be able to sustain its de facto independence, and would be compelled, in some form, to accommodate China’s unification agenda? That alone could be profoundly disturbing to American liberals as well as conservatives for whom Taiwan’s vibrant democracy has appeared to be a vanguard for political development in Asia. China has promised it would not station forces on Taiwan, use the island to project power into the Pacific, interfere with critical commercial and military sea lanes, or control Taiwan’s affairs apart from foreign and military relations. It has pledged to facilitate Taiwan’s presence in international organizations and be generous in multiplying and deepening economic ties. But as the application of China’s ‘‘one country, two systems’’ formula in Hong Kong has demonstrated, 26 nurturing democratic institutions under a communist umbrella is all but impossible. So if China were to be perceived as coercive, unreasonable, or unjust, Taiwan’s fate would undermine U.S.—China relations, nullifying the original purpose of abandonment.

#### Taiwan arms sales boost stocks in the short term and ensure stable long term growth for the defense industry

Aparajita Dutta 7/10/2019

US Ok's $2.2B Arms Sales to Taiwan: 3 Defense Stocks in Focus, MSN Money, https://www.msn.com/en-us/money/topstocks/us-oks-dollar22b-arms-sales-to-taiwan-3-defense-stocks-in-focus/ar-AAE7ZUe

Investors putting money into U.S. defense stocks cheered the news of the U.S. State Department’s approval of a potential arms sale worth $2.2 billion to Taiwan on Jul 8. As expected, the U.S. Aerospace-Defense industry’s major indices like the S&P 500 Aerospace & Defense (Industry) and the Dow Jones U.S. Aerospace & Defense index inched up 0.4% on Jul 9 following this announcement.¶ While the deal bears good news for U.S. defense contractors, it faced criticism from China, which considers Taiwan as a deranged province.¶ The approval comes at a sensitive time with Washington and Beijing resuming trade talks. It may hamper possible trade negotiations.¶ Details of the Deal¶ According to the Defense Security Cooperation Agency (DSCA), the deal includes 108 M1A2T Abrams tanks, about 250 Stinger missiles, four Stinger Fly-to-Buy missiles, along with related equipment and support. DSCA said the possible arms sale might also include mounted machine guns, ammunition, Hercules armored vehicles for recovering inoperative tanks, heavy equipment transporters and related support.¶ Per DSCA, the proposed tank sale should contribute to the modernization of Taiwan’s main battle tank fleet, boosting its ability to counter current and future regional threats, thereby strengthening its homeland defense. These tanks are expected to aid Taiwan’s goal of upgrading its military capability.¶ The missile sales are believed to support U.S. foreign policy and national security strategy by improving the security and defensive capability of Taiwan.¶ U.S.-Taiwan Relations¶ America and Taiwan enjoy a robust unofficial military relationship, with the United States being the primary arms supplier to the latter. The two nations share a long-time combat relationship, with the first weapon transfer of 48 F-5E jets dating back to as early as 1979.¶ In particular, this relationship has strengthened over the last decade, with Taiwan significantly boosting its defense investment in the face of increasing pressure from China. Of the numerous military deals struck between America and Taiwan in the last decade, the $6.5 billion-arms deal involving 30 Boeing BA Apache attack helicopters, 330 Patriot missiles and 32 Harpoon submarine-launched missiles in 2008 is worth mentioning.¶ Stocks to Gain¶ Here we discuss three companies, which are expected to benefit from the approval of the $2.2 billion arms sales deal. These stocks also have a solid long-term growth rate that makes us confident of their future earnings.¶ General Dynamics’ GD Abrams M1A2 is the advanced version of the M1A1 battle tank and is equipped with an improved fire control system. It continues to be the top tank choice for the U.S. Army, National Guard and Marine Corps as well as several U.S. allies. The company boasts a solid long-term earnings growth rate of 8.9%.¶ Raytheon’s RTN Stinger missile maintains a greater than 90% success rate in reliability and training tests against advanced threat targets. This weapon can be rapidly deployed by ground troops as well as Apache helicopters for air-to-air engagements. The company boasts a solid long-term earnings growth rate of 11.3%.¶ BAE Systems Plc BAESY Hercules vehicle offers lowest acquisition, operational and maintenance cost of any 70-ton capable recovery system. It was the primary 70-ton recovery system during Operation Iraqi Freedom The company boasts a solid long-term earnings growth rate of 4%.

### Link – Stocks

#### Saudi sales boost defense stocks.

Bennett 17 [Johanna Bennett, 5-22-2017, "Defense Stocks Hit Highs On U.S.-Saudi Arms Deal," Barron’s, https://www.barrons.com/articles/defense-stocks-hit-highs-on-u-s-saudi-arms-deal-1495470500]

Looks like President Trump’s trip to Saudi Arabia is paying off ...for defense stocks. Shares of Lockheed Martin (LMT), General Dynamics (GD), and other big defense players rallied Monday in reaction to the arms deal the U.S. signed with Saudi Arabia and other Gulf states.

Granted, investor enthusiasm tempered a bit as the morning turned to afternoon. Many stocks hit 52-week highs earlier today, only to give back some of that ground during late morning action. Still, the PowerShares Aerospace & Defense Portfolio (PPA) is ahead by 0.8% so far on Monday and the iShares Dow Jones U.S. Aerospace & Defense ETF (ITA) is up 0.76%.

Lockheed Martin (LMT) was the big winner up 1.55% after climbing to a new 52-week high of $280.79 a share.

As for other big defense stocks, Northrup Grumman (NOC) inched 0.1% higher to $250.20 after earlier rising to $254. General Dynamics (GD) rose 0.86% to $197.55, after earlier hitting a 52-week high of $199 a share. And Raytheon (RTN) is up 0.4% after earlier peaking at $163.57, also a 52-week high.

Boeing (BA) did not reach a 52-week high today. Still, the stock was up 1.2% to just under $183 a share.

### Link Booster – Uncertainty

#### Sudden revenue cuts send a signal of uncertainty which guts the DIB

Pellerin 13 (Cheryl, American Forces Press Service, Budget Cuts Threaten Defense Industrial Base, Official Says, DOD News 3-4-13, <http://archive.defense.gov/news/newsarticle.aspx?id=119431>)

Large and sudden U.S. spending cuts and an unstable budget environment promise long-term damage to a critical segment of the defense industrial base, the Defense Department’s top maintenance official recently told a congressional panel. John Johns, deputy assistant secretary of defense for maintenance policy and programs, testified last week before the House Armed Services readiness subcommittee, along with officials from industry professional associations. The defense industrial base, or DIB, is the worldwide industrial complex whose companies perform research and development, design, production, delivery and maintenance of military weapons systems to meet U.S. defense requirements. A critical component of the DIB is the defense sustainment industrial base, whose companies support fielded military systems from procurement to supply-chain management, along with depot and field-level maintenance and equipment reuse and disposal. Normally, a mix of public and private sustainment capacity and capabilities are available to the services and play a crucial role in the department’s ability to respond to the nation’s security requirements. During the hearing, the panel sought to assess the viability of the defense sustainment industrial base and implications for military readiness given two major fiscal constraints: the nation’s budget crisis and many months of Defense Department funding through a continuing resolution that freezes fiscal year 2013 spending to fiscal 2012 levels. “The combined potential shortfalls and cuts are so large, we anticipate reductions, delays and cancellations in work orders within our public depots and shipyards, and on contracts with the private sector,” Johns told the lawmakers. Such actions will begin as early as this month, he added, and continue throughout the fiscal year. In response, Johns said, the military services will manage the existing funded workload, resource the highest-priority maintenance, and do what they can to mitigate harmful effects on readiness, sustainment industrial base capability and the workforce. Actions that can be reversed will receive priority, he explained, but “given the magnitude of the combined, concentrated reductions, even the most effective mitigation strategies will not be sufficient to protect the sustainment industrial base.” As a result, the department’s top maintainer said, third- and fourth-quarter inductions of equipment into depot repair lines will be canceled in many areas. For example, in the Navy, “70 percent of ship maintenance in private yards in the third and fourth quarter will be canceled,” he said. “That's 25 ship availabilities and potentially two carrier refuelings, and complex overhauls on the aviation side -- 320 airplanes, approximately 10 percent of the fleet and over 1,200 engines and modules.” This will result in readiness problems in four air wings, Johns added. There will be impacts in the industrial base in all three fleet-readiness centers and across the entire shipyard complex. “Very clearly,” the deputy assistant secretary said, “this level of impact is going to have an associated effect on assets available for the Navy to deploy worldwide. There's no doubt about that.” The continuing resolution is affecting the department’s ability to move money from one account to another, Johns said, adding that for the Army, the associated shortfalls in operations and maintenance accounts affect the entire depot and arsenal system, with impacts in multiple weapon system maintenance activities across the board. Army Chief of Staff Gen. Ray Odierno estimated recently that 50 percent of the impact to the Army is associated with the continuing resolution and 50 percent with the severe cuts required by sequestration, Johns added. If sequestration and funding by continuing resolution are allowed to continue, he observed, “gross financial and production inefficiencies will be generated, thousands of government temporary and term employees and contractor personnel will be impacted immediately, hundreds of small businesses and businesses with strong military-market dependency will be placed at risk, and the readiness of numerous major weapon systems and equipment and, in turn, each service's ability to satisfy future mission requirements, will be seriously degraded.” The damage may be so severe in some areas, he said, “that full recovery within our national industrial base, both public and private sectors, from just fiscal 2013 reductions could take up to a decade.” The end of the Iraq conflict in December 2011 and the drawdown of combat troops in Afghanistan by the end of 2014 may produce in some the expectation of a peace dividend, Johns said, but “given the full-spectrum [national security] threat we're facing, I'm not sure that we should actually be seeking one.” The department’s current fiscal situation is so drastic and is taking place over such a short period of time, he said, “the drawdown in the post-Cold War era was nowhere near the slope we're looking at in fiscal 2013.” The bottom line is that each service's ability to support surge and sustained operations will be seriously damaged, Johns told the panel. Protecting the DOD workforce will be a priority in each service and among companies in the DIB and defense sustainment industrial base, the deputy assistant secretary explained. This is critical “to ascertaining capabilities for us in the future in the industrial base … and protecting the critical skills that we would identify in [such an] analysis would be a centerpiece of our department-level strategy,” Johns said. “From a strategic perspective,” he added, “we would be looking at protection of highly complex work associated with highly complex equipment, work associated with software maintenance, critical safety items and materiel requiring true artisans.” Johns continued: “The workforce that we're talking about in both the public and private sectors are probably some of the most patriotic citizens that we have in the country.” Such workers have experienced the war “through the equipment they have had to refurbish that have bullet holes in them, that have [improvised explosive device] damage, battle damage, sand and dust damage. They know and have contributed significantly to the success of the war,” he said. A furlough is likely to “send a very strong signal to them of indiscriminate actions and lack of value associated with their contribution to national defense,” the deputy assistant secretary said. “It is not going to be viewed very well,” he added, “… and the uncertainty of future workload is not going to be a good signal to them.”

#### Perception is key – the plan creates fear of what will be lost next – snowballs and crushes industry planning

AIAA 11 ( Aerospace Industries Association of America, “The Case for a Defense Industrial Strategy” <http://www.aia-aerospace.org/assets/industrial-print.pdf>)

When faced with tough choices and declining budgets in the 1990s, DoD’s senior leadership made a conscious, considered decision to de-emphasize acquisitions and elevate other priorities (readiness, personnel, science and technology). It was a reasonable choice in light of the fact that after the procurement build-up of the 1980s, most of the U.S. weapons inventory was new and best-in-class while America’s major global adversary had just disintegrated. Twenty years later, America’s major global competitor is aggressively modernizing its military while key parts of our weapons inventory are reaching the end of their service life, are worn out by a decade of war, and are losing their margin of technological superiority. Given these dramatically different circumstances today, the prudent choice is to elevate procurement as the top defense budget priority. Otherwise, further reductions will cause more erosion of industry’s research, development and production capacity and U.S. troops will be forced to make do with ageing weapons and equipment that, in some cases, may no longer be superior to those fielded by their potential adversaries. Given the recent showdown over the debt ceiling, industry leaders are contemplating how many more programs might be cancelled, stretched out, or cancelled to fit a budget cap imposed at the end of a chaotic and politically charged process. In the absence of a clear strategy and productive partnership, industry will struggle to maintain its current production capacity, much less develop the capabilities needed for the future. Consequently, it is imperative that DoD to determine what U.S. military forces with what attributes and capabilities are envisioned in the near- and mid-term. Having made that determination, DoD should then make clear, focused decisions about what kinds of weapons and technologies are central to the long term security of this country, and then do what is necessary to develop these capabilities. Industry hopes the Comprehensive Review launched earlier this year will provide answers to these questions.

## Internal Links

### Readiness IL – Innovation

#### Revenue shocks from lost sales hollow the defense industry — that decks innovation and readiness

Blakey 12 (Marion C., CEO of Aerospace Industries Association, former chair of NASA advisory committee, "Importance of U.S. Aerospace and Defense Industry: Second to None", 4/30/12, <https://www.tradeandindustrydev.com/Industry/Aerospace%20%2526%20Defense/importance-us-aerospace-and-defense-industry-secon-6402>)

One of the primary concerns is the risk to the defense industrial base. The danger is that cuts will go too deep, and valuable and hard-to-replace capability will be lost. Technologists, engineers and visionaries who will lead the development of the new manned bomber and the cyber, unmanned and ISR capabilities that Secretary of Defense Leon Panetta called for in the nation’s new defense strategy may no longer be there when they’re needed. This important talent pool isn’t sitting in some lab waiting for a call from Congress and the Pentagon. As projects are cancelled and the budget is cut, these talented people will move into other industries.

