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# Off 1

#### Obama will prevail in fiscal cliff but capital is key

Sprung, 9/21

(Andrew Sprung is a political commentator & media consultant. He is the CEO of Sprung PR and hold a PhD from the University of Rochestor, “Ezra Klein's unconvincing theory that Obama misunderstands (or misrepresents) "change," http://xpostfactoid.blogspot.com/2012/09/ezra-kleins-unconvincing-theory-that.html)

In my view, Klein is viewing this question too narrowly. Obama is well aware of the limitations of the bully pulpit, and he's got to know better than any person on the planet that presidential advocacy polarizes, entrenching the opposing party in implacable opposition to whatever the president proposes. Yet, in presenting a revamped theory of how the presidency works, he's not just feeding us a line of BS. And if Obama wins reelection, I believe that we will look back five or ten or twenty years from now and recognize that yes, Obama did change the way Washington works. Or at the very least, he kept the US on a sane policy course in a time of extreme polarization and thus gave (will have given...) the system space to self-correct, as it has in the past. Let's start with Klein's objection to Obama's characterization of how healthcare reform got done: The health-care process, which I reported on extensively, was a firmly “inside game” strategy. There were backroom deals with most every major interest group and every swing legislator.... By the time the law passed, many more Americans viewed it unfavorably than viewed it favorably — exactly the opposite of what you’d expect if health care had passed through an “outside game” strategy in which, as Obama put it, “the American people … put pressure on Congress to move these things forward.” And yet, health care passed. The inside game worked. All true, laddie. And yet, in claiming that the impetus for healthcare reform came from the outside, I don't think Obama is attempting to whitewash this long and messy process -- or is even referring to it. He is alluding to the marshaling or channeling of popular will that got him elected. The essence of Obama's primary election argument against Hillary Clinton was that he was better equipped to marshal the popular will for fundamental change -- with healthcare reform as the centerpiece -- than she was. I well remember the moment when that argument first impressed itself on me. It was in a debate in the immediate aftermath of the Iowa caucuses, on Jan. 5, 2008: Look, I think it's easier to be cynical and just say, "You know what, it can't be done because Washington's designed to resist change." But in fact there have been periods of time in our history where a president inspired the American people to do better, and I think we're in one of those moments right now. I think the American people are hungry for something different and can be mobilized around big changes -- not incremental changes, not small changes. I actually give Bill Clinton enormous credit for having balanced those budgets during those years. It did take political courage for him to do that. But we never built the majority and coalesced the American people around being able to get the other stuff done. And, you know, so the truth is actually words do inspire. Words do help people get involved. Words do help members of Congress get into power so that they can be part of a coalition to deliver health care reform, to deliver a bold energy policy. Don't discount that power, because when the American people are determined that something is going to happen, then it happens. And if they are disaffected and cynical and fearful and told that it can't be done, then it doesn't. I'm running for president because I want to tell them, yes, we can. And that's why I think they're responding in such large numbers.

Cue the political science eye-roll. The American people were not "determined" that healthcare reform per se had to occur. You can't read the results of the 2008 wave election as a "mandate" for a specific policy. In the aftermath, the electoral tide went back out with a vengeance. But it's also true that in two years of campaigning Obama's words did inspire people, that the American people were hungry for change after Bush, that Obama made a broad and conceptually coherent case for moving the center of American politics back to the left with a renewed commitment to shared prosperity and investment in the common good, and that healthcare reform was at the center of that case. True too that the results of that election gave him enough of a majority to persist, even when relentless Republican misinformation and bad-faith negotiation and delay eroded public support. Obama also **used the bully pulpit at crucial point**s, if not to rally public opinion, at least **to re-commit wavering Democrats -**- and also to convince the public, as he enduringly has, that he was more of a **good faith negotiator**, more willing to compromise, than the Republicans. Those pressure points were the September 2009 speech he gave to a joint session of Congress, and the remarkable eight-hour symposium he staged with the leadership of both parties in late February 2010 to showcase the extent to which the ACA incorporated past Republican proposals and met goals allegedly shared by both parties, as well as his own bend-over-backwards willingness to incorporate any Republican ideas that could reasonably be cast as advancing those goals. In a series of posts about Ronald Reagan, Brendhan Nyhan has demonstrated that presidential rhetoric generally does not sway public opinion. Savvy politicians channel public opinion; transformative ones seize an opportunity when their basic narrative of where the country needs to go aligns with a shift in public opinion, usually in response to recent setbacks or turmoil. Obama, like Reagan, effected major change in his first two years because he caught such a wave -- he **amassed the political capital**, and he spent it, and we got what he paid for. The force from outside -- a wave election -- empowered Obama to work change from inside in a system that reached a new peak of dysfunctionality. Klein's also objects to Obama's pitch for how to effect change going forward. In 2011, he notes, Obama highlighted the substantial change won from the messy inside game of legislating, touting the long list of legislative accomplishments of the 111th Congress. In election season, he has reverted to a keynote of his 2008 campaign: change comes from you, the electorate; it happens when ”the American people … put pressure on Congress to move these things forward.” Klein regards this as election season hooey: But while this theory of change might play better, it’s the precise theory of change that the last few years have shattered. Whatever you want to say about the inside game, it worked. Legislation passed. But after the midterm elections, it stopped working. And so the White House moved towards an outside game strategy, where ”the American people … put pressure on Congress to move these things forward.” Perhaps the most public example was Obama’s July 2011 speech, in which he said: I’m asking you all to make your voice heard. If you want a balanced approach to reducing the deficit, let your member of Congress know. If you believe we can solve this problem through compromise, send that message. So many Americans responded that Congress’s Web site crashed. But Obama didn’t get his “balanced approach,” which meant a deal including taxes. Klein goes on to recount that throughout the past year of confrontation with the GOP, pushing a jobs package that had broad popular support, Obama won only one minor victory, extension of the payroll tax cut. He then reverts to two political science tenets: presidential advocacy entrenches the opposition, and it can't move popular opinion. But I think he misreads Obama's pitch, strategy and record on several counts. First, he **understates Obama's** (and the Democrats') **successes in the year of confrontation** that has followed the debt ceiling debacle. He writes off the payroll tax cut and unemployment benefit extension as small beer. But this was actually a near-total victory in two stages against entrenched opposition, and it won Obama some vital back-door stimulus for the second year running in the wake of the GOP House takeover. It was followed by a similar GOP cave-in on maintaining low student loan interest rates -- and then again, by the collapse of the House GOP effort to renege on the Budget Control Act and impose still more spending cuts. Presidential rhetoric may not change the public mind. But when it's in sync with voter's propensities, **it can deploy public opinion to bring pressure to bear on the opposition.** Second, it's true that under threat of GOP debt ceiling extortion, Obama successfully marshaled public opinion in favor of his "balanced" approach to deficit reduction but wasn't able to use that pressure to move the GOP off their no-new-taxes intransigence. **But that battle ain't over yet**, and popular support for Obama's position **is political capital that's still in the bank**. **In the upcoming fiscal cliff negotiations, Obama**, if he wins reelection, **will have the whip hand,** given the expiration of the Bush tax cuts and Republican teeth-gnashing over the defense cuts in the sequester. Speaking of which, Obama's refusal to intervene in the supercommittee negotiations as Republicans stonewalled once again over any tax hikes **banked him further capital in this upcoming fight**. Republicans are screaming much louder than Democrats about the sequester, disastrous though the cuts may be on the domestic side. Third, it's rational for Obama to recast his bid for change in election season, because of course he's seeking further "change" from the outside, i.e., more Democrats elected to Congress. He's not going to win a mandate as in 2008, or, most likely, majorities in both houses of Congress. But he has to make the pitch for being granted renewed tools to advance his agenda. Finally, a key part of Obama's "you are the change" pitch in his convention speech was a frank call to play defense -- to protect the changes wrought in his first term and fend off the further capture of the electoral process and the nation's resources by the oligarchy the GOP represents: If you turn away now – if you buy into the cynicism that the change we fought for isn’t possible … well, change will not happen. If you give up on the idea that your voice can make a difference, then other voices will fill the void: lobbyists and special interests; the people with the $10 million checks who are trying to buy this election and those who are making it harder for you to vote; Washington politicians who want to decide who you can marry, or control health-care choices that women should make for themselves.

#### Plan kills Obama

Petroleum Intelligence Weekly, 1/9/12, Obama Plays Safe on Energy Policy, Lexis

With less than a year to go **until he faces re-election**, US President Barack **Obama is trying to avoid controversial energy policy decisions**, postponing the finalization of restrictions on oil refinery and power plant emissions and delaying the approval of a major crude pipeline project. The president’s caution will prolong the status quo on issues where the industry both opposes and supports the administration’s plans, and also illustrates what's at stake for energy policy depending on whether or not Obama is given another four years in office. Most of Obama's original campaign **pledges on promoting alternatives to fossil fuels** and tackling climate change **have not passed muster with Congress**, most notably an ambitious plan for national carbon controls, a subsequent toned-down clean energy standard floated after the carbon legislation failed, and repeated efforts to repeal $30 billion-$40 billion worth of oil industry tax deductions over 10 years ( PIW May9'11 ). The one exception has been the passage of $90 billion in clean energy funding as part of an economic stimulus bill passed early in Obama's term, but **the White House has been unable to repeat** this **success in other energy policy areas** ( PIW Feb.23'09 ).

