# Topicality

## 1NC

#### Energy production is only electricity creation, not extraction

Vaekstfonden 6 Vaekstfonden is a Danish government backed investment fund that facilitates the supply of venture capital in terms of start-up equity and high-risk loans "THE ENERGY INDUSTRY IN DENMARK- perspectives on entrepreneurship andventure capital" No Specific Cited, Latest Data From 2006 s3.amazonaws.com/zanran\_storage/www.siliconvalley.um.dk/ContentPages/43667201.pdf

In all, 20 industry experts were interviewed about the composition and dynamics of the Danish energy sector. Insights from a minimum of 3 industry experts have been assigned to each of the stages in the value chain. Following is a brief description of what the different stages encompass.

Raw material extraction

This stage encompass the process before the actual production of the energy. As an example it is increasingly expensive to locate and extract oil from the North Sea. Likewise coal, gas and waste suitable for energy production can be costly to provide.

Energy production

Energy production encompasses the process, where energy sources are transformed into heat and power.Transmission and distribution

Energy transmission and distribution is in this report defined as the infrastructure that enables the producers of energy to sell energy to consumers.

Consumption

The last stage in the value chain is consumption. This stage encompasses products and services that geographically are placed near the consumers. As an example, decentralized energy production via solar power systems is part of the consumption stage.

## 2NC

#### And it’s contextual to the topic energies

Huijbregts 8 Mark A. J. Huijbregts is an associate professor at the Department of En- vironmental Science of the Radboud University. Nijmegen in the Netherlands. and Stefanie Hellweg, Rolf Frischknecht, Konrad Hungerbühler, A. Jan Hendriks "Ecological footprint accounting in the life cycle assessment of products" Ecological Economics, Volume 64, Issue 4, 1 February 2008, Pages 798-807 Accessed vis SciVerse

The ecoinvent database v1.2 ( [ecoinvent Centre., 2004] and [Frischknecht et al., 2005]), containing consistent and quality-controlled life cycle information for 2630 products and services consumed in the western economy, has been used to derive product-specific ecological footprints and ecoindicator scores. Table 2 provides an overview of the product groups and the corresponding number of products considered. A subset of the total number of products and services in ecoinvent (1549 processes) was included in the data analysis to maintain homogeneity within the product groups. Ecological footprints of all 2630 products and services are included as supporting information (Appendix B). Energy production includes both heat and electricity production processes by nonrenewable energy sources (oil, hard coal, lignite, natural gas, nuclear) and renewable energy sources (hydropower, photovoltaic, wood, wind). Material production comprises many different product types, including plastics, chemicals, metals, agricultural products, and building materials. Transport includes transport of products and persons by road, ship, train, airplane, and pipelines. Waste treatment represents various types of land fill, incineration, recycling, and wastewater. Finally, infrastructural processes include all types of infrastructure, such as power plants, furnaces, and lorries.

# Politics

## 1NC

#### Fiscal cliff will pass but PC’s key

Kimberly Atkins 11-8, Boston Herald columnist, “Prez returns to D.C. with more clout,” 11/8/12, http://bostonherald.com/news/columnists/view/20221108prez\_returns\_to\_dc\_with\_more\_clout

When President Obama returned yesterday to the White House, he brought with him political capital earned in a tough re-election fight as well as a mandate from voters — which means bold changes and bruising fights could lie ahead. ¶ The first agenda item is already waiting for him: reaching an agreement with lawmakers to avert the looming fiscal cliff. GOP lawmakers have previously shot down any plan involving tax increases. Obama’s win — based in part on a message of making the wealthiest Americans pay more — may already be paying dividends.¶ In remarks at the Capitol yesterday, House Speaker John Boehner seemed to acknowledge the GOP has to take a different tack than the obstructionism that has marred progress in the past.¶ “The president has signaled a willingness to do tax reform with lower rates. Republicans have signaled a willingness to accept new revenue if it comes from growth and reform,” Boehner said. “Let’s start the discussion there.” ¶ Obama’s fresh political clout could extend to longer term fiscal policies beyond the fiscal cliff, though don’t expect GOP pushback to vanish. House Republicans still have plenty of fight in them. ¶ Comprehensive immigration reform — designed to smooth the path to citizenship while also strengthening the nation’s borders — also will be high on the president’s priority list. But unlike in his first term, when such a plan got little more than lip service in the face of staunch GOP opposition, Obama’s 3-to-1 support from Latinos on Election Day gives him the incentive to get it done. It also robs Republicans, who learned firsthand that dwindling support from Hispanics and other minority groups is costing them dearly, of any reason to stand in the way. ¶ An influx of new female voices in the Senate could also make Obama’s next four years the “Term of the Woman,” putting a new focus on equal pay and reproductive rights. ¶ U.S. Sen. Patty Murray of Washington state, who chairs the Democratic Senatorial Campaign Committee, told reporters yesterday that having a historically high 20 women in the Senate in January won’t just mean more attention to women’s issues. She said the Senate will function better overall with “great women who have really strong voices” on board, such as U.S. Sen.-elect Elizabeth Warren. “There is no stronger advocate for middle-class Americans,” Murray said of Warren. ¶ None of this, of course, will be a cakewalk, but unlike his first term, Obama will have more power to push back.

#### Plan costs political capital

MART 8 Mergers and Acquisitions Round Table, This section includes quotes from Andrew Spitzer, Founder of the Energy and Power Group at Harris and Williams Co., and Douglas Korn of Irving Place Partners. “Combustible; The volatility of the energy sector has turned the industry upside down. Top players in the space discuss what this means for investors and how dealmakers can capitalize.,” Dec 1, Lexis

But it's also important to remember that oil is a fungible commodity and the price is set on a worldwide basis. Ultimately, we have to focus on domestic production to help with the supply issue, and, internationally, see if we can't encourage the national oil companies to open up more acreage for competition. This is a worldwide problem; not just a US problem.¶ Mergers & Acquisitions: Is it even possible, though, to completely eliminate demand for foreign oil? Is this something that could happen in our lifetime?¶ Spitzer: The economics certainly make it extremely challenging, and frankly, without the political willpower to put in a variety of reforms - whether it's CAFE standards or relieving offshore drilling inhibitors - it's not something that would get done without some form of government intervention.¶ Korn: That being said, the recent turmoil in the market and the government's response have created a very difficult fiscal situation going into 2009. You have the normal cyclical impacts of a downturn in government receipts and that overlays all of the government support to shore up the markets.¶ You have to go back to the question of whether or not there will there be the political will. There are important reasons behind why we have to become less reliant on foreign energy; from a geopolitical point of view, from a carbon emissions point of view. But how now you have to ask, "How do we make that happen in an environment where the government will be under some severe fiscal constraints." That's going to be the real challenge.¶ Spitzer: And regulation is effectively a silent taxation policy. So instituting that in the face of the pocketbook issues that people are dealing with is going to be tough. **Any administration would have to burn a lot of** political capital **to push through an energy policy** that tries to accomplish what either candidate proposed.

#### Sequestration destroys US global military power---triggers multiple scenarios for nuclear war

Hunter 9/30 Duncan is a U.S. Representative from Alaska. “SEQUESTRATION SENDS WRONG MESSAGE TO U.S. FRIENDS AND FOES ALIKE,” 2012, http://www.utsandiego.com/news/2012/sep/30/tp-sequestration-sends-wrong-message-to-us/?page=1#article

Over the next 10 years, because of **sequestration**, the Pentagon will be forced to absorb $500 billion in budget cuts that **will** **strike at the heart of America’s military**. Making this even more dangerous is the fact that the legislation triggering sequestration, the Budget Control Act, also imposed an additional $450 billion in defense budget cuts for a total of nearly $1 trillion of reductions over the next decade. The next 10 years are sure to be no different from the last. In the Middle East, Iranis desperately searching to fill a regional power vacuum and enhance its weapons program**, while threatening to** close the Strait of Hormuz **and targeting Israel** with unapologetic provocation. Meanwhile, the United States still has an obligation to Iraq. There is a necessity for diplomatic support and engagement, even though the ground combat mission is over. Africa is also experiencing power struggles of its own. The situations in Libya and Egypt are evolving, while Yemen and Somalia are acting as staging grounds for al-Qaeda. There is also the threat of Somali pirates in international waters. Multiple high-profile hostage situations and combat rescues show just how serious of a threat that rogue bands of pirates are to naval and commercial shipping lanes. **There is also the threat of** North Korea **with its aggressive pursuit of advanced aerial weaponry,** Russia **with its focus on arms modernization, and** China **with its large-scale and rapid military buildup.** China’s **display of hostility toward** Taiwan — a friend and ally of the United States — **also shows no sign of diminishing**. With all of this, more than 70,000 American troops are in Afghanistan, facing down a dangerous enemy. For the United States and other nations, interest in Afghanistan and the region will continue long after the last of the coalition ground forces leave and the next phase of the mission begins. **Ignoring America’s obligation as a world leader and the patchwork of threats that exist today won’t eliminate the risk posed by an Iran that one day acquires nuclear weapons or a North Korea that eventually acquires effective strike capabilit**y. More likely, **these and other threats will develop more quickly and efficiently, putting the** global interests **of the U.S. directly in the cross hairs.** Through a robust national defense, the United States has always sent a clear message around the world that American intentions are good and we stand by our allies. **The strength of the U.S. military has** dissuaded conflict **and suggested to adversaries that challenging freedom is a losing proposition**. **It was this deterrent**, in fact, **that won the Cold War and turned the U.S. military into the world’s most effective fighting force.** Sequestration would change all of this**, for the worse.** In the words of Defense Secretary Leon Panetta, sequestration is a “nutty formula, and it’s goofy to begin with, and it’s not something, frankly, that anybody responsible ought to put into effect.” He also said **sequestration is the equivalent of “**shooting ourselves in the head**.”** Tough words, but Secretary Panetta is right. Sequestration would produce **the smallest ground force since 1940**, the smallest Navy since 1915 and the smallest tactical fighter force in Air Force history. Ironically, the president’s defense policy shift to the Pacific increases reliance on the Navy, but with the smallest fleet in nearly a century, controlling the oceans and projecting force will become an even more difficult and selective process, requiring prioritization that would create vulnerabilities elsewhere. Resetting America’s armed forces after a decade-plus of combat action is another necessity that cannot be overlooked. There is also a guarantee of pink slips throughout the uniformed services and every industry that directly supports the U.S. military. In San Diego, the military sustains hundreds of thousands of jobs, and billions of dollars in economic productivity. San Diego — even for all of its strategic value — is not immune to job loss and other economic impacts accompanying deep budget cuts. Sequestration is a term Americans should get to know and understand, because it will have real and lasting consequences if left unchecked. The upside is that the risks and dangers can be avoided as long as Congress and the president act in the coming months. The clock is ticking to stave off sequestration — a move that **would signal to our friends and enemies alike that we uphold our promises and stand ready to defend our interests against any threat.**

**Extinction**

Thomas P.M. **Barnett 11** Former Senior Strategic Researcher and Professor in the Warfare Analysis & Research Department, Center for Naval Warfare Studies, U.S. Naval War College American military geostrategist and Chief Analyst at Wikistrat., worked as the Assistant for Strategic Futures in the Office of Force Transformation in the Department of Defense, “The New Rules: Leadership Fatigue Puts U.S., and Globalization, at Crossroads,” March 7 http://www.worldpoliticsreview.com/articles/8099/the-new-rules-leadership-fatigue-puts-u-s-and-globalization-at-crossroads

It is worth first examining the larger picture: We live in a time of arguably **the greatest structural change in the global order yet endured**, with this historical moment's most amazing feature being its relative and absolute **lack of mass violence**. That is something to consider when Americans contemplate military intervention in Libya, because if we do take the step to prevent larger-scale killing by engaging in some killing of our own, we will not be adding to some fantastically imagined global death count stemming from the ongoing "megalomania" and "evil" of American "empire." We'll be engaging in the same sort of system-administering activity that has marked our **stunningly successful stewardship of global order** since World War II. Let me be more blunt: As the **guardian of globalization**, the U.S. military has been the **greatest force for peace the world has ever known**. Had America been removed from the global dynamics that governed the 20th century, the **mass murder never would have ended**. Indeed, it's entirely conceivable **there would now be no identifiable human civilization left, once nuclear weapons entered the killing equation.** But the world did not keep sliding down that **path of perpetual war**. Instead, America stepped up and changed everything by **ushering in our now-perpetual great-power peace**. We introduced the **international liberal trade order known as globalization** and played loyal Leviathan over its spread. What resulted was the collapse of empires, **an explosion of democracy**, the **persistent spread of human rights**, the liberation of women, **the doubling of life expectancy**, a roughly **10-fold increase in adjusted global GDP** and a **profound and persistent reduction in** battle deaths from **state-based conflicts.** That is what American "hubris" actually delivered. Please remember that the next time some TV pundit sells you the image of "unbridled" American military power as the cause of global disorder instead of its cure. With self-deprecation bordering on self-loathing, we now imagine a post-American world that is anything but. Just watch who scatters and who steps up as the Facebook revolutions erupt across the Arab world. While we might imagine ourselves the status quo power, we remain the world's most vigorously revisionist force. ¶ As for the sheer "evil" that is our military-industrial complex, again, let's examine what the world looked like before that establishment reared its ugly head. The last great period of global structural change was the first half of the 20th century, a period that saw **a death toll of about 100 million across two world wars**. That comes to an average of 2 million deaths a year in a world of approximately 2 billion souls. Today, with far more comprehensive worldwide reporting, researchers report an average of less than 100,000 battle deaths annually in a world fast approaching 7 billion people. Though admittedly crude, these calculations suggest a 90 percent absolute drop and a **99 percent relative drop in deaths due to war**. We are **clearly headed for a world order characterized by multipolarity**, something the American-birthed system was designed to both encourage and accommodate. But given how things turned out the last time we collectively faced such a fluid structure, **we would do well to keep U.S. power**, in all of its forms, deeply embedded in the geometry to come.

## 1NR

### Turns Case

#### Cliff turns the case---creates investor uncertainty that prevents commercialization

Malone 9/26 Scott is a Reuters writer. “Analysis: Corporate America sweats as U.S. nears fiscal cliff,” 2012, http://www.reuters.com/article/2012/09/27/us-usa-economy-fiscalcliff-idUSBRE88P1PX20120927

Top U.S. executives have less confidence in the business outlook now than at any time in the past three years - and a key reason is fear of gridlock in Washington over the fiscal deficit and tax policy. **The uncertainty**, coupled with slowing demand in Asia and Europe, **is forcing corporate leaders to postpone decisions on** major investments and hiring, and hurting sales of everything from textbooks to telephone lines. "If we don't deal with the fiscal cliff and don't deal with predictability on taxes for both citizens and business, with the rest of the world in a struggling state, this is really bad for us," John Chambers, CEO of network equipment maker Cisco Systems Inc (CSCO.O), told Reuters on Tuesday. Some 34 percent of U.S. CEOs plan to cut jobs in the United States over the next six months, up from 20 percent a quarter ago, according to a Business Roundtable survey released on Wednesday. Only 30 percent plan to raise capital spending, compared with 43 percent previously. The group's index of CEO confidence fell to its lowest point since the third quarter of 2009, when the United States had just emerged from its worst recession in 80 years. The main culprit is the fiscal cliff -- Washington's self-imposed year-end deadline to agree on a plan to shrink the federal budget or trigger $600 billion in spending cuts and higher taxes that were put in place last summer. The sharpest pain would be felt by the defense and healthcare sectors, which face direct funding cuts. But any **resulting slowdown could send shockwaves across the economy.**

### AT Recession Inev

#### The economy’s growing steadily now, but fiscal cliff would trigger global collapse

Schoen 11/7 John, NBC News. “Obama victory clouded by looming fiscal battle with Congress,” 2012, http://www.nbcnews.com/business/economywatch/obama-victory-clouded-looming-fiscal-battle-congress-1C6892841

The slow, steady improvement in the economy that helped Obama defeat Republican nominee Mitt Romney Tuesday is in peril if he can’t quickly forge agreement with a still-divided Congress on a new budget that delays steep tax increases and deep spending cuts.¶ The so-called “fiscal cliff” – set to take effect Jan.1 – is a doomsday budget package Congress enacted in 2011 to try to force compromise on a series of bitterly divisive policy choices. The budget package is a witch's brew of harsh measures designed to inflict political pain as widely as possible, the better to prompt all sides to reach the compromise that would prevent it from taking effect.¶ The law slashes Obama’s popular payroll tax cut, cancels extended jobless benefits, imposes deep cuts in Medicare reimbursements to doctors, exposes millions of Americans to the dreaded Alternative Minimum Tax, eliminates tax deductions for state and local sales taxes and child care tax credits (among others), takes a meat ax to defense spending and slashes “discretionary” spending – on everything from education to homeland security – by as much as 10 percent.¶ Economists and politicians, including Federal Reserve Chairman Ben Bernanke, have warned it would almost certainly wipe out any progress the White House has made in reviving the economy and creating jobs.¶ Concern about the fiscal cliff was among the factors driving down stock prices sharply in a post-election slump. The Dow Jones industrial average was down nearly 300 points in its biggest one-day slump in nearly a year, pushing the benchmark index below the 13,000 level before it recovered slightly.¶ Recent reports have shown the economy picking up strength. Growth in U.S. gross domestic product, though still sluggish, picked up to a 2.0 percent annual pace in the third quarter from a 1.3 percent rate in the second. After a pause this spring, the pace of hiring picked up this summer, with employers now adding some 175,000 new jobs a month to payrolls. Consumers are spending more on big-ticket items, like cars and appliances.¶ A prolonged budget impasse would reverse those gains. The hit to consumer spending from higher taxes, along with the loss of government spending, would knock 3 to 4 percent from GDP, according to the Congressional Budget Office.¶ Related: Stocks plunge on worries about fiscal cliff, Europe¶ "If we go back into recession, we will likely pull the global economy with us," said Ameriprise Financial economist Russell Price. "The longer a (budget) deal takes, the longer the economy suffers. It’s just that simple."

### Will Pass

#### Obama momentum ensures compromise and no punting

Cohen 11/9 Tom is a writer for CNN. “Obama calls on House to pass tax hikes for wealthy,” 2012, http://www.cnn.com/2012/11/09/politics/obama-fiscal-cliff/index.html?utm\_source=feedburner&utm\_medium=feed&utm\_campaign=Feed%3A+rss%2Fcnn\_allpolitics+%28RSS%3A+Politics%29&utm\_content=Google+Reader

Washington (CNN) -- Flush with **re-election vigor**, President Barack Obama called Friday for House Republicans to immediately pass a bill already approved by the Senate to extend current tax rates for middle class Americans while allowing a tax hike for wealthier citizens.¶ In his first public comments since winning Tuesday's vote, Obama expressed openness to negotiate with Congress on how to deal with pending tax hikes and spending cuts that create the so-called fiscal cliff facing the economy at the end of the year.¶ However, he also repeated a longstanding demand from well before the election that Republican opponents to any kind of tax increase relent to the will of the White House and the Senate, and now the American people as well, on letting tax rates increase on income over $250,000.¶ Nobody in either party wants the middle class, identified as families making less than $250,000 a year, to see taxes increase at the end of the year when lower rates set during the administration of former President George W. Bush will expire, Obama said.¶ "That makes no sense. It would be bad for the economy," he told a White House gathering of what aides described as middle class Americans. "Let's extend middle class tax cuts right now. Let's do that right now. That one step would give millions of families, 98% of Americans, 97% of small businesses, the certainty that they need going into the new year."¶ Noting the Senate previously passed a bill to extend the tax cuts to the middle class, but not income over $250,000, Obama said "all we need is action from the House."¶ "I've got the pen," he said, reaching into his pocket to hold one up as the crowd applauded. "I'm ready to sign the bill right away. I'm ready to do it."¶ The president also announced he invited congressional leaders from both parties to the White House next week to launch talks on finding a solution to the fiscal cliff, as well as consensus on how to strike a comprehensive deal to reduce the nation's chronic federal deficits and debt.¶ While offering to consider unspecified reforms to costly entitlement programs sought by Republicans, Obama' s initial salvo in what will be a long and tough negotiation signaled **he was unwilling to back down** on the tax issue that was a central theme of his election campaign.¶ "Our job now is to get a majority in Congress to reflect the will of the American people," the president said.¶ Obama and House Speaker John Boehner are positioned as the lead negotiators in a showdown between Democrats and Republicans over the issue identified by voters as a top priority: reducing the chronic federal deficits and debt considered a threat to economic prosperity and national security.¶ Boehner, R-Ohio, signaled a willingness to deal on Friday but also maintained hard-line GOP opposition to any tax increase.¶ "Raising tax rates will slow down our ability to create the jobs everyone says they want," Boehner said at a news conference, noting that higher taxes on the wealthy will hit small business owners.¶ But he also said that "everything on the revenue side and on the spending side has to be looked at."¶ Boehner called on Obama to take the lead in offering a workable plan that Republicans can accept but stopped short of providing details, saying: "I don't want to limit the options available to me or limit the options that might be available to the White House."¶ Asked if tea party conservatives or others in his caucus might oppose an agreement they don't like, Boehner responded: "When the president and I have been able to come to an agreement, there has been no problem in getting it passed here in the House."¶ Obama was scheduled to deliver a statement on the economy at the White House later on Friday.¶ **Boehner's hand was weakened by the election results** Tuesday that returned Obama to the White House, broadened the Democratic majority in the Senate and slightly narrowed the Republican majority in the House.¶ Pawlenty: Fiscal cliff can be solved Consequences of failing to compromise¶ Retiring GOP Rep. Steve LaTourette of Ohio told CNN that a poll commissioned by centrist Republicans showed that voters wanted Congress to fix the nation's fiscal problems rather than cling to political orthodoxy.¶ "They didn't send the same bunch back to town in this election because they love what they're doing," LaTourette said. "They sent him back because they don't trust either side, but they do expect them to get this thing done."¶ While the result was another split Congress like the current session that has become a symbol of legislative dysfunction, both sides have signaled a possible new openness to an agreement that was unreachable in the past two years.¶ In the final days of the campaign, Vice President Joe Biden referred to private talks with members of Congress on the pending fiscal impacts of expiring tax cuts and mandatory budget cuts. This week, Boehner called on Obama to work with him to complete a comprehensive deficit reduction agreement -- the "grand bargain" that eluded them last year.