Sensing the uncertain future, last September, AIA launched the “Second to None” campaign, a nationwide initiative to drive home the importance of the U.S. aerospace and defense industry to our nation and leaders. Founded in 1919, with nearly 350 companies, AIA is uniquely suited to represent the business interests of the industry.

David P. Hess, AIA chairman and president of Pratt & Whitney, has been personally involved along with other members of our Executive Committee in delivering the Second to None message. Hess has said how important it is for the association and the industry to have a single voice given the tough decisions that have to be made.

The campaign’s messages about job creation, national security and technological superiority are being sent to the media, the Internet, Capitol Hill and everyone who will listen along with a warning: cutting into the bone of the aerospace and defense budget is not the answer to our country’s financial woes.

AIA is not alone in our advocacy. Admiral Michael Mullen, former Chairman of the Joint Chiefs of Staff, said that if lawmakers “cut too deeply…we will burn the very blanket of protection that we have been charged to provide our fellow citizens.” Secretary of Defense Leon Panetta also said that proposed cuts would result in “hollowing out the force.” And a chorus of other experts has expressed concern about this “doomsday scenario.”

However, if Congress is able to solve the sequestration issue, the prospects for the industry in 2012 and beyond are solid. Commercial aircraft sales are projected to increase – volatile fuel prices are spurring airlines to replace less fuel-efficient aircraft with newer models and there is rapid growth in air travel in Asia and the Middle East.

Defense sales are projected to decrease but maintaining a strong national defense with the best equipment in the world is part of our national strategy and public expectation. The world remains a dangerous place, so aging equipment needs to be replaced. No one wants our troops across the globe to have anything less than the best.

In space, while military space programs continue to support satellite constellation replenishment, new technology development has been cut severely – endangering our future leadership. While NASA’s fiscal year 2012 budget request is relatively flat, it is a delicate balance among stakeholders. Any top line cut will have a devastating impact. We are now beholden to Russia to launch our astronauts to the International Space Station for more than $60 million a seat – and it will be years before we can change that.

### Readiness IL – Allies/Hotspots

#### Defense sector production is key to readiness — sales bolster alliances and hotspot stability

Navarro 19 (Peter, Assistant to President, Director of office of trade and manufacturing policy, "Why America Needs a Stronger Defense Industry", 3/19/19, <https://www.nytimes.com/2019/03/19/opinion/trump-defense-industry.html>) SS

On Wednesday, President Trump will visit Lima, Ohio, to tour the Joint Systems Manufacturing Center, one of America’s premier defense facilities and the last tank factory in the Western Hemisphere. The story of the day may be about how the Trump administration saved the Lima plant from a near-death experience under President Barack Obama. The story for the history books, however, is about how the factory perfectly encapsulates President Trump’s maxim “economic security is national security.”

The Lima factory, operated by General Dynamics, builds the M-1 Abrams, the Army’s main battle tank. This heavily armored war horse played a key role in both the liberation of Kuwait during the Persian Gulf war in the early 1990s and the Iraq war beginning in 2003. It remains a stalwart of Army operations today.

In 2012, the Obama administration sought to close the Lima plant as part of the mandated budget sequestration process. Fortunately, the Republican-led Congress rejected that move and appropriated enough funds to keep the factory in business — but the number of employees fell sharply, to just 75.

Enter President Trump, with a far different view of the role of a strong military in both defending our homeland and revitalizing our manufacturing base. As part of his significantly increased defense budgets for 2019 and 2020, the president has requested an additional $11 billion to buy combat vehicles like the Abrams, as well as the Stryker combat vehicle, also manufactured in Lima.

Even better, spending that $11 billion could actually mean saving money in the long run. By expanding production in Lima, by accelerating the modernization of the Abrams and other armored vehicles and by increasing other economies of scale, the Defense Department will achieve significant cost reductions: Unit costs for the Abrams are expected to drop by more than 10 percent.

In terms of economic security, the Trump defense budget is helping to create good manufacturing jobs at good wages, including in communities like Lima that have fallen behind economically. The revitalized Lima plant will directly employ a little more than 1,000 employees. And plants like the one in Lima are drivers for thousands of more jobs in the supply chain across the country.

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Consider, for example, the ripple effects of the Lima plant. In Ohio alone, 198 of its suppliers are spread out across the state’s 16 congressional districts. These mostly small and medium-size businesses churn out components ranging from bearings, castings and industrial packaging to electronic assemblies, pressure gauges and steel.

The impact is not limited to Ohio. Honeywell manufactures the Abrams engine in Alabama, Allison manufactures its transmissions in Indiana, the tank’s main gun is made at the Watervliet Arsenal in New York, special armor comes from the Idaho National Laboratory, and the gun tube preforms come from Ellwood in Pennsylvania.

In terms of national security, state of the art tanks like the latest versions of the Abrams are critical tools in increasing the effectiveness of American ground forces, enabling the decisive defeat of the threats outlined in our National Security Strategy and National Defense Strategy.

Editors’ Picks

The Last Five Glamour Shots Locations in the United States

Peggy Lipton, ‘Mod Squad’ and ‘Twin Peaks’ Actress, Dies at 72

How Volunteer Sleuths Identified a Hiker and Her Killer After 36 Years

A less obvious, but no less important, benefit comes from sharing these upgraded combat vehicle capacities with our allies and strategic partners through conventional arms sales.

In the Middle East, Kuwait’s tank fleet consists of 218 Abrams tanks, and its military is planning to double that number. Saudi Arabia has 374 recently upgraded Abrams tanks, while Egypt has the largest fleet, at 1,130. Australia commands a fleet of 59 Abrams tanks and may order 100 more. Taiwan may soon buy 108 Abrams tanks as well.

Those arms sales not only help create good jobs at good wages in America — a principle not well understood by the Obama administration — they also enhance America’s capacity to bolster and stabilize our regional alliances, even as they may reduce the need to deploy more American soldiers overseas.

Here, then, is what the grand strategic view from Lima, Ohio, will look like from the presidential podium: While President Dwight Eisenhower in many ways viewed the “military-industrial complex” as a source of waste and inefficiency, the Trump administration sees our defense industrial base as the unshakable foundation of both economic and national security.

The president’s bold decision to rescue the Lima plant from the Obama budget sequestration oblivion will reap this nation benefits for years to come. Both the workers and the war fighters of America will be the better for it.

### Readiness IL – Munitions

#### **The industrial base supports munitions readiness – that’s key to surges and threat response.**

Veto 19 [Mr. James Veto, Dr. Paul-Thomas Ferguson, and Ms. Aimee Wren, 5-31-2019, "Ensuring Munitions Readiness through Industrial Base Modernization," Army, https://www.army.mil/article/222613/ensuring\_munitions\_readiness\_through\_industrial\_base\_modernization]

The organic industrial base (OIB) is a national asset with critical capabilities supporting readiness for the United States' joint military forces. For more than two centuries, the industrial base has supported every major US conflict. Today, Joint Munitions Command (JMC) manages the OIB to provide readiness for current and emerging threats. In the past, a static approach to maintaining the industrial base was fine for counterinsurgency and counterterrorism readiness, but more careful planning is required to effectively face today's near-peer competitors. "While immediate warfighter needs remain the Army's top priority, JMC must focus on both near term readiness and modernization efforts in anticipation of meeting future munitions requirements," said Brig. Gen. Michelle Letcher, JMC Commander.

JMC's mission is to provide ready, reliable, and lethal munitions at the speed of war in sustainment of global readiness. The munitions industrial base, as managed by JMC, consists of 14 subordinate arsenals, depots, and ammunition plants, which have unique capabilities not always found in the private sector. These assets collectively provide the conventional ammunition life-cycle functions of production, distribution, storage, and demilitarization of munitions for U.S. military services, other government agencies, and Allied nations, as directed. In the process, JMC maintains the ability to surge, thus supplying the warfighter with munitions for every emerging need, from early deterrence efforts through the end of combat operations. "As we modernize and improve the industrial base," Letcher explained, "JMC installations and private industry partners are postured to respond to surge requirements and other contingencies," Letcher said. Logistics and sustainment efforts at the strategic, operational, and tactical levels require synchronization and proper resourcing to effectively meet Army readiness requirements in support of operations to win the nation's wars. As needs and resources change, it is critical that JMC manage the OIB effectively in the face of persistent planning challenges.

Transitions to peacetime, and the budgetary constraints accompanying them, impede the effort to sustain critical capabilities. Such challenges are cyclical -- major wars require a significant supply of munitions, then peacetime transitions involve a drawdown in operations, including reduction of investments in development, production, support systems, and personnel. Largely a legacy of World War II, the number of industrial facilities declined drastically after the Vietnam War. At today's remaining locations, workload ebbs and flows as the demand for munitions fluctuates. With declining demand following each transition to peacetime, OIB overhead and unit costs increase, leading to reductions in force. Letting skilled workers go further impedes the OIB's ability to respond rapidly to future contingencies. Budget plans must strive to balance current and future readiness. Now more than ever, it is important for JMC to maintain and modernize the OIB and its critical capabilities in order to maintain and supply the warfighter.

A key component of JMC's efforts is the Multi-Domain Operations (MDO) concept. The MDO defines the strategic support area as the space where joint logistics and sustainment functions emanate. It is where combat power is generated and projected into the support, close, and deep areas. Joint Munitions Command (JMC) is committed to providing munitions readiness in support of Multi-Domain Operations. The increasing complexity of future conflict, involving multiple actors operating in multiple domains, land, sea, air, space, and cyberspace, requires the OIB to remain responsive and flexible. To do so, JMC must continue modernizing arsenals, depots, and ammunition plants, improving the ability to produce, store, and distribute ammunition. Maintaining a deliberate approach to investments in the OIB during the wartime to peacetime transition ensures the ability of JMC to support military forces in future operations. "By maintaining an evolving approach to modernization, JMC supports the National Security Strategy and ensures munitions readiness for the needs of both today and tomorrow," Letcher said.

### Readiness IL – Boeing

#### Steady Boeing innovation is key to sustainable heg and deterrence — empirics prove

Thompson, Gov PhD, 16 (Loren, Lexington Institute, PhD @ Gtown, Former Deputy Director of Security Studies Program @ GT, has taught @ Harvard Kennedy school of Government, "What Boeing Has Meant For America", July 2016, https://www.lexingtoninstitute.org/wp-content/uploads/2016/07/What-Boeing-Has-Meant-for-America.pdf)

No company in U.S. history has contributed more to the nation’s security than Boeing. Its products have played a central role in every conflict that America fought over the last century, and they have played an equally important role in deterring war. For example, Boeing built all of the Minuteman missiles and most of the bombers that comprise two legs of the current nuclear “triad,” all of the airborne command posts, and the only defense system capable of intercepting longrange missile attacks against the U.S. homeland

With regard to bombers, Boeing built the Air Force’s first heavy bomber, the B-17, which defined the concept of strategic air power during World War Two. It then went on to build the bigger B-29 that was crucial in compelling Japanese surrender in the Pacific. After the war ended, Boeing developed the first swept-wing jet bomber, the B-47, which rewrote the book on how all jet aircraft should be designed. The B-47’s design concept was then evolved into the heavier, longer-range B-52.

Boeing forebear North American Rockwell developed the B-1 bomber which today has the biggest bombload of any strike aircraft in the U.S. fleet, and Boeing was the prime subcontractor on the stealthy B-2. In addition, Boeing built all of the aerial refueling tankers that enable bombers and other aircraft to reach targets anywhere in the world. The KC-135 and KC-10 tankers in the current fleet will be replaced over the next several decades by Boeing’s KC-46, a new tanker based on the 767 jetliner.

Each of the hundreds of tankers Boeing has supplied have the ability to carry cargo too. But its greatest achievement in military cargo handling is the C-17 Globemaster III, the most versatile strategic airlifter ever built. Collectively, the airlifters and tankers built by Boeing and its antecedents have provided the joint force with global reach -- the kind of fast-response capability no other nation can match.

The legacy enterprises now gathered under Boeing’s banner share a remarkable history of innovation in tactical aircraft. North American Aviation built the much admired P-51 Mustang during World War Two, and then the versatile F-86 swept-wing fighter that bested Soviet MiGs during the Korean War. North American and McDonnell won the first two contracts to develop jet fighters for the Navy.

In later years, McDonnell (and then McDonnell Douglas) would go on to build the tri-service F-4 Phantom II, the dominant Western fighter of the 1960s and 1970s. That was followed by three tactical aircraft configured to the needs of specific services: the carrier-based F/A-18 Hornet for the Navy that evolved into the Super Hornet and the EA-18G Growler electronic-warfare plane; the vertical-takeoff-and-landing AV-8B Harrier for the Marine Corps; and the highly maneuverable F-15 air-superiority fighter for the Air Force, which was adapted to become a lethal strike aircraft too.

Boeing also played an important role in building the F-22 Raptor, the Air Force’s first stealthy air-superiority fighter. Along with the bombers and tankers Boeing developed, its fighters have come to define U.S. air power in the decades since the Vietnam War. Their ability to enforce global air dominance has been enhanced by another Boeing aircraft, the E-3 Airborne Warning and Control System (AWACS), which tracks airborne threats and manages air engagements.

Boeing’s rotorcraft unit produces the U.S. Army’s AH-64 Apache helicopter, the world’s premier tank killer. It also builds the Army’s CH-47 Chinook heavy-lift helicopter that moves troops, equipment and supplies on the battlefield. In addition, Boeing manufactures with Bell Helicopter the unique V-22 Osprey tiltrotor that combines the vertical agility of a helicopter with the speed and range of a fixed-wing plane.