#### Fiscal Cliff collapse causes middle east war

Hutchison, U.S. Senator from the great state of Texas, 9/21/2012

(Kay Bailey, “A Looming Threat to National Security,” States News Service, Lexis)

Despite warnings of the **dire consequences**, **America is teetering at the edge of a fiscal cliff**, with January 1st, 2013 as the tipping point. On that date, **unless Congress and the White House can reach agreement** on how to cut the federal deficit, all taxpayers will be hit with higher taxes and deep cuts - called "sequestration" - will occur in almost all government spending, disrupting our already weak economy and putting our national security at risk.¶ According to the House Armed Services Committee, if sequestration goes into effect, it would put us on course for more than $1 trillion in defense cuts over the next 10 years. What would that mean? A huge hit to our military personnel and their families; devastating cuts in funding for critical military equipment and supplies for our soldiers; and **a** potentially **catastrophic blow to our** national defense and **security capabilities** in a time of increasing violence and danger.¶ All Americans feel a debt of gratitude to our men and women who serve in uniform. But Texas in particular has a culture that not only reveres the commitment and sacrifice they make to protect our freedom, we send a disproportionate number of our sons and daughters to serve.¶ The burden is not borne solely by those who continue to answer the call of duty, but by their families as well, as they endure separation and the anxiety of a loved one going off to war. These Americans have made tremendous sacrifices. They deserve better than to face threats to their financial security and increased risks to their loved ones in uniform, purely for political gamesmanship.¶ Sequestration would also place an additional burden on our economy. In the industries that support national defense, as many as 1 million skilled workers could be laid off. With 43 straight months of unemployment above 8 percent, it is beyond comprehension to add a virtual army to the 23 million Americans who are already out of work or under-employed. **Government and private economic forecasters warn that sequestration will push the country back into recession next year**.¶ The recent murder of our Ambassador to Libya and members of his staff, attacks on US embassies and consulates and continued riots across the Middle East and North Africa are stark reminders that great portions of the world remain volatile and hostile to the US. **We have the mantle of responsibility that being the world's lone super-power brings**. **In the absence of U.S. military leadership**, **upheaval in the Middle East would be worse**. **As any student of history can attest**, **instability does not confine itself to national borders**. **Strife that starts in one country can spread like wildfire across a region**.¶ Sequestration's cuts would reduce an additional 100,000 airmen, Marines, sailors and soldiers. That would leave us with the smallest ground force since 1940, the smallest naval fleet since 1915 and the smallest tactical fighter force in the Air Force's history. With the destabilization in the Middle East and other areas tenuous, we would be left with a crippled military, **a diminished stature internationally and a loss of technological** research, development and **advantage** - just as actors across the globe are increasing their capabilities.¶ Sequestration can still be avoided. **But that will require leadership from the President** that has thus far been missing. Congress and the White House must reach a long-term agreement to reduce $1 trillion annual budget deficits, without the harsh tax increases that could stall economic growth and punish working families.

#### Middle East goes nuclear

James A. Russell, Senior Lecturer, National Security Affairs, Naval Postgraduate School, ‘9 (Spring) “Strategic Stability Reconsidered: Prospects for Escalation and Nuclear War in the Middle East” IFRI, Proliferation Papers, #26, http://www.ifri.org/downloads/PP26\_Russell\_2009.pdf

**Strategic stability in the region is** thus **undermined by** various factors: (1) asymmetric interests in the bargaining framework that can introduce unpredictable behavior from actors; (2) **the presence of non-state actors that introduce unpredictability into relationships between the antagonists**; (3) **incompatible assumptions about** the structure of **the deterrent relationship that makes** the **bargaining** framework strategically **unstable;** (4) **perceptions by Israel and the United States that its window of opportunity** for military **action is closing, which could prompt a preventive attack**; (5) the prospect that Iran’s response to pre-emptive attacks could involve unconventional weapons, which could prompt escalation by Israel and/or the United States; (6) **the lack of a communications framework to build trust and cooperation among framework participants**. These systemic weaknesses in the coercive bargaining framework all suggest that escalation by any the parties could happen either on purpose or as a result of miscalculation or the pressures of wartime circumstance. Given these factors**, it is disturbingly easy to imagine scenarios under which a conflict could quickly escalate in which the regional antagonists would consider the use of** **chemical, biological, or nuclear weapons**. **It would be a mistake to believe the nuclear taboo can somehow magically keep nuclear weapons from being used** **in the context of an unstable strategic framework.** **Systemic asymmetries** between actors in fact s**uggest** a certain increase in **the probability of war** – a war in which escalation could happen quickly and from a variety of participants. **Once such a war starts, events would likely develop a momentum all their own** and decision-making would consequently be shaped in unpredictable ways. The international community must take this possibility seriously, and muster every tool at its disposal to prevent **such an outcom**e, which **would be an unprecedented disaster for the** peoples of the **region, with substantial risk for the entire world**.

# Off 2

#### New reactors are massively unpopular.

De Rugy 12

Veronique de Rugy, senior research fellow @ the MercatusCenter @ George Mason University, 7-2012, No to Nukes, Reason, p. reason.com/archives/2012/06/25/no-to-nukes, accessed 9-7-2012

When Barack Obama was just a baby, nuclear energy was touted as the technology that would finally provide pollution-free, limitless electricity for all. In its famous 1962 Port Huron Statement, the left-wing Students for a Democratic Society gushed about how “our monster cities…might now be humanized” thanks to nuclear power. Like so many predictions about the future, that one rather dramatically missed the mark. ¶ Surprising as it may seem, the United States still generates around 20 percent of its electricity from nuclear power plants. This despite the fact that no new facilities have been built since the notorious Three Mile Island accident of 1979, which released small amounts of radioactive gases and iodine into the environment after a partial meltdown at a nuclear power plant in Dauphin County, Pennsylvania. Public opinion has remained steadfast against the technology ever since. In February The Economist reported that 64 percent of Americans opposed building new reactors. Disputes over waste disposal have never been resolved, and the Fukushima reactor meltdown in March 2011 cast further doubt on the idea that nuclear power will ever be a long-term clean-energy solution in the United States. ¶ All of this has not stopped the Obama administration from betting on nukes. Even though the president prefers talking up more fashionable (and less economically viable) technologies such as wind and solar, in February his Nuclear Regulatory Commission quietly approved construction of what would be the first two new nuclear reactors in two generations. In 2010 Secretary of Energy Steven Chu touted the White House’s commitment to “restarting the American nuclear industry and creating thousands of new jobs and export opportunities in the process.” ¶ But jump-starting nuclear power is not just bad politics. It’s awful economics. ¶ The nuclear energy industry in the United States is powered by corporate welfare on plutonium. What is in theory a wonderful technology is in practice an economic white elephant. The data accumulated during the last 30 years suggest strongly that nuclear plants will never be able to cover their operating costs, let alone recoup the billions it costs to build them.¶ A 2009 Massachusetts Institute of Technology study led by physicist Ernest J. Moniz and engineer Mujid S. Kazimi showed that nuclear energy costs 14 percent more than gas and 30 percent more than coal. And that’s after taking into account a baked-in taxpayer subsidy that artificially lowers nuclear plants’ operating costs.¶ A 2010 study by the U.S. Energy Information Administration projected that nuclear power will remain more expensive to produce than other conventional sources of electricity in 2016 (see chart). Based on this analysis, nuclear power is also more expensive than wind power, although cheaper than solar and clean coal.¶ While the nuclear industry in the United States has seen continued improvement in operating performance over time, it remains uncompetitive with coal and natural gas on price. This cost differential is primarily driven by high capital costs and long construction times, often more than 10 years. ¶ According to the Congressional Budget Office, nuclear power plants, on average, wind up costing three times more to build than original estimates suggest. Inflation, especially in the more nuclear-powered 1970s, played some role in the problem of ballooning costs. But when a project takes more than a decade to complete, labor and capital costs can grow in unexpected ways as well.

**Approval Rating is key, lines up perfectly with reelection**Silver ’11

Nate directs five thirty eight and is a statistician, “Approval Ratings and Reelection Odds,” <http://fivethirtyeight.blogs.nytimes.com/2011/01/28/approval-ratings-and-re-election-odds/>