### AT: Pounders

#### It’s top of the agenda---nothing else comes before it

Espo 11/8 David is a writer for the Associated Press. “AVERTING ‘FISCAL CLIFF’ MOVES TO TOP OF AGENDA,” 2012, http://webcache.googleusercontent.com/search?q=cache:6H1SIjsXWsoJ:www.utsandiego.com/news/2012/nov/08/tp-averting-fiscal-cliff-moves-to-top-of-agenda/+&cd=6&hl=en&ct=clnk&gl=us

AVERTING ‘FISCAL CLIFF’ MOVES TO TOP OF AGENDA¶ WASHINGTON — One day after a bruising, mixed-verdict election, President Barack Obama and Republican House Speaker John Boehner both pledged Wednesday to seek a compromise to avert looming spending cuts and tax increases that threaten to plunge the economy back into recession.¶ Added Senate Majority Leader Harry Reid, D-Nev.: “Of course” an agreement is possible.¶ While all three men spoke in general terms, Boehner stressed that Republicans would be willing to accept higher tax revenue under the right conditions as part of a more sweeping attempt to reduce deficits and restore the economy to full health.¶ While the impending “fiscal cliff” **dominates** the postelection agenda, the president and Republicans have other concerns, too.¶ Obama is looking ahead to top-level personnel changes in a second term, involving three powerful Cabinet portfolios at a minimum.¶ And Republicans are heading into a season of potentially painful reflection after losing the presidency in an economy that might have proved Obama’s political undoing. They also have fallen deeper into the Senate minority after the second election in a row in which they lost potentially winnable races by fielding candidates with views that voters evidently judged too extreme.

### AT: Punting Solves

#### Punting collapses the economy---market perception---specifically triggers debt downgrade

Barno 11/7— retired Lieutenant General of the United States Army. Master’s in National Security and Strategic Studies from Georgetown University—Dr. Nora Bensahel is Deputy Director of Studies and a Senior Fellow at the Center for a New American Security—AND Joel Smith and Jacob Stokes; Research Assistants at the Center for a New American Security (Brace Yourself, www.foreignpolicy.com/articles/2012/11/07/brace\_yourself?page=full)

However, the effects of a delay would differ from those of a grand bargain in one significant regard: **the potential market reaction**. Financial markets may react poorly if the deficit reduction measures enacted in the Budget Control Act of 2011 are delayed without having reached a bigger deal, because it would signal that Washington lacks the political will to solve its fiscal problems. Both Fitch Ratings and Moody's Investor Services have warned of a **credit downgrade** if Congress and the president do not reach an agreement that prevents the country from going off the fiscal cliff, increases the U.S. debt ceiling, and creates a plan for reducing the budget deficit and stabilizing the federal debt. As former Senators Sam Nunn and Pete Domenici wrote in October, "Absent more constructive action, simply postponing when we go over the cliff could hurt business confidence, worry investors and lead to another disruptive debate over raising the debt ceiling."

**That collapses the global economy**

**Goldwein 11** (Marc, senior policy analyst for the fiscal policy program at the New America Foundation and former Associate Director of the National Commission on Fiscal Responsibility and Reform, The Atlantic, 8/11, Drawing a AAA-Road Map for Post-Downgrade America, <http://www.theatlantic.com/business/archive/2011/08/drawing-a-aaa-road-map-for-post-downgrade-america/243463/>)

Rather than going up, interest rates have actually fallen a bit since the rating downgrade. This is not inconsistent with what has happened to other AAA-downgraded countries, where interest rate effects have generally been quite small. ... Okay, Panic a Little If rating downgrades don't augur immediate crises, they tend to indicate trouble on the horizon. Of the 10 other countries that have been downgraded from AAA, eight experienced further downgrades and five have still never recovered their AAA rating. Deeper downgrades have been associated with interest rate spikes, and the fact that both S&P and Moody's have us on a negative outlook suggests that more downgrades could be in our future. What are the consequences of **further downgrades?** The most direct one could be higher interest rates, as investors insist on a risk premium. Even a 0.1 percent increase in interest rates would mean an additional $130 billion in government spending on interest over the next 10 years that we would have to offset in hiring taxes or fewer investments to meet the same debt goal. A 0.7% increase in interest rates would be enough to erase all of the gains from the recent debt deal. In addition, higher interest rates could reverberate throughout the market, impacting everything from mortgages to small business loans - and ultimately leading to something economists call "crowd out," where fewer dollars go into growth-driving investments. The biggest concern, though, should be that these **rating downgrades could advance the day of a fiscal crisis.** Atsome point, if we don't make some changes, **investors will lose confidence** in our nation's ability to make good on its debt. When that occurs, it is possible we could experience a global economic crisis akin to the financial crisis of 2009, **except with no one available to bail out the U.S.** government. It's Not About the Money The United States has a higher burden of gross debt than any other AAA-rated country in the world. We're also the only country besides Finland to expect our debt share to grow through 2016. Our entitlement programs are growing uncontrollably as a result of an aging population and rapid health care cost growth - structural problems that make it difficult to deal with our debt.

### AT: No Sequester Impact

#### **Sequestration tanks heg---kills readiness, military modernization, flexibility, and perceptions of security assurances---our evidence is more qualified**

BPC 12 Bipartisan Policy Center's Task Force on Defense Budget and Strategy. Co-Chairs: Senator Pete Domenici, Former Chairman of the U.S. Senate Budget Committee and Senior Fellow at the BPC, Secretary Dan Glickman, Former U.S. Agricultural Secretary and Former Chairman of the U.S. House Select Intelligence Committee and Senior Fellow at the BPC, and General James Jones, Former National Security Advisor and Former Commander of U.S. European Command and Senior Fellow at the BPC. Members: Dr. Graham Allison, Director of the Belfer Center at Harvard, Ross Perot, General Peter Chiarelli, Former Vice Chief of Staff of the U.S. Army, Major General Arnold Punaro, Senior Fellow of the Defense Business Board and Former Staff Director of the U.S. Senate Armed Services Committee, Admiral Greg Johnson, Former Commander of U.S. Naval Forces in Europe, Dr. Abram Shulsky, Senior Fellow at the Hudson Institute, General George Joulwan, Former Commander of U.S. European Command, General Charles Wald, Former Deputy Commander of U.S. European Command, Read Admiral David Mercer, Former Commander of Navy Region Europe, Dr. Dov Zakheim, Former Under Secretary of Defense, and Dr. Michael O'Hanlon, Senior Fellow at the 21st Century Defense Initiative at the Brookings Institution. "Indefensible: The Sequester’s Mechanics and Adverse Effects on National and Economic Security," June, http://bipartisanpolicy.org/sites/default/files/6-7-12%20FINAL%20Sequester%20White%20Paper.pdf

Note: Charts omitted

The FY 2013 sequester will replace the ability of elected leaders to set defense policy with a procedure that will indiscriminately cut 15 percent from defense programs. Indeed, at a time when the military is reorienting its missions to new strategic priorities and seeking to modernize its forces as two major land wars wind down, **these across-the-board cuts will make it significantly more difficult to ensure** readiness**, procure** new weapons **systems, and invest in** new tech**nology to meet** emerging threats. ¶ The president is charged with defining the threats that the United States is likely to confront and a strategic vision for how to avoid or defeat them. The Pentagon contributes to formulating that strategy, and is responsible for ensuring that our forces are prepared and have the necessary equipment to enact it. Through the authorization and appropriations processes, lawmakers are able to modify that blueprint to best serve the security interests of the nation. But on January 2, 2013, the views of the president, Pentagon, and Congress will matter little. ¶ The sequester will deprive all three of these stakeholders of their power to shape the country’s defense policy. Instead, a mechanism that uniformly slashes 15 percent from most defense budget accounts will take the place of the best judgments of our elected representatives and their appointed officials about what is needed to keep us safe. ¶ Such cuts, **blind to strategic priorities**, will leave the U.S. military unable to implement effectively any credible national security strategy – whether President Obama’s or any other one – because arbitrary reductions will have taken the place of deliberative planning. Cuts made in this fashion will eliminate almost all of DoD’s discretion to preserve funding for the most important and efficient national security missions and capabilities. ¶ As an example, consider the administration’s Strategic Guidance issued in January 2012 and the capabilities that the Pentagon has deemed necessary. This new strategy highlights that “U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia,” 17 and therefore, “we will of necessity rebalance toward the Asia-Pacific region.” Accomplishing this, according to the Pentagon, will require the military to shift toward a leaner, more agile force – one that can effectively project its power across the vast distances of the Pacific Ocean. Accordingly, military planners have identified the need for greater investment in technologically-superior air-, sea- and cyber-power at the cost of heavy ground forces. Additionally, after 10 years of war, military leaders have made it clear that our troops need to recover and aging equipment needs to be repaired. ¶ The Pentagon’s budget request for FY 2013 reflects these priorities – increasing funding for weapons platforms that support power projection and other missions critical to the new strategy, and cutting money for programs that military leaders no longer have deemed to be as critical. As Secretary Panetta told an Asian security conference on June 2, 2012: ¶ We are investing specifically in those kinds of capabilities – such as an advanced fifth-generation fighter, an enhanced Virginia-class submarine, new electronic warfare and communications capabilities, and improved precision weapons – that will provide our forces with freedom of maneuver in areas in which our access and freedom of action may be threatened. We recognize the challenges of operating over the Pacific’s vast distances. That is why we are investing in new aerial-refueling tankers, a new bomber, and advanced maritime patrol and anti-submarine warfare aircraft. 18 ¶ DoD’s budget request strives to meet the demands of the president’s new defense strategy while roughly abiding by the original BCA cap levels for defense spending, lowering the base defense budget by about $5 billion compared to FY 2012, but without accounting for the sequester’s further automatic cuts. ¶ Our analysis, however, indicates that the sequester will greatly constrain the Pentagon’s ability to execute any of these strategic shifts in its procurement, planning, and training. Without meaningful reforms, inefficiencies in the defense budget are already eroding funds needed to train, equip, and deploy our forces. Now, the combination of continued FY 2012 funding, which does not reflect the president’s new strategic priorities, and the indiscriminate 15 percent sequester cut mean that funds available to DoD on January 2, 2013, will differ greatly from those it requested. Indeed, some priority projects might receive as much as 75 percent less funding than the Pentagon determined was needed for FY 2013. Conversely, weapons systems for which DoD has requested reduced funding because of their lower priority in light of the new strategy could receive as much as nine times more funding than requested. ¶ More specifically, our calculations indicate that refurbishment of the nearly 25-year-old USS Abraham Lincoln aircraft carrier, development and purchases of a new aerial refueling tanker, and funding for resetting and retraining troops could be cut by 72, 57, and 42 percent, respectively, relative to the Pentagon’s FY 2013 request. Additionally, funding could fall roughly $1.7 billion short of the nearly $4 billion requested by DoD and Homeland Security for investments in the personnel, technology, and infrastructure needed to protect our sensitive computer networks by developing offensive cyber capabilities. Simultaneously, funding for Heavy Tactical Vehicles, the M-1 Abrams tank, and Stryker armored vehicles – all ground vehicles that serve little purpose in the Asia-Pacific region – could be increased by 934, 442, and 107 percent, respectively, over the Pentagon’s request for FY 2013. ¶ Thus, the sequester will leave military leaders with some combination of three options, each of which will increase risks and costs: ¶ • Indefinitely delay implementation of the new strategy, and accept the strategic risks that would flow from not moving to address the threats identified in the Strategic Guidance. ¶ • Attempt to pursue the new strategy with fewer of the new capabilities and weapons platforms than the Pentagon has deemed necessary, and accept the operational risks that come from not having enough of the right tools for the job and lower force readiness. ¶ • Make do with the older weapons systems that DoD already possesses, and accept the tactical and safety risks of using outdated technology that does not fulfill the requirements of current missions, and is also more likely to fail. ¶ The first two options cause contract delays, reductions, and renegotiations, contributing to increases in per-unit costs. The last option will result in increased maintenance costs, as antiquated planes, ships, and helicopters are pushed beyond their expected service lives. Either way, the military eventually will need some of the weapons that the sequester will keep us from purchasing today. Indeed, nearly one-quarter of our ships failed inspection last year. The average age of our fighter jets is 22 years, our bombers 35 years, and our aerial refueling tankers 47 years. The longer we put off modernizing our armed forces, the greater the risk to our troops and the greater the eventual procurement costs will be, defeating the very logic of deficit reduction. ¶ Meanwhile, although China’s military power is still inferior to that of the United States, Beijing’s actions – and fear of its intentions – have already led many regional countries to look to the United States for security guarantees and cooperation. **If U.S. commitment to these alliances is perceived to be weakening, or our ability to defend them waning, our partners could feel pressured to accommodate China’s growing ambitions.** ¶ At a time when the military is reconstituting itself as two major land wars wind down, being called upon to reorient its missions to new strategic priorities and seeking to modernize its forces, across-the-board cuts will make it significantly more difficult to properly ensure readiness, procure new weapons systems, and invest in new technology to meet emerging threats. As a result, **the U.S. military will be left in a holding pattern, trying to make do with yesterday’s military to fight tomorrow’s wars.**

#### Cuts make the US a paper-tiger

CBS 11 "How automatic defense cuts would hit U.S." www.cbsnews.com/8301-18563\_162-57329910/how-automatic-defense-cuts-would-hit-u.s/, 11/22

A lot of folks in the defense industry could lose their jobs. Congress' failure to bring the federal budget under control means that in a little more than a year, across-the-board cuts in federal spending would be automatic, and **half** of them **will come from the Defense Department**, CBS News national security correspondent David Martin reports.¶ To hear Defense Secretary Leon Panetta tell it, automatic spending cuts would be "devastating" to national defense.¶ "It's a ship without sailors," he said. "It's a brigade without bullets. It's an air wing without enough trained pilots. It's a paper tiger."¶ In a letter to Capitol Hill, Panetta provided specific examples of what he believes the cuts -- which would reduce defense spending by $1 trillion during the next 10 years -- might mean.¶ **The smallest ground force since the beginning of World War II¶ The smallest fleet since World War I¶** And what he says would be **the smallest fighter force in Air Force history.**

### Link Wall

#### No turns---liberals hate the plan and conservatives won’t give Obama credit for it

Walsh 11, Bryan, TIME Senior editor, November 9, “Why Obama’s Offshore Drilling Plan Isn’t Making Anyone Happy,” http://science.time.com/2011/11/09/why-obamas-offshore-drilling-plan-isnt-making-anyone-happy/#ixzz26snhDbbI

Nonetheless, Obama has set a target of reducing U.S. oil imports by a third by 2025, and greater domestic oil production is going to have to be a part of that—including oil from the Arctic. Unfortunately for the President, no one’s likely to cheer him. Conservatives and the oil industry won’t be happy until just about every square foot of the country is available for drilling—though it is worth noting that oil production offshore has actually increased under Obama—and environmentalists aren’t going to rally to support any sort of expanded drilling. With energy, as with so many other issues for Obama, it’s lonely at the center.

#### Relaxing drilling restrictions empirically causes backlash---no risk of offense

Broder 10 John is a writer for the New York Times. “Obama to Open Offshore Areas to Oil Drilling for First Time,” March 31, http://www.nytimes.com/2010/03/31/science/earth/31energy.html?\_r=0

But while Mr. Obama has staked out middle ground on other environmental matters — supporting nuclear power, for example — the sheer breadth of the offshore drilling decision will take some of his supporters aback. **And it is no sure thing that it will win support** for a climate bill **from undecided senators close to the oil industry**, like Lisa Murkowski, Republican of Alaska, or Mary L. Landrieu, Democrat of Louisiana.¶ The Senate is expected to take up a climate bill in the next few weeks — the last chance to enact such legislation before midterm election concerns take over. Mr. Obama and his allies in the Senate have already made significant concessions on coal and nuclear power to try to win votes from Republicans and moderate Democrats. The new plan now grants one of the biggest items on the oil industry’s wish list — access to vast areas of the Outer Continental Shelf for drilling.¶ But even as Mr. Obama curries favors with pro-drilling interests, he risks a backlash from some coastal governors, senators and environmental advocates, who say that the relatively small amounts of oil to be gained in the offshore areas are not worth the environmental risks.

### AT: GOP Olive Branch

#### Democratic unity is key to avoiding a delay on a fiscal cliff deal---more important than leverage over Republicans---Obama has to convince liberal democrats to agree to spending cuts in exchange for revenue

Matt Yglesias 10-24, writer for Slate, “Obama's Waning Leverage With the Democratic Party Left,” 10/24/12, http://www.slate.com/blogs/moneybox/2012/10/24/obama\_s\_fiscal\_cliff\_leverage\_growing\_with\_republicans\_shrinking\_with\_liberal.html

The Democratic Party contains much larger ideological fissures than the Republican Party, and one of those fissures is that the Obama administration favors cuts in Social Security and Medicare spending that liberal Democrats don't like. Part of Obama's strategy for maintaining Democratic Party unity as he pursues his fiscal policy agenda has been to take advantage of the fact that these same liberal Democrats generally believe that taxes—especially on the wealthy—are too low.

So part of the hypothetical "grand bargain" is that Obama gives Congressional Republicans spending cuts that they want in exchange for giving him revenue increases that he wants. But another part of the hypothetical grand bargain is that liberals give Obama spending cuts that he wants as part of a package deal that includes tax hikes that liberals want.

And even as Obama muses about fiscal cliff dynamics giving him leverage over the GOP to get a grand bargain his objective leverage over liberals is waning. As I wrote in my piece making the case for leaping off the fiscal cliff, once the New Year begins the idea of a taxes-for-cuts bargain becomes irrelevant. With the Bush tax cuts fully expired, taxes will be higher than Obama wants as well as (much) higher than Republicans want. The relevant tax bargain will then be between Obama and the GOP over how much to cut taxes. Whatever the outcome of that agreement, it leaves you with nothing to take to liberals in exchange for spending cuts.

#### Obama can only lose political capital by advocating offshore drilling

Hobson 4/18 Margaret is a writer for E&E Publishing. “OFFSHORE DRILLING: Obama's development plans gain little political traction in years since Gulf spill,” 2012, http://www.eenews.net/public/energywire/2012/04/18/1

President Obama is embracing the offshore oil and gas development policies he proposed in early 2010 but were sidelined in the shadow of the Deepwater Horizon oil spill.¶ Two years after the BP PLC oil rig exploded, killing 11 people and causing the worst oil spill in U.S. history, Obama's "all of the above" energy policy includes offshore drilling provisions that are nearly identical to his aggressive March 2010 drilling plan.¶ Since the moratorium on offshore oil drilling ended in late 2010, the administration expanded oil and gas development in the western and central Gulf of Mexico and announced plans for lease sales in the eastern Gulf. The White House appears poised to allow Royal Dutch Shell PLC to begin exploring for oil this summer in Alaska's Beaufort and Chukchi seas and to open oil industry access to the Cook Inlet, south of Anchorage. The administration is also paving the way for oil and gas seismic studies along the mid- and south Atlantic coasts, the first such survey in 30 years.¶ While opening more offshore lands to oil and gas development, the Obama administration has also taken steps to make offshore oil drilling safer, according to a report card issued yesterday by Oil Spill Commission Action, an oversight panel formed by seven members of President Obama's oil spill commission.¶ That report criticized Congress for failing to adopt new oil spill safety laws but praised the Interior Department and industry for making progress in improving offshore oil development safety, environmental protection and oil spill preparation.¶ An environmental group was less complimentary. A report yesterday by Oceana charged that the measures adopted by government and industry are "woefully inadequate."¶ As the 2012 presidential campaign heats up and gasoline prices remain stuck near $4 per gallon, Obama's offshore oil development policies aren't winning him **any political capital.** The environmental community hates the drilling proposals. The Republicans and oil industry officials complain that the White House hasn't gone far enough. And independent voters are confused by the president's rhetoric.