There is much more. Boeing developed the military’s highest-capacity communications satellites, its most powerful launch vehicles, its most widely used smart bombs, and a variety of unmanned drones. It also is building the Navy’s new maritime patrol aircraft and submarine killer, the P-8 Poseidon -- which like other Boeing military products will be sold to key allies.

## Impacts

### Impact – Deterrence

#### Defense industrial base is key to deterrence – solves a litany of existential threats.

Helprin 2015 Mark, senior fellow of the Claremont Institute, Indefensible Defense, 6/22/15 http://www.nationalreview.com/article/419604/indefensible-defense-mark-helprin

Continual warfare in the Middle East, a nuclear Iran, electromagnetic-pulse weapons, emerging pathogens, and terrorism involving weapons of mass destruction variously threaten the United States, some with catastrophe on a scale we have not experienced since the Civil War. Nevertheless, these are phenomena that bloom and fade, and that, with redirection and augmentation of resources we possess, we are equipped to face, given the wit and will to do so. But underlying the surface chaos that dominates the news cycle are the currents that lead to world war. In governance by tweet, these are insufficiently addressed for being insufficiently immediate. And yet, more than anything else, how we approach the strength of the American military, the nuclear calculus, China, and Russia will determine the security, prosperity, honor, and at long range even the sovereignty and existence of this country. THE AMERICAN WAY OF WAR Upon our will to provide for defense, all else rests. Without it, even the most brilliant innovations and trenchant strategies will not suffice. In one form or another, the American way of war and of the deterrence of war has always been reliance on surplus. Even as we barely survived the winter of Valley Forge, we enjoyed immense and forgiving strategic depth, the 3,000-mile barrier of the Atlantic, and the great forests that would later give birth to the Navy. In the Civil War, the North’s burgeoning industrial and demographic powers meshed with the infancy of America’s technological ascendance to presage superiority in mass industrial — and then scientific — 20th-century warfare. The way we fight is that we do not stint. Subtract the monumental preparations, cripple the defense industrial base, and we will fail to deter wars that we will then go on to lose.

#### That goes nuclear – deterrence key

Henriksen 2012 Thomas, Ph.D., Senior Fellow, Hoover Institution, Stanford University, America and the Rogue States, p6 185-188

Throughout the ages, freestanding, warlike polities have for brief periods threatened the international order while existing outside the orbit of great powers. The last quarter of a century witnessed another of these episodes. The immediate years after the USSR fell apart witnessed a sudden profusion of rogue states, for which the world was ill-prepared after four decades of reasonably predictive actions from the two superpowers and their allies. Rogue entities in earlier historical periods possessed similar traits. The post-Cold War adversarial states fought, subverted, and confronted other countries for their own nefarious ends. They differed from their historical predecessors by going after WMD, which exponentially heightens their destructive power and their danger to other countries. Now, as in the past, heavyweights conspire against small, aggressive, free- lance states bent on upsetting political order. Taking on all comers alone is a dangerous game for a pariah, no matter how much a garrison state it is. Cuba, Libya (before its revolution), and Sudan passed from rogue status to nations less threatening to global peace. At this juncture, Syria's Assad barely clings to power amid a popular revolt. Self-preservation traditionally dictates that outgunned rogues align with stronger protectors. Sometimes renegade regimes are useful to a major state, as when the Soviet Union employed them in its chess match with the United States. Today, China seems to be in the same business. As the world relapses back to great power politics, modern-day Machiavellians will look for their "prince" and find him in personages such as Kim Jong II or Bashar al-Assad. Be this as it may, lone-wolf states have traditionally succumbed or aligned themselves with a more powerful patron. Much the same state of affairs is occurring in our period. Syria hunkered behind a resurgent Russia opposed to the West, North Korea moved under the wing of an ascending China, and an isolated Iran took advantage of the Sino-Russo pushback against America—all very reminiscent of the Cold War competition among great powers and their satellites. Some adversarial nations—Sudan, Libya, and Cuba—slipped from the adversarial column. But as some rogues disappear, others will, no doubt, emerge. It is still too early to know whether Venezuela is a rogue-in-the- making or merely another Latin American authoritarian state. At the very least, it has a dangerous linkage to Iran. Currently rouge behavior sets them against the prevailing international society in the early twenty-first century. Their reliance on dictatorship, repression, and brutal security forces makes their rule hard but brittle. As with all tyrannies they live and die by the sword. They are inherently unstable like most police states. Rogue regimes fear internal change. Externally, they pursue risky approaches at times, in part, to consolidate their rule or exert their regional presence. The historical trajectory of rogues has pointed toward an axis or at least connections with a potential guardian power. Present-day adversarial states also are maneuvering from isolation to the protective eaves of a powerful patron, as Syria fell in with Iran, North Korea draws closer to China, Iran seeks an anti-Western security bloc with China and Russia, and Cuba is on Venezuelan life support. Without foreign buttressing, the stand-alone rogues must curtail their regional threats, as did Libya in 2003 and Cuba after the Soviet Union split apart. Or they can suffer the fate of Iraq which the United States militarily crushed, althought it paid a high price to quell an antiforeign insurgency and furious sectarian violence in the aftermath of its invasion. History’s muse is too scornful and unpredictable to hazard a confident prophesy, but the historical record augurs against longevity for rogue regimes. Today’s world of instant communication via the Internet, YouTube, Twitter, and Facebook along with the allure of the youth culture act as powerful solvents eating away at closed, repressive regimes premised on threats to neighbors in the name of ideological abstractions. Until rogues succumb or fall under the sway of a restraining power, the United States and allied nations must tackle the challenges they present. Direct conflict, as in the Iraq War, against another rogue nation is far too expensive in economic and human costs for serial application. Proceeding to invasion, regime change, and occupation is an option but an unlikely one, especially since the United States amassed staggering debts with a more than SI trillion price tag for the Iraq and Afghan wars. The human toll likewise was steep with over 6,000 US military deaths, tens of thousands seriously wounded, and hundreds of thousands of inhabitants killed in the two theaters. America's dark economic picture is crimping its international endeavors. Intervention-cum-nation-building remedies for derelict countries are almost beyond consideration, given America's struggling economic recovery, cash-strapped federal budget, and blooming entitlement debt. The only viable approach is one embodying containment and deterrence to confront the threats emanating from rogue states. This approach requires the hard power of military forces to give it credibility. Armed might, in part, persuaded Libya and perhaps Iran to halt their drive for WMD, as noted earlier. Libya’s Qaddafi believed President Bush planned to invade his country once the Iraq campaign ended. The Libyan strongman decided to renounce his nuclear program and open his country to international arms inspectors. Iran also appears to have suspended the development of weapons in its nuclear-energy effort at the time of the US invasion into Iraq. Earlier, the North Korean regime seemed awed by Americas application of electronic, push-button military technology during the Persian Gulf War, the first time that "smart" weapons had been deployed with devastating effectiveness. The threat of military action, therefore, can serve as a powerful inducement to some outlaw states to disarm. A "carrots"-laden approach (without any sticks) comes off as bribery from a weak hand, as North Korea so often surmised about the American "nice" approach. Hard power also reinforces antirogue alliances and international sanctions to contain and deter rogue-state aggression. Containment and deterrence need not be totally pacific. The containment-plus approach against Saddam Hussein following the Persian Gulf War encompassed air strikes, no-fly zones, and even on-the-ground assistance to Iraqi Kurds for a decade. The US-led NATO military siege against Slobodan Milosevic" was accompanied by political campaigning training and funds for antiregime dissidents in nearby countries, who went on to organize demonstrations that toppled the Serbian dictator. Even before the Arab Spring uprisings engulfed Syria, the United States had secretly financed the political opposition. The US Department of State funded a satellite television channel that beamed in anti-Assad programming beginning in April 2009.123 South Korean democracy activists have floated balloons into the DPRK laden with antiregime messages calling for protests among the Northern population to no avail. This angers Pyongyang but so far has been ineffective. Computer viruses and cyber warfare offer more subtle—and deniable—sabotage instruments than aerial bombardments to undermine rogue threats.

### Impact – Hegemony

#### Readiness solves hegemony – key to power projection and operability

Ryan 17 (Maj. Gen. Kurt J. Ryan is the commanding general of the Military Surface Deployment and Distribution Command at Scott Air Force Base, Illinois. An Ordnance Corps officer, he holds a bachelor's degree from York College of Pennsylvania, a master's degree in logistics management from the Florida Institute of Technology, and a master's degree in strategic studies from the Army War College. “Power projection readiness: A historical perspective,” US army website, 3/1/17, https://www.army.mil/article/185970/power\_projection\_readiness\_a\_historical\_perspective)

For close to a decade and a half, U.S. forces deployed on a rotational basis and were not required to exercise critical short-notice unit-level rapid deployment skills. As a result, the Army's ability to project units rapidly with their full complements of authorized equipment has atrophied. The time and location of the nation's next major conflict is unknown, but we do know that we must be ready. To be ready, it is imperative that the total force build the collective skills of power projection and large-scale deployment readiness so that, if called upon, we can provide a viable land force that is prepared to operate across the conflict continuum. As a continental United States-based expeditionary Army, we must train deployment readiness relentlessly, and we must practice these skills at the "speed of war." The Army must leverage every training opportunity, such as deployments to and from combat training centers, rotations of forces in support of combatant commanders' theater security and cooperation plans, and emergency deployment readiness exercises. Bottom line: the Army must build its capabilities and instill a mindset to be ready to rapidly alert, marshal, deploy, and upon arrival at the theater, be ready to fight. Installations are the power projection platforms, and deployment readiness begins in the motor pools. Leaders must build unit capacity to marshal and upload equipment at home station, to move equipment by rail, line haul, or inland barge, or to convoy equipment to any of the nation's 23 strategic seaports. Strategic enabling commands, including the Forces Command, the Army Materiel Command, and the U.S. Transportation Command, must practice fort-to-port and port-to-port tasks to rapidly load seagoing vessels to sail combat power to foreign ports of debarkation. When units arrive, theater enablers, including the Army service component commands, theater sustainment commands, and assistance from allied support agreements, will facilitate deploying units' reception, staging, onward movement, and integration tasks, which are key to building and providing ready-to-fight forces to the joint force commander. Historical vignettes from the Army's own power projection experiences over the past 50 years show many applicable examples of how the Army can effectively campaign as long as it can deploy rapidly. THE VIETNAM WAR The United States managed the considerable feat of transporting 200,000 troops to South Vietnam in the early months of 1965 following the presidential order to deploy a large-scale combat force to Southeast Asia. However, the moves of the first two divisions--the 1st Cavalry Division and the 1st Infantry Division--were neither synchronized nor efficient. The Army had last deployed a large-scale joint force for the Korean War in the early 1950s; it was out of practice. The initial force move to South Vietnam required 17 special trains, 126 aircraft, 27 cargo vessels, 933 buses, 12 troop ships, and five aircraft carriers to move the two divisions. After this initial, albeit inefficient, success, the nation made changes to significantly improve its power projection readiness. The Army faced long delays in offloading ships in South Vietnam, and the delays were made worse by single ships making multiple port calls. The Army adjusted its deployment processes by sending fully loaded ships of combat configured loads to a single port whenever possible. While only 7 percent of ships en route to South Vietnam were destined for a single port in October 1965, by April 1966 that number had improved to 95 percent. This vastly increased the nation's capability to efficiently project military forces and to amass combat effects upon arrival. The Army was relearning quickly and began institutionalizing deployment processes by investing in training and focusing on critical deployment and redeployment mission-essential tasks. These tasks are now resident in nearly every unit's mission-essential task list. DESERT SHIELD AND DESERT STORM In March 1988, Brig. Gen. John R. Piatak, the U.S. Transportation Command's first director of plans, presciently stated, "In the future, we will have to pay closer attention to our deployment readiness and to industry's ability to handle transportation surges." Just 29 months later, Iraq invaded Kuwait, and the president called for the massive deployment of U.S. forces to the Middle East to commence Operation Desert Shield. Deployment lessons learned from combat training center rotations throughout the 1980s helped to shape the Army's response to the massive force deployment requirements of the operation, which included more than 500,000 service members at its height. In August 1990, commercial ports at Jacksonville, Florida; Savannah, Georgia; and Charleston, South Carolina, were selected as the best ports from which to deploy the large volume of equipment needed for the first three Army divisions to defend Saudi Arabia. These divisions were the 101st Airborne Division, the 24th Infantry Division, and the 82nd Airborne Division. Soldiers and equipment simultaneously deployed by strategic air from designated airfields close to each division's home station. The divisions and brigades had rehearsed their deployment tasks prior to their deployment notifications. Senior mission commanders had refined readiness standard operating procedures, practiced installation deployment assistance teams, and conducted emergency deployment readiness exercises. These exercises were often held in conjunction with a movement to a combat training center. Units had been evaluated on deployment mission-essential tasks, and the port authorities were familiar with the units' special outload needs. Deploying units had formed and exercised necessary port support activities, routinely conducted reconnaissance of their designated ports, and occasionally performed tabletop exercises or tactical exercises without troops to the port. The port at Jacksonville enjoyed the requisite size to handle the special requirements of the 101st Airborne Division's unique cargo, which included more than 300 helicopters. Savannah's close proximity to the 24th Infantry Division at Fort Stewart and Fort Benning, Georgia, provided an adequate rail network connecting bases to the port and promised faster loading and departures. Deployments were executed at the speed of war. ENDURING AND IRAQI FREEDOM Following the terrorist attacks of 9/11, Operation Enduring Freedom demonstrated the importance of being ready. Deployments began within days after the terrorist attacks. President George W. Bush initially announced the operation as a bombing campaign and deployed special operations forces to support the Afghan Northern Alliance in its successful drive to topple the Taliban government. Operation Iraqi Freedom began with large-scale deployments to Kuwait in 2002 in preparation for operations against Saddam Hussein's Iraqi army in March 2003. The U.S. Army benefited from months of prior planning, several warfighting exercises, and deployment rehearsals that enabled commanders and staffs to learn from prior deployments. The U.S. Central Command's continual rotation of brigade teams to Kuwait throughout the 1990s had helped to keep the Army ready for large-scale deployments. Using brigade combat teams provided a foundation of familiarity and deployment readiness for future operations in the Middle East. THE ARMY'S FUTURE While history provides us with experience and a frame of reference, the benefits end there if we do not build upon the lessons learned. Readiness can only be attained through focused effort, continued action, and a relentless desire to master deployment tasks. The Army may enjoy only a narrow window of opportunity to prepare for the nation's next conflict. The period we are in now will be described as the current generation's interwar years. We do not know when or where the next fight will take place, but as history shows, it will most certainly come, and we must be ready. Repetition is key, and Army leaders should leverage every unit movement as a deployment training opportunity. In 2017, the Army will deploy or redeploy numerous brigade combat teams. Each movement should be viewed as an opportunity to build deployment readiness in the Army's warfighting formations. By repetitively practicing and mastering the skills associated with deployment and global power projection, the Army will ensure it is ready to deploy, fight, and win when it is called.