Earlier this month, we posted the simple version of a finding, based on the historical record, that is worth keeping in mind when you read articles about how Barack Obama’s presidency has (or has not been) been revitalized: It’s just too soon for his approval ratings to tell us very much about his re-election prospects for 2012. This is an overdue follow-up to that article — what you might think of as the slightly-more-complicated version. While **it’s true that approval ratings aren’t of much use now, it’s also the case that, by the time we get close to the election, they will have become a very reliable predictor of Mr. Obama’s chances of winning another term**. Based on Gallup polling, here is what I estimate that the incumbent president’s approval rating was on Election Day in almost every election since 1940. (There is no data for 1944 because Gallup went on wartime hiatus.) There are a few tricks I had to employ to derive these numbers; I’d ask you to take them on faith for a few moments, and then we’ll explain everything later on. **At first glance, the relationship seems nearly perfect: every incumbent with an approval rating of 49 percent or higher won re-election, while every candidate with a rating of 48 percent or lower lost.** In practice, things probably don’t work quite that crisply. For example, Harry Truman, whom we estimate had a 50 percent approval rating on Election Day 1948, won by 4.5 points, and 114 electoral votes, over Thomas E. Dewey, which suggests that he had some margin to spare. And candidate quality clearly makes a difference. Although Robert Dole is sometimes considered a weak Republican nominee, Bill Clinton beat him in 1996 by just 8.5 points, despite Mr. Clinton’s 55 percent approval rating. By contrast, in 1972, Richard Nixon, with an approval rating only a couple of points higher (57 percent), trounced a very weak Democratic nominee, George McGovern, by more than 23 points. Still, the approval rating at which an incumbent candidate goes from being an underdog to a favorite for re-election is somewhere in the high 40s. **The reason the threshold is probably slightly below 50 percent rather than right at 50 percent is that in any approval survey, some people (typically 5 to 10 percent) say they are undecided about the president’s performance**. For instance, at this writing, Barack Obama’s Gallup approval rating is 49 percent but his disapproval rating is just 42 percent, a net margin of +7. If those were the figures on Election Day, he would be a favorite to win unless nearly everybody who was undecided about his performance cast their ballots against him, something that is possible in theory but usually doesn’t occur in practice. Now, then, how did we come up with these numbers? As I said, it’s not quite so straightforward. Gallup has approval ratings data going back to 1937. The problem is that, until fairly recently, they had a habit of stopping their approval ratings polling several months before a presidential election. For instance, in 1956, their last poll of Dwight Eisenhower’s public approval was in early August; they did not survey him again until late November, after he had already defeated Adlai Stevenson. However, we can extrapolate what Mr. Eisenhower’s rating would have been on Election Day 1956 by drawing a smoothed regression line — known in the business as a Loess curve — using the data points before and after that date. The one hitch is that incumbent presidents, whether they win, lose, or don’t run at all, almost always receive a “bounce” in their approval rating after the election, as people either rally around a winner or feel sympathy for the lame duck. The average magnitude of this post-election bounce is 4 points. So, before I fitted the curves, I subtracted 4 points from approval rating polls conducted after Election Day. By applying this process of bounce-adjustment and curve-fitting, we are able to estimate an incumbent president’s Gallup approval rating on Election Day itself or on any day before it, as shown in this nifty-looking graphic: I haven’t labeled the curves by the candidate’s name in the chart, because that which create too much clutter. But I have distinguished those who eventually won re-election (blue lines) from those who lost (red). A couple of cases are worth attention. The red line that you see briefly extending above 80 percent is for George H.W. Bush. His approval ratings, which were already pretty good, shot up following the start of Operation Desert Storm in 1991, when American-led forces drove Iraqi troops back from their occupation of Kuwait. Politically, that made Mr. Bush look like an extremely formidable candidate for re-election: Saturday Night Live ran a sketch later that year entitled “Campaign ’92: The Race To Avoid Being The Guy Who Loses To Bush,” with Democratic candidates at a debate all trying to lose so they would not have to run against him. But Mr. Bush’s approval ratings fell precipitously throughout late 1991 and early 1992, and were below 40 percent by Election Day. If Mr. Bush is the precedent that challengers will cite when their campaign seems to be flailing, the opposite example is the original Comeback Kid, Harry Truman. He’s the blue line that you still see down around 40 percent approval with just five months to go before the election of 1948. It’s hard to know exactly where Mr. Truman’s approval numbers were on Election Day. When Gallup surveyed in late June, he had just 39 percent approval; in January, 1949, after he had beaten Thomas E. Dewey, he was up to 69 percent; and then he reverted back to 50 percent just a couple months later. Our Loess curve estimates that Mr. Truman’s approval rating was probably around 50 percent on Election Day, but this is just a guess. What’s clear is that Mr. Truman was at some point an extremely unpopular president, and he nevertheless — to the great surprise of the Chicago Daily Tribune — defeated Mr. Dewey. Another thing to take from the graphic is how the red and blue lines gradually untangle themselves as the relationship between approval ratings and re-election becomes stronger over time. We can see this a bit more clearly by taking the average approval rating for the 8 winning candidates and the 3 losing ones and tracking them over the two years leading up to the election: I would resist the idea that there is any one magical date when approval ratings go from meaningless to meaningful as predictors of re-election. In the chart, the first time the winners and the losers begin to separate themselves is about 19 months before the election — which would correspond roughly to March of the prior year — but the split would have come a bit earlier if not for Mr. Bush’s Gulf War bounce. There’s also increasing differentiation in the period roughly 10 to 5 months before the election, corresponding with primary season. Still, for the most part, the separation occurs gradually. I’ve also tried to play around with various sorts of logistic regression models that attempt to predict a president’s chances at re-election based solely on his Gallup approval rating and the number of days until the election. Don’t take this terribly seriously — it’s hard to do anything very rigorous based on so few data points (just 11 presidents in the sample), and I can imagine better model designs than the one that I’ve used. But it does yield some ballpark estimates of what this data implies. **For example, a year in advance of the election, the model figures that a president with a 60 percent approval rating is about 90 percent likely to win re-election, whereas a 40 percent rating translates into a win probability of a bit below 40 percent**. So by that point the differences have become fairly meaningful: What does this mean for Barack Obama? Right now, we’re still in the period where the most useful number for estimating his re-election chances is not his approval rating but rather the historical track record of incumbent presidents. As I wrote on Wednesday, since the Civil War, 73 percent of incumbent presidents who sought another term won, as have 70 percent since World War II. Plugging Mr. Obama’s current numbers into the regression model that I described above yields a 65 percent likelihood of re-election — but again, this is a really rough guess, based mostly on the high historical batting average for incumbents rather than anything to do with Mr. Obama himself. What we can say is important is the range in which Mr. Obama’s approval ratings have been varying in recent months: between about 45 and about 50 percent. **If Mr. Obama’s approval rating is at the top of that range, 50 percent, on Nov. 6, 2012 — about where it is now — the model figures that his chances of winning re-election will be greater than 80 percent. But if his approval rating is at the bottom of the range instead, at 45 percent, his chances for a second term will be only about one in three,** and he’ll have to hope that the Republican nominee is a weak one. Much will change between now and then, of course. But Mr. Obama would probably win an election held next Tuesday — and that would not have been true a couple of months ago.

#### He forces China’s hand into a trade war- collapses relations and economy

Roach 8-28

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True to his word as a candidate, a few hours after taking office as US president on January 20, 2013, Mitt Romney issued his first executive order, declaring China guilty of currency manipulation. In accordance with the Omnibus Trade and Competitiveness Act of 1988, President Romney’s act triggered immediate negotiations between US and Chinese officials. But the negotiations stalled and both parties blamed the other in press releases.¶ In early February, in his first State of the Union address, Mr Romney said: “Enough is enough. It is high time for China to play by our rules.” Congress roared its approval and within a week, overwhelming bipartisan majorities of both houses passed the Defend America Trade Act of 2013. Modelled on the currency manipulation “remedies” of countervailing tariffs first proposed in 2005, DATA was signed into law on President’s Day, February 18 2013. China was quickly deemed to be in violation of the new statute.¶ More¶ At that point negotiations took on a new urgency. But the new leaders in both countries were in no mood for compromise and the talks failed. In accordance with the provisions of DATA, Washington slapped immediate tariffs of 20 per cent on all Chinese products entering the US.¶ As plants shut down across China, Beijing declared this to be an act of economic war and filed a complaint with the World Trade Organization. Li Keqiang, newly installed as premier, announced after the National People’s Congress in March that China had no patience to endure a WTO dispute process that could take anywhere from two to five years to run its course.¶ China’s Ministry of Commerce then announced retaliatory tariffs of 20 per cent on all US exports to China. This hit growth-starved America right between the eyes. With $104bn of American-made goods sold in Chinese markets in 2011, China had become the US’s third-largest and its fastest-growing export market. To add insult to injury, China-dependent Walmart announced average price increases of 5 per cent. Other retailers followed suit. Talk of stagflation was in the air and hard-pressed American consumers hunkered down further.¶ US financial markets swooned. The stock market was hit by pressures on profit margins, growth and inflation. The bond market was also unnerved by the realisation that the Federal Reserve was seriously behind the curve. With good reason. After its meeting in June 2013, the Fed reaffirmed its ever-extending commitment to keep its benchmark policy rate near zero through 2015, and even dangled the possibility of yet another round of quantitative easing, QE4. Yields on 10-year Treasuries moved back above 4 per cent and stocks fell sharply further.¶ Feeling the heat from financial markets, Washington turned up the heat on China. Mr Romney called Congress back from its Independence Day holiday into a special session. By unanimous consent, Congress passed an amendment to DATA – upping the tariffs on China by another 10 percentage points.¶ At that point an indignant China turned to its own version of the big bazooka. The biggest foreign buyer of US debt was nowhere to be seen at the Treasury’s August 2013 auction. Long-term interest rates spiked and within weeks yields on 10-year Treasuries hit 7 per cent. The dollar plunged and the US stock market went into free fall.¶ Just like that, the so-called exorbitant privilege of the haven asset vanished. When asked at a press conference why China would willingly engage in actions that would undermine the value of more than $2tn in Treasuries and other dollar-based holdings, Zhou Xiaochuan, retiring governor of the People’s Bank of China, said: “This is not about risk-adjusted portfolio returns. We are defending our people against an act of economic war.”¶ By the autumn of 2013 there was little doubt of the severity of renewed recession in the US. Trade sanctions on China had backfired. Beleaguered American workers paid the highest price of all, as the unemployment rate shot back up above 10 per cent. A horrific policy blunder had confirmed that there was no bilateral fix for the multilateral trade imbalance of a savings-starved US economy.¶ In China, growth had slipped below the dreaded 6 per cent threshold and the new leadership was rolling out yet another investment stimulus for a still unbalanced and unstable Chinese economy. As the global economy slipped back into recession, the Great Crisis of 2008-09 suddenly looked like child’s play. Globalisation itself hung in the balance.¶ History warns us never to say never. We need only look at the legacy of US Senator Reed Smoot and Representative Willis Hawley, who sponsored the infamous Tariff Act of 1930 – America’s worst economic policy blunder. Bad dreams can – and have – become reality.

#### Economic decline causes nuclear war

Harris and Burrows, 09 –

 PhD in European History @ Cambridge and Counselor of the US National Intelligence Council AND Member of the National Intelligence Council’s Long Range Analysis Unit (Mathew J. and Jennifer, “Revisiting the Future: Geopolitical Effects of the Financial Crisis,” April, Washington Quarterly, <http://www.twq.com/09april/docs/09apr_Burrows.pdf>)

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

# Off 3

#### The 50 States and all relevant Territories should enter into a compact on: providing substantial loan guarantees for Liquid Fluoride Thorium Reactors in the United States. The Compact should collect revenue via a Clean Energy Community Finance Initiative.