## 2NR

### Uq

#### GOP agrees

Montgomery and Goldfarb 11/6 Lori and Zachary are writer for the Washington Post. “Fresh from reelection, president finds himself on edge of ‘fiscal cliff’,” 2012, http://www.washingtonpost.com/politics/decision2012/fiscal-cliff-clock-starts-in-earnest-as-election-fades-to-background/2012/11/06/c4dfde6e-27b2-11e2-b2a0-ae18d6159439\_story.html

President Obama returns to Washington from the campaign trail Wednesday to face an epic year-end battle over taxes and spending that could ultimately tame the national debt and advance his ambitions for a second term.¶ The president, who won reelection late Tuesday, must now confront the “fiscal cliff,” nearly $500 billion in automatic tax hikes and spending cuts set to take effect in January that could throw the nation back into recession.¶ If Obama can engineer a compromise to avert the cliff with the freshly reelected Republican House, he could set the stage for progress on other second-term priorities, including immigration reform, climate change and investments in education and manufacturing. Such a compromise could also infuse fresh energy into an economic recovery that has suffered from uncertainty over the future of federal budget policies.¶ “Getting a deal on long-term fiscal soundness is paramount to move forward and to see the economy really keep improving,” said Bill Daley, Obama’s former chief of staff. It will also “give confidence that the political system can address a major issue.”¶ With Congress scheduled to return to Washington next week for a post-election legislative session**, policymakers will have just 49 days to reach consensus**. At stake is the fate of dozens of expiring tax breaks — including lower rates for all taxpayers adopted during the George W. Bush administration — and deep cuts to the Pentagon and other agency budgets.¶ Obama has threatened to veto legislation to avert the cliff that extends the Bush tax rates for the wealthy. After a campaign focused heavily on that pledge, Democrats say **the president is prepared to draw a firm line in the sand**, even if it means letting one of the largest tax hikes in U.S. history take effect on Jan. 1.¶ “Republicans face a choice, and the choice is theirs,” said Rep. Chris Van Hollen (Md.), the senior Democrat on the House Budget Committee. “If they want to drive off the fiscal cliff, that means they want to go into January demanding that people like Mitt Romney get a bonus tax break or nobody gets any tax relief.”¶ Despite the risks to the economy — and the potential disruption to the 2012 tax filing season — Democrats see a clear advantage to going over the cliff. In January, once the Bush tax cuts have expired, Democrats would be free to draft their own plan to cut taxes for the middle class, but not the wealthy, and dare Republicans to reject it.¶ “If you allow all the tax rates to revert, you’re talking about raising $5 trillion over 10 years,” Van Hollen said. “So Republicans will have to choose: Do they prefer $5 trillion in [new] revenue? Or something in the range of $2 trillion?” The latter revenue figure is the target amount set by the independent fiscal commission led by Democrat Erskine Bowles and former GOP senator Alan K. Simpson of Wyoming.¶ Obama’s most recent budget request called for more than $1.5 trillion in new revenue over the next decade, primarily by raising rates and limiting the value of deductions on annual income over $250,000. In the coming days, Democrats say, Obama is likely to launch a concerted public relations campaign in support of his budget plan, continuing his call for a “balanced approach” to debt reduction.¶ Republicans have long resisted any increase in taxes, and conservatives say they will not bend, even if it means letting tax rates rise across the board.¶ “It’s a difficult position to be in,” acknowledged Rep. Jim Jordan (R-Ohio), chairman of the conservative Republican Study Committee. “But just two years ago, the American people sent 65 new Republicans to the House of Representatives. And they said, ‘Don’t go there and compromise with Barack Obama. Go there and stop him.’ ”¶ House Speaker John A. Boehner (R-Ohio) took a similar stand late Tuesday after voters returned a Republican majority in the House. By renewing the GOP majority, he said during an event in Washington, “the American people have . . . made clear that there is no mandate for raising tax rates.”¶ Still, **faced with a** determined **Democratic president**, many Republicans on Capitol Hill and elsewhere say the GOP will have **few options but to compromise**.¶ ¶ “I love what John Boehner is saying, but **I have a hard time believing Republicans won’t cave**,” said GOP tax lobbyist Kenneth J. Kies. To resist Obama, “you have to be prepared to shoot the hostages. You have to be prepared to let it all expire. And it takes a lot of courage to do that.”

#### Boehner will compromise

Chicago Tribune 11/7 “Obama wins but 'fiscal cliff' looms,” 2012, http://www.chicagotribune.com/news/politics/chi-obama-fiscal-cliff-20121107,0,7326267.story?page=1

Even before Obama gets to his second inaugural on Jan. 20, he must deal with the threatened "fiscal cliff." A combination of automatic tax increases and steep across-the-board spending cuts are set to take effect in January if Washington doesn't quickly reach a budget deal. Experts have warned that the economy could tip back into recession without an agreement.¶ The top Democrat in Congress called Wednesday for a quick solution to Washington's "fiscal cliff" in an upcoming post-election session of Congress.¶ At the same time, Senate Majority Leader Harry Reid said that asking wealthier people to pay higher taxes needs to be part of any solution to the government's budget woes.¶ The Nevada Democrat told reporters in Washington he's "not for kicking the can down the road" and that any solution should include higher taxes on "the richest of the rich."¶ The fiscal cliff is the one-two punch of expiring Bush-era tax cuts and across-the-board spending cuts to the Pentagon and domestic programs that could total $800 billion next year, based on Congressional Budget Office estimates.¶ "The vast majority of the American people &#8212; rich, poor, everybody agrees &#8212; the richest of the rich have to help a little bit," Reid said.¶ A **rejuvenated Obama** still confronts a re-elected House GOP majority that stands in powerful opposition to his promise to raise tax rates on upper-bracket earners, although House Speaker John **Boehner**, R-Ohio, **has left the door open for** other forms of new revenue as part of **a deal** totackle the spiraling national debt.¶ "The American people have also made clear that there is no mandate for raising tax rates," Boehner said Tuesday night. "What Americans want are solutions that will ease the burden on small businesses, bring jobs home, and let our economy grow. **We stand ready to work** with any willing partner &#8212; Republican, Democrat, or otherwise &#8212; who shares a commitment to getting these things done."¶ The Ohio Republican is scheduled to address the issue Wednesday afternoon.¶ Reid also said he anticipates addressing the need to increase the government's borrowing cap early next year and not in the post-election session of Congress.¶ Newly elected Democrats signaled they want compromise to avoid the fiscal cliff.¶ Sen.-elect Tim Kaine, a former Virginia governor who defeated Republican George Allen, said on NBC's "Today" show that voters sent a message they want "cooperative government." But he also says the election results show that the public doesn't want "all the levers in one party's hands" on Capitol Hill.¶ From Massachusetts, Elizabeth Warren said on "CBS This Morning" that those who voted for her opponent, Republican Sen. Scott Brown, expressed a desire for lawmakers to work together. She says: "I heard that loud and clear."¶ Obama repeated his campaign slogan of moving "forward" repeatedly in a victory speech early Wednesday in his hometown of Chicago.¶ "We will disagree, sometimes fiercely, about how to get there," he said. "As it has for more than two centuries, progress will come in fits and starts. It's not always a straight line. It's not always a smooth path. By itself, the recognition that we have common hopes and dreams won't end all the gridlock, or solve all our problems, or substitute for the painstaking work of building consensus, and making the difficult compromises needed to move this country forward. But that common bond is where we must begin."¶ Former **Obama** adviser Anita Dunn told "CBS This Morning" that the president made it clear in his acceptance speech that he **will be reaching out,** and she warned GOP House leaders, representing Ohio, Virginia and Wisconsin, to keep in mind that their voters also wanted to keep Obama.¶ "Clearly there's a lot of momentum and a lot of incentive for people to work together to really find answers to the challenges," she said.¶ One of those lawmakers Dunn was referring to was GOP vice presidential nominee Paul Ryan, the Wisconsin congressman who said Wednesday that he plans to return as House Budget Committee chairman. He'll be involved in negotiations with the White House over fiscal policy, while keeping an eye on a possible presidential run in 2016.¶ Even though the tea party lost some ground with defeat of some of the movement-backed incumbents, Obama still will have to deal with a large faction of those lawmakers in the House and Senate. Republican Ted Cruz, who handily won his race for a Senate seat in Texas with tea party support, said he plans on compromising only if Obama does the same.

#### GOP will cave, but arm twisting is key

Macke 11/7 Jeff is a writer for Yahoo Finance, citing David Lutz, managing director of ETF trading at Stifel Nicolaus. “Obama Re-Elected! Now About That Fiscal Cliff…” 2012, http://finance.yahoo.com/blogs/breakout/obama-elected-now-fiscal-cliff-135809296.html

Lutz isn't expecting what he calls a "grand deal" but he does think the real horse trading and bargaining is going to begin now that the election is settled. He thinks the **Republicans are likely to give ground**, bringing higher taxes into play, but both sides will give a little bit to push the deadline back, if not come to a real resolution prior to the December 31st unofficial deadline.

#### The GOP will compromise on tax increases with presidential leadership

Berman and Wasson 11/7 Russell and Erik are writers at The Hill. “House Speaker calls for 'down payment' on 'fiscal cliff',” 2012, http://thehill.com/video/house/266669-boehner-calls-for-down-payment-on-fiscal-cliff-

In the wake of the GOP’s disappointing election, Speaker John Boehner (R-Ohio) on Wednesday signaled a willingness to accept higher tax revenues as part of a deficit cutting deal.¶ The fast-approaching deadline to stop a combination of tax hikes and spending cuts left Boehner and other leaders with little time to digest Republican Mitt Romney’s defeat on Tuesday. ¶ Leaders on both sides of the Capitol moved swiftly to stake out their positions on the fiscal cliff, with Boehner calling for a “down payment” that would lead to a farther-reaching pact in 2013 and Senate Majority Leader Harry Reid (D-Nev.) saying he did not want to see a short-term fix.¶ “I’m not for kicking the can down the road; I think we’ve done that far too much,” Reid told reporters in the Capitol. “I think we should just roll up our sleeves and get it done.”¶ The Democratic leader also cast Obama’s victory over Romney — in which the president won nearly every swing state — as overwhelming, and noted that his party gained seats in both chambers of Congress. “That’s not the status quo,” he said.¶ Boehner claimed an equal mandate with the president, on the grounds that the same voters who approved a second term for Obama also affirmed a Republican majority in the House. ¶ The Speaker, who spoke to Obama by phone Wednesday morning, had already warned that Republicans would stand firm against raising “tax rates,” including on wealthy Americans. He noted that during negotiations in 2011, Obama had endorsed tax reform that put the top rates at lower than the current 35 percent.¶ But, in a concession to Democrats, the Speaker on Wednesday said Republicans would accept a broad fiscal deal that increases tax revenue to the Treasury — the type of agreement that many conservatives consider a tax increase.¶ “For purposes of forging a bipartisan agreement that begins to solve the problem, we’re willing to accept new revenue, under the right conditions,” Boehner said. “What matters is where the increased revenue comes from, and what type of reform comes with it.¶ “Does the increased revenue come from government taking a larger share of what the American people earn through higher tax rates?” he said. “Or does it come as the byproduct of a growing economy, energized by a simpler, cleaner, fairer tax code, with fewer loopholes, and lower rates for all?”¶ Boehner previously has put higher revenues on the table in budget talks, but the timing and focus of his remarks in the aftermath of the election were seen in Washington as something of an olive branch. And while Boehner pushed for lower overall tax rates, he did not repeat the long-standing GOP demand that any increase in revenue be accompanied by equal cuts elsewhere.¶ Boehner said any new revenue must be coupled with significant spending cuts and entitlement reforms.¶ The Speaker’s remarks came as part of a carefully choreographed effort by House Republicans to assert their share of authority after a bruising defeat in the presidential and Senate elections.¶ In a rare sight, the ordinarily off-the-cuff Boehner used a teleprompter for his statement in the most formal of Capitol settings — the Rayburn room just off the House floor. He took no questions from reporters, and within minutes, Majority Leader Eric Cantor (R-Va.), Majority Whip Kevin McCarthy (R-Calif.) and the chairman of the Ways and Means Committee, Rep. Dave Camp (R-Mich.), issued statements echoing Boehner’s message.¶ One GOP leader who did not issue a statement was Rep. Paul Ryan (Wis.), the defeated vice presidential nominee who will return to the House as the chairman of the Budget Committee.¶ Before his appearance, Boehner held a conference call with House Republicans in which he exhorted his troops to stick together while working with the reelected president. “When we’re unified, we’re at our strongest. Divided we fail,” Boehner said, according to a person on the call. ¶ Boehner dismissed the possibility of achieving the grand bargain before Jan. 1.¶ “We won’t solve the problem of our fiscal imbalance overnight, in the midst of a lame-duck session of Congress,” Boehner said. “And we certainly won’t solve it by simply raising tax rates or taking a plunge off the fiscal cliff.¶ “What we can do,” the Speaker continued, “is avert the cliff in a manner that serves as a down payment on — and a catalyst for — major solutions, enacted in 2013, that begin to solve the problem.”¶ He did not describe what a “down payment” might look like, and afterward, a spokesman said only that it would be a topic for negotiation with Democrats.¶ The White House said Obama called Boehner and other congressional leaders Tuesday night and Wednesday morning.¶ “The president reiterated his commitment to finding bipartisan solutions to reduce our deficit in a balanced way, cut taxes for middle-class families and small businesses and create jobs,” the White House said in a readout of the calls.¶ And Vice President Biden suggested to reporters that the election does provide a mandate to raise taxes on the wealthy.¶ “From what it appears is that, on the … tax issue, there was a clear sort of mandate about people coming much closer to our view about how to deal with tax policy,” Biden said.¶ He said **Obama’s reelection will force Republicans to compromise with Democrats.¶** “I think the fever will break,” he said.¶ Many Democrats believe Obama derives a key advantage from the fact that the George W. Bush-era tax rates are going to expire in the absence of any congressional action. The GOP forced Obama to extend the rates for the wealthy in 2010 by tying them to the middle-class rates.¶ Liberals might feel betrayed by any move by Obama to extend the current rates for the vague promise of new revenue through tax reform in the future.¶ But that’s exactly what **Boehner wants**. His remarks on Wednesday amounted to a pitch for a return to the grand bargain that he failed to strike with Obama in 2011.¶ He concluded with a call for **Obama to lead** and said to the president, “We want you to succeed.¶ “Mr. President, this is your moment,” Boehner said. “We’re ready to be led, not as Democrats or Republicans, but as Americans.”¶ A Senate Democratic aide said Boehner’s words should be understood in the terms of a bargaining table. ¶ “I would think that his hard stance and puffing up his chest now is all about putting down a marker hard to the right that can eventually be brought to the middle in bipartisan negotiations,” the aide said.

# SEP CP

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#### The United States Federal Government should establish that the penalty for violating restrictions on the production of crude oil on federal lands may include entry into a Supplemental Environmental Project.

#### Implementation of the Supplemental Environmental Projects should follow the 1991 *Policy on the Use of Supplemental Environmental Projects in EPA Settlements*, and any conflicting federal laws and regulations should be modified to provide a narrow exemption for the above penalty.

#### Penalties determine regulatory compliance—restrictions are irrelevant if penalties are marginal

CPR 8 – The Center for Progressive Reform, a nonprofit research and educational organization with a network of Member Scholars working to protect health, safety, and the environment through analysis and commentary, 2008, “Environmental Enforcement,” <http://progressiveregulation.org/perspectives/environEnforce.html>

Effective enforcement is key to ensuring that the ambitious goals of our environmental statutes are realized. Enforcement refers to the set of actions that the government can take to promote compliance with environmental law. . Currently, rates of noncompliance with environmental laws remain disturbingly high; experts believe that as many as twenty to forty percent of firms regulated by federal environmental statutes regularly violate the law. Tens of millions of citizens live in areas out of compliance with the health based standards of the Clean Air Act, and close to half of the water bodies in the country fail to meet water quality standards set by the Clean Water Act. In communities burdened by multiple sources of pollution, noncompliance has particularly serious health consequences for affected residents.

As in virtually every other area of government regulation, environmental enforcement traditionally has been based on the theory of deterrence. This theory assumes that persons and businesses act rationally to maximize profits, and will comply with the law where the costs of noncompliance outweigh the benefits of noncompliance. The job of enforcement agencies is to make both penalties and the probability of detection high enough that it becomes irrational– unprofitable-- for regulated firms to violate the law.

EPA’s enforcement policies traditionally have reflected these principles. EPA has emphasized the importance of regular inspections and monitoring activity to detect noncompliance, and has responded to violations with swift and appropriate sanctions. EPA’s policies also mandate that the agency recover the economic benefit firms realize through noncompliance, since **if a firm is able to profit from illegal activity, it has little incentive to comply in the first place.**

State environmental agencies actually carry out the majority of enforcement activity in this country because most states have received authority from EPA to administer federal environmental laws under EPA oversight (see CPR Perspective on Devolution) States also administer and enforce their own state laws. As in other areas of environmental regulation, the quality of state enforcement programs vary considerably. Some states carefully follow EPA mandates and vigorously enforce environmental requirements. In other states, enforcement is relatively lax, and agencies rarely respond to violations with penalties.

Citizen enforcement also is a feature of most federal environmental statutes. The statutes allow citizens to sue companies for violations when the government fails to do so and various, often strict, procedural conditions are met. Traditionally, Congress has viewed citizen enforcement as an important supplement to agency enforcement and an important prod to agency regulators.

What People are Fighting About

In recent years there has been a sharp debate over the future direction of environmental enforcement. Many states and regulated entities advocate a more business-friendly, conciliatory enforcement strategy, one that does not emphasize enforcement actions and penalties as the keys to securing compliance. In their view, businesses are likely to comply without resort to sanctions because of adherence to social and political norms, market forces, and other factors.

Thus, many states have reduced funding for inspections. enforcement cases and similar activities, and shifted resources toward compliance assistance programs. Some have created “customer service centers” for regulated entities. Many states do not follow EPA guidance for responding to violations with “timely and appropriate” enforcement actions. Many impose only limited penalties on violators, penalties that typically are far lower than those assessed by EPA in similar circumstances. Many states fail to recover economic benefit when assessing penalties--a core element of deterrence theory. In the past decade, almost one-half of the states have enacted environmental audit privilege or immunity laws that preclude penalties for violations voluntarily disclosed and corrected by regulated entities as a result of environmental audits. These laws also keep materials contained in environmental audits secret and exempt from public disclosure.

At the same time, EPA has to some degree deemphasized traditional enforcement and used its limited resources to provide more compliance assistance to small businesses and other regulated sectors. It has also searched for positive incentives for companies that carry out self-policing efforts. Until very recently, however, EPA has continued to demand that the states impose sanctions, conduct inspections, and bring enforcement actions as the main tools for deterring firms from violating the law. EPA also resisted the most far-reaching efforts of states to weaken enforcement of environmental laws. Funding shortfalls and emerging policy changes in such areas as whether new sources must obtain new permits have taken their toll and EPA’s commitment to deterrence-based enforcement appears to be weakening.

In reaction to these changes, environmental groups, contend that government enforcement is too lax, that too often fines for violating environmental requirements have become no more than a routine cost of doing business for regulated entities, and that the government lacks the resources to pursue most violations. They would like to more vigorously enforce environmental violations. During the past decade or so, however, the Supreme Court has erected a series of hurdles to citizen enforcement of environmental laws. The Court has imposed restrictions on who has standing to bring suit, what type of illegal conduct can be challenged, when a decision is “ripe” for suit, when government agencies can be sued, and when attorneys fees can be awarded to successful plaintiffs’ attorneys. These court-imposed obstacles have significantly undermined the role envisioned by Congress for citizen enforcers.