#### **Heg solves great power war.**

Twinning 17 (Daniel, Director at the German Marshall Fund of the United States,” Abandoning the Liberal International Order for a Spheres-of-Influence World is a Trap for America and its Allies”, Published March 21, 2017, Accessed July 18, 2018, Online, Medium)//SMSUSVA

The liberal world order is **under assault**. Polls suggest an American ambivalence about upholding the rules-based global system. Populists are besieging governing elites in the West while Russia works strategically to **destabilize** European and American governments through propaganda and proxies. A rising China wants to create a global system that is **not U.S.-centric**, one in which smaller powers defer to bigger ones and norms of democracy and rule of law do not prevail. Meanwhile, the U.S. alliance system looks adrift while competitors in China and Russia appear to be on the march. If it holds, this trend could produce **a spheres-of-influence world** — which many, including the current presidents of the United States, China, and Russia, find intuitively attractive. But were such an order to replace one based on global integration and American leadership in the geopolitical cockpits of Europe and Asia, it would only engender insecurity and conflict. In a spheres-of-influence world, great powers order their regions. The United States would go back to a “Monroe Doctrine” version of grand strategy; **Russia would dominate** the former Soviet space; China would govern East Asia, and India South Asia. The problem with this kind of order, however, is several-fold. Too many **spheres overlap** in ways that would generate conflict rather than clean lines of responsibility. **Japan would oppose Chinese** suzerainty in East Asia, including by developing **nuclear weapons; India and China would compete vigorously** in Southeast Asia; **Russia and China would contest** the resources and loyalties of **Central Asia**; **Europe and Russia would clash** over primacy of Central and Eastern Europe. **The Middle East would be an even more likely** **arena for** **hot war** between Saudi Arabia and Iran, and Turkey would contest regions also claimed by Russia, Europe, and possibly China. **Russia**, like the Soviet Empire before it, **would keep pushing west** until it met enough hard power to stop it. A spheres of influence world would also sharpen great power competition outside of each region. **Regional hegemony is a springboard for global contestation**. **China would be more likely to challenge the United States** out-of-area if it had subdued strategic competition in its own region. Russia, like the Soviet Empire before it, would keep pushing west until it met enough hard power to stop it. (The fact that Russian troops marched through Paris during the Napoleonic Wars demonstrates that the limits of Russian power need not be confined to the former Warsaw Pact). American leaders have long understood that a “Fortress America” approach is a source of national insecurity. Franklin Roosevelt made this case in a series of “fireside chats” in the run-up to America’s participation in World War II — even before the advent of the far more sophisticated power-projection technologies that exist today. Roosevelt and his generals well understood that the United States could not be safe if hostile powers controlled Europe and Asia, despite the wide oceans separating North America from both theaters. **A spheres-of-influence world would also crack up the integrated global economy** that underlies the miracle in human welfare that has lifted billions out of poverty in past decades. It would replicate the exclusive economic blocs of the 1930s, including an East Asia “co-prosperity sphere,” seeding conflict and undercutting prosperity. A real-world and real-time example of what happens when American power retreats in an effort to encourage regional powers to solve their own problems is the mess in Syria. It has produced the greatest refugee crisis since 1945 — a stain on the consciousness of human civilization — and has led many to conclude that the Middle Eastern order of states dating to the end of World War 1 is collapsing. President Obama pursued an express policy of retracting American military power from the Middle East, including withdrawing all troops from Iraq and refusing to intervene militarily when President Assad used chemical weapons against his own people, despite a red-line injunction from the United States not to do so. Obama and his White House political advisors believed that American withdrawal from the Arab Middle East (if not from the ironclad U.S. commitment to Israel) would lead a new balance of power to form, one policed by regional powers rather than by America. This flawed, amoral, and un-strategic approach has led to a series of hot wars — in Syria, Iraq, and Yemen — the collapse of Arab allies’ confidence in the **United States** as an ally, as well as an intensified cold **war with Iran**. Despite the international agreement freezing Iran’s nuclear program, **Iran’s support for terrorism** and hostile insurgencies targeting American allies across its region actually **intensified** during this period. A spheres-of-influence world leaves weaker states to become the victims of stronger or more aggressive ones, and it seeds insecurity by removing the reassuring variable of American military guarantees and presence This experience underlines a core problem with a spheres-of-influence world. It leaves weaker states to become the victims of stronger or more aggressive ones, and it seeds insecurity by removing the reassuring variable of American military guarantees and presence. It emboldens American adversaries and leads American allies to take self-help measures that themselves may undercut American security interests. A spheres-of-influence world would also produce contestation of the open global commons that are the basis for the unprecedented prosperity produced by the liberal international economic order. Should the Indian and Pacific Oceans, or the Arctic and Mediterranean Seas, become arenas of great-power conflict (like the South China Sea already has thanks to China’s militarization and unilateral assertion of sovereignty over it) as leading states seek to incorporate them into their privileged zones of control, economic globalization would collapse, harming the economies of every major power. The United States, because of its sheer power and resource base as well as its relative geographical isolation, might do OK in a spheres-of-influence world. Most of America’s friends and allies would not. Their weakening and insecurity would in turn render the United States weaker and more insecure — since U**.S. allies are force-multipliers for American hard and soft power**, and since norms like freedom of the global commons are in fact underwritten by that power. More broadly, such a transition would also likely lead to the kind of hot wars that reorder the international balance of power, including by **incentivizing aggressive states to push out and assert regional dominion**, knowing that America does not have the will or interest to oppose them. The fact that U.S. competitors such as Russia, China, and Iran — all of whom want to weaken the American-led world order — would welcome a spheres-of-influence world is another reason for Americans to oppose it. It would also be ironic if the United States were to back away from its historic commitment to shaping a world that is an idealized vision of America itself — one ruled by laws, norms, institutions, markets, and peaceful settlement of disputes.

### Impact – Hegemony – AT: Hard Power Irrelevant

#### Hard power still matters – even if it’s not used, it sustains alliances and structures the international order.

Nye 10 [Joseph S. Nye, 1-13-2010, "Is Military Power Becoming Obsolete?," Belfer Center for Science and International Affairs, https://www.belfercenter.org/publication/military-power-becoming-obsolete]

Will military power become less important in the coming decades? It is true that the number of large-scale inter-state wars continues to decline, and fighting is unlikely among advanced democracies and on many issues.

But, as Barack Obama said in accepting the Nobel Peace Prize in 2009, "We must begin by acknowledging the hard truth that we will not eradicate violent conflict in our lifetimes. There will be times when nations — acting individually or in concert — will find the use of force not only necessary but morally justified."

When people speak of military power, they tend to think in terms of the resources that underlie the hard-power behavior of fighting and threatening to fight — soldiers, tanks, planes, ships, and so forth.

In the end, if push comes to shove, such military resources matter. Napoleon famously said that "God is on the side of the big battalions," and Mao Zedong argued that power comes from the barrel of a gun.

In today's world, however, there is much more to military resources than guns and battalions, and more to hard-power behavior than fighting or threatening to fight.

Military power is also used to provide protection for allies and assistance to friends. Such non-coercive use of military resources can be an important source of the soft-power behavior of framing agendas, persuading other governments, and attracting support in world politics.

Even when thinking only of fighting and threats, many analysts focus solely on inter-state war, and concentrate on soldiers in uniforms, organized and equipped by the state in formal military units.

But in the 21st century, most "wars" occur within, rather than between states, and many combatants do not wear uniforms.

Of 226 significant armed conflicts between 1945 and 2002, less than half in the 1950s were fought between states and armed groups. By the 1990s, such conflicts were the dominant form.

Of course, civil war and irregular combatants are not new, as even the traditional law of war recognizes. What is new is the increase in irregular combat, and the technological changes that put ever-increasing destructive power in the hands of small groups that would have been priced out of the market for massive destruction in earlier eras.

And now technology has brought a new dimension to warfare: the prospect of cyber attacks, by which an enemy — state or non-state — can create enormous physical destruction (or threaten to do so) without an army that physically crosses another state's border.

War and force may be down, but they are not out. Instead, the use of force is taking new forms. Military theorists today write about "fourth generation warfare" that sometimes has "no definable battlefields or fronts"; indeed, the distinction between civilian and military may disappear.

The first generation of modern warfare reflected the tactics of line and column following the French Revolution. The second generation relied on massed firepower and culminated in World War I; its slogan was that artillery conquers and infantry occupies.

The third generation arose from tactics developed by the Germans to break the stalemate of trench warfare in 1918, which Germany perfected in the Blitzkrieg tactics that allowed it to defeat larger French and British tank forces in the conquest of France in 1940.

Both ideas and technology drove these changes. The same is true of today's fourth generation of modern warfare, which focuses on the enemy's society and political will to fight.

Armed groups view conflict as a continuum of political and violent irregular operations over a long period that will provide control over local populations. They benefit from the fact that scores of weak states lack the legitimacy or capacity to control their own territory effectively.

The result is what General Sir Rupert Smith, the former British commander in Northern Ireland and the Balkans, calls "war among the people." In such hybrid wars, conventional and irregular forces, combatants and civilians, and physical destruction and information warfare become thoroughly intertwined.

Even if the prospect or threat of the use of force among states has become less probable, it will retain a high impact, and it is just such situations that lead rational actors to purchase expensive insurance. The United States is likely to be the major issuer of such insurance policies.

This leads to a larger point about the role of military force in world politics. Military power remains important because it structures world politics. It is true that in many relationships and issues, military force is increasingly difficult or costly for states to use.

But the fact that military power is not always sufficient in particular situations does not mean that it has lost the ability to structure expectations and shape political calculations.

Markets and economic power rest upon political frameworks: in chaotic conditions of great political uncertainty, markets fail. Political frameworks, in turn, rest upon norms and institutions, but also upon the management of coercive power.

A well-ordered modern state is defined by a monopoly on the legitimate use of force, which allows domestic markets to operate.

Internationally, where order is more tenuous, residual concerns about the coercive use of force, even if a low probability, can have important effects. Military force, along with norms and institutions, helps to provide a minimal degree of order.

Metaphorically, military power provides a degree of security that is to political and economic order as oxygen is to breathing: little noticed until it begins to become scarce. Once that occurs, its absence dominates all else.

In this sense, the role of military power in structuring world politics is likely to persist well into the 21st century. Military power will not have the utility for states that it had in the 19th century, but it will remain a crucial component of power in world politics.

### Impact – Russia/China

#### Readiness and defense industry modernization are key to deter Russia and China – technological innovation is necessary to secure allies and prevent great power aggression.

Rose 18 [Frank A. Rose, Senior Fellow, Security and Strategy, 10-23-2018, "As Russia and China improve their conventional military capabilities, should the US rethink its assumptions on extended nuclear deterrence?," Brookings, https://www.brookings.edu/blog/order-from-chaos/2018/10/23/as-russia-and-china-improve-their-conventional-military-capabilities-should-the-us-rethink-its-assumptions-on-extended-nuclear-deterrence/]

THE RETURN OF GREAT POWER COMPETITION

The Bush and Obama administrations’ NPRs were based on the assumption that the United States was unlikely to be involved in a major conflict with Russia or China, but that perception of the Russian and Chinese threat has changed. As Thomas Wright notes in his recent book, “All Measures Short of War: The Contest for the 21st Century and the Future of American Power,” “The United States is in competition with Russia and China for the future of the international order.” The Trump administration’s National Security Strategy concurs with Wright’s assessment stating that “after being dismissed as a phenomenon of an earlier century, great power competition returned.”

IMPROVING RUSSIAN AND CHINESE MILITARY CAPABILITIES

As part of this competition, over the past decade Russia and China have dramatically improved their conventional and asymmetric military capabilities. Though the United States currently possesses unmatched global military power projection capabilities, and spends substantially more on defense than Russia and China, there is little doubt that Russia and China have achieved conventional military parity or local superiority with the United States in certain regional contingencies in Eastern Europe and the Western Pacific.