**Compacts solve faster than the federal government**

**Mountjoy ‘01**

John is a policy analyst with the council of State Governments, “Interstate Compacts Make a Comeback,” Spring <http://www.csg.org/knowledgecenter/docs/ncic/Comeback.pdf>

**Some may question the need for interstate compacts to address multi-state policy issues. Why** ¶ **not leave such regulation to the feds?** ¶ **“Interstate compacts help us maintain state control,”** said Gary McConnell, director of the ¶ Georgia Emergency Management Agency. ¶ During his 10 years as GEMA director, McConnell has played an instrumental role in developing ¶ and promoting a successful interstate compact —the Emergency Management Assistance ¶ Compact, or EMAC. EMAC allows state emergency management agencies to cooperate and ¶ share resources in the event of natural and man-made disasters. ¶ “**We can go to the federal government for all kinds of help when natural disasters strike, but the** ¶ **states** [cooperating under an interstate compact] **can provide specific resources quicker, which** ¶ **are likely to be problem specific,” McConnell said. “It’s less bureaucratic, and it’s far cheaper**. ¶ It’s easier for us under EMAC to obtain resources from surrounding states than it is to use ¶ federal assistance, which we’d end up having to pay more for anyway. **I suspect this is the case** ¶ **with many other interstate compacts as well.”** ¶ **“States are rediscovering that they have the power to address their own problems better than the** ¶ **federal government**,” said Rick Masters, The Council of State Governments’ legal counsel and ¶ special counsel for interstate compacts. ¶ CSG, which has tracked interstate compacts for more than 40 years, maintains a clearinghouse of ¶ compact information. More recently, CSG helps administer EMAC and is facilitating the update ¶ of the Interstate Compact for Adult Offender Supervision and the Interstate Compact on ¶ Juveniles. Article I, Section 10, Clause 3 of the U.S. Constitution laid the legal foundation for interstate ¶ compacts: “No State shall, without the Consent of Congress, lay any Duty of Tonnage, keep ¶ Troops, or Ships of War in time of Peace, enter into any Agreement or Compact with another ¶ State, or with a foreign Power, or engage in War, unless actually invaded, or in such imminent ¶ Danger as will not admit of delay.” Compacts actually preceded the Constitution, having been ¶ used in colonial times to resolve boundary disputes between colonies. ¶ Prior to the 1920s, interstate compacts were typically bi-state agreements, addressing boundary ¶ disputes and territorial claims. In fact, only 36 interstate compacts were formed between 1783 ¶ and 1920. It is only in this century that states have turned to interstate compacts to facilitate ¶ cooperative solutions to multi-state problems. ¶ After a lull in the late 1970s and early 1980s, interstate compacts are beginning to enjoy a ¶ resurgence. Since the early 1990s, states have initiated or updated several high-profile compacts. ¶ Examples include EMAC, the Interstate Compact on Industrialized/Modular Buildings and the ¶ Interstate Insurance Receivership Compact. Interstate compacts can set the framework for cooperative solutions to today’s cross-state ¶ challenges, from policing drugs to supplying energy or controlling sprawl. ¶ “Issues within the states are becoming more complex and aren’t confined by state boundaries. As ¶ a result, solutions are becoming multi-state as well. Compacts are the only tool that is truly ¶ adequate for addressing these multi-state issues,” said Bill Voit, senior project director at The ¶ Council of State Governments. ¶ An example is an interstate compact being considered to facilitate taxation of e-commerce. ¶ Opponents of Internet taxation claim that it would be virtually impossible for online vendors to ¶ comply with the complex, often confusing system of state and local sales and use taxes. Since ¶ Internet sales are expected to reach $184 billion annually by 2004, states have a vested interest in ¶ breaking down this and other barriers to taxing online transactions. ¶ Congress currently is considering the Internet Tax Moratorium Equity Act (S. 512) to help states ¶ simplify their sales and use taxes, in part by authorizing states to enter into an Interstate Sales ¶ and Use Tax Compact. The compact would create a “uniform, streamlined sales and use tax ¶ system,” convenient to remote sales. ¶ At least 18 states are considering the model streamlined sales tax legislation in 2001. Kentucky, ¶ South Dakota, Utah and Wyoming already have signed bills into law. ¶ Existing interstate compacts, many drafted in the 1930s, 1940s and 1950s, are ripe for ¶ amendment and revision. Technology and the Internet now make the sharing of information ¶ seamless and immediate, yet several interstate compacts are plagued by inadequate ¶ administration. ¶ “Not only do we see the development of new compacts, but we are seeing the re-examination of ¶ existing compacts…revising them to keep pace with our changing world,” Masters said. ¶ Developed in 1937, the Interstate Compact for the Supervision of Parolees and Probationers is ¶ one example of a compact in need of update. Adopted by all 50 states, the compact regulates the ¶ movement of parolees and probationers across state lines. The burgeoning offender population ¶ and the ease with which offenders now can travel have created several problems for the compact, ¶ including: frequent violations of compact rules, inability to enforce compliance, difficulty in ¶ creating new rules and slow, unreliable exchange of case information. ¶ The antiquated compact needed a replacement that would provide states the authority, ¶ enforcement tools and resources to adequately track and ensure supervision of parolees and ¶ probationers. ¶ The new interstate compact, the Interstate Compact for Adult Offender Supervision, provides ¶ these solutions. The new compact includes mechanisms for enforcement, accountability, resource provision, information sharing and state-to-state cooperation. Currently, the compact ¶ has been introduced in 39 states and enacted in 18. ¶ Just as technology can smooth the operation of interstate compacts, alternative dispute resolution ¶ techniques can increase their self-sufficiency. Enforcement tools within interstate compacts need ¶ to utilize more of the mediation and arbitration services that have proven successful throughout ¶ state government. By developing additional self-contained enforcement mechanisms, compact ¶ members would not need to rely solely on the crowded docket of the U.S. Supreme Court. ¶ **States should further utilize interstate compacts to address new problems and create new** ¶ **methods of interstate cooperation**

# Off 4

#### Their Thesiss of a rising China is a racist construction of the non-western other

Chengxin **Pan**, Department of Political Science and International Relations, Faculty of Arts, at Deakin University, August **2004**, Discourses Of ‘China’ In International Relations: A Study in Western Theory as (IR) Practice, p. 141-142

These are some of the questions in the minds of Western/American strategic analysts, who are wondering how to maintain U.S. preponderance in a world of anarchy and uncertainty. The conservative realist Samuel Huntington asks: “If being an American means being committed to the principles of liberty, democracy, individualism, and private property, and if there is no evil empire out there threatening those principles, what indeed does it mean to be an American, and what becomes of American national interests?” **Obsessed with this self-imagery**, many scholars and **policy planners have been keen to reinvoke the timeless, structural certainty of geopolitical rivalry, and to embrace the ‘back to the future’ scenario, maintaining that despite the dawn of the post-Cold War period little has changed—the world remains a dangerous, volatile place**. **With such searching eyes for an enemy, it would be surprising if China failed to come into view**. Indeed, **China makes a perfect candidate, in that “China remains the major source of uncertainty in the Asia-Pacific**.” That is, not only do the implications of its economic transformation and military ambition remain unclear, but the resilience of the Communist government even after its roundly condemned Tiananmen suppression seems also to fly in the face of the ‘End of History’ triumphalism. Consequently, (and before September 11), the only major certainty coming out of the post-Cold War era seems to be an unpredictable and dangerous China. From the beginning, **this ‘China threat**,’ I suggest, **is** not a result of its actual challenge to the West or the United States per se, but primarily **a discursive dimension of the neorealist construction of the American self in terms of global supremacy** and indispensable leadership. As Huntington makes it clear, “Chinese hegemony will reduce American and Western influence [in Asia] and compel the United States to accept what it has historically attempted to prevent: domination of a key region of the world by another power.” In the absence of such self-fashioning, most of China’s neighbours, which might arguably be more vulnerable to a China threat if there is one, have traditionally adopted a much less alarmist view on the ‘Middle Kingdom.’ Thus, **China’s real challenge for America**, as Yu Bin notes, “**is** perhaps **more psychological and conceptual**—that is, **how to deal with a major power whose rise is not necessarily guided by Washington**, unlike the post-World War II rise of Japan and Germany.” Also, it can be argued that **the existence of an ‘enemy’ is indispensable to the continued imagination of the ‘indispensable nation**.’ In Charles Frazier’s novel Cold Mountain, Inman, a soldier returning home from battle during the American Civil War, pondered the question: “What is the cost of not having an enemy?” Such a cost, then, seems very high indeed, for at stake here is what is seen as the ‘fundamental’ modern Western/American self-identity as a (global) rational being and indispensable leader. Heroic leadership would not be so needed if there was little left to fight for. Clearly mindful of this, Georgi Arbatov, Director of Moscow’s Institute for the Study of the USA and Canada, told a U.S. audience the year before the collapse of the Berlin Wall: “We are going to do something terrible to you—we are going to deprive you of an enemy.” While he correctly noted that for the U.S. to live without an identity-defining enemy is terrible indeed, Arbatov was only half right, for the ‘enemy’ itself often has no control over its status as an enemy. Rather, as noted before, it is primarily a ready-made discursive category built into the American self-imagination. **With this discursive category as the analytical framework for understanding other actors on the world stage**, Western and particularly **American scholars did not simply ‘discover’ a China threat out there; it was cognitively constructed beforehand.**

**China Threat Thesis creates a self-fufilling prophecy**

**Al-Rodhan 2k7**

[khalid, a critique of the china threat theory: a systematic analysis, asian perspective 31, 3, 41-66]