#### The SEP penalty causes industry noncompliance --- triggers the same industry response as the aff, while preserving the restriction

David Dana, Professor of Law, Boston University School of Law, 1998, ARTICLE: THE UNCERTAIN MERITS OF ENVIRONMENTAL ENFORCEMENT REFORM: THE CASE OF SUPPLEMENTAL ENVIRONMENTAL PROJECTS, 1998 Wis. L. Rev. 1181, Lexis

The previous analysis illustrates that the inclusion of SEPs in an enforcement regime may lead to negotiated settlements that cost violators substantially less than the standard monetary penalty. The particular implications of this insight for a deterrence analysis depend on whether the standard monetary penalty represents "an optimal penalty" or instead a sub- or super-optimal penalty. As a preliminary matter, a brief discussion of the concept of optimal penalty (PEN<opt>) thus may be in order. Economists typically regard the goal of an enforcement regime as the achievement of "optimal deterrence." The phrase optimal deterrence, of course, implies that absolute or complete deterrence of regulatory violations should not be the goal of an enforcement regime. Rather, the regime should act to prevent violations which will generate social costs in excess of social benefits. Conversely, of course, the regime should not discourage violations that produce net social benefits. In settings involving perfect detection and prosecution of regulatory violations by government agencies, a penalty equalling the social harm of a violation will produce optimal deterrence. Where detection and prosecution are imperfect, a penalty equalling the harm of a violation will result in underdeterrence because potential violators will discount the nominal penalty to take account of the probability that they will evade detection and/or prosecution. To achieve optimal deterrence, therefore, [\*1206] nominal penalties must equal the social harm divided by the probability of detection and prosecution. The standard monetary penalty for any particular regulatory violation - the penalty that would be imposed in the absence of any SEP settlement options - logically can have only one of three relations to the optimal penalty: The standard monetary penalty can be less than the optimal penalty, equal to the optimal penalty, or greater than the optimal penalty. In all three of these cases, the introduction of SEP settlement options into an enforcement regime is troublesome from an optimal deterrence perspective. Each case will be taken in turn. 1. pen[in'mon.std'] < pen<opt> Where the standard monetary penalty is less than the optimal penalty, regulators' exclusive reliance on monetary penalties will produce underdeterrence. n77 That is, some violations will occur even though the social costs of the violations exceed the social benefits. The introduction of SEPs into such regimes will only make matters worse: SEPs will lower regulated entities' expected penalties for regulatory violations n78 and [\*1207] hence produce more underdeterrence and more socially costly violations. For example, imagine that the harm from a particular regulatory violation has a dollar equivalent value of $ 400, and the perceived probability of detection is 0.1. The optimal penalty thus would be $ 400/0.1 or $ 4000. Assume, however, that the standard monetary penalty is only $ 3000 and regulated entities' expected penalty for violating the regulation is thus only $ 300. Profit-maximizing regulated entities will take the risk of violating the regulation if they expect to gain more than $ 300 by doing so. Now assume that a regulatory agency adds SEP settlements to the enforcement regime. The regulated entity in question now believes that there is a fifty percent probability that it could successfully negotiate a SEP in the event government regulators detect its regulatory noncompliance. n79 Assume also that the regulated entity estimates that the SEP discount or savings off the standard monetary penalty would be thirty-three percent, so that the expected cost of a SEP would be $ 2000. The total expected penalty thus would be 0.1[(0.5)($ 3000) + (0.5)(0.66)($ 3000)], or approximately $ 250. This reduction in the expected penalty from $ 300 to $ 250 could translate into real differences in regulated entities' behavior. Under the pre-SEP regime, regulated entities at least would avoid socially undesirable violations offering them less than $ 300 in savings. The addition of SEPs to the regime eliminates deterrence for violations offering between $ 250 and $ 300 in savings. 2. pen[in'mon.std'] = pen<opt> Where the standard monetary penalty equals the optimal penalty, the enforcement regime will achieve optimal deterrence. Regulated entities will be deterred from committing all of the potential violations that result in greater social loss than social gain, but they will not be deterred from [\*1208] committing any potential violations that are, on net, socially beneficial. The introduction of SEPs into the penalty regime will lower expected penalties and thus produce a shift from this state of optimal deterrence to one of underdeterrence.

#### Adopting the ’91 guidelines is key

Kenneth T. Kristl 7, Associate Professor of Law and Director of the Environmental and Natural Resources Law Clinic, Widener University School of Law, “MAKING A GOOD IDEA EVEN BETTER: RETHINKING THE LIMITS ON SUPPLEMENTAL ENVIRONMENTAL PROJECTS,” Vermont Law Review, Vol. 31, 2007, <http://lawreview.vermontlaw.edu/files/2012/02/kristl.pdf>

If in fact the mitigation percentage is ultimately meaningless, why have it in the SEP Policy at all? Perhaps because it allows EPA to create the illusion that it is being “tough” on violators, consistent with the Policy’s strong assertions about the importance of “substantial monetary penalties” and deterring non-compliance. 254 One must question, however, whether the illusion is worth the price if that price is to discourage defendants from seeking to propose SEPs because of the perceived “discount” their SEP dollars will receive. The fact that almost 90% of defendants have chosen not to do SEPs strongly suggests that this discouragement of SEP participation is not merely theoretical. If EPA is really serious about encouraging more SEPs, it needs to explore why nearly 90% of defendants are turning away from what EPA says it wants to encourage. The better solution is to get rid of the 80% cap on the mitigation percentage and **re-adopt the 100% ceiling in the 1991 SEP Policy**. Such a cap would allow EPA to treat mediocre projects less favorably but would **incentivize and reward defendants who develop proposals that deliver solid environmental benefits**. More importantly, it would remove the “second class” stigma that SEPs inevitably get when SEP dollars are “discounted.” Such a change is much more likely to **increase SEP participation rates, and** thereby **allow more environmental benefits from SEPs.**

CONCLUSION

Having defendants agree to undertake Supplemental Environmental Projects holds great promise for providing environmental benefits beyond those arising from mere compliance with the law or governmental programs. If EPA is seriously committed to its stated goal of increasing the use of SEPs above the historically low participation levels, it needs to examine critically the restraints its own policies impose on such projects. The insistence on nexus and a mitigation percentage ceiling found in EPA’s approach toward SEPs both lack legal or economic justification and work to shackle SEPs in ways that **forfeit potential benefits**. Careful reexamination of nexus and the mitigation percentage ceiling justify removal of these concepts from EPA’s policies. Such a change is **simple to implement** and would unshackle SEPs, likely increase their use in environmental enforcement cases, and make the good idea of SEPs even better by **increasing the environmental benefits** that enforcement activity can bring.

#### Net Benefit

#### Establishing SEP penalties solves inevitable environmental crisis

Jeff Ganguly, Executive Editor, BOSTON COLLEGE ENVIRONMENTAL AFFAIRS LAW REVIEW, Fall 1998, COMMENT: ENVIRONMENTAL REMEDIATION THROUGH SUPPLEMENTAL ENVIRONMENTAL PROJECTS AND CREATIVE NEGOTIATION: RENEWED COMMUNITY INVOLVEMENT IN FEDERAL ENFORCEMENT, 26 B.C. Envtl. Aff. L. Rev. 189, Lexis

Such a dynamic has been developing through EPA's employment of SEPs as well. While oversight is critical to ensure the SEP program continues to attain breakthrough achievements in creative and effective settlement agreements, the unique ability of SEPs to respond to the individual circumstances of environmental problems must be maintained. Thus, while litigation remains an effective tool to apply pressure and force action in some cases, dispute resolution and creative settlements should become the goal in the new generation of environmental enforcement. The use of SEPs is only one advantage to dispute resolution, as SEP provisions could be written into federal statutes and become an everyday part of adjudicated relief. Dispute resolution also saves time and money. n303 All of these qualities, as evidenced by the MHD settlement, are the most effective means of responding to environmental crises. Apart from outright prevention, dispute negotiation and community remediation through creative settlements and SEPs continue to be one of the most effective means of preserving and protecting human health and the environment.

#### Extinction

Clark and Downes 6

Dana Clark, Center for International Environmental Law, and David Downes, US Interior Dept. Policy Analysis Senior Trade Advisor, 2006, What price biodiversity?, http://www.ciel.org/Publications/summary.html

Biodiversity is the diversity of life on earth, on which we depend for our survival. The variability of and within species and ecosystems helps provide some of our basic needs: food, shelter, and medicine, as well as recreational, cultural, spiritual and aesthetic benefits. Diverse ecosystems create the air we breathe, enrich the soil we till and purify the water we drink. Ecosystems also regulate local and global climate. No one can seriously argue that biodiversity is not valuable.

Nor can anyone seriously argue that biodiversity is not at risk. There are over 900 domestic species listed as threatened or endangered under the Endangered Species Act, and 4,000 additional species are candidates for listing. We are losing species as a result of human activities at hundreds of times the natural rate of extinction. The current rate of extinction is the highest since the mass extinction of species that wiped out the dinosaurs millions of years ago.

The Economics of Biodiversity Conservation

The question which engenders serious controversy is whether society can afford the costs associated with saving biodiversity. Opponents of biodiversity conservation argue that the costs of protecting endangered species are too high. They complain that the regulatory burden on private landowners is too heavy, and that conservation measures impede development. They seek to override scientific determinations with economic considerations, and to impose cost/benefit analyses on biodiversity policy making.

An equally important question, however, is whether we can afford not to save biodiversity. The consequences of losing this critical resource could be devastating. As we destroy species and habitat, we endanger food supplies (such as crop varieties that impart resistance to disease, or the loss of spawning grounds for fish and shellfish); we lose the opportunity to develop new medicines or other chemicals; and we impair critical ecosystem functions that protect our water supplies, create the air we breathe, regulate climate and shelter us from storms. We lose creatures of cultural importance - the bald eagle is an example of the cultural significance of biodiversity and also of the need for strong regulations to protect species from extinction. And, we lose the opportunity for mental or spiritual rejuvenation through contact with nature.

#### Turns the economy

Coyne and Hoekstra, 7 (Jerry, University of Chicago Professor in the Department of Ecology and Evolution; Ph.D. in Biology from Harvard University, and Hopi, John L. Loeb Associate Professor of Biology, Harvard; Curator of Mammals in the Museum of Comparative Zoology; Ph.D., Zoology, University of Washington; B.A., Integrative Biology, University of California, Berkeley, “The Greatest Dying, 9/24,” <http://www.truthout.org/article/jerry-coyne-and-hopi-e-hoekstra-the-greatest-dying>)

But it isn't just the destruction of the rainforests that should trouble us. Healthy ecosystems the world over provide hidden services like waste disposal, nutrient cycling, soil formation, water purification, and oxygen production. Such services are best rendered by ecosystems that are diverse. Yet, through both intention and accident, humans have introduced exotic species that turn biodiversity into monoculture. Fast-growing zebra mussels, for example, have outcompeted more than 15 species of native mussels in North America's Great Lakes and have damaged harbors and water-treatment plants. Native prairies are becoming dominated by single species (often genetically homogenous) of corn or wheat. Thanks to these developments, soils will erode and become unproductive - which, along with temperature change, will diminish agricultural yields. Meanwhile, with increased pollution and runoff, as well as reduced forest cover, ecosystems will no longer be able to purify water; and a shortage of clean water spells disaster. In many ways, oceans are the most vulnerable areas of all. As overfishing eliminates major predators, while polluted and warming waters kill off phytoplankton, the intricate aquatic food web could collapse from both sides. Fish, on which so many humans depend, will be a fond memory. As phytoplankton vanish, so does the ability of the oceans to absorb carbon dioxide and produce oxygen. (Half of the oxygen we breathe is made by phytoplankton, with the rest coming from land plants.) Species extinction is also imperiling coral reefs - a major problem since these reefs have far more than recreational value: They provide tremendous amounts of food for human populations and buffer coastlines against erosion. In fact, the global value of "hidden" services provided by ecosystems - those services, like waste disposal, that aren't bought and sold in the marketplace - has been estimated to be as much as $50 trillion per year, roughly equal to the gross domestic product of all countries combined. And that doesn't include tangible goods like fish and timber. Life as we know it would be impossible if ecosystems collapsed. Yet that is where we're heading if species extinction continues at its current pace. Extinction also has a huge impact on medicine. Who really cares if, say, a worm in the remote swamps of French Guiana goes extinct? Well, those who suffer from cardiovascular disease. The recent discovery of a rare South American leech has led to the isolation of a powerful enzyme that, unlike other anticoagulants, not only prevents blood from clotting but also dissolves existing clots. And it's not just this one species of worm: Its wriggly relatives have evolved other biomedically valuable proteins, including antistatin (a potential anticancer agent), decorsin and ornatin (platelet aggregation inhibitors), and hirudin (another anticoagulant). Plants, too, are pharmaceutical gold mines. The bark of trees, for example, has given us quinine (the first cure for malaria), taxol (a drug highly effective against ovarian and breast cancer), and aspirin. More than a quarter of the medicines on our pharmacy shelves were originally derived from plants. The sap of the Madagascar periwinkle contains more than 70 useful alkaloids, including vincristine, a powerful anticancer drug that saved the life of one of our friends. Of the roughly 250,000 plant species on Earth, fewer than 5 percent have been screened for pharmaceutical properties. Who knows what life-saving drugs remain to be discovered? Given current extinction rates, it's estimated that we're losing one valuable drug every two years. Our arguments so far have tacitly assumed that species are worth saving only in proportion to their economic value and their effects on our quality of life, an attitude that is strongly ingrained, especially in Americans. That is why conservationists always base their case on an economic calculus. But we biologists know in our hearts that there are deeper and equally compelling reasons to worry about the loss of biodiversity: namely, simple morality and intellectual values that transcend pecuniary interests. What, for example, gives us the right to destroy other creatures? And what could be more thrilling than looking around us, seeing that we are surrounded by our evolutionary cousins, and realizing that we all got here by the same simple process of natural selection? To biologists, and potentially everyone else, apprehending the genetic kinship and common origin of all species is a spiritual experience - not necessarily religious, but spiritual nonetheless, for it stirs the soul. But, whether or not one is moved by such concerns, it is certain that our future is bleak if we do nothing to stem this sixth extinction. We are creating a world in which exotic diseases flourish but natural medicinal cures are lost; a world in which carbon waste accumulates while food sources dwindle; a world of sweltering heat, failing crops, and impure water. In the end, we must accept the possibility that we ourselves are not immune to extinction. Or, if we survive, perhaps only a few of us will remain, scratching out a grubby existence on a devastated planet. Global warming will seem like a secondary problem when humanity finally faces the consequences of what we have done to nature: not just another Great Dying, but perhaps the greatest dying of them all.

## 2NC

### AT Perm do CP

#### A --- Companies still must comply with regulations

Steven Bonorris 7, Associate Director for Research, Public Law Research Institute, UC Hastings College of the Law, 1/25/7, “Supplemental Environmental Projects: A Fifty State Survey with Model Practices,” <http://www.ecy.wa.gov/services/enforce/settlements/ABAHastingsSEPreport.pdf>

Without the kind of back-end cooperative enforcement promoted by SEPs, “[u]nfairness may inspire recalcitrance in regulated firms that would otherwise comply voluntarily.”165 In the eyes of the industries, the irresistance to regulations–-noncompliance, concealment of procedure and pollution by-product, delay in dealings with regulators, and litigation challenging regulations -– are all justified by what they view as coercive, irrational, and sub-optimal regulations.166 It is important to underscore that violators must continue to comply with environmental regulations, although the SEP negotiation process itself may positively influence the dynamic of regulatory compliance and enforcement.167 As a result, regulators may benefit from a collaborative, rather than adversarial, relationship.

#### B --- Failure to complete the SEP causes companies to pay the penalty for violating the original restriction

Steven Bonorris 7, Associate Director for Research, Public Law Research Institute, UC Hastings College of the Law, 1/25/7, “Supplemental Environmental Projects: A Fifty State Survey with Model Practices,” <http://www.ecy.wa.gov/services/enforce/settlements/ABAHastingsSEPreport.pdf>

Violators are responsible and liable for ensuring that a SEP is completed satisfactorily. 73 According to the Final SEP Policy, if a SEP is not completed satisfactorily, the violator should be required, pursuant to the settlement agreement, to pay stipulated penalties. 74 Stipulated penalties for failing to satisfactorily perform a SEP range between 75 and 150% of the mitigation value originally awarded to the project. 75 A violator may avoid the penalty if good faith and timely efforts were made to complete the work and at least 90 % of the funds budgeted for the SEP were spent. 76 Pursuant to the Final SEP Policy, overestimating the cost of a SEP should also be penalized, even if the SEP is successfully completed. If the final cost of a completed SEP is less than 90% of the projected cost, the violator should pay a stipulated penalty, between 10 and 25% of the mitigation amount originally conferred.77

#### C --- Altering the economics of compliance is entirely irrelevant to whether the restriction still exists

Claus Zimmermann, Yale LL.M., Oxford doctoral candidate, July 2011, ARTICLE: EXCHANGE RATE MISALIGNMENT AND INTERNATIONAL LAW, Lexis

Under IMF Article VIII:2(a), which is the main multilateral provision for freeing the means of payments for international trade, IMF members are prohibited from imposing, without IMF approval, n200 restrictions on the making of payments and transfers for current international transactions. n201 In order to provide guidance on the correct application of this important rule, the IMF has defined the precise meaning of what constitutes an exchange restriction. This definition, set forth in a 1960 decision by the IMF Executive Board, relies entirely on the technical question "whether [a measure] involves a direct governmental limitation on the availability or use of exchange as such." n202 The underlying purpose or the economic effects of a measure are thus entirely irrelevant to deciding whether an exchange measure amounts to an exchange restriction under the IMF Agreement. n203 It follows that, unless a restriction on the making of payments and transfers for current international transactions is approved by the IMF under Article VIII:2(a) or maintained under the transitional provisions of Article XIV of the IMF Agreement, it constitutes a breach of the IMF Agreement and would therefore not fall within the exception under GATT Article XV:9(a).

#### D --- CP reduces the penalty, not the regulation

Steven Bonorris 7, Associate Director for Research, Public Law Research Institute, UC Hastings College of the Law, 1/25/7, “Supplemental Environmental Projects: A Fifty State Survey with Model Practices,” <http://www.ecy.wa.gov/services/enforce/settlements/ABAHastingsSEPreport.pdf>

Supplemental Environmental Projects (SEPs) are environmentally beneficial projects that are undertaken by a violator of environmental laws as part of a settlement agreement, usually resulting in a reduction in the amount of the civil penalty imposed by the regulator.40 U.S. EPA has encouraged these projects for more than a decade in order to further the agency’s goals of protecting and enhancing public health and the environment.41 InitsFinal SEP Policy of 1998, EPA set forth principles for determining which projects may qualify as SEPs and calculating how much penalty mitigation is appropriate.42 In order for a SEP to be approved and receive the calculated amount of penalty mitigation, a project must meet the basic definition of a SEP, satisfy all legal principles, fit within one of the designated categories of SEPs and meet all other criteria. A discussion of the principles follows.

### AT Perm do Both

#### Perm fails --- no incentive to undertake SEPs in the world of the plan --- CP’s key

Steven Bonorris 7, Associate Director for Research, Public Law Research Institute, UC Hastings College of the Law, 1/25/7, “Supplemental Environmental Projects: A Fifty State Survey with Model Practices,” <http://www.ecy.wa.gov/services/enforce/settlements/ABAHastingsSEPreport.pdf>

In addition, a violator may ordinarily be unwilling to undertake technical improvements due to the fears of “technical risk, temporary impacts on production rates during project implementation or a long payback period.” 170 Colorado’s SEP guidelines take this possibility into account, and the state’s Department of Public Health and Environment uses SEPs as a means of inducing progressive pollution prevention/energy efficiency projects. 171 In turn, because regulators often lack resources to pursue cutting edge environmentally beneficial projects, state SEP programs provide a laboratory for innovation. For example, the Pennsylvania Department of Environmental Protection states that the use of SEPs allows more efficient funding of projects than the agency could normally pursue.172

### Solvency

#### SEPs cause a broad industry shift to non-compliance

Steven Bonorris 7, Associate Director for Research, Public Law Research Institute, UC Hastings College of the Law, 1/25/7, “Supplemental Environmental Projects: A Fifty State Survey with Model Practices,” <http://www.ecy.wa.gov/services/enforce/settlements/ABAHastingsSEPreport.pdf>

Critics of SEPs argue that SEPs may be too much of a “win” for violators, and fail to maintain the deterrent effect that is the raison d’etre of environmental regulation. SEPs raise the possibility of underdeterrence by opening up the possibility for opportunistic violators to reduce the actual cost of the environmental penalty, as well as creating the possibility of tax deductions for SEP costs. 181 To counteract this, many state SEP policies prevent the violators from benefiting too greatly from the performance of a SEP. For example, instead of allowing violators to benefit from a public perception that they are actually environmental benefactors through publicizing SEPs, SEP policies usually require violators to indicate that the SEPs have been undertaken as part of an enforcement agreement. 182

In addition, the allowance of a SEP as part of an enforcement action is a discretionary decision left up to the regulatory agency. 183 Under most SEP policies, if the agency believes that a proposed project would fail to provide a sufficient deterrent effect, then the agency will not permit the project and instead, demand the full payment of the civil penalty. 184 For example, if the proposed project primarily benefits the violator, rather than the environment or the public health, then it will not be approved as a SEP.185 Similarly, if a project is approved but the agency finds that it still benefits the violator, those benefits will often be given a monetary value which the agency will then deduct from the mitigation amount of the SEP.186

The capacity for underdeterrence is particularly acute as the SEP cost itself is a new source of regulatory uncertainty: usually, SEP costs are assessed and reported by the violator, and the regulator has no mechanism for confirming the reported figures.187 Opportunistic violators may overestimate SEP costs in order to receive greater relief from the calculated penalty, or they may underreport the business benefits of SEPs.188 In order to track SEP implementation, many state SEP policies require the submission of detailed cost estimates and certifications of progress, as well as provide for stipulated penalties for SEPs that end up costing less than estimated. However, the literature has not quantified the efficacy of these measures against opportunistic violators. 189

Apart from the problem of the opportunistic violator, another criticism of the SEP system is that it creates inconsistency in enforcement. Because regulators cannot accurately assess all of the relevant variables for penalty calculations (or the collateral economic benefits conferred to the violator), the resulting inaccuracy of penalty assessments creates inconsistency in the application of regulations.190 The addition of a SEP with its calculations of potential benefit to the violator superadds a layer of uncertainty and the possibility of error to this enforcement picture. Apart from the inherent inequity of inconsistent penalties across violators, overly light penalties effectively confer unfair economic advantage over competitors who have made the required expenditures to comply with environmental regulations. 191 In addition, the possibility that some violators might receive lighter penalties could induce risk-tolerant would-be violators to adopt a different compliance strategy.