A recent RAND Corporation report notes that Russian military investments over the past decade have significantly reduced the “once-gaping qualitative and technological gaps between Russia and NATO.” The report also asserts that Russia currently enjoys a favorable balance-of-forces, in short warning regional conflicts on its borders. The same can be said for Chinese conventional military capabilities in the Western Pacific. For example, during testimony before the Senate Armed Services Committee in March 2018, Director of the Defense Intelligence Agency Lieutenant General Robert Ashley highlighted that China is continuing “to develop capabilities to dissuade, deter, or defeat potential third-party intervention during a large-scale theater campaign, such as a Taiwan contingency.” And an increasing number of independent defense analysts, including retired U.S. Admiral and former NATO Supreme Commander James Stavridis, argue that China has essentially achieved military parity with the United States in East Asia.

Russia and China are also devoting significant resources to develop disruptive technologies like offensive cyber and anti-satellite weapons, which are designed to exploit perceived gaps and vulnerabilities in U.S. defenses. As Director of National Intelligence Daniel Coats testified before the Senate Select Committee in February 2018:

“Both Russia and China continue to pursue anti-satellite (ASAT) weapons as a means to reduce U.S. and allied military effectiveness…Military reforms in both countries in the past few years indicate an increased focus on establishing operational forces designed to integrate attacks against space systems and services.”

Coats also noted that both nations were continuing to develop offensive cyber capabilities designed to disrupt, degrade, and destroy U.S. and allied critical infrastructures.

Most importantly, the United States’ long-term technological advantage is eroding. From the 1950s through the mid-1980s the United States retained an overwhelming technological advantage in the development of key technologies such nuclear weapons, computer chips, and precision-guided munitions. This began to change in the late 1980s. As a recent New York Times article notes:

“In the late 1980s, the emergence of inexpensive and universally available microchips upended the Pentagon’s ability to control technological progress. Now, rather than trickling down from military and advanced corporate laboratories, today’s new technologies increasingly come from consumer electronic firms.”

And Russia and China are investing heavily in emerging technologies like artificial intelligence, cyber, and hypersonics. Indeed, Russian President Vladimir Putin has said that whoever becomes the world leader in the artificial intelligence sphere will “become ruler of the world.”

Russian and Chinese objectives are clear: Create a more favorable military balance in Eastern Europe and the Western Pacific. Indeed, the 2018 U.S. National Defense Strategy (NDS) concedes that in the face of improving Russian and Chinese military capabilities, the U.S. “competitive military advantage has been eroding.” The NDS recommends a number of specific steps the United States could take to improve its conventional capabilities, such as: building a more lethal force; modernizing key systems like space, cyber, and missile defense; developing innovative operational concepts; and cultivating workforce talent. While implementing the proposals in the NDS would certainly improve U.S. conventional forces, they are unlikely to restore the overwhelming conventional military superiority that the United States once enjoyed.

NERVOUS ALLIES

Russia and China’s improving military capabilities—coupled with their aggressive actions in Ukraine, the South China Sea, and the East China Sea—have created serious concerns among U.S. allies. These concerns are compounded by President Trump’s hyperbolic rhetoric and unpredictable behavior, which was on display at this summer’s G-7 and NATO summits. As a result, allies are beginning to seriously question the United States’ ability and willingness to meet its extended deterrence commitments. Recently, numerous allied leaders like German Chancellor Angela Merkel and French President Emmanuel Macron have spoken of the need for European nations to “take our fate into our own hands” when it comes to security.

Additionally, serious allied strategists and defense thinkers like Paul Dibb, a professor emeritus at Australian National University, have begun raising concerns about China’s growing military capabilities and the Trump administration’s continued commitment to extended deterrence. In a recent article, Dibb writes that “prudent defense planning needs to accept that Beijing is developing to threaten us seriously,” and “because of the uncertainties surrounding America’s commitment to its allies, we may need to revisit the reassurance about extended nuclear deterrence that we have enjoyed since the creation of ANZUS in 1951.”

IMPLICATIONS FOR U.S. EXTENDED DETERRENCE

How will the United States be able to maintain an effective extended deterrence posture given the above-mentioned challenges? From my perspective, the United States should take the following steps in response.

Don’t adopt a “no first use” of nuclear weapons policy. The United States should refrain from adopting a “no first use” or “sole purpose” nuclear declaratory policy. The Obama administration considered adopting such a pledge in the 2010 NPR, ultimately rejecting it, but agreeing to “work to establish the conditions” under which such a policy could be adopted. The administration reportedly revisited the issue in 2016, but rejected it again, citing the deteriorating security environment and allied opposition. In its 2018 NPR, the Trump administration wisely rejected it, arguing that adopting a “no first use” policy was not justified given the current security environment. As a 2017 Brookings report by my colleagues Robert Einhorn and Steven Pifer notes: “adopting sole purpose or no first use, especially at a time of heightened tension and threat, could erode confidence in the efficacy of the U.S. extended nuclear deterrent on the part of allies in Northeast Asia and Central and Eastern Europe.”

Improve U.S. conventional military capabilities. Ensuring that the United States maintains a modern and effective conventional military capabilities is a must. At the same time, given the evolution of military technology, we should recognize that it is unlikely the United States will be able to maintain the overwhelming technological edge it once held over potential adversaries. The United States should also work with allies and partners to help them improve their conventional military capabilities (e.g., precision strike, missile defense) and interoperability with the U.S. military.

Modernize and strengthen U.S. and allied theater nuclear forces and consultative mechanisms. The United States should modernize its theater-level nuclear forces to ensure effective deterrence against Russia and China. In particular, it should acquire the B-21 strategic bomber, the B-61-12 nuclear gravity bomb, and the Long-Range Stand-Off nuclear cruise missile. NATO allies should also continue their procurement of dual-capable aircraft as well as enhance the alliance nuclear training and exercise program. Finally, the United States should strengthen its consultations on extended deterrence with key allies through forums such as the Extended Deterrence Dialogue (EDD) with Japan and the Deterrence Strategy Committee (DSC) with the Republic of Korea.

Enhance the resiliency of critical infrastructure. As the U.S. intelligence community has noted, Russia and China are developing asymmetric capabilities like offensive cyber and anti-satellite systems which are designed to negate U.S. advantages in information technology-enabled warfare. As a result, the United States and its allies must enhance the resiliency of their critical infrastructure.

Invest in emerging technologies. Emerging technologies such as artificial intelligence, hypersonics, cyber, and quantum computing have the potential to fundamentally transform warfare. As previously noted, Russia and China are investing significant national resources and energy into the development of these new technologies. It is critical that the United States make investment in these new technologies a national priority.

Maintain open lines of communication with Russia and China. While the United States will need to develop effective military capabilities to deter, and if necessary prevail in a conflict with Russia and China, it also needs to maintain lines of communications with both nations, especially at the military-to-military level. The purpose of these contacts are twofold: reduce the risks of potential miscalculations; and provide a forum for the United States to provide consistent deterrence messages.

# Affirmative Answers

## Uniqueness Answers

### UQ – Industry AC – Laundry List

#### **Alt causes to defense industry deficits – budget cuts, skilled worker shortages, offshoring, increase competition**

Ackerman 11 [Spencer Ackerman, 10-26-2011, "Defense Industry: Keep Paying Us or the Economy Dies," WIRED, https://www.wired.com/2011/10/defense-industry-cuts-economy/]

Now: America's defense industrial base – the engineering and manufacturing sector of the economy that ensures the U.S. can build warships, planes and missiles – is in the midst of a decades-long globalization that policymakers have yet to come to terms with. A recent report from the Center for a New American Security (CNAS) warns that the U.S.' influence over that supply chain suffers from a key vulnerability: "its dependence upon relatively large defense procurement budgets." (.pdf) Cut the budget too deeply, and the economic effects could cascade: the most expensive military program in history, the F-35 Joint Strike Fighter jet family, is built in eight countries.

In fact, CNAS warns that engineering "large-scale, high-technology projects" domestically is a "dying art," since "many of the nation's best young people tend to avoid 'old' manufacturing industries – including the aerospace sector – opting instead for what seem to be more exciting (and potentially much more lucrative) prospects in startup ventures and 'cutting-edge' firms that appear to be at the technological frontier."

In other words, it's not just the prospect of declining defense budgets that ravage the most important nodes of the defense industrial base. On the low-pay end of the spectrum, it's the fact that manufacturing plants have moved to low-wage places like China – which also erodes U.S. engineering know-how. On the high end, defense firms now have to compete with Apple, Google, Facebook and anything Y Combinator funds for bright tech engineers. All that is a problem that extends way beyond defense budgets, and into fundamental questions of how the U.S. structures its economy and values work.

#### **Five alt causes to defense industry collapse.**

DoD 18 [Department of Defense Industrial Policy, “Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States “, Report to President Donald J. Trump by the Interagency Task Force in Fulfillment of Executive Order 13806, September 2018, https://media.defense.gov/2018/Oct/05/2002048904/-1/-1/1/ASSESSING-AND-STRENGTHENING-THE-MANUFACTURING-AND%20DEFENSE-INDUSTRIAL-BASE-AND-SUPPLY-CHAIN-RESILIENCY.PDF]

All facets of the manufacturing and defense industrial base are currently under threat, at a time when strategic competitors and revisionist powers appear to be growing in strength and capability. As stated in the National Defense Strategy:

“The central challenge to U.S. prosperity and security is the reemergence of long-term, strategic competition by what the National Security Strategy classifies as revisionist powers. It is increasingly clear that China and Russia want to shape a world consistent with their authoritarian model – gaining veto authority over other nations’ economic, diplomatic, and security decisions.”3

At least five macro forces cause the risks now threatening America’s industrial base. From FY2012 through FY2017, sequestration led to lower defense spending relative to levels projected before sequestration was put in place. Antiquated and counter-productive procurement practices induced contracting delays, deterred market entry, discouraged innovation, and increased costs to suppliers. Decreases in key production capabilities and declines in manufacturing employment, relative to the last time the U.S. faced a great power competition, left key weaknesses that threaten the nation’s manufacturing capabilities. The industrial policies of foreign competitors have diminished American manufacturing’s global competitiveness – sometimes as collateral damage of globalization, but also due to specific targeting by great powers like China. Finally, emerging gaps in our skilled workforce, both in terms of STEM as well as core trade skills (e.g., welding, computer numeric control operation, etc.) pose increasing risk to industrial base capabilities.

### UQ – Industry AC – Workforce

#### Qualified worker shortage kills the defense industry supply chain now.

CBH 18 [Cherry Bekaert LLP, 10-22-2018, "Long-Term Challenges of the U.S. Defense Industrial Base," https://www.cbh.com/long-term-challenges-of-the-u-s-defense-industrial-base/]

According to a recently published Pentagon report, America’s defense industry outperformed other industrial sectors in fiscal year 2017 but faces serious challenges in the future. The Fiscal Year 2017 Annual Industrial Capabilities Report to Congress, released in May 2018, found that long-term trends threaten the health of the industrial base, limit innovation, and reduce U.S. competitiveness in global markets.

The greatest challenge appears to be demographics of the workforce. Specifically, defense companies are faced with a shortage of qualified workers to meet current demands as well as future demands created by retiring senior-level engineers and skilled technicians.

The risks vary by sector. For the aerospace industry, the greatest risk is the ability to sustain design and manufacturing skills and capabilities for future aircraft design and manufacture. For the ground vehicle sector, the concern is a lack of innovation over the last decade which has led to stagnation in the development of new combat vehicles. Therefore, any new combat vehicle design could face cost, schedule, and performance challenges.

The shipbuilding sector remained stable in FY 2017, but it could face challenges if the small, highly concentrated industrial base were to shrink or change significantly. According to the report, the Department of Defense (“DoD”) should continue to monitor shipbuilder workload to make sure enough production exists to keep the industrial base viable.

The space sector is becoming more and more dependent on the commercial market. While that market has provided technological developments over the past decade, dependence upon it also means that certain parts and qualifications used for national security space missions are in short supply. The report recommends timely investment to establish a domestic capability; otherwise, the United States risks jeopardizing various other security programs.

There are also major concerns about the “organic industrial base” ― those internal suppliers who handle acquisition, sustainment and maintenance issues. An example of how the organic base is struggling is the naval shipyard infrastructure, which due to its age and condition contributes to a significant number of work stoppages each year.

To meet these challenges the DoD must make significant investments in workforce development, systems design, and infrastructure in the near term.