Methodologically**, the "China threat" is a hypothesis about**¶ **the future. Its supporting examples are imperfect analogies** (e.g.,¶ to Kaiser Wilhelm's Germany). Each nation's experience Is dif-¶ ferent and so are the circumstances of the international order.¶ Projecting from these assumptions tends to skew predictions.¶ The forecast that China will be a threat to U.S. national security¶ is a worst-case estimate. It assumes that China's economy and¶ military will continue to grow at the same rates, that its social¶ cohesion will not be disrupted, and that political stability will¶ not be seriously challenged. These assumptions may hold, but¶ they also may not.¶ **The theoretical foundations of the "China threat" suffer**¶ **from two contradictions. First, it is based on an assumption**¶ **about Chinese grand strategic intentions. Guessing intentions is**¶ **often a fruitless exercise. It leads to nothing more than guessti-**¶ **mates about possible futures**. The "China threat" theory, simply¶ put, chooses the worst-case scenario of those possible futures;¶ **proponents of the theory often use language that reflects certain-**¶ **ty and inevitabilit**y. Second, as with many theories, there are¶ exceptions to Mearsheimer's offensive realism; the most recent¶ example is the rise of the United States without war during the¶ early 20th century. Neorealists would argue that the United¶ States and Great Britain, the dominant powers at that time, had¶ "shared values," which made a war unlikely. This is, however, a¶ unit-level explanation that would not pass the test of systemic¶ theories under neorealism. In either case, the important point to¶ highlight here is that if internal factors matter, then there are¶ many indicators that would point to a different future from the¶ one envisioned by offensive realists.¶ Strategically, **the "China threat" thesis is as dangerous as it**¶ **is misleading. Arm waving by policy makers in Washington can**¶ **force China to militarize its intentions, even if they were benign,**¶ **which could lead to enhancing the tensions and making the**¶ **"China threat" a self-fulfilling prophecy. Overestimating the**¶ **threat posed by any nation can lead to the wrong policies to con-**¶ **tain the threat, which could hurt the U**nited **S**tates **strategically**¶ **in the long run.** It is not at all clear what China's exact intentions¶ are. Assuming the worst may be a wise strategy, if one discounts¶ the threats China faces and its security concerns, including insta-¶ bility in Central Asia, North Korea's nuclear weapons, maritime¶ security in the Pacific, and the potential militarization of Japan.

#### Alternative: Vote Negative to embrace the Affirmative without the China Threat Thesis.

**Hoffmann 2k12**

[Jeanne, unpacking images of china using causal layered analysis, Macquarie university, Australia, journal of future studies, 16(3):1-24, PhD Candidate – Political Science, March]

The transformation of China in the last thirty years has changed the world, and will continue to do so for the foreseeable future. **If China’s leaders and citizens do not engage in creating a positive preferred future and the rest of the world does not respond in a constructive and creative way, the future of the international order and perhaps the planet could be threatened. Each of the futures presented in this article is seen to be the ‘disowned self’ of the other, whereby it disowns or pushes away its opposite** (Inayatullah, 2007**). As long as the opposite future pushes away its alternative, we cannot discover or develop alternative scenarios that sit outside our discursive frames. By viewing the future of China through the narrow lens of IR theory, without examining the deeper myths and worldviews** held by those interest groups claiming expertise, **it is not possible to move to a future beyond the planned. IR theory in the West is considered a general theory and as such may be resistant to incorporating futures thinking and methodologies into constructing policy analysis. This is a mistake**. I argue that because the future cannot be predicted with any sort of accuracy, it is important to challenge the conclusions made by IR theory and make use of broader and deeper perspectives in order to move toward preferred images of the future. **Only** in this way, **by broadening the research agenda to explore the deeper layers of the way strategic identity is formed,** **can we move away from** continued limited and potentially **dangerous thinking and allow a new story of transformation to occur**

# China

#### China will give up thorium- too many technical hurdles

**Rees ‘11**

[Eifion Rees is the Ecologist's acting Green Living Editor. <http://www.theecologist.org/News/news_analysis/952238/dont_believe_the_spin_on_thorium_being_a_greener_nuclear_option.html> ETB]

¶ There is a significant sticking point to the promotion of **thorium** as the ‘great green hope’ of clean energy production: it **remains unproven on a commercial** **scale**. While it has been around since the 1950s (and an experimental 10MW LFTR did run for five years during the 1960s at Oak Ridge National Laboratory in the US, though using uranium and plutonium as fuel) **it** **is still a next generation** nuclear **technology – theoretical**. **China did announce** this year that **it intended to develop a thorium MSR**, **but** nuclear radiologist Peter Karamoskos, of the International Campaign to Abolish Nuclear Weapons (ICAN), says **the world shouldn’t hold its breath.**  ‘Without exception, [**thorium reactors] have never been commercially viable, nor do any of the** intended **new designs even remotely seem to be viable**. Like all nuclear power production **they rely on extensive taxpayer subsidies;** **the only difference is that with thorium** and other breeder reactors **these are of an order of magnitude greater, which is why no government has ever continued their funding.’**  **China’s development will persist until it experiences the ongoing major technical hurdles the rest of the nuclear club have discovered,** he says.

**Chinese thorium development not zero sum- US gets all the info through collaboration program**

**Westerhaus 6/2/**12

[Brian is the editor of the popular energy technology site New Energy and Fuel. <http://oilprice.com/Latest-Energy-News/World-News/U.S.-China-Collaborate-on-Thorium-Nuclear-Power-Research.html> ETB]

Mark Halper writing for SmartPlanet [reports](http://www.smartplanet.com/blog/intelligent-energy/us-partners-with-china-on-new-nuclear/17037) **the U.S**. Department of Energy **is** quietly **collaborating with China on** an alternative nuclear power design known as **the molten salt reactor** **that should run on thorium** for fuel. According to a March presentation at the Chinese Academy of Sciences (CAS) on thorium molten salt reactors, Peter Lyons DOE’s assistant secretary for nuclear energy is co-chairing the partnership’s executive committee, along with Jiang Mianheng from the CAS. CAS is a Chinese government group overseeing about 100 research institutes. The CAS and the DOE have established what CAS calls the “CAS and DOE Nuclear Energy Cooperation Memorandum of Understanding.” The CAS presentation describes a China that’s keenly interested in thorium as a future CO2-free source of power in a country choking on the emissions of its coal fired power plants. One prime reason for China’s interest in thorium is it has an ample supply of thorium, which occurs in monazite, a mineral that also contains rare earths, the metals that are vital for industrial production of most high tech products. China dominates the world’s rare earth market and is believed to be sitting on substantial stockpiles of thorium that it has already extracted from the rare earth mining and processing. China is said to be developing at least two thorium reactors, and is looking at molten salt technology as well as at another approach that triggers a thorium reaction by using a particle accelerator – a technique pioneered by Nobel Prize winning physicist and former CERN director Carlo Rubbia. **The deal with the DOE is an effort to better understand the workings of the molten salt variety**, which the U.S. has already build, run, and tested – over 40 years ago**. No industrial espionage needed – the information and technical advice seems to be part of the deal.**

**Chinese thorium leadership solves resource wars**

**Evans-Pritchard ‘11**

[Ambrose Evans-Pritchard is International Business Editor of The Daily Telegraph. He has covered world politics and economics for 30 years, based in Europe, the US, and Latin America. He joined the Telegraph in 1991, serving as Washington correspondent and later Europe correspondent in Brussels. <http://www.telegraph.co.uk/finance/comment/ambroseevans_pritchard/8393984/Safe-nuclear-does-exist-and-China-is-leading-the-way-with-thorium.html> ETB]

A few weeks before the tsunami struck Fukushima’s uranium reactors and shattered public faith in nuclear power, **China revealed** that **it was launching** a rival technology to build a safer, cleaner, and ultimately cheaper network of **reactors based on thorium**. ¶ This passed unnoticed –except by a small of band of thorium enthusiasts – but it may mark the passage of strategic leadership in energy policy from an inert and status-quo West to a rising technological power willing to break the mould. ¶ **If China’s dash for thorium power succeeds, it will** vastly alter the global energy landscape and may **avert a calamitous conflict over resources** **as Asia’s industrial revolutions** **clash** head-on **with** **the West’s** entrenched **consumption**.

**China takes 30 years to build**

**Tickell ‘12**

[Oliver, “Thorium: Not Green, Not Viable, Not Likely.” Journalist and author of Kyoto2; http://www.nuclearfreeplanet.org/thorium-not-green-not-viable-and-not-likely-oliver-tickell-june-2012-.html, mg]

Despite the resurgence of interest in the MSR / LFTR technology, there are no concrete plans to build even a single such reactor. **China currently appears most likely to provide the funding necessary to develop LFTR technology** due to that country's relatively large nuclear programme and the government's willingness to invest in new energy generation technologies. **But even there any production-scale LFTR is unlikely to materialise for 20-30 years.**

#### No China transition war

Ikenberry ‘8

(G. John, professor of Politics and International Affairs at Princeton University, The Rise of China and the Future of the West Can the Liberal System Survive? Foreign Affairs, Jan/Feb)

Some observers believe that the American era is coming to an end, as the Western-oriented world order is replaced by one increasingly dominated by the East. The historian Niall Ferguson has written that the bloody twentieth century witnessed "the descent of the West" and "a reorientation of the world" toward the East. Realists go on to note that as China gets more powerful and the United States' position erodes, two things are likely to happen: China will try to use its growing influence to reshape the rules and institutions of the international system to better serve its interests, and other states in the system -- especially the declining hegemon -- will start to see China as a growing security threat. The result of these developments, they predict, will be tension, distrust, and conflict, the typical features of a power transition. In this view, the drama of China's rise will feature an increasingly powerful China and a declining United States locked in an epic battle over the rules and leadership of the international system. And as the world's largest country emerges not from within but outside the established post-World War II international order, it is a drama that will end with the grand ascendance of China and the onset of an Asian-centered world order. That course, however, is not inevitable. The rise of China does not have to trigger a wrenching hegemonic transition. The U.S.-Chinese power transition can be very different from those of the past because China faces an international order that is fundamentally different from those that past rising states confronted. China does not just face the United States; it faces a Western-centered system that is open, integrated, and rule-based, with wide and deep political foundations. The nuclear revolution, meanwhile, has made war among great powers unlikely -- eliminating the major tool that rising powers have used to overturn international systems defended by declining hegemonic states. Today's Western order, in short, is hard to overturn and easy to join. This unusually durable and expansive order is itself the product of farsighted U.S. leadership. After World War II, the United States did not simply establish itself as the leading world power. It led in the creation of universal institutions that not only invited global membership but also brought democracies and market societies closer together. It built an order that facilitated the participation and integration of both established great powers and newly independent states. (It is often forgotten that this postwar order was designed in large part to reintegrate the defeated Axis states and the beleaguered Allied states into a unified international system.) Today, China can gain full access to and thrive within this system. And if it does, China will rise, but the Western order -- if managed properly -- will live on.