#### Empirics are on our side --- weak laws cause noncompliance with restrictions

CPR 8 – The Center for Progressive Reform, a nonprofit research and educational organization with a network of Member Scholars working to protect health, safety, and the environment through analysis and commentary, 2008, “Environmental Enforcement,” <http://progressiveregulation.org/perspectives/environEnforce.html>

Both experience and a host of empirical research demonstrates that deterrence-based approaches promote compliance and reduce pollution. Inspections, the threat of inspections, timely and appropriate enforcement responses, or other enforcement actions tend to increase the rate of industry compliance. Conversely, the absence of deterrence-based enforcement, that is, the absence of a threat of meaningful sanctions, often translates into noncompliance.

The effectiveness of the enforcement strategies favored by many states has yet to be proven. Few states have been able to demonstrate improvements in compliance or improved environmental conditions from their conciliatory strategies, or, have even been willing to devote the resources necessary to document such results. Conciliatory enforcement by states thus could lead to higher rates of noncompliance by firms and increased public exposure to harmful pollutants. It also could undermine the national uniformity Congress intended in enacting the federal environmental laws.

A number of elements are critical to to effective environmental enforcement:

As agencies expand compliance assistance and incentive programs, they must maintain a strong, credible threat of enforcement. Strong enforcement motivates many regulated parties to strengthen their internal regulatory systems and promotes voluntary compliance by ensuring firms that voluntarily comply that other firms cannot gain a competitive advantage by not complying with applicable laws and regulations.

#### CP solves their certainty key warrants

Steven Bonorris 7, Associate Director for Research, Public Law Research Institute, UC Hastings College of the Law, 1/25/7, “Supplemental Environmental Projects: A Fifty State Survey with Model Practices,” <http://www.ecy.wa.gov/services/enforce/settlements/ABAHastingsSEPreport.pdf>

Proponents of SEPs believe that SEPs should be allowed as part of an enforcement action for several reasons. When applied to certain situations, SEPs benefit all those involved -- the regulators, industry, the community, and the environment. The presence of a SEP policy demonstrates the regulator’s willingness to cooperate with the regulated industry, and creates a flexible enforcement climate, with the corollary effect of rendering the regulations more acceptable to industry. Industry advocates point out that SEPs can benefit communities through promoting environmental and health improvements beyond regulatory minimums, and underscore the “good neighbor” obligations of permitted facilities. 161

SEPs promote a cooperative relationship between the regulator and the violator, to the benefit of both. In the view of industry groups and regulators, SEPs can obviate litigation costs, allow for greater fairness to the regulated industry, and increase “popular support for the environmental regulatory endeavor.” 162 Because of the nature of environmental enforcement, the regulator and the regulated industries will continually interact; an ongoing relationship that is cooperative may make for a more effective mode of regulation by reducing adversarial tensions. In the words of one state environmental attorney, “cooperative enforcement may dissuade regulated firms from making political attacks on the statutory regime or the agency’s authority and budgets and may shore up general public support for the agency’s regulatory mandate.” 163 One commentator notes that “rigidly punitive enforcement may be undesirable, even if it results in net social benefits such as reduced pollution, if it imposes unfair burdens on individuals.”164

#### Businesses strongly favor SEPs --- empirics

Laurie Droughton 95, Pace University School of Law, JD - magna cum laude, “Supplemental Environmental Projects: A Bargain for the Environment,” Pace Environmental Law Review, Volume 12, Issue 2, Spring 1995

Although a dollar-for-dollar credit against the penalty is possible, in general the project cost exceeds the penalty reduction. 89 Joy Technologies, in response to a proposed penalty of $90,000, agreed to a penalty of $20,000 and performance of a SEP estimated at a gross cost of $350,000.90 Dow Corning agreed to pay a minimum of $500,000 to install a chemical spill control device at one of their facilities in exchange for a $126,500 penalty reduction. 91 Similarly, All American Pipeline Company completed a SEP in which existing pump engines were replaced with new engines which will burn more efficiently, at an estimated cost of at least $1,000,000 for a corresponding $186,000 penalty reduction. 92 But some examples of less drastic cost differences do exist. A dollar-for-dollar agreement was reached in In re Harbor Universal, Inc. 93 The consent decree addressed alleged violations of RCRA and required the metal furniture manufacturer to incorporate changes in its operations that would reduce the amount of waste generated. 94 This settlement is considered "novel" and only resulted because the EPA was "extremely impressed" with the proposed environmental project. 95

#### Industry supports the CP

Laurie Droughton 95, Pace University School of Law, JD - magna cum laude, “Supplemental Environmental Projects: A Bargain for the Environment,” Pace Environmental Law Review, Volume 12, Issue 2, Spring 1995

**Industry generally has been supportive of SEPs**.116 A firm realizes a tax benefit by incorporating a SEP in a settlement agreement since companies can write off the associated expenditures, either as a business or capital expense. 17 In addition, the investment might be a prudent business decision when a company anticipates future regulations that would demand the project expense at a later date. 118 The company may also receive good press and enhance its relationship with the EPA.119 These factors, together with expected savings associated with the economically beneficial result of carrying out pollution prevention programs, 120 make the use of SEPs an **attractive** alternative to settling alleged violations solely with cash payments.

#### Resolves fears of litigation

Quan Nghiem, Boston College Law School, J.D., Spring 1997, COMMENT: USING EQUITABLE DISCRETION TO IMPOSE SUPPLEMENTAL ENVIRONMENTAL PROJECTS UNDER THE CLEAN WATER ACT, 24 B.C. Envtl. Aff. L. Rev. 561, Lexis

Because of the flexibility they afford, SEPs offer advantages to both the beneficiaries as well as the parties who volunteer to perform them. Obviously, the primary beneficiaries gain from SEPs because proceeds imposed for violations are used directly to fund local or regional environmental activities rather than to support the general accounts of the federal treasury. n26 However, corporations also have incentives for accepting SEPs because these projects often can translate into sound business decisions. n27 Most importantly, SEPs offer corporations an opportunity to avoid the potentially substantial costs and risks associated with protracted litigation. In addition, businesses may be motivated by the goodwill which they stand to gain from consumers and government enforcement officials who appreciate sincere, albeit coerced, efforts to improve environmental conditions. n28 SEPs also provide certain corporations with opportunities to re-evaluate and improve upon inefficiencies in production processes. n29 As a result, businesses that elect to perform SEPs often can improve competitive efficiency by lowering future compliance costs while simultaneously fulfilling their legal obligations. n30 Finally, some parties simply may derive greater satisfaction from having their money directed towards some tangible, environmentally beneficially purpose instead of having the same funds deposited into a general federal pool. n31

### Avoids Politics/AT: Congressional Backlash

#### Congress supports SEPs

Steven Bonorris 7, Associate Director for Research, Public Law Research Institute, UC Hastings College of the Law, 1/25/7, “Supplemental Environmental Projects: A Fifty State Survey with Model Practices,” <http://www.ecy.wa.gov/services/enforce/settlements/ABAHastingsSEPreport.pdf>

EPA’s interpretation of its authority under the CAA, as allowing consent decrees with SEPs, gains support from **long Congressional inaction** in the face of a decade and a half of settlements with SEPs. While there is a “general reluctance of courts to rely on congressional inaction as a basis for statutory interpretation … [u]nder certain circumstances, inaction by Congress may be interpreted as **legislative ratification** of or **acquiescence** to an agency's position.” 131 Relevant factors include whether Congress has held hearings on the issue as well as Congress’ awareness of the agency action in considering related legislation. 132 Congress has long **been aware** of EPA’s practice of including SEPs in settlements. 133 The Conference Committee Report discussing what would become the 1987 amendments to the Clean Water Act noted:

In certain instances settlements of fines and penalties levied due to NPDES permit and other violations have been used to fund research, development and other related projects which further the goals of the Act. In these cases, the funds collected in connection with these violations were used to investigate pollution problems other than those leading to the violation. Settlements of this type preserve the punitive nature of enforcement actions while putting the funds collected to use on behalf of environmental protection. Although this practice has been used on a selective basis, the conferees encourage this procedure where appropriate.134

Hence, it may be argued that this language amounts to approbation of U.S. EPA’s SEP practices, even though Congress has not passed legislation clarifying EPA’s SEP authority.

#### No Congressional backlash

Brooke E. Robertson 9, J.D. Candidate (2009), Washington University School of Law, “Expanding the Use of Supplemental Environmental Projects,” Washington University Law Review, Vol. 86, Issue 4¸ 2009, <http://digitalcommons.law.wustl.edu/cgi/viewcontent.cgi?article=1131&context=lawreview>

Despite the opposition by the DOJ and GAO, courts have found that payments do not have to be paid to the Treasury as long as they are not defined as “penalties” and are made before the defendant is found liable. 27 Settlements are made before a finding of liability; therefore, SEP payments do not fall under the MRA. 28 The Clean Air Act is the only environmental statute in which Congress has explicitly mentioned the use of SEPs. 29 However, SEPs have been **used extensively** and **Congress has not imposed any restrictions on the EPA’s use of SEPs.** 30 “Congress is aware of the use of SEPs by the EPA, and has, through legislative history and proposed bills,” displayed **congressional acquiescence** to the EPA’s use of SEPs. 31

#### Supports SEPs as penalties

Laurie Droughton 95, Pace University School of Law, JD - magna cum laude, “Supplemental Environmental Projects: A Bargain for the Environment,” Pace Environmental Law Review, Volume 12, Issue 2, Spring 1995

In addition to these legal bases for SEPs, **Congress is aware**  of the use of SEPs by the EPA, and has, through legislative history and proposed bills, **stamped this approach with their approval.** In amending the CWA, Congress specifically encouraged such creative settlements of fines and penalties that further the goals of the Act.' 8 4 More recently, Congress has provided for SEPs in proposed bills. One such bill would amend the CWA relating to civil penalties. 8 5 The bill would specifically authorize the Administrator of the EPA to order that the violator spend a portion of an administrative or civil penalty in carrying out SEPs. 18 6 Another bill proposes the creation of the Clean Water Trust Fund. 1 8 7 Monies from enforcement actions under the CWA would be deposited into the fund for use by the Administrator to restore waters from damages resulting from violations of the Act. L 88 Representative Peter Visclosky, the bill's sponsor, specifically indicated that the bill would not preclude the EPA from seeking SEPs as part of settlements. 18 9 These examples display **Congressional acquiescence** to the EPA's use of SEPs and provide support for the assertion that use of SEPs does not violate the appropriations process.

#### Opponents of the plan won’t backlash against the CP

Jeff Ganguly, Executive Editor, BOSTON COLLEGE ENVIRONMENTAL AFFAIRS LAW REVIEW, Fall 1998, COMMENT: ENVIRONMENTAL REMEDIATION THROUGH SUPPLEMENTAL ENVIRONMENTAL PROJECTS AND CREATIVE NEGOTIATION: RENEWED COMMUNITY INVOLVEMENT IN FEDERAL ENFORCEMENT, 26 B.C. Envtl. Aff. L. Rev. 189, Lexis

One result from the expansion of the SEP program after the 1991 Policy was the unusual alliance that formed in support of the program. n198 EPA strongly supported the SEP program not only because of the improvements in pollution prevention, but also because of the expediency of its responses to violations. Industry and corporate defendants were relieved to see fines reduced, and local community groups were able to put teeth into citizen suits, as their communities directly benefited from pollution prevention and remediation projects. n199 **EPA essentially gained support from** groups that otherwise might not have backed proposals **to reduce penalties**.

#### SEPs don’t violate any relevant statutes --- Congress has approved of the program on several occasions

Laurie Droughton 95, Pace University School of Law, JD - magna cum laude, “Supplemental Environmental Projects: A Bargain for the Environment,” Pace Environmental Law Review, Volume 12, Issue 2, Spring 1995

Since the adoption of the EPA's SEP policy, the first of these objections is no longer valid since the policy requires a nexus. Secondly, the MRA and the ADA are not applicable to SEPs since the substantive statutes provide a statutory basis for inclusion. In granting the EPA broad discretion in determining penalty amounts, the "uncollected" reduction in penalty is outside the requirement of the MRA that all collected monies be deposited in the U.S. Treasury. Additionally, the reduction may be considered as held in trust for the public, and, therefore, also beyond the statute's reach. Equally persuasive arguments show **the ADA is inapplicable** to SEPs. First, the substantive statutes require absolute action, i.e., enforcement of the statutory provisions and, thus, no appropriation is required for action. Moreover, the EPA is working within its appropriated budget for enforcement and has not incurred any deficiency.

Further support for the legality of SEPs is found in the application of the EPA's Penalty Policy; in assessment of consent decrees using general court review standards and in **Congressional acquiescence.** Application of the EPA's Penalty Policy shows that performance of a SEP should and, under the Penalty Policy, would be cause to reduce the penalty based on good faith and desire for swift resolution. Also, since the EPA SEP policy requires that the economic benefit of the violation be recovered in penalty dollars, the Penalty Policy is not violated. When reviewed in a consent decree, a SEP takes on the status of an equitable remedy allowable in the agreement because of its contractual nature. Finally, **Congress has been aware of the use of SEPs and has, on several occasions, specifically approved of these programs.**

# Econ

## Impact D

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#### Econ improving

Rugaber 10/7, Christopher is an AP Economics Writer, "The economy Obama faces: Slow but gaining steadily", [www.google.com/hostednews/ap/article/ALeqM5gQPy55EQtIuVVX89ZzboMmK9Yvog?docId=c97de717a57d4186876154177249d3f8](http://www.google.com/hostednews/ap/article/ALeqM5gQPy55EQtIuVVX89ZzboMmK9Yvog?docId=c97de717a57d4186876154177249d3f8)

Yet the outlook isn't all grim. Signs suggest that the next four years will coincide with a vastly healthier economy than the previous four, which overlapped the Great Recession.¶ Obama has said he would help create jobs by preserving low income tax rates for all except high-income Americans, spending more on public works and giving targeted tax breaks to businesses.¶ He used his victory speech in Chicago to stress that the economy is recovering and promised action in the coming months to reduce the government's budget deficit, overhaul the tax system and reform immigration laws.¶ "We can build on the progress we've made and continue to fight for new jobs and new opportunity and new security for the middle class," Obama said.¶ The jobs picture has already been improving gradually. Employers added a solid 171,000 jobs in October. Hiring was also stronger in August and September than first thought.¶ Cheaper gas and rising home prices have given Americans the confidence to spend slightly more. Retailers, auto dealers and manufacturers have been benefiting.¶ That said, most economists predict the improvement will remain steady but slow. The unemployment rate is 7.9 percent. Obama was re-elected Tuesday night with the highest unemployment rate for any incumbent president since Franklin Roosevelt.¶ Few think the rate will return to a normal level of 6 percent within the next two years. The Federal Reserve expects unemployment to be 7.6 percent or higher throughout 2013.¶ Economists surveyed last month by The Associated Press said they expected the economy to grow a lackluster 2.3 percent next year, too slight to generate strong job growth. From July through September, the economy grew at a meager 2 percent annual rate.¶ Part of the reason is that much of Europe has sunk into recession. Leaders there are struggling to defuse a debt crisis and save the euro currency. Europe buys 22 percent of America's exports, and U.S. companies have invested heavily there. Any slowdown in Europe dents U.S. exports and corporate profits.¶ And China's powerhouse economy is decelerating, slowing growth across Asia and beyond.¶ Most urgently, the U.S. economy will fall over a "fiscal cliff" without a budget deal by year's end. Spending cuts and tax increases that would total about $800 billion in 2013 will start to kick in. The combination of those measures would likely trigger a recession and drive unemployment up to 9 percent next year, according to estimates by the Congressional Budget Office.¶ Many U.S. employers are wary of expanding or hiring until that potential crisis is averted. That's why analysts have said resolving, or at least delaying, the fiscal cliff should be the most urgent economic priority for the White House.¶ In the longer run, analysts are more optimistic. Americans are feeling generally better about the economy. Measures of consumer confidence are at or near five-year highs.¶ And the main reason unemployment rose from 7.8 percent in September to 7.9 percent in October was that more people felt it was a good time to look for work. Most found jobs. Those who didn't were counted as unemployed. (The government counts people without jobs as unemployed only if they're looking for one.)¶ A brighter outlook among consumers is due, in part, to a steady increase in home prices after a painful six-year slump. Higher home prices can help create a "wealth effect," making homeowners feel richer and spurring more spending.¶ Banks are also more likely to lend freely when home prices rise because homes are more likely to hold their value.¶ Americans have also been shrinking debts and saving slightly more. Household debt as a percentage of after-tax income dropped from about 125 percent before the recession to 103 percent in the April-June quarter, according to the Federal Reserve's latest data. That ratio was roughly 90 percent in the 1990s.¶ But thanks to record-low interest rates, the cost of repaying those debts has dropped sharply. That, in turn, will free up more money for consumers to spend on cars, appliances and other goods.¶ Americans paid 10.7 percent of their after-tax income in interest on mortgages, credit cards and other consumer debt in this year's April-June quarter, according to the Fed. That was down from 14 percent at the end of 2007. And it's the lowest proportion since 1993.¶ "That's 3 percentage points of disposable income that I am no longer using to pay for stuff that I bought earlier but I can instead use to buy stuff now," noted Alan Levenson, chief economist at T. Rowe Price.

#### No impact – Kerpen’s a joke and disproven by 2009 crisis

Robert Jervis 11, Professor in the Department of Political Science and School of International and Public Affairs at Columbia University, December 2011, “Force in Our Times,” Survival, Vol. 25, No. 4, p. 403-425

Even if war is still seen as evil, the security community could be dissolved if severe conflicts of interest were to arise. Could the more peaceful world generate new interests that would bring the members of the community into sharp disputes? 45 A zero-sum sense of status would be one example, perhaps linked to a steep rise in nationalism. More likely would be a worsening of the current economic difficulties, which could itself produce greater nationalism, undermine democracy and bring back old-fashioned beggar-my-neighbor economic policies. While these dangers are real, it is hard to believe that the conflicts could be great enough to lead the members of the community to contemplate fighting each other. It is not so much that economic interdependence has proceeded to the point where it could not be reversed – states that were more internally interdependent than anything seen internationally have fought bloody civil wars. Rather it is that even if the more extreme versions of free trade and economic liberalism become discredited, it is hard to see how without building on a preexisting high level of political conflict leaders and mass opinion would come to believe that their countries could prosper by impoverishing or even attacking others. Is it possible that problems will not only become severe, but that people will entertain the thought that they have to be solved by war? While a pessimist could note that this argument does not appear as outlandish as it did before the financial crisis, an optimist could reply (correctly, in my view) that the very fact that we have seen such a sharp economic down-turn without anyone suggesting that force of arms is the solution shows that even if bad times bring about greater economic conflict, it will not make war thinkable.

#### Drilling doesn’t solve unemployment

Levi 11 (Michael Levi, CFR Energy Security and Climate Change Program Director, Senior Fellow, 10/18/11, “New Energy Jobs Won't Solve the U.S. Unemployment Problem”, www.foreignaffairs.com/articles/136599/michael-levi/new-energy-jobs-wont-solve-the-us-unemployment-problem)

U.S. President Barack Obama and the leading Republican candidates for president don't agree on much, particularly when it comes to jobs and energy. But they do appear to share a conviction that a vibrant energy sector is central to solving the U.S. unemployment problem. Obama has put clean energy jobs at the center of his economic message. On the Republican side, both Texas Governor Rick Perry and Mitt Romney, his rival, claim that the oil, gas, and coal industries is where the real future of American job growth lies, contrasting their approach with one that has produced the recent Solyndra debacle. Alas, on the one point on which everyone seemingly agrees, they are all wrong. There is no doubt the energy sector could employ many more Americans. But exactly how many matters. The Republican candidates have made bold and concrete predictions. Perry is running on his record of job creation in Texas, which included a big boost from the booming oil and gas sector employment. Romney claims that expanded drilling could create 1.2 million energy jobs and that shale gas operations in the Northeast could add another 280,000 and Perry offers similar numbers. This is an exaggeration. The American Petroleum Institute, which is hardly an impartial arbiter (it is the oil industry lobby), projects that opening all U.S. lands to drilling while loosening a range of regulations would create 400,000 new energy-sector jobs and perhaps one million support and spinoff jobs by 2030. The real potential for oil and gas jobs is smaller. For his part, Obama placed clean-energy jobs at the core of his economic recovery plans, promising five million by 2030 if his energy plans were enacted into law. The Center for American Progress, a liberal-leaning think tank that is inclined to be favorable to the president, estimated that his plans could have actually created about 1.8 million jobs at clean-energy businesses and their suppliers. Either way, Republicans and some Democrats have blocked most of the clean energy policies that the president advocated. The problem is that even if Obama, Perry, and Romney all had their way and, in fact, created millions of energy sector jobs, these numbers would be incommensurate with the scale of the United States' current employment challenge. In a country where 14 million job seekers are unemployed and an additional 9.3 million are involuntarily working part time, energy jobs will not bridge the gap. And many, if not most, of the promised jobs -- whether in oil drilling or turbine manufacturing -- would take more than a decade to materialize. Setting aside such problems, the full complement of jobs promised by the American Petroleum Institute and the Center for American Progress would tweak unemployment by about one percent. All of this also fails to mention that in the longer term, many if not most of the new jobs would come at the expense of employment in other sectors, pushing those job creation numbers down even further. The underwhelming numbers should not be surprising. After all, energy production is not a large part of the U.S. economy. The mining sector -- which includes oil, gas, and coal production -- makes up only 1.9 percent of U.S. GDP. The utilities sector, which includes both clean and traditional energy production as well as a wide range of other activities, adds another 1.9 percent. Motor vehicle manufacturing accounts for 0.9 percent more. This is nothing to scoff at -- in real terms it means nearly a trillion dollars per year -- but national prosperity will not come from jobs growth in sectors that collectively make up less than five percent of the economy.