### Defense Industry Resilient

#### Uniqueness outweighs – US aerospace is dominant and resilient.

Jeremy Leonard 1/31/17, Director of Industry Services at Oxford Economics, an independent global advisory firm, "US Aerospace Industry: Flying High, Soaring Higher?", Industry Week, www.industryweek.com/trade/us-aerospace-industry-flying-high-soaring-higher

With so much focus on worries about American products being uncompetitive with those produced elsewhere in the world and the associated impact on jobs and domestic economic activity, it is easy to forget that there are a number of manufacturing sectors for which American dominance has persisted for decades and shows very few signs of ebbing. Perhaps the best example is the aerospace sector. The United States currently accounts for half of global production (with Canada adding another 5%). While this share has declined substantially from close to 70% in the 1980s and 1990s, the reasons for the decline are mainly due to the expansion of Airbus (particularly since the introduction of the A320 in 1987) and consolidation in the U.S. when McDonnell Douglas merged with Boeing in 1997. This has meant that North America and Europe accounted for nearly 90% of global production through to the financial crisis, although that has fallen to 82% today. Another important aspect of aerospace is the defense component. While smaller in size than the commercial segment (U.S. shipments of defense aerospace equipment amount to about 25% of the national sector total), the U.S. is by many measures more dominant in this space, with U.S.-based firms accounting for nearly 60% of global military sales. The aerospace industry is a good business in which to be competitive, because the underlying drivers of demand are very strong. Since the end of the Great Recession, new commercial aircraft orders have typically been double, and in some years triple the number of annual deliveries. This reflects explosive growth of air traffic in the emerging world as rising incomes and declines in ticket fares make air travel affordable for increasing numbers of households. Global air travel has increased by 6.5% per annum since the end of the financial crisis, and this growth in Asian passenger traffic in particular has accelerated in the past two years. The drop in crude-oil prices has driven global airline profits to historic highs as operating costs pressures ease and increase scope for further investment in fleet modernization. Continuation of these trends means that global aerospace production is expected to grow by 3.5% per annum for the next ten years, almost a percentage point faster than global GDP. These geographic patterns of production and demand are mirrored in U.S. aerospace trade performance (which includes not only finished aircraft, but also parts and components that feed into supply chains of aircraft manufacturers). The trade surplus in aerospace products reached $80 billion in 2015 on exports of $140 billion, both record highs. This surplus, which has widened in the past 15 years both in absolute terms and as a percentage of aerospace exports, keeps the total U.S. trade deficit 10% smaller than it otherwise would be. China became the most important single destination in 2013 (passing Japan and the large European economies), but still only accounts for 10% of the total. But on a regional basis, the Asia-Pacific region accounts for 40%, with Japan, Singapore, South Korea and Taiwan being other important destinations. This is a function of both stronger short-haul travel within Asia and expansion of longer-haul routes to Europe and North America. Also noteworthy is the importance of the Middle East and Africa in the export mix. Thanks to the explosive growth of Persian Gulf-based carriers such as Emirates and Etihad, exports to that region reached 15% of the sector total in 2015, nearly triple its share just a decade ago. A key question, of course, is the degree to which the competitive dominance of the U.S. aerospace industry will persist. There are many reasons to be optimistic, the first and foremost of which is a well-earned reputation for reliability and safety. This is a big part of the reason that, despite concerted efforts by China to develop a commercial airliner, its share of global output is only 3%. Furthermore, test flights of the Comac C919—a short-haul commercial airliner manufactured by the Commercial Aircraft Corporation of China—have been delayed, and most observers agree that its cost-efficiency, comfort, and safety will be insufficient for it gain significant market share. We do not expect China’s share of global aerospace production to exceed 5% for the next 15 years. A second factor is history. The U.S. was the birthplace of aviation, and geography has always favored the sector’s development thanks to a relatively large landmass with a widely dispersed population that is conducive to air travel. Geopolitical history has only reinforced that advantage, as that has encouraged heavy investment in the R&D, engineering and production infrastructure to create industrial clusters in Seattle, southern California, Kansas and elsewhere. This is one of the key reasons why U.S. aerospace manufacturing remained so dominant against European manufacturers such as de Havilland/Hawker, Fokker, Aérospatiale and the other predecessors of Airbus. A final point is that more fundamental indicators of competitiveness (such as production per unit of capital and labor) have improved dramatically in the U.S. aerospace industry in the past 15 years. Some of this improvement is common to some other manufacturing industries (automotive and industrial machinery in particular), such as the use of enterprise-resource-planning systems to reduce inventories, implementation of lean manufacturing techniques to reduce waste and improve quality. These have contributed to a 40% improvement in the overall productivity of capital and labor for aerospace sector in the past 15 years, compared to a 10% improvement for U.S. manufacturing as a whole. It also illustrates a widening competitive advantage against European manufacturers, which partly explains why Europe’s share of global production has never been able to climb above 25%. For all of these reasons, the already-soaring U.S. aerospace industry is set to fly higher, with export growth expected to average a bit more than 3.5 % over the next decade. This demand, along with a relatively robust outlook for air travel in the domestic market looking ahead, means that U.S. aerospace will maintain, if not slightly increase, its dominant share of global production.

## Link/Internals Answers

### No Link – Arms Sales

#### Revenue is exaggerated — defense companies get minimal profit from sales

Thompson, Gov PhD, 17 (Loren, PhD @ Gtown, Former Deputy Director of Security Studies Program @ GT, has taught @ Harvard Kennedy school of Government "Why Foreign Military Sales Are Always Worth Less Than The Published Number", 9/19/17, <https://www.forbes.com/sites/lorenthompson/2017/09/19/why-foreign-military-sales-are-always-worth-less-than-the-published-number/#790b6a065d42>)

To make sure they are done right, all foreign military sales are subject to strict standards set forth by the Arms Control Export Act of 1976. The Department of State has final say in approving proposed transactions, with the Department of Defense assuming a leading role in executing deliveries. Other cabinet departments and agencies may also participate, and Congress always is given an opportunity to block big arms deals.

However, there is one facet of this highly articulated process that often gets quite confused, and that is the value of the transactions. News reports about the value of pending arms sales are often greatly exaggerated, particularly compared with the amount of money that the companies manufacturing the arms are likely to ultimately receive. Here, for example, is a passage from a news story that appeared on the eve of President Trump's May visit to Saudi Arabia:

The official, who spoke to Reuters on condition of anonymity, said the arms package could end up surpassing more than $300bn over a decade to help Saudi Arabia boost its defensive capabilities while still maintaining US ally Israel's qualitative military edge over its neighbors.

$300 billion would be nearly half of Saudi Arabia's annual gross national product, a level of weapons outlays unlikely in all but the most extreme circumstances. After the president completed his trip to the kingdom, many news accounts settled on the more "modest" estimate that Riyadh's new purchases of Lockheed Martin helicopters, Boeing maritime patrol planes, and other U.S. military items would be worth around $110 billion.

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But where do such figures come from? Usually they come from congressional notification documents alerting Capitol Hill to proposed transactions. Congressional notification always occurs after a prospective purchasing country has formalized its request for specific military items, but before the U.S. government has responded with a proposed package of goods and services -- called a Letter of Offer and Acceptance.

And that's where what we might call the "arms sale inflation process" begins. Because negotiations with overseas buyers haven't been finalized when Capitol Hill is informed about an impending deal, the executive branch typically includes everything in its estimates that could possibly be covered by a deal. Not just weapons quantities but options for follow-on purchases, spare parts, initial training and maintenance, etc. It may also include a "just in case" financial buffer that further inflates the likely value.

If Congress doesn't like what it sees, a joint resolution can be passed to block the deal. But to avoid having to go back to the Hill later if subsequent discussions with the customer take an unexpected turn, congressional notifications tend to include everything but the kitchen sink, and the resulting price-tag is quite imposing. It is not uncommon for the publicly reported value of a transaction drawn from congressional notification documents to be a quarter or a third bigger than the price that is ultimately agreed to.

Now, that might not be so bad if the real price were eventually disclosed, but it generally isn't. The Department of Defense claims an exception to the Freedom of Information Act for foreign military sales data that might cause competitive harm to weapons makers, or might impair the government's ability to secure necessary information in the future, or simply might undermine some undefined interest of the government. So usually the inflated estimates in congressional notification documents are the only cost data to reach the public.

So imagine, if you will, that the negotiated price for an arms package is $3 billion rather than the $4 billion contained in congressional notification documents. That's what the U.S. companies building the weapons being sold will actually get, right? Wrong. Because much of the price negotiated for a sale actually consists of so-called "government furnished equipment" (like aircraft engines and munitions) or services the U.S. government itself provides, rather than money that counts as revenue for weapons makers.

Thus, even before the weapons makers start passing revenues through to their own suppliers, the value of a transaction may have shrunk to less than half the figure that readers are seeing in published reports. Granted, the original equipment manufacturer may reap additional revenues after weapons are delivered to the foreign customer for maintenance and other in-service support, but those arrangements vary markedly from transaction to transaction, and they often are not finalized at the time an arms sale is agreed to.

The problem with inflating publicly available pricing data the way the current arms sale process does is that it can inflame opposition in purchasing countries because the size of transactions is so exaggerated. In other words, deals become harder to do because the locals get "sticker shock." The truth of the matter is that foreign buyers like the Saudis are canny negotiators striving to get the best deals they can, and deals don't happen unless both sides are comfortable with the outcome.

### No Link – Saudi Sales

#### Saudi sales don’t matter – negligible impacts on industry profits

Macias 18 [Amanda Macias, 11-26-2018, “Restrictions on arms sales to Saudi Arabia would likely have a limited impact on US defense firms, Cowen says,” CNBC, https://www.cnbc.com/2018/11/26/saudi-arms-sale-limits-would-have-slight-impact-on-us-defense-firms.html]

America’s top defense firms will face limited financial risks in their dealings with Saudi Arabia, even as lawmakers consider imposing limits on arms sales to the kingdom, according to analysts at Cowen Research.

“It would appear that these would be limited in duration and scope, and big-ticket buys of missile defense systems would not be impacted,” the analysts wrote in the note.

Of the major defense suppliers, Lockheed Martin would have the most exposure, according to the note, but it would still amount to a relatively tiny portion of the company’s business.

Saudi Arabia’s oil-rich monarchy is one of America’s most strategic partners and a significant patron of U.S. defense companies. The Saudis are the indisputable top buyers of U.S.-made arms, a title that has safeguarded the kingdom from retaliatory sanctions over the disappearance of journalist Jamal Khashoggi and the Saudi-led war in Yemen.

President Donald Trump has often cited the importance of the U.S. relationship with Saudi Arabia, repeatedly pushing back on approving significant economic or political consequences for Riyadh’s actions. In an extraordinary statement last week, Trump affirmed that the U.S. would continue to stand with Saudi Arabia.

Trump has also commented on the potential impact to defense suppliers if the U.S. were to sanction the Saudis over the Khashoggi killing.

“I tell you what I don’t want to do,” Trump said to CBS’ “60 Minutes” last month, when he was asked about possibly blocking arms sales to Riyadh. “Boeing, Lockheed, Raytheon, all these [companies]. I don’t want to hurt jobs. I don’t want to lose an order like that. There are other ways of punishing, to use a word that’s a pretty harsh word, but it’s true.”

However, if Congress imposed short-term restrictions on Saudi weapons sales the resulting impact looks to be less than 2 percent of sales for Lockheed Martin, Raytheon, Boeing and General Dynamics, and negligible for Northrop Grumman.

Here’s a breakdown of what top defense firms are selling to Saudi Arabia and which contracts are at risk.

Lockheed Martin has the broadest Saudi exposure

From missiles to helicopters, the Pentagon’s top weapons supplier is selling a range of arms to Saudi Arabia. Of the top five U.S.-based arms makers, Lockheed Martin has the broadest Saudi exposure and is slated to bring in $400 million this year from Saudi sales alone. Next year, Lockheed Martin is expected to rack up approximately $900 million in sales to the kingdom.

In a deal reportedly worth $15 billion, the Bethesda-based defense firm is marching toward selling Saudi Arabia the THAAD, or terminal high altitude area defense, missile system.

Regarded as America’s crown jewel in missile defense systems, THAAD is manufactured by Lockheed Martin but uses a radar supplied by Raytheon.

In addition to THAAD, the kingdom looks to buy Pac-3 missiles, Black Hawk helicopters, munitions, C-130 aircraft and littoral combat ships.

In short, according to the note, Lockheed Martin’s at-risk defense sales to Saudi will likely be less than 1.5 percent of its total in 2019.

Raytheon is the largest Saudi supplier in defensive systems

While Raytheon remains the largest Saudi supplier, the defense giant sells mostly air and missile defense equipment, which means the sales would go on unopposed by Congress.

Saudi Arabia wants the Patriot missile system, the TYP-2 radar used by Lockheed Martin’s THAAD missile system, and missile interceptors from Raytheon.

The defense firm has said that sales to Saudi Arabia are slightly less than 5 percent of this year’s total. The figures are expected to remain consistent in 2019.

According to the note, the Saudi sales that are at risk are munitions and missiles. The at-risk ticket items account for approximately $500 million, or less than 2 percent, of Raytheon’s total.

Boeing sales are significant but declining

Similar to Lockheed Martin, Boeing sells a range of weapons to Saudi Arabia. The world’s largest aerospace company is on order to deliver F-15 jets, Chinook and Apache helicopters, as well as a plethora of munitions to the Saudis.

Boeing “likely has the largest absolute level of sales” to Saudi Arabia, at approximately $1.7 billion, according to the note.

Cowen analysts write that Boeing’s largest program, the F-15 jets reportedly worth more than $1 billion, is nearing completion and sales taper off in 2019.

“Furthermore, given Boeing’s large commercial volume, Boeing’s Kingdom of Saudi Arabia defense sales are only approximately 1.5 percent of its total,” according to the note.

General Dynamics sales are concentrated and stable

General Dynamics has a multiyear contract with Saudi Arabia for the delivery of 100 Abrams tanks as well as a Canadian vehicle contract.

America’s stalwart M1 Abrams has been used in nearly every major U.S. conflict since its inception in 1980 and serves as the main battle tank of the U.S. Army and Marines. The Abrams deal with the Saudis is estimated to bring in $1.3 billion.

Meanwhile, the Canadian vehicle contract extends to 2024 and looks to add $5.9 billion.

#### **Saudi sales don’t matter – best estimates of job growth are tiny.**

Detrick 18 [Hallie Detrick, 10-30-2018, "Trump Says That Huge Saudi Arabia Arms Deal Will Create 500,000 U.S. Jobs. Defense Firms Suggest the Number Is Much Smaller," Fortune, http://fortune.com/2018/10/30/saudi-arabia-arms-deal-jobs/]

The U.S. arms deal with Saudi Arabia will probably create some jobs, just nowhere near as many as Trump says.

President Trump is fond of claiming that the $110 billion arms deal he negotiated with Saudi Arabia last year (which might not actually be worth $110 billion) will create 500,000 jobs. But according to documents seen by Reuters, the jobs expected to be created in defense and related industries will total a fraction of that estimate.