**China has no national policy and won’t develop a single reactor**

**Ramana & Saikawa ’11**

M.V. and Eri are respectively, a Nuclear Futures Laboratory and Program on Science and Global Security, Woodrow Wilson School of Public and International Affairs, Princeton University, 221 Nassau Street, Floor 2, Princeton, NJ 08542, USA Joint Program on the Science and Policy of Global Change, Massachusetts Institute of Technology, 77 Massachusetts Avenue, MIT bldg. 54-1413, Cambridge, MA 02139, USA, “Choosing a Standard Reactor: International Competition and Domestic Politics in Chinese Nuclear Policy,” Energy Volume 36, Issue 12, December

It is often stated that because China is not a multi-party democracy, the government can make and implement policies with ease. For example, in September 2009, in his column in the New York Times, Thomas Friedman stated, “One-party autocracy certainly has its drawbacks. But when it is led by a reasonably enlightened group of people, as China is today, it can also have great advantages. That one party can just impose the politically difficult but critically important policies needed to move a society forward in the 21st century. It is not an accident that China is committed to overtaking us in electric cars, solar power, energy efficiency, batteries, nuclear power and wind power” [90]. Likewise, a 2004 article in Wired magazine argues, “What’s an energy-starved autocracy to do? Go nuclear” [91].¶ Our analysis suggests that Chinese nuclear policymaking does not fit this picture. Decision making has been far more fragmented and the divisions between the ideas of different policymakers are reflected in the diversity of reactor designs chosen for construction. This diversity does not appear to be a result of deliberate strategy. This inchoate choice of reactor designs is consistent with the picture suggested by the fragmented authoritarianism model proposed by Lieberthal and Oksenberg [92] that argues that decision making in China is pluralized and “disjointed, protracted, and incremental” (p. 22). Applied to the energy sector, they conclude that the “pursuit of particular missions by different bureaucracies have precluded the formation and implementation of a single, coherent national ‘energy policy’ and produce somewhat contradictory policies to deal with various dimensions of the energy issue” [92, p. 24]. Even though this picture is more than two decades old, it still rings true. Similar to Lieberthal and Oksenberg, we find that diverse actors take part in China’s nuclear power development, and that this has affected decision making greatly.¶ The situation is somewhat analogous to the oil sector in China. The three main nationalized oil companies (NOC) have acted as a strong interest group, while competing intensely amongst themselves. Marketization and globalization “have heightened the divergence between corporate and national interests” and these developments have helped pluralize the policymaking process [22]. This has resulted in decision making becoming more contentious and protracted. The NOCs “regularly vie for markets and projects and hence rarely function as a coherent unit, leaving the government to devote more resources to managing their competition” [22]. This description can carry over, mutatis mutandis, to the nuclear sector, and the analogs of the NOCs are organizations like CNNC and SNPTC.¶ Our analysis of domestic determinants of nuclear policy in China has mainly focused on major organizations at the national level that participate in nuclear power generation and policymaking. As briefly mentioned earlier, local and provincial governments also play an evident role. The participation of these and other additional domestic players can, however, only reinforce our assessment of the fragmented nature of nuclear policymaking.¶ The second, and equally important, factor that we have identified as having a strong impact on Chinese nuclear policymaking is competition between international nuclear vendors. Because of the large amounts of capital and potential profits involved, many governments take a keen interest in their nuclear sectors, and therefore use various other forms of inducement and coercion to promote reactors designed by vendors from their country. We emphasize that the lack of standardization is a result of the interaction between these two factors. Separately, neither of these factors would have necessarily resulted in the persistence of multiple reactor designs, especially foreign designs.¶ Going into the future, plans for nuclear power in China have been in flux since the March 2011 accidents at Fukushima. One aspect of the debate has been about whether or not to continue constructing CPR-1000 reactors. Since these are also of Generation II designs just like the damaged Fukushima reactors, some, including the proponents of Generation III designs, have been calling for a stop in the manufacture of CPR-1000 designs. CNNC and its allies have been resisting this pressure.¶ There are, broadly speaking, two scenarios going forward. One is that construction of reactors with older Generation II designs will be stopped, sooner or later, and only more modern, Generation III designs, will be constructed. An alternative scenario is that construction of both Generation II and more modern reactor designs will continue apace, as has been the case so far. Which scenario will better describe China’s future will depend on political forces, both domestic and international, and it is still too soon after Fukushima to predict how China’s nuclear sector will evolve.¶ In both scenarios, however, our analysis suggests that the underlying factors that determine Chinese nuclear policy make it unlikely that China will adopt one standard reactor type, for example, the AP-1000, and deploy it in all its nuclear projects. There are many international nuclear vendors offering Generation III designs, including Atomic Energy of Canada Limited and Areva, and it is likely all of them will compete for the Chinese nuclear market, as has been the case in the past. The past also suggests that it is likely that more than one of these vendors will succeed in finding domestic organizations to partner them in adopting and constructing their reactor. China’s nuclear development path will, in both scenarios, be characterized by diversity.

**Heg not solve war –**

**A. No threats require primacy and other factors ensure security.**

**Friedman and Preble 10** (Benjamin Friedman is a research fellow in defense and homeland security studies at the Cato Institute, Christopher Preble is director of foreign policy studies at the Cato Institute, Budgetary Savings from Military Restraint, September 22, 2010 Cato Policy Analysis No. 667 September 23, 2010 <http://www.cato.org/pubs/pas/PA667.pdf>

**The U**nited **S**tates **confuses what it wants from its military, which is** global primacy or **heg**emony**, with what its needs, which is safety**. **Our leaders tend to exaggerate the capability of the enemies** we have **and invent new enemies by defining traditional foreign troubles** —geopolitical competition among states and instability within them, for example—**as pressing threats to our security**. **Geography, wealth, and nuclear weapons provide us with safety that our ancestors would envy.** Our hyperactive military policies damage it by encouraging rivalry and resentment. Global military primacy is a game not worth the candle.56

**B. No war – States have an incentive to avoid it.**

**Zakaria 08** (Fareed Zakaria, editor of Newsweek International, 2008, The Post-American World, p. 244)

In certain areas – the South China Sea, for example – **U.S. military force is** likely to be **less relevant** than that of China. In international negotiations, **America will have to bargain** and compromise with the others. **Does all this add up to instability** and disorder? **Not necessarily**. Two hundred years of Anglo-American hegemony has in fact created a system that is not as fragile is it might have been in the 1920s and 1930s.(When British power waned, American power was unwilling to stip in, and Europe fell through the cracks). **The basic conception of the current system – an open world economy, multilateral negotiations – has wide acceptance. And new forms of cooperation are growing**. Ann-Marie Slaughter has written about how legal systems are constructing a set of standards without anyone’s forcing them to do so—creating a bottom-up, networked order. **Not every issue will lend itself to such stabilization, but many will.** In other words, **the search for a superpower solution to every problem may be** futile and **unnecessary.** Small work-arounds might be just as effective.

# Prolif

**Chinese Prolif leadership is good- they follow norms and don’t give sensitive tech away**

**Boutin ’11**

J.D. Kenneth is a lecturer in international relations at the School of International and Political Studies at Deakin University in Geelong, Victoria, Australia, “Changing the Guard? China and the Nuclear Non-Proliferation,” Asian Politics & Policy Volume 3, Issue 3, pages 349–364, July 2011