#### Regulations won’t cripple the industry

Levi 12 (Michael Levi is the David M. Rubenstein senior fellow for energy and the environment at the Council on Foreign Relations and director of its Program on Energy Security and Climate Change. , July/August, Think Again: The American Energy Boom", www.foreignpolicy.com/articles/2012/06/18/think\_again\_the\_american\_energy\_boom)

"Barack Obama Is Bad for the Oil and Gas Industry." False. The oil and gas industry does not exactly love President Obama. Many of the industry's most prominent members rail against his "job-killing tax hikes," bankroll his opponents, and assert that his claims about oil production "couldn't be farther from the truth." Some of this frustration stems from real policy disagreements. Many oil and gas producers scoff at efforts to promote clean energy. They chafe at the drilling restrictions put in place in the aftermath of the Deepwater Horizon oil spill and are apoplectic about the president's denial of a permit for the Keystone XL pipeline. Yet Obama has presided over an extraordinary boom in oil and gas production. That fact alone suggests he isn't out to wreck the industry. So why the hostility? Bennett Johnston, then a Democratic senator from Louisiana, put the dynamic well, though he was talking about another president and another energy boom 30 years ago: "When I go down in my state, I see virtually none of the independent oil producers for Carter.… We've gotten higher drilling rig counts, more dollars being spent, more activity, more profits being made by oil people than ever before. But do they like Carter? Oh no, they hate him because of his rhetoric." So let's get real: Obama may criticize the energy industry, but he has been pretty damn good for business. Washington under his watch may not be turning into Riyadh on the Potomac, but these are happy days for oil and gas producers. Even the president's efforts to remove industry tax breaks would amount to an additional burden of around $4 billion a year for an industry that posted more than $100 billion in profits (and far more in revenues) last year. And far from shutting down business with draconian new rules, his administration has worked to craft regulations that keep production going while also protecting the public. After pausing to improve safety provisions in the wake of the Deepwater Horizon oil spill, Obama has allowed new offshore oil drilling and production to resume. No president has a perfect record on energy. Yet if America's energy industry and its supporters set aside rhetoric, they'll find quite a lot to gush about.

#### Restrictions aren’t the issue --- companies have open federal leases now

Steven Mufson, 10/22/12, Washington Post Staff Writer, “Study: 20 million acres of federal oil, gas leases in Gulf of Mexico idle”, <http://www.washingtonpost.com/business/economy/study-20-million-acres-of-federal-oil-gas-leases-in-gulf-of-mexico-idle/2012/10/22/d764031a-1c47-11e2-9cd5-b55c38388962\_story.html>

Oil and natural gas companies are not exploring, developing or producing on more than 20 million acres of federal leases in the Gulf of Mexico, 40 percent of them owned by the five biggest private oil giants, according to a study by the office of Rep. Edward J. Markey (D-Mass.), the ranking member of the House Natural Resources Committee. The study is the latest salvo in a politicized election year battle over whether the Obama administration should be blamed for what Republican presidential nominee Mitt Romney has called a slow pace of leasing or whether the oil industry owns more drilling leases than it can handle. The study found that 131 oil and gas companies hold about 3,700 leases in the Gulf of Mexico that are not undergoing exploration, development or production. BP has 2.5 million acres of idle leases in the Gulf of Mexico, the report said. BP is followed by Chevron, Exxon Mobil and Shell, each of which own 1.4 million to 1.5 million acres of idle leases. Markey’s study added that about half of the leases have been idle for at least five years and that 80 percent of the idle leases were purchased for less than $300 an acre.

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#### First -- Diversionary theory --- it’s wrong

Boehmer, 07 – political science professor at the University of Texas (Charles, Politics & Policy, 35:4, “The Effects of Economic Crisis, Domestic Discord, and State Efficacy on the Decision to Initiate Interstate Conflict”)

This article examines the contemporaneous effect of low economic growth and domestic instability on the threat of regime change and/ or involvement in external militarized conflicts. Many studies of diversionary conflict argue that lower rates of economic growth should heighten the risk of international conflict. Yet we know that militarized interstate conflicts, and especially wars, are generally rare events whereas lower rates of growth are not. Additionally, a growing body of literature shows that regime changes are also associated with lower rates of economic growth. The question then becomes which event, militarized interstate conflict or regime change, is the most likely to occur with domestic discord and lower rates of economic growth? Diversionary theory claims that leaders seek to divert attention away from domestic problems such as a bad economy or political scandals, or to garner increased support prior to elections. Leaders then supposedly externalize discontented domestic sentiments onto other nations, sometimes as scapegoats based on the similar in-group/out-group dynamic found in the research of Coser (1956) and Simmel (1955), where foreign countries are blamed for domestic problems. This process is said to involve a “rally-round-the-flag” effect, where a leader can expect a short-term boost in popularity with the threat or use of force (Blechman, Kaplan, and Hall 1978; Mueller 1973). Scholarship on diversionary conflict has focused most often on the American case1 but recent studies have sought to identify this possible behavior in other countries.2 The Falklands War is often a popular example of diversionary conflict (Levy and Vakili 1992). Argentina was reeling from hyperinflation and rampant unemployment associated with the Latin American debt crisis. It is plausible that a success in the Falklands War may have helped to rally support for the governing Galtieri regime, although Argentina lost the war and the ruling regime lost power. How many other attempts to use diversionary tactics, if they indeed occur, can be seen to generate a similar outcome? The goal of this article is to provide an assessment of the extent to which diversionary strategy is a threat to peace. Is this a colorful theory kept alive by academics that has little bearing upon real events, or is this a real problem that policy makers should be concerned with? If it is a strategy readily available to leaders, then it is important to know what domestic factors trigger this gambit. Moreover, to know that requires an understanding of the context in external conflict, which occurs relative to regime changes. Theories of diversionary conflict usually emphasize the potential benefits of diversionary tactics, although few pay equal attention to the prospective costs associated with such behavior. It is not contentious to claim that leaders typically seek to remain in office. However, whether they can successfully manipulate public opinion regularly during periods of domestic unpopularity through their states’ participation in foreign militarized conflicts—especially outside of the American case—is a question open for debate. Furthermore, there appears to be a logical disconnect between diversionary theories and extant studies of domestic conflict and regime change. Lower rates of economic growth are purported to increase the risk of both militarized interstate conflicts (and internal conflicts) as well as regime changes (Bloomberg and Hess 2002). This implies that if leaders do, in fact, undertake diversionary conflicts, many may still be thrown from the seat of power—especially if the outcome is defeat to a foreign enemy. Diversionary conflict would thus seem to be a risky gambit (Smith 1996). Scholars such as MacFie (1938) and Blainey (1988) have nevertheless questioned the validity of the diversionary thesis. As noted by Levy (1989), this perspective is rarely formulated as a cohesive and comprehensive theory, and there has been little or no knowledge cumulation. Later analyses do not necessarily build on past studies and the discrepancies between inquiries are often difficult to unravel. “Studies have used a variety of research designs, different dependent variables (uses of force, major uses of force, militarized disputes), different estimation techniques, and different data sets covering different time periods and different states” (Bennett and Nordstrom 2000, 39). To these problems, we should add a lack of theoretical precision and incomplete model specification. By a lack of theoretical precision, I am referring to the linkages between economic conditions and domestic strife that remain unclear in some studies (Miller 1995; Russett 1990). Consequently, extant studies are to a degree incommensurate; they offer a step in the right direction but do not provide robust cross-national explanations and tests of economic growth and interstate conflict. Yet a few studies have attempted to provide deductive explanations about when and how diversionary tactics might be employed. Using a Bayesian updating game, Richards and others (1993) theorize that while the use of force would appear to offer leaders a means to boost their popularity, a poorly performing economy acts as a signal to a leader’s constituents about his or her competence. Hence, attempts to use diversion are likely to fail either because incompetent leaders will likewise fail in foreign policy or people will recognize the gambit for what it is. Instead, these two models conclude that diversion is likely to be undertaken particularly by risk-acceptant leaders. This stress on a heightened risk of removal from office is also apparent in the work of Bueno de Mesquita and others (1999), and Downs and Rocke (1994), where leaders may “gamble for resurrection,” although the diversionary scenario in the former study is only a partial extension of their theory on selectorates, winning coalitions, and leader survival. Again, how often do leaders fail in the process or are removed from positions of power before they can even initiate diversionary tactics? A few studies focusing on leader tenure have examined the removal of leaders following war, although almost no study in the diversionary literature has looked at the effects of domestic problems on the relative risks of regime change, interstate conflict, or both events occurring in the same year.3

#### Prefer our authors – their evidence is biased by economic Stockholm syndrome

Dornbrook, 10 – Reporter for the Kansas City Business Journal, \*\*Citing Brian Wesbury – Chief Economist for First Trust Advisors and Author (James, "Economist: Ongoing rebound gives reason for optimism", January 8th 2010, May 21st 2010, http://kansascity.bizjournals.com/kansascity/stories/2010/01/04/daily46.html)

People should start being more optimistic about the economy because it probably will continue rebounding in 2010, said Brian Wesbury, chief economist for First Trust Advisors LP. Wesbury was the keynote speaker at the Association for Corporate Growth Kansas City’s annual economic forecast meeting Friday morning at the Kansas City Marriott Downtown. Wesbury was also the keynote speaker for last year’s event, and many members agreed that his predictions for 2009 were accurate. Wesbury, author of “It’s Not as Bad as You Think,” told the crowd that too many people are suffering from a sort of economic Stockholm Syndrome, where they have fallen in love with pessimism. It’s because we just experienced the first real panic in the economy since 1907, Wesbury said, and it altered the psyche of people to the point where they expect bad things to constantly happen. But economic data show that the economy bottomed out in March 2009 and that recovery is under way, he said.

#### Theirs is empirically disproven --- No conflicts resulted from the recession – disproves the impact

Barnett 9**—**senior managing director of Enterra Solutions LLC (Thomas, The New Rules: Security Remains Stable Amid Financial Crisis, 25 August 2009, http://www.aprodex.com/the-new-rules--security-remains-stable-amid-financial-crisis-398-bl.aspx)

When the global financial crisis struck roughly a year ago, the blogosphere was ablaze with all sorts of scary predictions of, and commentary regarding, ensuing conflict and wars -- a rerun of the Great Depression leading to world war, as it were. Now, as global economic news brightens and recovery -- surprisingly led by China and emerging markets -- is the talk of the day, it's interesting to look back over the past year and realize how globalization's first truly worldwide **recession has had** virtually **no impact** whatsoever **on** the **international security** landscape. None of the more than three-dozen ongoing conflicts listed by GlobalSecurity.org can be clearly attributed to the global recession. Indeed, the last new entry (civil conflict between Hamas and Fatah in the Palestine) predates the economic crisis by a year, and three quarters of the chronic struggles began in the last century. Ditto for the 15 low-intensity conflicts listed by Wikipedia (where the latest entry is the Mexican "drug war" begun in 2006). Certainly, the Russia-Georgia conflict last August was specifically timed, but by most accounts the opening ceremony of the Beijing Olympics was the most important external trigger (followed by the U.S. presidential campaign) for that sudden spike in an almost two-decade long struggle between Georgia and its two breakaway regions. Looking over the various databases, then, we see a most familiar picture: the usual mix of civil conflicts, insurgencies, and liberation-themed terrorist movements. Besides the recent Russia-Georgia dust-up, the only two potential state-on-state wars (North v. South Korea, Israel v. Iran) are both tied to one side acquiring a nuclear weapon capacity -- a process wholly **unrelated to** global **economic trends**. And with the United States effectively tied down by its two ongoing major interventions (Iraq and Afghanistan-bleeding-into-Pakistan), our involvement elsewhere around the planet has been quite modest, both leading up to and following the onset of the economic crisis: e.g., the usual counter-drug efforts in Latin America, the usual military exercises with allies across Asia, mixing it up with pirates off Somalia's coast). Everywhere else we find serious instability we pretty much let it burn, occasionally pressing the Chinese -- unsuccessfully -- to do something. Our new Africa Command, for example, hasn't led us to anything beyond advising and training local forces. So, to sum up: •No significant uptick in mass violence or unrest (remember the smattering of urban riots last year in places like Greece, Moldova and Latvia?); •The usual frequency maintained in civil conflicts (in all the usual places); •Not a single state-on-state war directly caused (and no great-power-on-great-power crises even triggered); •No great improvement or disruption in great-power cooperation regarding the emergence of new nuclear powers (despite all that diplomacy); •A modest scaling back of international policing efforts by the system's acknowledged Leviathan power (inevitable given the strain); and •No serious efforts by any rising great power to challenge that Leviathan or supplant its role. (The worst things we can cite are Moscow's occasional deployments of strategic assets to the Western hemisphere and its weak efforts to outbid the United States on basing rights in Kyrgyzstan; but the best include China and India stepping up their aid and investments in Afghanistan and Iraq.) Sure, we've finally seen global defense spending surpass the previous world record set in the late 1980s, but even that's likely to wane given the stress on public budgets created by all this unprecedented "stimulus" spending. If anything, the friendly cooperation on such stimulus packaging was the most notable great-power dynamic caused by the crisis. Can we say that the world has suffered a distinct shift to political radicalism as a result of the economic crisis? Indeed, no. The world's major economies remain governed by center-left or center-right political factions that remain decidedly friendly to both markets and trade. In the short run, there were attempts across the board to insulate economies from immediate damage (in effect, as much protectionism as allowed under current trade rules), but there was no great slide into "trade wars." Instead, the World Trade Organization is functioning as it was designed to function, and regional efforts toward free-trade agreements have not slowed. Can we say Islamic radicalism was inflamed by the economic crisis? If it was, that shift was clearly overwhelmed by the Islamic world's growing disenchantment with the brutality displayed by violent extremist groups such as al-Qaida. And looking forward, austere economic times are just as likely to breed connecting evangelicalism as disconnecting fundamentalism. At the end of the day, the economic crisis did not prove to be sufficiently frightening to provoke major economies into establishing global regulatory schemes, even as it has sparked a spirited -- and much needed, as I argued last week -- discussion of the continuing viability of the U.S. dollar as the world's primary reserve currency. Naturally, plenty of experts and pundits have attached great significance to this debate, seeing in it the beginning of "economic warfare" and the like between "fading" America and "rising" China. And yet, in a world of globally integrated production chains and interconnected financial markets, such "diverging interests" hardly constitute signposts for wars up ahead. Frankly, I don't welcome a world in which America's fiscal profligacy goes undisciplined, so bring it on -- please! Add it all up and it's fair to say that this global financial crisis has proven the great resilience of America's post-World War II international liberal trade order.

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#### South China Sea war won’t escalate

Scobell 1**,** phd, strategic studies institute,[ Dr, Andrew, “The Rise of China: Security Implications”, <http://www.sanford.duke.edu/centers/tiss/pubs/documents/TheRiseofChina.pdf>]

The South China Sea presents a very different kind of flashpoint --one quite unlikely to be the location of a major conflict. Most of the disputed islands there are uninhabited and remote, and rival claimants to the area all have very limited power projection capabilities. China, Vietnam, the Philippines, Malaysia, and Brunei are among the states that claim some or all of the reefs, islets, and atolls that dot the area. China has the largest and most insistent claim. Beijing is very concerned with the sea lanes of communication and the natural resources of the region. China is increasingly dependent on Middle East oil that is shipped via the Strait of Malacca and through the South China Sea. Moreover, China is keen on tapping the fisheries and any energy reserves discovered in the area. Other nonmilitary security threats to the area are piracy--some estimates put about half of the world's pirates operating in the region. Environmental issues could exacerbate regional tensions and possibly lead to limited hostilities, but these are unlikely to escalate or directly involve the United States in a war.

#### Economics prevent conflict escalation

Creehan 12 – Senior Editor of the SAIS Review of International Affairs (Sean, “Assessing the Risks of Conflict in the South China Sea,” Winter/Spring, SAIS Review, Vol. 32, No. 1)

Regarding Secretary Clinton’s first requirement, the risk of actual closure of the South China Sea remains remote, as instability in the region would affect the entire global economy, raising the price of various goods and commodities. According to some estimates, for example, as much as 50 percent of global oil tanker shipments pass through the South China Sea— that represents more than three times the tanker traffic through the Suez Canal and over five times the tanker traffic through the Panama Canal.4 It is in no country’s interest to see instability there, least of all China’s, given the central economic importance of Chinese exports originating from the country’s major southern ports and energy imports coming through the South China Sea (annual U.S. trade passing through the Sea amounts to $1.2 trillion).5 Invoking the language of nuclear deterrence theory, disruption in these sea lanes implies mutually assured economic destruction, and that possibility should moderate the behavior of all participants. Furthermore, with the United States continuing to operate from a position of naval strength (or at least managing a broader alliance that collectively balances China’s naval presence in the future), the sea lanes will remain open. While small military disputes within such a balance of power are, of course, possible, the economic risks of extended conflict are so great that significant changes to the status quo are unlikely.

#### Multiple factors ensure cooperation

Zhu ’12 – professor in the School of International Studies and the deputy director of the Center for International and Strategic Studies at Beijing University (Zhu Feng, “No One Wants a Clash,” May 3, New York Times, <http://www.nytimes.com/roomfordebate/2012/05/02/are-we-headed-for-a-cold-war-with-china/no-one-wants-a-cold-war-between-the-us-and-china>)

However there is little worry that the two powers will collide into a “new cold war.” First of all, China’s authoritarian system has been tremendously mobilized for international integration. Beijing has been pretty conservative and doesn’t welcome democratization. But it does not strictly adhere to traditional communism either. Any new confrontation like the cold war would risk a huge backlash in China by greatly damaging the better-off Chinese people. Such a conflict could ultimately undermine the Communist Party’s ruling legitimacy.

Second, the power disparity between Washington and China hasn’t significantly narrowed, regardless of Chinese achievements in the past decades. My view is that Beijing remains an adolescent power, and should learn how to be a great power rather than unwisely rushing to any confrontation. Though some Chinese want the nation to assert itself more forcefully, the huge disparity in power should keep China in place. China is in no position to challenge the U.S. But China will be more enthusiastic and straightfoward about addressing and safeguarding its legal interests. Competition between Washington and Beijing will intensify, but that does not automatically mean that the relationship will be unmanageable.

Lastly, the cycle of action and reaction has mostly turned out to be fruitful for the U.S. and China. Further competition is promising. The U.S. doesn’t want to put China in a corner, or force Beijing to stand up desperately. The dealings over many thorny issues have respond? The country’s cold war experience offers a useful strategy. The stalemate imposed by “mutually assured destruction” that prevented the US-Soviet conflict from igniting created a sense of stability. Today, the US and China are locked in a new form of “proved that each side wants to handle the conflict, not escalate it. Chen Guangcheng’s departure from the U.S. Embassy is telling evidence. Neither side wants diplomatic confrontation. Rather, it seems that both sides are struggling to react constructively.

In the years to come, China-U.S. relations will continue to be very complicated, but also very important. The glue to keep these two nations together is not pragmatism only, but mutual interest — especially in trade.