Instead, defense contractors such as Lockheed Martin (LMT, +5.58%) and Raytheon (RTN, +2.77%) predict the deal will create new jobs in the defense industry to the tune of hundreds rather than hundreds of thousands, though it will help sustain additional American jobs. New and sustained jobs in the defense industry supported by the Saudi arms deal will have a multiplier effect in the larger economy, which Reuters estimates will bring the total number of jobs sustained or created by the Saudi arms deal to somewhere between 84,000 and 168,000, or one-fifth to one-third of the total Trump has been claiming.

Often left out of the conversation is the number of jobs that will be created in Saudi Arabia, which is aiming to create 40,000 defense jobs by 2030. According to Reuters estimates, about 10,000 new jobs would be added in Saudi Arabia. That imbalance conflicts with Trump’s claims that he puts “America first” and prioritizes American jobs.

Of course all of those numbers are based on the best-case scenario if the entire $110 billion deal comes together. That’s a scenario of which experts are increasingly skeptical, particularly as the death of Jamal Khashoggi increases tensions between the two countries.

### No Link – Offsets

#### Arms sales don’t help industry growth – high R&D costs and increased offsets blunt the impact.

Gold 19 (David, senior economic affairs officer in the United Nations Department of Economic and Social Affairs. He is also the principal investigator on an ECAAR-U.S. defense project. “Costs of Arms Sales Undermine Economic Gains”. March 26th. Presented at 23rd International Conference on Economics and Security. <http://www.epsusa.org/publications/newsletter/dec1998/gold.pdf>)

One of the benefits of the end of the Cold War has been a sharp decline in the value of the international arms trade. But with the removal of Cold War competition as a driving force behind arms sales, economic rationales have assumed greater importance. The Clinton Administration in 1995 issued a Presidential Directive (PDD-34), stating that maintenance of the domestic defense industrial base was an objective of arms exports. In addition, the Administration instructed the Commerce and State Departments to assist the Pentagon and private firms in these efforts. This was the most explicit statement by any U.S. administration of the economic importance of arms sales. According to Arms Control and Disarmament Agency reports, the global arms trade dropped from a peak of $82.4 billion in 1987 (in constant, 1995 U.S. dollars) to $26.7 billion in 1994, before rising in 1995 to $31.9 billion, fuelled by post-Gulf War arms purchases. Economic Gains Appear to be Overstated Arguments positing substantial economic gains from arms sales focused on macroeconomic benefits in terms of positive balanceof- payments effects and domestic job and income creation, and microeconomic benefits in terms of expanding markets and allowing firms to achieve more efficient levels of production. In both cases, however, the net gains appear to be overstated, largely because the economic costs and benefits of the arms trade tend to flow to different sets of decision makers. The positive macroeconomic effects of arms sales have been undermined by the growth of offsets. The United States exports far more military goods and services than it imports — $15.6 billion as opposed to $1 billion in 1995. Over the last several decades, and especially in the 1990s as massive excess supply has turned the arms trade into a buyer’s market, purchasing nations have increasingly demanded substantial offsets as a condition for undertaking an arms purchase. Offsets are of two types: direct offsets require the selling firm to grant subcontracts, technology transfer or direct investment to the buying country’s military firms, while indirect offsets require the selling firm to find markets for the buying country’s non-military exports or obtain technology and investment funds for the buyer’s civilian industries. A U.S. Department of Commerce survey found that offset commitments amounted to 81 percent of surveyed arms transfer agreements in 1995 with indirect offsets growing the fastest. Not all offset agreements come to full fruition, but the rising trend in the number and value of offset agreements seems clear: The growth of offsets, and especially the growth of indirect offsets, makes the macroeconomic impacts of arms sales less clear. Indirect offsets tend to increase civilian imports into the United States or expand technology and capital flows to the arms-buying countries. Thus, while arms producing companies and regions receive benefits, in terms of revenues and profits for firms and jobs and income for regions, U.S. firms and regions in the importcompeting industries would tend to lose while their potential competitors in the arms buying countries receive an injection of capital and technology. The macroeconomic stimulus to the arms producers is lower than it would have been in the absence of offset requirements. There is also ambiguity in evaluating the microeconomic benefits. Production of weapons systems typically requires very high research and development (R&D) and capital costs which then require large production runs to amortize these fixed costs and achieve learning economies. The same scenario confronts many high-tech civilian products. The difference is that arms markets tend to be subject to more restrictive budget constraints while maintaining a demand for rapid technological innovation and a variety of product lines. The result has been rising unit costs for most weapon systems, which only exacerbates the effects of the budget constraint. A widely proposed solution to this dilemma is an expansion of export sales. Some countries, such as France, include projections of export markets in their decisions regarding arms production, and design weapons with export demand in mind. The United States tends to treat export markets as add-ons, a source of revenue after domestic needs have been met. Until recently, the government collected a recoupment fee to repay R&D outlays, but intense competition in today’s buyer’s market led firms to lobby successfully both the Bush and Clinton Administrations to waive these fees. Thus, one objective of arms exports, to compensate the government for fixed costs, is not being met. In addition, arms exports are costly. Beyond the production and market costs borne by firms, William Hartung of the World Policy Institute has calculated that the United States government is spending over $7 billion per year to support the arms trade, in the form of maintaining a governmental support apparatus, supplying existing military equipment and personnel to arms exhibits, direct grants and aid to states to finance arms purchases, and the costs of loan subsidies and loans that are forgiven. With U.S. arms sales running at about $12 billion to $15 billion per year, these governmental outlays are 50 percent or more of the revenue received. It is hard to see how costs of this magnitude can be justified in economic terms. Macro and Microeconomic Impact of Arms Sales Suffer Both the macroeconomic and microeconomic impacts of arms exports suffer from a separation of the costs and benefits. Offsets mean that the economic stimulation is received by one set of firms and regions while the costs are increasingly borne by a different set. In addition, arms producing firms gain revenue and profits from arms exports while the fixed costs of R&D and capital investment, and many of the variable costs of marketing and subsidizing buyers, are absorbed by the government. If the costs and benefits of arms exports were internalized within the same set of decision makers, U.S. arms exports would likely be considerably smaller.

## Impact Answers

### No Impact – Deterrence

#### Deterrence fails – empirics

Kober 10—Research Fellow in Foreign Policy Studies, Cato, PhD, Fletcher School of Law and Diplomacy, Tufts. (Stanley, The Deterrence Illusion, 13 June 2010, http://www.cato.org/pub\_display.php?pub\_id=11898,)

And just like the situation at the beginning of the last century, **deterrence is not working**. Much is made, for example, of the North Atlantic Treaty Organisation (NATO) invoking Article V — the famous "three musketeers" pledge that an attack on one member is to be considered as an attack on all — following the terrorist attacks of September 11. But the United States is the most powerful member of NATO by far. Indeed, in 2001, it was widely considered to be a hegemon, a hyperpower. Other countries wanted to be in NATO because they felt an American guarantee would provide security. And yet it was the US that was attacked. This failure of deterrence has not received the attention it deserves. It is, after all, not unique. **The North Vietnamese were not deterred by the America**n **guarantee to South Vietnam. Similarly, Hezbollah was not deterred in Lebanon in the 1980s, and American forces were assaulted in Somalia**. What has been going wrong? The successful deterrence of the superpowers during **the cold war led to the belief that if such powerful countries could be deterred, then lesser powers should fall in**to **line when confronted with an overwhelmingly powerful adversary.** It is plausible, but it may be too rational. For all their ideological differences, the US and the Soviet Union observed red lines during the cold war. There were crises — Berlin, Cuba, to name a couple — but these did not touch on emotional issues or vital interests, so that compromise and retreat were possible. Indeed, what we may have missed in the west is the importance of retreat in Soviet ideology. "Victory is impossible unless [the revolutionary parties] have learned both how to attack and how to retreat properly," Lenin wrote in Left-Wing Communism: An Infantile Disorder. **When the Soviets retreated, the US took the credit. Deterrence worked.** **But what if retreat was part of the plan all along? What if, in other words, the Soviet Union was the exception rather than the rule? That question is more urgent because,** in the post-cold war world, **the US has expanded** its **security guarantees, even as** its **enemies show they are not impressed.** The **Iraqi insurgents were not intimidated** by President Bush's challenge to "bring 'em on". **The Taliban** have **made a**n extraordinary **comeback** from oblivion and show no respect for American power. **North Korea is demonstrating** increasing **belligerence**. **And yet the US keeps emphasising security through alliances**. "We believe that there are certain commitments, as we saw in a bipartisan basis to NATO, that need to be embedded in the DNA of American foreign policy," secretary of state Hillary Clinton affirmed in introducing the new National Security Strategy. But that was the reason the US was in Vietnam. It had a bipartisan commitment to South Vietnam under the Southeast Asia Treaty Organisation, reaffirmed through the Tonkin Gulf Resolution, which passed Congress with only two dissenting votes. It didn't work, and found its commitments were not embedded in its DNA. Americans turned against the war, Secretary Clinton among them. The **great powers could not guarantee peace in Europe a century ago, and the US could not guarantee it in Asia a half-century ago**.

### No Impact – Heg/Military

#### Heg isn’t real and no impact – military dominance doesn’t translate to power

Reich, Government PhD, and Lebow, Poli Sci PhD, 17—Professor of Global Affairs at Rutgers AND Professor of International Political Theory at the Department of War Studies (Simon and Richard Ned, “Influence and hegemony: shifting patterns of material and social power in world politics,” All Azimuth, 6.1 (Jan. 2017): p17, dml)

A more dispassionate view suggests that American hegemony was very short lived and quickly eroded. By any serious economic measure, it stopped serving as the world's economic hegemon decades ago. In 1944, the US GDP peaked at 35 percent of the world total, a figure that had dropped to 25 by 1960 and 20 percent by 1980.36 Today, by way of comparison, It has fluctuated in recent years at around 25%, never approximating its peak. The US ran significant deficits during the Viet Nam war and delinked the dollar from the gold standard in 1971. (37) in the 1980s, the US ran up budget deficits and systematically reneged on its own liberal trading rules by introducing a variety of tariffs and quotas under the Reagan administration instead of bearing the costs of economic adjustments. (38) Contemporary policymakers have done the same to China. (39)

More specific figures support this general picture. Until the end of the 1960s, the US current account balance ran at zero or a small surplus. That position dramatically eroded in the 1980s, and the US current account deficit peaked at 6% in 2006, just before the financial crisis. (40) This took place at a time when there was a consistent decline in net US public and private savings. (41) American policies had the effect of making the US government and consumers increasingly reliant on foreign capital to finance their expenditures. Over-expenditure by individual Americans and their government--reflected in low personal savings rates coupled with increased government deficits--became important causes of global imbalances. (42)

The growth in American personal debt has been unmistakable: from a peak of 14.6% in 1975, and an average of around 9% in the 1980s, the American net savings rate declined to around zero by the turn of the century. It reached a low of-0.5% in 2005, a statistic not seen since during the Great Depression in 1933. (43) As savings plummeted, debt increased. By 2005, total U.S. household debt, Including mortgage loans and consumer debt, stood at $11.4 trillion. (44) A decade later, despite the salutary lessons of the Great Recession, It had increased $12.07 trillion. (45)

The US federal budget deficit grew in a similar fashion. Since the end of second Clinton Administration, the debt of the US government has increased annually. It went from $186.2bn inflation-adjusted dollars in 2002 to over $16.8 trillion by April of 2013. (46) The National Clock then calculated a figure: an average of nearly $53,500 owed per citizen. (47) it ballooned during the Obama administration. (48) Figures for the US trade deficit are just as illuminating. According to the US Census Bureau, the US has run a trade deficit in goods and services every year since 1969, with the exception of 1973 and 1975. Comparable to the budget deficit, these figures have worsened over time and have also ballooned since the turn of the century, peaking in 2006 on the eve of the financial crisis. (49)

Liberals and realists thus consistently ignore a wealth of economic data in proclaiming American postwar hegemony. The same is true in terms of its military capacity to achieve its foreign policy objectives. Triumph over Germany and Italy in World War ii, the invention and use of nuclear weapons to end the war with Japan, and America's nuclear arsenal all consolidated Americans' sense of themselves as hegemonic. The Cold War victory consolidated that view.

Yet military failures like MacArthur's push north in the Korean War, the Bay of Pigs invasion, Vietnam, and more recently, failed interventions in Lebanon, Somalia, Afghanistan and Iraq, were reconceived of as "victories" (Korea), inconsequential (the Bay of Pigs) or part and parcel of strategies that were, or will be, successful in the longer-term. Bush "hawks," for example, In revisionist fashion, hailed the Iraq invasion as the necessary prelude to the now-aborted Arab Spring years later, despite its unprecedented cost, while Afghanistan--America's longest serving war--Is reputed to have been a key component of a successful campaign to defeat al Qaeda. (50) For all of America's unprecedented military capacity, it is hard to reconcile this long list of questionable military interventions with the dominance that unipolarity and hegemony implies. Yet realists and liberals continue to apply these terms despite America's failures to achieved its prescribed policy goals stretching back over the last five decades.

More recently, liberals--and to a lesser extent realists--have convinced themselves that the role of this military is to ensure the global system's stability. Often this has been inaccurate if stability is equated with the absence of war. If we calculate 'war years' as a simple function of each war multiplied by its longevity, since 1945, the US has fought more war years than any other country in the world, with the possible exception of the UK and France. (51) A proportion of these wars have been justified by American policymakers as preventative interventions (such as the invasions of Iraq or Afghanistan) or humanitarian ones (such as the invasion of Grenada) and thus validated by a "just war" doctrine. Critics, however, claim it is hard to reconcile starting wars with maintaining stability, suggesting that these are merely a pretext for imperialism. (52) Even more mainstream pillars of the establishment--such as Richard Haass, who served in the Bush White House and is currently president of the Council on Foreign Relations--have written approvingly at times of the idea of an imperial US foreign policy. (53) Thus, by either the measure of starting wars or of winning them, American military capacity cannot be equated with hegemony. Its short preeminence has, nonetheless, been erringly rewritten as the longue duree.