China has had a difficult relationship with the nuclear nonproliferation regime. This has been due in part to generally negative Chinese attitudes toward multilateralism in the past. China was a relatively late recruit to multilateralism. It only gradually broadened its participation in multilateral processes after it took up a seat in the United Nations in 1971, and for some time was not a constructive contributor. China's leaders long displayed a marked preference for unilateral and bilateral foreign policy approaches, and even now often prefer directly engaging other major powers where important policy issues are concerned. China's approach to multilateralism has been characterized as “conditional” as a result of these features (Yuan, 1997, p. 81). China's perspective on multilateralism was conditioned by negative experiences in dealing with the international community from the time of its abrupt introduction into the Eurocentric world order in the mid-19th century until well after the establishment of the People's Republic in 1949, and by the perception that multilateral mechanisms were dominated by states hostile to China's interests. This has left a legacy of distrust of international institutions and a heightened sensitivity over sovereignty, which has been manifest in China's sustained support for the principle of nonintervention in the international system (Medeiros, 2009, p. 254).¶ China was particularly reluctant to engage in multilateralism where security issues were involved. This wariness extended to nonproliferation. China's leaders were quite dismissive of multilateral nonproliferation initiatives, though they did not eschew them altogether. While China acknowledged the importance of and expressed strong support for the principle of nonproliferation, particularly in regard to WMDs, it simultaneously voiced strong concerns over what it regarded as the lack of objectivity of nonproliferation mechanisms (Chu & Rong, 2008, p. 178). Chinese authorities had particular reservations regarding transparency and intrusive verification measures such as on-site inspections (OSIs). Transparency, for example, has been seen in China as a useful instrument for helping to build trust between states, but which should not reveal information that was unavailable (Yuan, 1997, pp. 93–95). China began to participate in the multilateral nonproliferation processes in the late 1970s but provided little support for existing initiatives, preferring instead to offer proposals of its own that it made little effort to develop (Yuan, 2008, p. 56). China was itself the subject of considerable nonproliferation concern for many years due to its apparent willingness to export arms in violation of generally agreed-upon embargoes to conflict zones and on particular types of arms. China served as a “supplier of last resort” to a number of “pariah” states and was suspected of transferring nuclear weapons technologies to Pakistan. China constituted one of the targets of Coordinating Committee for Multilateral Export Control technology controls during the Cold War as a result. Concern over Chinese assistance to horizontal nuclear proliferation now centers around the role of Chinese firms rather than the Chinese government (see, e.g., British Broadcasting Corporation, 2010).¶ The transformation of China's position with respect to multilateralism has been gradual but substantial (Kuik, 2008, pp. 113–119). Chinese authorities have adopted a much more positive view of the contribution of international institutions to Chinese security. Not only have they demonstrated a strong interest in working within the existing framework of the international system, but China has emerged as a strong supporter of established multilateral processes at the regional and global levels. Chinese authorities have embraced the “spirit” of multilateralism as they have deepened China's participation in multilateral processes and now are far more accepting of the norms involved (see Dobson, 2008, p. 193).¶ China's approach to multilateralism in the area of nonproliferation has mirrored this general trend, even if it has developed more slowly. Since the 1990s, China has expanded both the range and the degree of its participation in multilateral nuclear nonproliferation mechanisms. China joined the NPT in 1992, signed the CTBT in 1996, joined the Zangger Committee (also known as the NPT Exporters Committee) in 1997, and became a member of the NSG in 2004. In addition, China engages and informally adheres in part to the export guidelines of the Missile Technology Control Regime and Wassenaar Arrangement, without having formally joined them (see Yuan, 2006, pp. 41–43; Yuan, 2008, pp. 57–59, for useful overviews of the evolution of China's engagement of multilateral nonproliferation processes). Also noteworthy is China's contribution to the work of the International Atomic Energy Agency (IAEA), which oversees the implementation of the NPT, including through seconding personnel to it. China also contributed personnel to United Nations Special Commission inspections of Iraq following the Gulf War of 1990–1991 and has played a crucial role in the Six-Party Talks process designed to address the nuclear weapons program of the DPRK, though this is more multinational than multilateral. As one study notes, China “shifted from being ‘part of the problem’ to ‘part of the solution’ ” to the problem of proliferation (Chu & Rong, 2008, p. 177).1¶ The seriousness of China's commitment to nuclear nonproliferation has been demonstrated by its instituting the domestic regulatory measures necessary to support its multilateral commitments. This involves the development of a national safeguards system for its nuclear facilities and material to verify that there has been no diversion of civil nuclear resources to the development or production of nuclear weapons or other nuclear explosive devices, as required of all states' parties by Article III.1 of the NPT, and establishing a national export control regime for sensitive nuclear equipment, materials, and technologies to ensure that it does not contribute to horizontal nuclear proliferation (Treaty on the Non-Proliferation of Nuclear Weapons, 2005).¶ The progressive development of the national basis of support for the nuclear nonproliferation regime by China is significant in another crucial respect. The transformation of China's approach to aspects of the nuclear nonproliferation regime that formerly were viewed with some concern demonstrates that it is embracing the norms as well as the practices of multilateralism in this issue area, which, like all those that impact security, remain sensitive to Chinese authorities. In fact, China has demonstrated the depth of its commitment to and support for the nuclear nonproliferation regime by subjecting itself to a far higher level of verification than it is required to under the NPT. China did this by signing the IAEA's Additional Protocol in 2002 (Yuan, 2008, p. 59). This complement to a comprehensive safeguards agreement commits China to a far more extensive verification regime intended to address the issue of undeclared as well as declared nuclear activities and materials (IAEA, n.d.).¶ It is noteworthy that China's commitment to the nuclear nonproliferation regime continued to deepen despite the negative environment engendered by a number of American policies pursued under President George W. Bush. The American approach to multilateralism during his term in office was of great concern to Chinese authorities (Kent, 2008, pp. 65–66). The actions of the United States that were poorly received in China included the American withdrawal from the Treaty on the Limitation of Anti-Ballistic Missile Systems (commonly referred to as the ABM Treaty) in 2002, its withdrawal of formal support for the CTBT, and the negotiating of the United States-India Civil Nuclear Cooperation Initiative–Bilateral Agreement on Peaceful Nuclear Cooperation (Chu & Rong, 2008, p. 179). These concerns have been reinforced by the American National Missile Defense program, which as well as being widely regarded in China as directed against it, has considerable potential to encourage further horizontal nuclear proliferation (Graham & LaVera, 2002, pp. 240–241). The Chinese government stated in 2008 that this “global missile defense program will . . . have a negative impact on the process of nuclear disarmament” (Zhang, 2010, p. 149). The adoption of a more positive approach to nonproliferation multilateralism under President Obama will help to assuage Chinese concerns, but some aspects of American nonproliferation policy remain questionable from a Chinese perspective.¶ While a number of issues—such as perceived general American efforts to dominate and circumvent multilateral nonproliferation mechanisms, the American emphasis on counter-proliferation, and its missile defense program—had and in some cases still have considerable potential to reinforce established Chinese suspicions of multilateralism, this has not resulted in a reversion to China's former approach to the nonproliferation regime. Chinese authorities continue to harbor some reservations about the regime where issues of objectivity and the rules of engagement of suspected or confirmed proliferators are concerned, and they send mixed signals on nonproliferation on occasion as a result. China remains a less enthusiastic supporter of the imposition of sanctions on actual or suspected proliferators than many other states, but in a remarkable policy transformation, China emerged as a supporter of the nuclear nonproliferation regime in the face of considerable internal threats to its integrity and effectiveness. This demonstrates the importance of multilateral nonproliferation instruments to the Chinese government and the depth of its commitment to this approach.

**Export restrictions means still lose to China**

**Blomberg 10/1**

(Brian Wingfield, “Nuclear Firms Seek Eased Export Rules as U.S. Demand Wanes” <http://www.bloomberg.com/news/2012-10-01/nuclear-companies-seek-relaxed-export-rules-as-u-s-demand-wanes.html>, SEH)

“For U.S. exporters and their customers, navigating the bureaucratic maze for a U.S. export license presents a challenge in itself that has no parallel in the other countries surveyed in this study,” its said.¶ The Energy Department, which has jurisdiction over nuclear- related assistance for foreign countries, has proposed rule revisions that “would significantly expand the scope of technologies covered by the regulation,” according to today’s report, prepared by for the NEI by the law firm Pillsbury Winthrop Shaw Pittman LLP.¶ Compared with the regulatory systems Russia, France, Japan and Korea, “the U.S. regime imposes few deadlines for decision- making on export license applications,” according to the report. Processing export licenses in the U.S. can take a year or more, it said.¶ Exelon of Chicago wants to export its operations methods, which would involve sending top managers abroad to provide guidance on reactor technology and safety, according to Bradley Fewell, vice president and deputy general counsel for Exelon Generation Co. LLC.¶ “These regulations are hampering our ability to expand the sale of and the implementation of” the product, he said at a press conference today in Washington. Exelon is the largest U.S. owner and operator of commercial nuclear reactors.

**US nuclear leadership is irrelevant—countries won’t buy US if its constraining**

**Lewis 12**

Jeffrey Lewis, director of the East Asia Nonproliferation Program at the James Martin Center for Nonproliferation, 8/1/12, It's Not as Easy as 1-2-3, www.foreignpolicy.com/articles/2012/08/01/it\_s\_not\_as\_easy\_as\_1\_2\_3?page=full

Creating market **incentives to discourage the spread of enrichment and reprocessing seems like a reasonable thing to do** - **except that most states make nuclear decisions on something other than a cost basis**. **Nuclear power enthusiasts have been no strangers to wishful thinking**, starting with claims that nuclear energy would be "too cheap to meter." **Government decisions about nuclear power** tend to **prioritize** concerns about **sovereignty** and keeping technological pace with neighbors. **It is not hard to see** national **nuclear programs as** something akin to national airlines - money-losing **prestige projects that barely take market forces into account**. Often, **aspiring nuclear states look to** countries like **the U**nited **S**tates and Japan as models. If such countries invest heavily in fuel-cycle services, developing **states** might **try to copy** them **rather than** simply **become** their **customers**.

**Thorium doesn’t solve prolif**

**Makhijani and Boyd ‘9**

[Arjun Makhijani and Michele Boyd. “Thorium Fuel: No Panacea for Nuclear Power.” A Fact Sheet Produced by the Institute for Energy and Environmental Research and Physicians for Social Responsibility. ETB]

**Thorium is not** actually a **“fuel” because it is not fissile** and therefore cannot be used to start or sustain a nuclear chain reaction. A fissile material, such as **uranium-235** (U-235) **or** **plutonium-239** (which is made in reactors from uranium-238), **is required to kick-start the reaction**. The enriched uranium fuel or plutonium fuel also maintains the chain reaction until enough of the thorium target material has been converted into fissile uranium-233 (U-233) to take over much or most of the job. An advantage of thorium is that it absorbs slow neutrons relatively efficiently (compared to uranium-238) to produce fissile uranium-233.