#### U.S. energy independence causes Gulf states to switch alliances to China---that destroys U.S. leverage in a crisis over Taiwan

Eduardo A. Abisellan 12, the U.S. Marine Corps Federal Executive Fellow in the Brookings 21st Century Defense Initiative, June 28, 2012, “CENTCOM’s China Challenge: Anti-Access and Area Denial in the Middle East,” http://www.brookings.edu/~/media/research/files/papers/2012/6/28%20centcom%20china%20abisellan/28%20centcom%20china%20abisellan

First, it is important to establish just how critical the Middle East is to China. The significance of the Middle East in fueling the global economy cannot be overstated: five of the top ten countries with proven oil reserves are in the Persian Gulf region. Saudi Arabia alone possesses one fifth of the world’s proven oil reserves. Iran has 137 billion barrels (bbls); Iraq, 115 bbls; Kuwait, 104 bbls; and the United Arab Emirates possesses 98 bbls of proven oil reserves.1 China, out of sheer economic necessity, has developed closer ties with these Persian Gulf States in order to satisfy its voracious energy appetite. The World Energy Outlook 2011 report predicts that the Chinese economy, notwithstanding a global economic downturn, will continue to grow at a rate of 8.1 percent per year through 2020. 2 Therefore, China’s quest for energy is a critical factor in sustaining its impressive economic growth. In 2010, China imported nearly 4.8 million barrels of crude oil per day (bbl/d), of which over 2.2 million (47 percent), came from the Middle East. By comparison, 1.5 million bbl/d (30 percent) came from Africa, 176,000 bbl/d (4 percent) from the AsiaPacific region, and 938,000 bbl/d (20 percent) came from other countries.” 3 By 2020, China is anticipated to overtake the United States in terms of oil imports, and by 2030 it will become the largest oil consumer in the world, consuming 15 million bbl/d- nearly double 2009 levels.4 China purchases oil from all parties regardless of their domestic political system; its primary concern has been and remains to fuel its growing economy and ensure sufficient markets are available to sustain future energy demands and economic growth. A secondary effect of increased Chinese dependency on Middle Eastern oil has been the significant rise in the amount of trade between China and the Middle East. According to a recent article by James Chen, “The Emergence of China in the Middle East,” “from 2005 to 2009, the total trade volume between China and the Middle East rose 87 percent to $100 billion, and Middle East’s exports to China grew by 25 percent. China is also the top source of the region’s imports, most of them being low-cost household goods.”5 Increased trade and infrastructure investments by Chinese firms in the Middle East and by Middle Eastern firms in China have significantly brought the Middle East and Far East closer together. The relationships between China and the Middle East may have started as the result of basic supply and demand economics, but just as China’s energy needs are projected to grow, so is its relationship with key oil producing states within the Persian Gulf. Moreover, “Beijing’s calculations regarding a possible war with the United States over Taiwan increases the importance of having powerful and independent minded oil producing friends in the Middle East that will be willing to supply oil in a contingency.”6 A more benign conclusion is that the Chinese have thus far remained ambivalent to regional issues. But this ambivalence (or rather strategy of non-intereferenence in domestic matters) has come with political gains to Chinese compared to the US position with several key regimes. The Chinese do not challenge the local regimes and ruling monarchies on issues such as democracy or human rights. It is both a friend and ally to competing nations in the region, the Gulf monarchs on one side of the Persian Gulf and Iran on the other. This relationship has benefited both China and the region. Bilateral trade between China and the Gulf Cooperation Council (GCC), composed of Bahrain, Kuwait, Oman, Saudi Arabia, United Arab Emirates, and Qatar, “topped $70 billion in 2008; according to some estimates, the Sino-GCC trade volume will reach between $350 and $500 billion by 2020.”7 Opposite the GCC, “China has become Iran’s largest trade partner since the United States began its attempt to negotiate with Iran and sanction simultaneously.”8 China has taken advantage of the international sanctions against Iran to maximize and diversify its energy security position, “with bilateral exchanges worth $21.2 billion compared to $14.4 billion three years earlier. Western sanctions have also paved the way for Chinese companies, which last year directly supplied Iran with 13% of its imports ($7.9 billion).”9 Despite the obvious dangers of courting opposing countries, China provides the next best alternative to the U.S. in the region. It is an alternative that comes without preexisting conditions for friendship. The Chinese do not expound governmental or political system reform as conditions for doing business. China leans towards authoritarian regimes without upsetting the status quo; the U.S. engages nondemocratic regimes with an eye towards reform and promoting democracy, but this process is of course often messy and rife with tension as the US tries to balance competing demands. In the end, the Chinese through trade, investment, and nonintrusive policies stand to be looked at as a better friend, ally, and benefactor than the U.S., at least under the current governmental structures in the region. The recent popular uprisings (Arab Spring) in North Africa, and the manner in which the U.S. abruptly abandoned a 30-year ally in President Mubarak of Egypt, further complicated the US position. While the shift was likely on the right side of history, it has no doubt changed the perception of U.S. loyalty to its other regime allies. Gulf monarchs began asking themselves how the U.S. would react in the event of similar popular uprising within their states. Would the U.S. stand beside them or abandon them? Most interpreted the latter would be the case. The U.S. and China walk a fine line between friendship with the established ruling class and the population represented by its authoritarian rulers. The rise of popular democratic movements may benefit the U.S. more than China, but the true outcome of revolutions will not likely be known for years to come. The challenge for the U.S. will remain its ability to balance its national interests and democratic ideology with the less intrusive Chinese view of the world. In this regard, the Chinese have a clear advantage: they are not going to upset the status quo, nor do they come with some of the historical baggage from 50 years of involvement in the region that makes US relations even with dissidents or popular democratic movements difficult. Adding to these trends are calls from within the U.S. to wean America from foreign oil dependency. Public statements along these lines further reinforce the perceived need in the Gulf States to seek new alliances and focus their efforts on where the demand for energy is projected to be the strongest- the Asia-Pacific region. The 2011 World Energy Report predicts that Asian countries that lie outside the Organization of Economic Cooperation and Development (OECD) will have the largest demand for oil, with China and India topping the list, whereas OECD consumption rates will level off, if not decline. Moreover, with new shale oil and gas discoveries in the United States and oil sands from Canada, many believe that “the U.S. is at the forefront of the unconventional revolution.”10 According to PFC Energy, a Washington-based consultancy: By 2020, shale sources will make up about a third of total U.S. oil and gas production, by that time the U.S. will be the top global oil and gas producer, surpassing Russia and Saudi Arabia… That could have far-reaching ramifications for the politics of oil, potentially shifting power away from the Organization of Petroleum Exporting Countries toward the Western hemisphere. With more crude being produced in North America, there's less likelihood of Middle Eastern politics causing supply shocks that drive up gasoline prices. Consumers could also benefit from lower electricity prices, as power plants switch from coal to cheap and plentiful natural gas.11 This obviously could be of great benefit to the U.S. However, the shift to actual energy self-reliance is not readily apparent. According to the U.S. Energy Information Administration, the U.S. currently leads the world in oil consumption and imports about 45 percent of its oil needs. In 2011, the U.S. consumed 18.8 million barrels per day (MMbd) of petroleum products and imported 11.4 MMbd. 52 percent of U.S. crude oil and petroleum products imports came from the Western Hemisphere (North, South and Central America, and the Caribbean including U.S. territories). About 22 percent of U.S. imports of crude oil and petroleum products come from the Persian Gulf countries of Bahrain, Iraq, Kuwait, Qatar, Saudi Arabia, and United Arab Emirates. The largest sources of crude oil and petroleum products imports came from Canada (29 percent) and Saudi Arabia (14 percent). Other sources of U.S. Net Crude Oil and Petroleum Products imports are: Nigeria (11 percent); Venezuela (10 percent); and Mexico (8 percent).12 Many will see the potential for increased domestic oil and gas production as a means to wean America off the Middle Eastern (Persian Gulf) oil spigot, retrench, and save costs abroad. On the surface, the potential for domestic oil production to offset foreign imports alleviates the problem associated with dependency on Middle Eastern oil, such as the fluctuation in prices due to instability, or in the worst case, the disruption of supplies due to regional conflict. Moreover, due to the fungible nature of oil; the fluctuation in prices due to instability or conflict has the potential to impact the price of oil worldwide and thus impact global economies directly. Therefore, supplanting oil imports from volatile and/or unstable regions with domestic production insulates the nation against potential supply disruptions and price hikes. However, it is strategically shortsighted to believe that weaning the U.S. off Middle Eastern oil supplies will solve America’s national security issues in this volatile region. The geopolitical and strategic implications of continued U.S. presence and involvement in the Middle East (Persian Gulf) transcend the basic need for oil imports from the region. The scope is much broader and inextricably connected to the larger global economy and the role the U.S. plays in exercising global leadership to confront emerging threats, deter aggression, and assure allies around the world—many of whom are heavily reliant on the free trade in energy (and goods) to fuel their economies. If the U.S. is not the guarantor of the free flow of trade throughout the global commons, who will be? Yet, a war- and deficit-weary U.S. government and a sluggish domestic economy, when coupled with the rebalancing of U.S. interests to the Asia-Pacific region, could easily cloud the larger strategic picture. The strategic issue is not whether the U.S. can or should become less dependent on Middle Eastern oil and less embroiled in the region, but whether energy self reliance and a rebalancing to the Asia-Pacific region will cause the U.S. to scale back its efforts from the Middle East altogether. The latter would be a strategic mistake. In short, U.S. willingness to support popular democratic uprisings, the expressed desire to wean the nation off Middle Eastern oil, and growing oil demand and consumption in the Far East are all conditions that could significantly influence, if not alter, the geostrategic and political landscape of the Middle East in the 21st century. This set of circumstances will reinforce Persian Gulf states’ incentives to distance themselves from the U.S. and to develop even stronger partnerships with nations such as China. The impact of this of [sic] US needs in a crisis situation in the Asia Pacific may be more noteworthy than often understood. The disruption of Chinese oil supplies would likely be a prime U.S. objective during a crisis situation involving a potential dispute with China over Taiwan, or another contingency scenario. But the aforementioned factors may be reasons why Gulf States may not support U.S. actions during a crisis between the U.S. and China: why bite the hand that increasingly feeds you? However, the U.S. is dependent on regional military bases, such as the U.S. Navy’s Fifth Fleet Headquarters in Bahrain, the U.S. Air Force’s Combined Air Operations Center in Qatar, and other military capabilities based throughout the Arabian Peninsula, to exercise its military options. Without the assistance of regional partners or access to bases from which to operate, military action would be difficult to initiate and sustain. Constraints placed against the U.S. may range from Persian Gulf states continuing to supply oil to China despite a conflict with the U.S. Or they could deny the U.S. the ability to launch military actions against China from their territory, thus making it more difficult for the U.S. to pursue a comprehensive military campaign to interdict Chinese oil supplies. In sum, China’s building economic and political ties has engendered closer relations with the Gulf States, with growing soft power significance. This relationship may have already set the conditions for China to be able to counter U.S. efforts to strike at China’s critical vulnerabilities- its heavy reliance on imported oil and lengthy SLOCs. Moreover, China could further use its economic leverage to court potential allies to counter alliances arrayed against it along its periphery. Soft power enticements, trade concessions, and arms sales could ultimately lead to increased military cooperation and mutual defense.

# Russia

## 1NC

#### Russia has abandoned aggression in favor of cooperation

Sawczak 11 [Dr. Peter Sawczak, Adjunct Research Fellow at Monash University, “Obama’s Russia Policy: The Wages and Pitfalls of the Reset,” peer reviewed paper presented at the 10th Biennial Conference of the Australasian Association for Communist and Post-Communist Studies, Feb 3-4 2011, <http://cais.anu.edu.au/sites/default/files/Sawczak_Obama.pdf>]

As a measure of their optimism, US officials like to point – cautiously – to a discernible shift in Russian foreign policy towards a more pragmatic, cooperative approach. Whether or not the Obama administration can claim credit for this, the United States has at least shown Russia the dividends which could flow from enhanced cooperation. This is most palpably reflected in the Russian foreign policy paper leaked in May 2010, which identifies a “need to strengthen relations of mutual interdependence with the leading world powers, such as the European Union and the US,” 5 as well as, more indirectly, in Medvedev’s modernisation agenda. The fact that Russia has sought, in the tragic circumstances attending commemoration ceremonies at Katyn, rapprochement with Poland and moved to demarcate its border with Norway, in addition to partnering with the US on arms control, Iran and Afghanistan, suggests to US policy-makers that a rethink, however tenuous, is underway. Noteworthy also is the fact that Russia, gladdened by the emergence of more compliant leaders in Ukraine and Kyrgyzstan, has been remarkably restrained of late in its dealings closer to home, not having waged any major gas wars, threatened leaders, or incited civil war.

#### Zero risk of war

David E. Hoffman 10/22/12, contributing editor to Foreign Policy and the author of The Dead Hand: The Untold Story of the Cold War Arms Race and Its Dangerous Legacy, which won the 2010 Pulitzer Prize for general non-fiction, "Hey, Big Spender," Foreign Policy, www.foreignpolicy.com/articles/2012/10/22/hey\_big\_spender?page=full

Despite tensions that flare up, the United States and Russia are no longer enemies; **the chance of nuclear war or surprise attack is nearly zero**. We trade in each other's equity markets. Russia has the largest audience of Facebook users in Europe, and is open to the world in a way the Soviet Union never was.

#### NG means Russia maintains dominance over Europe

Ryan 12 (Margaret Ryan - Vice President, Double Forte’, Management Consulting Services, "Oil-linked Natural Gas Pricing Under Continued Pressure in Europe," August 28, 2012, energy.aol.com/2012/08/28/oil-linked-natural-gas-pricing-under-continued-pressure-in-europ/?icid=related2#?icid=apb2#page2)

Europe is supplied by a combination of North Sea gas, where fields are in decline; pipeline gas from Russia; and LNG from Africa and the Middle East. **Natural gas has long been priced on a basket of refined products, which usually rise or fall with the price of crude oil.**¶Customers Call for Greater Hub Indexation¶ Recent high crude prices have pushed natural gas prices unusually high, and major distributors who can't pass on the prices are losing significant money, said Howard **Rogers, Senior Research Fellow, Oxford Institute for Energy Studies**.¶ **That's led to customer rebellion, just as the recession has sapped gas and electricity demand.**¶"Germany is the combat zone,"said James Jensen of Jensen Associates, with powerful utilities E.On and RWE wrestling down gas contracts with Russia's Gazprom. "**Russia is trying to hold the line on the oil linkage," Jensen said**, but is having to accept some concessions, as is Norway's Statoil which markets North Sea gas.¶ Jensen said **northern Europe is moving to competitive hub pricing, and southern Europe may follow.**¶Bros said 58% of natural gas was still oil-indexed in OECD Europe in 2011, but he expects that by 2014, less than 50% will be, **increasing pressure to shift all trading to indexation on hub market prices.**¶"Confidence in the hubs is improving," said Rogers, pointing to growing liquidity at the UK's National Balancing Point and the Dutch TTF hubs.¶ **A major unknown for potential US LNG exports is Russia's response,** said Rogers. Even with a change in pricing basis, Russia will remain dominant, supplying a quarter of Europe's gas.¶ Russia could choose to dump gas in Europe and undercut the LNG market, depressing prices when US supplies arrive, said Rogers, or it could cut back deliveries and try to prop up its price.¶ Bros warned that gas consumption in the last couple of years has been consistently below previous usage, **with Gazprom holding 11 billion cubic meters of gas** that customers contracted for but on which they couldn't take delivery.¶ Bros said demand looks likely to stay low, since the big growth in natural gas use in the past decade, and the biggest contractions now, are in Greece, Portugal, Spain and Italy, the nations worst hit by the ongoing economic crisis.

#### OCS drilling kills U.S.-EU energy cooperation---that’s key to overall relations which solve prolif, Russian expansion, Middle East stability and a peaceful Chinese rise

David Koranyi 9-4 is the deputy director of the Atlantic Council's Dinu Patriciu Eurasia Center, 9/4/12, “An Emerging Transatlantic Rift on Energy?” http://www.naturalgaseurope.com/romney-energy-policy-emerging-transatlantic-rift-on-energy

Republican presidential candidate Mitt Romney recently unveiled his energy plans for the United States, which promises to fulfill the country’s four-decades’-old dream of energy independence. It has the potential to do so. But the price could ultimately be high: a breakdown in global climate negotiations and a rift in relations with Europe.

American and European energy markets are on a diverging path. The US has edged closer to self-sufficiency with respect to fossil fuels, due mostly to the extensive development of its unconventional resources. From 60 percent in 2005, net petroleum imports were down to 45 percent of the US supply last year. By 2020, this rate could be further reduced close to zero, excluding Canada and Mexico. Shale gas made the United States the number one natural gas producer in the world, overtaking Russia, and revitalized manufacturing and the chemical industry.

Meanwhile, climate-conscious Europe's already high energy import dependence continues to grow. Use of renewable resources mandated by the European Union are spreading dynamically, but will take time to mature. Indigenous unconventional gas faces mixed reactions in some member states. In the wake of the Fukushima accident, nuclear energy is on decline in most countries. Ironically, coal use has increased lately in Germany, due to the nuclear power plant closures and flaws in the EU's cap-and-trade system.

Romney has proposed a plan that would widen the transatlantic gap further. He proposes to accelerate the development of America's considerable on- and offshore oil and natural resources by opening up federal lands and wildlife refuges, relaxing legislation, extending tax breaks, and approving Keystone XL that would carry shale oil from Canada; to rehabilitate coal by reverting the Environmental Protection Agency's prohibitive clean air standards introduced by the current administration; and to revitalize nuclear power by streamlining the permitting procedures.

The underlying tenet of the plan is a complete disregard for the threat of climate change, a term the document does not use. Romney renounces the "myth of green jobs creation" and promotes new jobs in the oil, gas, and coal sectors instead. The plan also stipulates that renewables can compete with other resources on a "level playing field," and implies the cessation of government support for renewable energy projects.

The plan, not to mention its implementation, will cause outrage in Europe. To most European policymakers, and the general public alike, shale oil and coal are anathemas, and the "drill baby drill" mentality is considered environmentally reckless. Brussels and other European capitals already resent that President Obama has not spent enough political capital on global climate change negotiations. Europeans worry that a Romney Administration would derail the timeframe agreed to in Cancun last December.

Moreover, Europeans believe that a pursuit of US energy independence could prove both elusive and counter-productive. Even if complete self-sufficiency is achieved, oil prices are determined on the global oil market. The United States might miss breakthroughs in technologies and business opportunities that are offered by the global scramble for renewables. While global challenges to stable energy markets prevail, an illusion of energy independence might prompt a more isolationist stance in US foreign policy and a reduced commitment to strategic interests like Europe's energy security.

A transatlantic friction is looming. Would the United States and Europe ultimately be able to reconcile their visions? The transatlantic partners share strategic interests and face common threats and challenges closely linked to energy issues, such as the proliferation of nuclear weapons, a resurgent Russia, an unstable Middle East, or China’s insatiable appetite for resources and its repercussions around the globe. The United States and Europe are uniquely positioned to develop technology, leverage financing, and share experiences in legislative and regulatory developments. In times of austerity, identifying synergies and pooling resources is paramount.

There is also plenty to build upon. Owed largely to the increased use of cheap natural gas in electricity generation, to the detriment of coal and measures like enhanced vehicle fuel economy standards, last week the US Energy Information Administration reported that energy-related CO2 emissions in the first three months of the year were the lowest since 1992 (though still much higher per capita than in Europe). While Congress and the US government are paralyzed, more than thirty US states adopted renewable energy portfolio standards similar to the EU's 20 percent target by 2020. Regional emission trading schemes are on the rise in the absence of a federal one. Texas is becoming a renewable energy technology hotspot and wind and solar powerhouse. Many in Europe are willing to learn from the US how to unlock their own shale gas potential that can serve as a bridge fuel to the EU's preferred zero-carbon future as gas emits much less CO2. Conversely, the US is looking to exploit four decades of European experience in energy efficiency improvements and demand reduction. Though politically and financially tricky, both EU member states and the United States should revisit nuclear energy as an essential component in providing affordable and sustainable energy. The list goes on.

The benefits of transatlantic cooperation are beyond doubt. The consequences of a falling out between the United States and the EU after the elections are far-reaching. A continued dialogue launched in the framework of the US-EU Energy Council in 2009 would be a way to avoid that. Joint efforts to address climate change, innovation, and investment in clean energy technologies, risk sharing, and cost reduction; joint research and development and harmonized energy diplomacy should be the cornerstones. A value gap that will undermine trust within the alliance is in nobody’s interest.

## 1NR

#### Cold war calculations no longer apply – neither side would consider war

Cartwright et al 12 [Gen (Ret) James Cartwright, former Vice Chairman of the Joint Chiefs of Staff; Amb. Richard Burt, former ambassador to Germany and chief negotiator of START; Sen. Chuck Hagel; Amb. Thomas Pickering, former ambassador to the UN; Gen. (Ret.) Jack Sheehan, former Supreme Allied Commander Atlantic for NATO and Commander-in-Chief for the U.S. Atlantic Command; GLOBAL ZERO U.S. NUcLEAR POLicy cOMMiSSiON REPORT, http://orepa.org/wp-content/uploads/2012/05/cartwright-report.pdf]

These illustrative next steps are possible and desirable for five basic reasons. First, mutual nuclear deterrence based on the threat of nuclear retaliation to attack is no longer a cornerstone of the U.S.-Russian security relationship. Security is mainly a state of mind, not a physical condition, and mutual assured destruction (MAD) no longer occupies a central psychological or political space in the U.S.-Russian relationship. To be sure, there remains a physical-technical side of MAD in our relations, but it is increasingly peripheral. Nuclear planning for Cold War-style nuclear conflict between our countries, driven largely by inertia and vested interests left over from the Cold War, functions on the margins using outdated scenarios that are implausible today. There is no conceivable situation in the contemporary world in which it would be in either country’s national security interest to initiate a nuclear attack against the other side. Their current stockpiles (roughly 5,000 nuclear weapons each in their active deployed and reserve arsenals) vastly exceed what is needed to satisfy reasonable requirements of deterrence between the two countries as well as vis-à-vis third countries whose nuclear arsenals pale in comparison quantitatively.

#### War is unlikely

Baranets 7 – retired Colonel. Victor DEFENSE and SECURITY (Russia), “Will America Fight Russia?”, July 20, 2007, lexis

FYI:

- Major General Alexander Vladimirov, Vice President of the Military Expert Board;

- Colonel General Vladimir Yesin, Senior Vice President of the Russian Academy of the Problems of Security, Defense, and Law;

- Colonel General Leonid Ivashov, President of the Academy of Geopolitical Problems; and

- Alexander Sharavin, Director of the Institute of Political and Military Analysis.