### No Impact – Allies

#### No impact to credibility---allies won’t abandon us and adversaries can’t exploit it

Stephen M. Walt 11 the Robert and Renée Belfer professor of international relations at Harvard University, December 5, 2011, “Does the U.S. still need to reassure its allies?,” online: <http://walt.foreignpolicy.com/posts/2011/12/05/us_credibility_is_not_our_problem>

A perennial preoccupation of U.S. diplomacy has been the perceived need to reassure allies of our reliability. Throughout the Cold War, U.S. leaders worried that any loss of credibility might cause dominoes to fall, lead key allies to "bandwagon" with the Soviet Union, or result in some form of "Finlandization." Such concerns justified fighting so-called "credibility wars" (including Vietnam), where the main concern was not the direct stakes of the contest but rather the need to retain a reputation for resolve and capability. Similar fears also led the United States to deploy thousands of nuclear weapons in Europe, as a supposed counter to Soviet missiles targeted against our NATO allies.¶ The possibility that key allies would abandon us was almost always exaggerated, but U.S. leaders remain overly sensitive to the possibility. So Vice President Joe Biden has been out on the road this past week, telling various U.S. allies that "the United States isn't going anywhere." (He wasn't suggesting we're stuck in a rut, of course, but saying that the imminent withdrawal from Iraq doesn't mean a retreat to isolationism or anything like that.)¶ There's nothing really wrong with offering up this sort of comforting rhetoric, but I'venever really understood why U.S. leaders were so worried about the credibility of our commitments to others. For starters, given our remarkably secure geopolitical position, whether U.S. pledges are credible is first and foremost a problem for those who are dependent on U.S. help. We should therefore take our allies' occasional hints about realignment or neutrality with some skepticism; they have every incentive to try to make us worry about it, but in most cases little incentive to actually do it.

### No Impact – Readiness

#### No readiness crisis – budget’s too high and military is too far ahead of enemies.

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U.S. military readiness is again a hot issue in the presidential election, but unfortunately the current debate glosses over some of the most important facts. While Congress’s sequestration-mandated cuts to military spending have hurt preparedness, America’s fighting forces remain ready for battle. They have extensive combat experience across multiple theaters since 9/11, a tremendous high-tech defense industry supplying advanced weaponry, and support from an extraordinary intelligence community. For those concerned that America’s military is in decline or somehow not up to the next challenge, we offer a few reassuring facts: • The current national defense budget of over $600 billion a year far exceeds the Cold War average of about $525 billion (in inflation-adjusted 2016 dollars) and the $400 billion spent in 2001, according to official Pentagon and Office of Management and Budget data. The national defense budget, which doesn’t include Veterans Affairs or the Department of Homeland Security, constitutes 35% of global military spending and is more than that of the next eight countries—including China and Russia—combined. Spending has been reduced from the levels of the late Bush and early Obama years, but that isn’t unreasonable in light of scaled-down combat operations abroad and fiscal pressures at home. • Assuming no return to sequestration, as occurred in 2013, Pentagon budgets to buy equipment now exceed $100 billion a year, a healthy and sustainable level. The so-called “procurement holiday” of the 1990s and early 2000s is over. • While some categories of aircraft and other key weapons are aging and will need replacement or major refurbishment soon, most equipment remains in fairly good shape. According to our sources in the military, Army equipment has, on average, mission-capable rates today exceeding 90%—a historically high level. Marine Corps aviation is an exception and urgently needs to be addressed. • Training for full-spectrum operations is resuming after over a decade of appropriate focus on counterinsurgency. By 2017 the Army plans to rotate nearly 20 brigades—about a third of its force—through national training centers each year. The Marine Corps plans to put 12 infantry battalions—about half its force—through large training exercises. The Air Force is funding its training and readiness programs at 80%-98% of what it considers fully resourced levels. This situation isn’t perfect, but it has improved—and while the military is still engaged in combat operations across the world. • The men and women of today’s all-volunteer military continue to be outstanding and committed to protecting America. Typical scores of new recruits on the armed forces qualification test are now significantly better than in the Reagan years or the immediate pre-9/11 period, two useful benchmarks. The average time in service, a reflection of the experience of the force, is now about 80 months in the enlisted ranks, according to Defense Department data. That is not quite as good as in the 1990s, when the average was 85-90 months, but is better than the 75-month norm of the 1980s. While there are areas of concern, there is no crisis in military readiness. But that doesn’t mean the U.S. is good enough—especially in a world of rapidly changing technology, new threats emerging across several regions, and a constantly evolving strategic landscape. Here are some of the most pressing issues: Should the Army and Navy, considerably reduced in size in recent years, be modestly larger? Are the Air Force, Navy and Marine Corps overemphasizing short-range tactical manned fighter jets in their aircraft modernization plans, and underemphasizing drones and bombers? Can the Navy develop underwater robotics and unmanned systems more aggressively? How can the U.S. more effectively counter other nations’s ballistic- and cruise-missile capabilities? What more needs to be done to structure and enhance Defense Department capabilities for operations in cyberspace? How should the military best prepare and structure forces for “advise and assist” missions to the Middle East, Europe and elsewhere? Beyond Defense Secretary Ash Carter’s admirable initiatives, are there other ways the military can bring Silicon Valley and other innovators into the defense world? How much larger does the defense budget need to be, and how should it be structured, in base budget and supplemental funds for ongoing overseas operations? And what next steps might be needed to counter the growing assertiveness of Russia and China? The good news is that there are reasonable answers to each of these challenges that are affordable and at least partially achievable. The bad news is that such issues are getting insufficient attention in the continuing debate. It’s time to remedy that.

#### A readiness crisis is incredibly unlikely — adversaries couldn’t exploit gaps in revenue.

Michael E. O’Hanlon, IR PhD, 16, Senior Fellow - Foreign Policy, Center for 21st Century Security and Intelligence, "The state of U.S. military readiness", Brookings, https://www.brookings.edu/blog/order-from-chaos/2016/08/15/the-state-of-u-s-military-readiness

Last week retired General David Petraeus and I wrote a Wall Street Journal op-ed arguing that, while the U.S. military is certainly facing a number of significant strains and future challenges, there is no crisis in military readiness. Unit by unit, today’s American armed forces are very good and rather well-prepared for the various tasks they could be called upon to undertake. To be sure, they remain better prepared for counterinsurgency and stabilization missions than for high-end warfare. The Army, and the U.S. military in general, continue to recover from Iraq and Afghanistan; that effort will take some additional time. And there is plenty of room for debate about whether the military is large enough, and also about whether it is following the right strategy to prepare for new threats. But on balance, the quality of our armed forces today is quite good. This point is important enough to be worth nailing down decisively. This op-ed attracted a number of criticisms. I would like to respond to several personally. Some have said that Army budgetary resources are inadequate. But they are, unit by unit, substantially greater than during the Reagan buildup, even after being adjusted for inflation. There are anecdotes of Army rifle companies that are undermanned, and other such concerns about hollow force structure. My best guess is that some of these problems, to the extent they are real, result in certain units from the process of downsizing (which the Army has been doing in recent years). For example, if there is a plan to combine two units into one and the plan has not yet been put into effect, the preexisting units might have shortages just before they are merged. Or, a unit about to deploy might be capped at a certain numerical size (given President Obama’s quantitative troop ceilings imposed on various operations abroad, for better or for worse). That might require it to deploy understrength. But across the Army, there is no systematic mismatch between soldiers and targeted force structure, so this should be at worst a localized and temporary problem. There are other anecdotes of tank crews never having fired a live round, and related stories of unpreparedness. If this is so, I question how the Army is allocating resources among its different units. Again, training dollars are robust, by any historical measure and when compared with what the Army calculates that it needs. Yes, sequestration caused temporary problems—but that was back in 2013. Yes, Iraq and Afghanistan caused problems—but we have been downsizing from them since 2011 and now have fewer than 15,000 soldiers deployed (out of a total Army—active plus reserve plus National Guard—of nearly one million soldiers). That represents a 90 percent reduction from peak deployments today—and deployed numbers have been quite modest since about 2013. If the Army has not used these last three years to begin to recover, I would humbly submit that there could be a case for rethinking some of its force management concepts. Yes, the Army and other services have had to cope with new operations from Liberia to the Baltic states to other hotspots in recent times. But these have all been small operations, totaling at most a few thousand troops each, for a grand total of less than 10,000 in all—and generally far fewer than that at any given time. Budgets for overseas contingency operations have come down far slower than have forces deployed abroad over the last half decade. This means that there are some extra dollars from the war supplementals that the military can use for recovery. So again, available resources do not appear to be a major problem. In fact, they are relatively robust and generous at present. To be sure, given the normal life cycle of major units, the Army will need several more years to fully recover from all of the strains of recent operations abroad. There is no case for complacency, or for declaring victory. Nor is there a case for cutting readiness budgets. And to be sure, one can have a vigorous debate about whether the size of the Army has been cut at least a bit too much; indeed, General Petraeus and I make this case, in the op-ed as well as our forthcoming Foreign Affairs article. But there is not, to my mind, a strong case for questioning the unit-by-unit excellence of the Army in particular, or the U.S. military in general. Nor is there a serious concern about the adequacy of resources on a unit-by-unit basis for equipment, people, and training. In short, there is no readiness crisis requiring dramatic policy intervention. Luckily, for those would-be adversaries who might be listening to our debate, there is therefore also no window of opportunity to exploit in America’s ability to defend its global interests.

### Impact AC – Old Tech

#### Readiness is shot – old tech and budget cuts

Chalfant, BA, 17 (Morgan, "The US Army's Ground Combat Systems are at Risk of Being Surpassed by Russia and China." Business Insider. www.businessinsider.com/us-army-ground-combat-systems-surpassed-by-russia-china-2017-1)

The U.S. Army’s ground combat systems risk being surpassed by those being developed by foreign countries such as Russia and China, according to a new report from the nonpartisan Congressional Research Service. The Army is currently using main battle tanks, tracked infantry fighting vehicles, tracked self-propelled artillery, and multiple launch rocket systems developed during the Soviet era. Billion-dollar plans to modernize the force’s ground combat systems have been cancelled over the last decade. Meanwhile, potential adversaries have prioritized funding new weapons systems and technologies for their forces, raising concerns among American experts about the shrinking capability gap between the United States and other nations. “Countries such as Russia and China are not only upgrading existing ground combat systems with new and effective survivability and lethality features but are also developing entirely new ground combat systems for domestic use and possible export,” the Congressional Research Service wrote in a report published this month. “Given the U.S. has ‘no new ground combat vehicles under development’ and new systems are a ‘multi-decade effort’ due largely to resource constraints and DOD’s Acquisition process, there is a possibility one or more upgraded or newly developed foreign ground combat systems could emerge and surpass its U.S. counterpart,” the report states. Military leaders from across the armed services have highlighted how defense spending reductions put in place by the Budget Control Act of 2011 have forced them to fund current readiness at the expense of other priorities, including modernization. “Predictable and consistent funding is absolutely essential for the Army to build and sustain current readiness and progress toward a more modern, capable future force,” Army Chief of Staff Gen. Mark Milley said in testimony before the Senate Committee on Armed Services in September. “We simply cannot sustain readiness or build the Army our nation needs in the future if we return to sequestration-level funding in fiscal year 2018.” Russian servicemen drive a T-14 Armata tank (front) during a rehearsal for the Victory Day parade in Red Square in central Moscow, Russia, May 7, 2015. Russia will celebrate the 70th anniversary of the victory over Nazi Germany in World War Two on May 9. REUTERS/Sergei Karpukhin TPX IMAGES OF THE DAY Russian servicemen drive a T-14 Armata tank during a rehearsal for the Victory Day parade in Red Square in central MoscowThomson Reuters “While the Army is reducing end-strength, we made a deliberate decision to prioritize readiness, reduce infrastructure maintenance, and decrease funding for modernization,” Milley said. “These choices devote resources to today’s fight, but decrease investments for future modernization and infrastructure readiness, and emergent demands.” The Congressional Research Service compared ground combat systems developed by the United States, Russia, China, the United Kingdom, Germany, and Israel, identifying shortfalls in U.S. systems and potential advantages of foreign systems. For instance, the report states that main battle tanks under development by Russia and China are “employing larger caliber main guns than their Western counterparts, theoretically offering greater range and armor penetration.” Russia is currently developing the high-technology Armata T-14 tank, a prototype of which was unveiled at the 2015 Victory Day parade in Moscow. The Telegraph reported last year that a leaked internal British military intelligence document described the tank as “the most revolutionary step change in tank design in the last half century.” Russia has been able to test a variety of new weapons systems in Syria while supporting Bashar al-Assad’s forces. Pro-Russian separatists in Ukraine also have used new weapons from Moscow to fight Ukrainian government forces in the eastern part of the country. China last July unveiled the newest variant of its ZTZ-96 main battle tank, which participated in army games organized by the Russian defense ministry. Constraints on the U.S. defense budget have been a source of concern among some Republican lawmakers, who say that sequestration should be ended and funding for the U.S. military boosted. President Donald Trump has said he will end sequestration and rebuild the armed forces, though it is unclear how much he wants to increase the defense budget.