Yesin: The chances of a war between Russia and the United States are infinitesimal these days. Not merely because "we are no longer enemies". The consequences of the war are such that it will promote the interests neither of Russia nor the United States.  
Vladimirov: As a matter of fact, a war between Russia and the United States is possible inside the next 10-15 years. America will be the aggressor. The cause? The monopoly over Russian resources and the prevention of their ending up in China's hands. The objectives of the war are quite clear even now: removal from the political map of their powerful geopolitical rival whose missiles will wipe the United States off the face of the earth in 30 minutes. Unrestricted access to resources of the Russian Siberia and Far East. For the Americans, of course. Intimidation of the rest of the world and China with a show of what US technologies and weapons are capable of.  
Will there be a WWIII? Sharavin: Even if all other countries prudently choose to keep their distance, this hypothetical Russian-American war will be a world war in scope and magnitude.  
Ivashov: **I do not think that the war on Russia will deteriorate into WWIII**. Russia lacks strategic allies. More to the point, the Russian military potential is incomparable with the combined forces of Europe and America.  
Yesin: Should the Russian-American war begin, it will inevitably deteriorate into the Third World War. The United States is a NATO member and this bloc believes in collective security. In fact, collective security is what it is about.  
Vladimirov: Deterioration of the Russian-American armed conflict into **WWIII is unlikely** because the rest of the world will hold its collective breath and sit tight waiting for the winner to emerge from the fracas. It is America's small satellites like Poland, Latvia, Estonia, Georgia, and even the western Ukraine whose military activeness is possible. As for China, it will merely gloat from a distance. Like the proverb where someone watches from a mountaintop how the tigers were fighting down below..

# Courts CP

#### The United States Supreme Court should rule restrictions on the production of crude oil on federal lands unconstitutional on the grounds that it violates the tenth amendment

#### Courts can effectively rule to invalidate restrictions on all forms of energy production

Simon 7 [Christopher A. Simon - Director, Master of Public Administration, Political Science Department, University of Utah, Professor, Political Science, “Alternative Energy: Political, Economic, and Social Feasibility”]

**THE COURTS**

The institutional power of the federal courts regarding energy policy is not ex- plicit in Article III. The role of energy and the intra- and interstate transporta- tion of fuels and electricity in the United States is, for the most part, a late nine- teenth- and early twentieth-century phenomenon. Early energy policy-related cases were argued within the confines of the judiciary’s narrowly defined enu- merated powers. In the late nineteenth century, the court system remained timid in terms of taking energy and material related cases. Post-Loehner (1905). the judiciary showed itself more willing to enter into disputes between state government and citizens. Although the case had nothing to do with en- ergy policy**, the Supreme Court—**by taking the case—opened the doors to the expansion of one of its enumerated Article III powers in a way that more **di- rectly scrunitized policymaking** at the state and local levels and de facto ex- panded the notion that federal court decisions were linked to the national gov- ernment’s supremacy. The 1937 case West Coast Hotel u Parrish confirmed the judiciary’s interest in scrutinizing public policy at all levels of government. Constitutionally, legal theory was now open to an enlarged analysis of the in- terchange between national regulatory powers and policymaking authority and state and local powers. In essence, the Court more fully disclosed acceptance of judicial positivism in method and decision making rather than a strict con- structionist approach.

Over the years, **the courts have had a significant role in energy policy.** The Court has been particularly interested in regulation of safety with regard to energy policy, as safety issues are central to the public good aspect of energy. While not directly related to energy policy. New Jersey Steam Navigation Company v. Merchants' Bank of Boston 47 U.S. 344 (1848) does illustrate the Court's particular and early interest in issues related to energy safety. The case involved the destruction by fire of a steam-operated commercial boat. In the end, the Court sided with the plaintiffs and the decision of a lower court to award damages. The case ultimately turned on the issue of fuel safety as the boat was fitted for wood-burning energy production, but was burning a much hotter “modem” fuel for boats of the time—anthracite coal. Although other deficiencies had been noted in terms of safety equipment that ultimately tied to the issue of the federal court's “admirality jurisdiction,” the case provides early evidence that the Court saw a role for itself in re- viewing aspects of energy safety, particularly in terms of transportation safety—albeit tangentially and quite possibly with little emphasis beyond the nature of the case.

The Court, however, tightened its level of scrutiny in term of energy- related safety issues in Champlin Refining Co. v. Corporation Commission of Oklahoma et al. 286 U.S. 210 (1932). In this case, one of the earliest cases involving the regulation of safety issues **related to petroleum refinement**, the Court dismissed broadly defined environmental restrictions on the extraction and refining of petroleum. In essence, the Court demonstrated that an early state-level effort to protect the environment from the impact of oil drilling and processing could only occur if statutes were written narrowly and were essentially based on scientific principles related to environmental safety. One could argue that by taking the case and deciding it, the Court opened further the door to national regulation of environmental policy as is most di- rectly **related to the issue of energy resource development, processing, and distribution.**

The 1970s, a decade in which the petroleum-based energy paradigm expe- rienced a major shock, saw the Court dealing with two prominent cases re- lated to energy safety issues. In Vermont Yankee Nuclear Power Corp. v. Nat- ural Resources Defense Council, Inc., et alia 435 U.S. 519 (1978), the Court dealt with questions related to “the proper scope of judicial review of the Atomic Energy Commission’s procedures with regards to the licensing of nu- clear power plants.” In lower court decisions, **the commission's rule-making procedures related to nuclear energy fuel management and safety issues were overturned through court decision**. In essence, this would have **opened the door to further court scrutiny of the nuclear energy process** in terms of safety. In a unanimous decision, the late William Rehnquist wrote that the Court of Appeals has improperly developed its own conception of safe reactor process and remanded the case to a lower court to scrutinize the commission’s regu- latory clarity. The case is significant because it effectively maintained nuclear energy policy as viable as long as rule making and regulatory processes gov- erning this form of alternative energy were rationally constructed and com- plete. The Court looked to administrative solutions to any lack of clarity or completeness first but was fairly definitive in removing the judicial system from the process or filling in areas of vagueness or rewriting significant por- tions of regulation and process-related nuclear energy policy.

In the same year, **the Court decided the so-called trans-Alaska pipeline** rate **case**s. The Court sought to clarify rate change **policies related to the shipment of crudc oil and natural gas**. In essence, the Court solidified the authority of Interstate Commerce Commission (ICC) in its efforts to manage the pipeline. The commission’s ability to adjust rates for rational economic reasons and to require pipeline operators to refund excess rate charges to customers was rec- ognized by the Court. The pipeline cases were critical to the legitimacy of the commission’s authority over the transportation of petroleum from Alaska**. In a broader sense, the Court established precedence** of the ICC **to regulate pe- troleum transportation.** Appellate court decision has further solidified its po- sition on pipeline rates in BP West Coast Products, LLC v. Federal Energy Regulatory Commission 376 F. 3d 1223 (2004). The Court was careful to bal- ance this decision in relation to the states’ power to regulate intrastate energy policy issues.

In Exxon Corp. et alia v. Governor of Maryland et alia 437 U.S. 117 (1978), the Court recognized the power of state government to regulate gaso- line markets within its borders. The Court found that neither the interstate commerce clause nor the due process clause of the Fourteenth Amendment were violated by Maryland's regulations on petroleum producers’ ability to establish gas stations and policy efforts to ensure equity within the gasoline market across various corporate concerns operating fueling station in-state. In essence, the Court established a balance between the interests of the national government in regulating energy transportation and use and the interests of the state in advancing goals not inconsistent with national constitutional in- terpretation and national policy priorities.

#### It’s competitive --- doesn’t reduce restrictions, just rules them unenforceable

Treanor & Sperling 93 William - Prof Law at Fordham. Gene - Deputy Assistant to President for Economic Policy. “PROSPECTIVE OVERRULING AND THE REVIVAL OF "UNCONSTITUTIONAL" STATUTES,” Columbia Law Review, Dec 93, lexis

Unlike the Supreme Court, several state courts have explicitly addressed the revival issue. The relevant state court cases have concerned the specific issue of whether a statute that has been held unconstitutional is revived when the invalidating decision is overturned. n42 With one exception, they have concluded that such **statutes are immediately enforceable.**

The most noted instance in which **the revival issue was resolved** by a court involved the District of Columbia minimum wage statute pronounced unconstitutional in Adkins. After the Court reversed Adkins in West Coast Hotel, President Roosevelt asked Attorney General Homer [\*1913] Cummings for an opinion on the status of the District of Columbia's statute. The Attorney General responded,

The decisions are practically in accord in holding that the courts have no power to repeal or abolish a statute, and that notwithstanding a decision holding it unconstitutional a statute continues to remain on the statute books; and that if a statute be declared unconstitutional and the decision so declaring it be subsequently overruled the statute will then be held valid from the date it became effective. n43

Enforcement of the statute followed without congressional action. n44

When this enforcement was challenged, the Municipal Court of Appeals for the District of Columbia in Jawish v. Morlet n45 held that the decision in West Coast Hotel had had the effect of making the statute enforceable. The court observed that previous opinions addressing the revival issue proceed on the principle that **a statute declared unconstitutional is void in the sense that it is inoperative or unenforceable,** but not void in the sense that it is repealed or abolished; that so long as the decision stands the statute is dormant but not dead; and that **if the decision is reversed the statute is valid from its first effective date**. n46

The court declared this precedent sound since the cases were "in accord with the principle "that a decision of a court of appellate jurisdiction overruling a former decision is retrospective in its operation, and the effect is not that the former decision is bad law but that it never was the law.' " n47 Adkins was thus, and had always been, a nullity. The court acknowledged that, after Adkins, it had been thought that the District of Columbia's minimum wage statute was unconstitutional. As the court put it, " "Just about everybody was fooled.' " n48 Nonetheless, the court's view was that since **the** minimum wage **law had always been valid,** although for a period judicially unenforceable, **there was no need to reenact it. n49**

Almost **all other courts that have addressed the issue of whether a statute that has been found unconstitutional can be revived have reached the same result** as the Jawish court, using a similar formalistic [\*1914] analysis. n50 The sole decision in which a court adopted the nonrevival position is Jefferson v. Jefferson, n51 a poorly reasoned decision of the Louisiana Supreme Court. The plaintiff in Jefferson sought child support and maintenance from her husband. She prevailed at the trial level; he filed his notice of appeal one day after the end of the filing period established by the Louisiana Uniform Rules of the Court of Appeals. The Court of Appeals rejected his appeal as untimely, even though the Louisiana Supreme Court had previously found that the applicable section of the Uniform Rules violated the state constitution. One of Ms. Jefferson's arguments before the state Supreme Court was that that court's previous ruling had been erroneous and that the rules should therefore be revived. In rejecting this claim and in finding for the husband, the Court stated:

Since we have declared the uniform court rule partially unconstitutional, it appears to be somewhat dubious that we have the right to reconsider this ruling in the instant case as counsel for the respondent judges urges us to do. For a rule of court, like a statute, has the force and effect of law and, when a law is stricken as void, it no longer has existence as law; the law cannot be resurrected thereafter by a judicial decree changing the final judgment of unconstitutionality to constitutionality as this would constitute a reenactment of the law by the Court - an assumption of legislative power not delegated to it by the Constitution. n52

The Louisiana Court thus took a mechanical approach to the revival question. According to its rationale, when a statute is found unconstitutional, it is judicially determined never to have existed. Revival therefore entails judicial legislation and thereby violates constitutionally mandated separation of powers: because the initial legislative passage [\*1915] of the bill has no legitimacy, the bill's force is considered to be purely a creature of judicial decision-making.

**Jefferson has little analytic appeal**. Its view of the separation of powers doctrine is too simplistic. Contrary to the Jefferson rationale, a "revived" law is not the pure product of judicial decision-making. It is, instead, a law that once gained the support of a legislature and that has never been legislatively repealed. Its legitimacy rests on its initial legislative authorization. Moreover, the view that a statute that has been found unconstitutional should be treated as if it never existed may have had some support in the early case law, but it has been clearly rejected by the Supreme Court. Instead of treating all statutes that it has found unconstitutional as if they had never existed, the Court has recognized a range of circumstances in which people who rely on an overturned decision are protected. Indeed, as will be developed, the doctrine of prospective overruling evolved to shield from harm those who relied on subsequently overruled judicial decisions. n53 In short, the one case in which there was a holding that a statute did not revive does not offer a convincing rationale for nonrevival.

# Oil DA

#### The plan collapses oil prices overnight---the link is huge and unique

Poruban 12 Steven Poruban "API: Raising US oil supplies key to lowering gasoline prices" 3/26 www.ogj.com/articles/print/vol-110/issue-3c/general-interest/api-raising-us-oil.html

A major component to relieving upward pressure on gasoline prices in the US will come from increasing domestic oil production and not from raising taxes, American Petroleum Institute Pres. and Chief Executive Officer Jack Gerard told reporters Mar. 20 during a conference call from Washington, DC.

He said President Barack Obama's administration needs a "reality check" as well as a revision to the unclear signals it is sending the market. This is something that US voters understand as well, Gerard noted, citing statistics from a poll conducted earlier this month by Harris Interactive on behalf of API among 1,009 registered voters in the US.

"Voters understand that raising taxes is not a solution for high gasoline prices," Gerard said, adding, "No economist in the world will tell you gas prices can be reduced by increasing taxes, and the Congressional Research Service just released a study saying so," Gerard said.

"A true all-of-the-above energy strategy would include greater access to areas that are currently off limits, a regulatory and permitting process that supported reasonable timelines for development, and immediate approval of the Keystone XL pipeline to bring more Canadian oil to US refineries. This would send a positive signal to the market and could help put downward pressure on prices," he said.

A large majority of these polled voters, API said, "also believe that more US oil and natural gas development could reduce gasoline prices (81%), lead to more American jobs (90%), and enhance America's energy security (84%)."

Gerard said, "Most US resources have been placed off-limits. The US oil and natural gas industry is currently allowed to explore, develop, and produce on less than 15% of the federal offshore areas. More than 85% of those areas are off limits, denying all Americans the benefits of producing those resources—benefits like greater supplies of crude oil and natural gas, job creation, and significant returns on our treasury in taxes, rents, royalties, and bonus bids."

Market perception

The very notion that the Obama administration is proposing the release of oil supplies from the nation's Strategic Petroleum Reserve or asking other countries, such as Saudi Arabia, to boost oil production, is a "clear admissions that supply matters" in the case of relieving gasoline price pressure, Gerard said.

Markets are largely driven by perception, Gerard said, and when Obama in his early days in office sent out the message to the market that oil and gas production from the Gulf of Mexico, for example, would be higher today than it was then, that is part of the reason we're experiencing higher gasoline prices in the US.

To illustrate this point about clear market signals, Gerard recalled the example of when US gasoline prices were surpassing $4/gal during George W. Bush's presidency, his administration lifted the moratorium on offshore drilling and in a matter of days, oil prices fell by $15-16/bbl.

#### Prolonged dip in prices collapses all producer states, causes political repression and state collapse, and unleashes wars across the world

Hulbert 12 Matthew Hulbert is an analyst at the Netherlands Institute for International Relations "The political perils of low oil prices" July 9 2012 www.europeanenergyreview.eu/site/pagina.php?id=3796&id\_mailing=295&toegang=49182f81e6a13cf5eaa496d51fea6406

As unedifying as all that might be, the bigger problem producer states have is that internal repression has no guarantee of success these days. It didn't work for Gadhafi in Libya, and it's unlikely to work for Assad in Syria in the long term. As fierce as the rear-guard battles have been, they’ve not been militarily conclusive or conducive to on-going hydrocarbon production.

Follow that argument through and it is clear that if the bulk of producer regimes were struggling to hang on in a $125/b world, they stand little chance of pulling through in an $80/b (or less) environment. So we reach the third step, and logical conclusion of our argument. The lower prices go, the more likely political unrest creates serious supply disruptions affecting physical supplies, with concomitant effects on paper markets. That obviously puts a radically new spin on what 'cyclical' means as far as price and political instability is concerned, but when we look across producer states, it’s hard to find any major players not sitting on a powder keg of political risk these days.

More likely than not, it will be some of the smaller players that get caught in the cross fire first. In the Gulf, Saudi Arabia is already deeply concerned about Bahrain relative to its Eastern Province. State implosion in Yemen is seen as an internal issue of the al-Saud to deal with, while serious deterioration in Iraq is becoming increasingly problematic in the North. Libya could see any post-war oil gains rapidly wiped out, Sudanese production has already fallen prey to intractable internal disputes, Kazakhstan remains entirely 'dispensable' in Central Asia given a lack of external clout in the region, while Nigeria has new civil strife problems to confront with Boko Haram. That’s before we consider intractable problems in Central Africa and the Horn of Africa. Any one of these jurisdictions could end up with a scorched earth policy if financing gaps aren’t closed.

Go further up the producer state 'food chain', and some of the world's largest players all have the same structural political problems, be it in the Middle East, Eurasia or Latin America. Any sign that a bigger petro-beast is losing control, and prices would rapidly lift. That might be welcome news for producer states lucky enough to ride the price wave and remain intact, but it's a very dangerous game to play.

And that's the whole problem here - the gap between geological costs of production and the geopolitical cost of survival is simply too wide for producers to cover without falling back on draconian measures. If this 'self-correcting' mechanism between price and political unrest starts supporting an informal price floor then so be it, but we shouldn't be fooled that this is serving anyone's interests - on either side of the consumer-producer ledger. Yes, it will help firm prices when certain producers struggle to adapt to rapidly shifting economic conditions, but assuming that more and more producer states hit political problems as prices slip, we're merely cementing the 'too big to fail' status of the very largest oil producers. Seeing petro-states dropping like political flies as prices correct isn't a proper 'solution' for a floor, not only because prices will rebound with a vengeance when markets tighten, but because it will make us even more dependent on a handful of key suppliers. As we all know from previous problems in Iraq (2.9 mb/d), Iran (3 mb/d), Libya (1.48 m/bd), Nigeria (2.4 mb/d) and even Venezuela (2.7 mb/d), once things go politically wrong, it takes a very long time, if ever, to get back to optimal production levels. It's the antithesis of where consumers want to be in terms of sourcing plentiful and fungible supplies.

Final scene: corpses all over the stage

By way of reminder, as much as petro-states currently face a systemic crisis trying to set a price floor, it was only in March that we saw how badly placed OPEC is to moderate the market at the top. Seeing petro-states in a pickle might warm the hearts of many right now, but markets can turn, and turn fast. When they do, the oil weapon will shift target as well. It will no longer be pointed at petro players heads, but directly at consumer states. That's the consequence of a dysfunctional energy system - not just with a $50-$150/b outlook eminently possible, but swings well beyond that 'price band' all too likely.

Splitting this price directly in two and sticking close to $100/b might not be that bad an idea after all: Mopping up the mess from producer state implosion would require an effort far beyond the international systems capabilities and reach. Carefully agreed truces are always better than outright wars, particularly for those squeamish about collateral damage. Corpses would litter the entire energy stage.

# ASPEC

#### Agency discussions are essential to education about energy policy

Valentine 10 Scott Victor Valentine - Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, “Canada’s constitutional separation of (wind) power” Energy Policy, Volume 38, Issue 4, April 2010,

http://www.sciencedirect.com/science/article/pii/S0301421509009227

Should policymakers facilitate renewable energy capacity development **through distributive policies (i.e. subsidies), regulatory policies** (i.e. CO2 emission caps), redistributive policies (i.e. carbon taxes) or constituent policies (i.e. green energy campaigns) (Lowi, 1972)? A preponderance of research has gone into addressing this question from **various conceptual perspectives**, which include popular themes such as comparing the efficacy of various policy instruments (cf. Blakeway and White, 2005; EWEA, 2005; Menza and Vachona, 2006; cf. Lipp, 2007), championing the efficacy of one specific instrument (cf. Sorrell and Sijm, 2003; cf. Mathews, 2008), assessing the impact that socio-economic dynamics have on the selection or design of policy instruments (cf. Maruyama et al., 2007; cf. Huang and Wu, 2009), investigating policy instrument selection in stakeholder networks (cf. Rowlands, 2007; cf. Mander, 2008), investigating hurdles to effective policy instruments implementation (cf. Alvarez-Farizo and Hanley, 2002), and examining challenges associated with evaluating policy instrument efficacy (cf. Mallon, 2006; cf. Vine, 2008).

**Despite the proliferation of studies on policy instruments in the** renewable **energy policy field**, there are no prominent examples of studies which investigate the impact that the federal form of government has on strategic selection of policy instruments. Federal government systems are characterized by power-sharing between the central authority and the regions comprising the federation. For federal policymakers, the manner in which power is divided can pose significant policy-making problems (Thorlakson, 2003). Specifically, federal attempts to apply coercive policy instruments in policy areas of regional or concurrent (shared) authority can generate political, legal or operational resistance by regional authorities. Even when developing policy for areas under federal jurisdiction, regional authorities have to avail their various “thrust and riposte” tactics to undermine the efficacy of disagreeable federal policies (Braun et al., 2002). Given that there are 24 nations with a federal government structure (including the major economies of the United States, Germany, Canada, Australia, Russia, India, Spain, Brazil and Mexico), a **formal enquiry into the impact that federal structure has on renewable energy policy instrument development is merited.**