**The use of enriched uranium or plutonium in** **thorium fuel has prolif**eration **implications**. Although U-235 is found in nature, it is only 0.7 percent of natural uranium, so the proportion of U-235 must be industrially increased to make “enriched uranium” for use in reactors. Highly enriched uranium and separated plutonium are nuclear weapons materials. ¶ In addition, **U-233 is as effective as plutonium-239 for making nuclear bombs**. **In** most proposed **thorium fuel cycles, reprocessing is required to separate out the U-233 for use in fresh fuel. This** **means** that, like uranium fuel with reprocessing**, bomb-making material is separated out, making it vulnerable to theft or diversion.** Some proposed thorium fuel cycles even require 20% enriched uranium in order to get the chain reaction started in existing reactors using thorium fuel. It takes 90% enrichment to make weapons-usable uranium, but very little additional work is needed to move from 20% enrichment to 90% enrichment. Most of the separative work is needed to go from natural uranium, which has 0.7% uranium-235, to 20% U-235.

**Low probability and long timeframe for attacks**

**Kimery 11** – Homeland Security Today's senior reporter and online editor (Anthony, W. Scott Malone, multiple Emmy and Peabody award-winning investigative journalist and former senior editor of NavySEALs.com. He runs the website's counterterrorism newsletter spin-off, “BlackNET Intelligence Channel,” 05/12, “Al Qaeda Could Try to Replicate Fukushima-type Meltdowns,” http://www.hstoday.us/blogs/the-kimery-report/blog/al-qaeda-could-try-to-replicate-fukushima-type-meltdowns/aa96292934d83bb8c9f97fd9d685f32b.html)

**Despite the vulnerabilities of nuclear** power **plants** that Faddis and the Government Accountability Office pointed out in recent years, Lopez said “I think **it's much more likely that** spontaneous, uncoordinated and **less** **complex** revenge **attacks may be launched** in the near future **than that a complex attack vs.** Western **nuclear facilities would be ready to go any time soon.”**

**Prolif will be small and doesn’t escalate**

**Seng,** phd candidate in Political Science @ Chicago **97** [Security Studies] Summer pg. 63

<Minor proliferators are likely to enjoy two main sorts of command and control advantages that, by and large, the superpowers did not have. One, minor proliferators will enjoy greater organizational simplicity that stems from the *small size* and *simple composition* of their nuclear arsenals. This will help alleviate fears concerning rigid standard operating procedures, launch delegation, and the lack of use-control technologies. Two, they will be able to protect their arsenals from counterforce strikes using the most rudimentary weapons survival strategy: *concealment*. Reliance on concealment strategies will eliminate the need for launch-on-warning procedures and the dangerous time pressures they generate. The two advantages will work together to help alleviate dangers of minor proliferators losing possession of their nuclear weapons.>

# Solvency

#### Uncertainty inevitable – companies can cope

Anderson, AOL Energy, 9-12-12

(Jared, “The Flawed US Energy Policy Discussion,” http://energy.aol.com/2012/09/12/the-flawed-us-energy-policy-discussion)

Are the energy industry and the business of politics incompatible?¶ It could be the simplest explanation for why the US does not have a comprehensive, efficient or constructive energy policy set. On the most basic level, two-year and four-year election cycles are problematic for an industry that needs to make decisions and investments over twenty- to thirty-year time horizons.¶ If it takes as much as 30 years to explore, discover, evaluate, produce, refine and transport oil or natural gas from a reservoir to a market in a profitable manner, that means more than seven presidential administration and 15 congressional reshuffles will occur during the project's lifetime. The likelihood that the regulatory landscape at the project's outset will resemble anything like the political topography at project completion is virtually nil.¶ Nevertheless, companies understand this is a fact of life when doing business in the US – which is a great place to operate, given a well-established rule of law, a strong resource base, liquid markets, access to capital, etc. – and have found ways to deal with the political and regulatory uncertainty for well over 100 years.¶ While this may be the case looking forward, the disconnect between election cycles and energy investment time horizons is even more difficult to reconcile when looking backward, as some industry observers have recently pointed out.¶ The current domestic oil and gas production renaissance that is garnering so much attention today has roots extending back decades. Substantial increases in oil and natural gas output from tight geologic formations began around the mid-2000's when companies started ramping up horizontal drilling and hydraulic fracturing operations in a big way, though the groundwork for these production increases was literally being laid for many years prior. Look at this Energy Information Administration animation depicting Barnett Shale drilling growth from 1997 to 2010 as one example.¶ But few are talking about that now, during the run-up to the elections this November. The rhetoric often focuses on what the current administration did over the past four years to accelerate or throttle back domestic oil and gas development, a trend that began in a (politically) distant era when regulations, policies, commodity prices, GDP growth, internal combustion engines and the environmental discussion were completely different, if not unrecognizable.¶ Now this may be a difficult concept to convey in a 30 second soundbite to a voting population that often has an incomplete picture of where their energy comes from. But oversimplification at best and misinformation at worst is not an optimal solution to the complicated challenge of balancing energy demand, environmental issues, employment needs and economic requirements within constantly shifting regulatory regimes. Energy project development moves at a different pace than government and is too complex to be evaluated in two or four year segments.

**Cost uncertainties overwhelm loan guarantees for new reactor types**

**Atkinson et al. ‘11**

[Rob Atkinson, President, Information Technology and Innovation Foundation; Professor Netra Chhetri, School of Geographical Sciences and Consortium for Science, Policy, and Outcomes, Arizona State University; Joshua Freed,Vice President for the Clean Energy Program, Third Way; Isabel Galiana, Department of Economics, McGill University; Professor Christopher Green, Department of Economics, McGill University; Dr. Steven Hayward, Resident Scholar and F.K. Weyerhaeuser Fellow, American Enterprise Institute; Jesse Jenkins, Director of Energy and Climate Policy, Breakthrough Institute; Dr. Elizabeth Malone, Joint Global Change Research Institute, Pacific Northwest National Laboratory and University of Maryland; Ted Nordhaus, Chairman, Breakthrough Institute; Professor Roger Pielke Jr., Environmental Studies Program and Center for Science and Technology Policy Research, University of Colorado at Boulder; Professor Gwyn Prins, Mackinder Programme for the Study of Long Wave Events, London School of Economics; Professor Steve Rayner, Saïd Business School and Director, Institute for Science, Innovation, and Society, University of Oxford; Professor Daniel Sarewitz; Co-director, Consortium for Science, Policy, and Outcomes, Arizona State University; Michael Shellenberger, President, Breakthrough Institute “Climate Pragmatism.” ETB]

Technological obstacles to scaling up alternative energy sources aside, the cost of most present-day low-carbon energy technologies limits their ability to replace fossil-based ener- gy at any significant scale in the United States or abroad. Wind energy, the lowest cost and most readily scalable of today’s renewable technologies, still costs roughly 50 percent more than electricity from new natural gas plants when deployed onshore and is even more costly offshore.17 Solar thermal and photovoltaic technologies generate electricity at roughly two to five times the cost of coal or gas plants.18 Alone again among present low-carbon tech- nologies, nuclear power can approach cost competiveness with fossil-based energy and it remains the low-carbon energy technology of choice in many parts of the world. However, **development and construction costs associated with new nuclear plants in the United States are speculative at present. It has been two decades since a new plant was constructed, so first-of-a-kind plants** in the United States **are likely to be expensive.** Moreover, **uncertainties about total costs may continue to overwhelm the loan guarantees** and other modest incen- tives **offered by the federal government to help re-launch a** domestic **nuclear** power **industry.**

**Loan guarantees aren’t enough to overcome market uncertainty**

**NYT ‘11**

[“U.S. Pushes, But Reactors Are Lagging” 2/1/11, ETB]

But some **obstacles** are specific to **the nuclear industry**, **like** the **ballooning cost estimates** for construction of reactors, which **are massive in scale**. **Even when projects are identified** as prime candidates **for federal loan guarantees**, some **investment partners turn wary**. **''All that uncertainty creates an incentive for you to wait,'**' said Joseph E. Aldy, who was a special assistant to President Obama until December.

**Nuclear is failing because its uneconomic- loan guarantees aren’t enough to solve and risk creating a speculation bubble**

**Cooper ‘11**

[Mark Cooper Senior Research Fellow for Economic Analysis Institute for Energy and the Environment, Vermont Law School. AN ANALYSIS OF MARKET FORCES THAT MAKE NUCLEAR REACTORS RISKY INVESTMENTS. ETB]

**The following** charts vividly **illustrate** **the folly of the federal government taking further steps to make nuclear even more of a "ward of the state."**

Factor 1: **Nuclear reactors cost much more than the industry projected when it made the case for them**. You never hear about a new coal or natural gas-fired power plant costing 100 percent or 200 percent more to build than was initially projected. But **low-balled front-end cost projections and rising back-end construction costs are the norm in the nuclear power industry.** Not only does **the sky-high projected cost of nuclear power make them impossible to finance on Wall Street – and unable to produce price competitive power** – but the ever-rising construction costs make them even bigger white elephants. U.S. taxpayers and ratepayers have much to fear if elected officials rush in with direct and indirect subsidies where Wall Street fears to tread. **The industry understated its initial cost projections in order to get a seat at the energy policy table**, counting on being able to stick taxpayers and ratepayers with the inevitably much higher price tag at a later date. Factor 2: **Nuclear power** simply **cannot compete with** low-cost **natural gas.** In a competitive marketplace, natural gas beats nuclear hands down from a price standpoint. This was a major factor in the collapse of the Calvert Cliffs-3 project in Maryland. Studies have shown that if built the South Texas Project – the next candidate in line for **a federal loan guarantee – could not** **deliver** electricity cheaply **enough to survive**. **It** is the key factor that **has led many** of the leading nuclear utilities in the U.S. **to abandon plans for** construction of **new reactors**. Factor 3: Natural gas is not the only alternative with which nuclear cannot compete. **There are numerous lower cost alternatives available** to meet the need for electricity whether or not the U.S. adopts policies to reduce carbon emissions in the electricity sector. If technologies are allowed to compete on a level playing field to meet the need for electricity, **nuclear reactors would be unable to win in the marketplace for the foreseeable future.** Policies that address climate change help most of the alternatives as much as nuclear if not more so. **This is** a key reason **why** **capital markets will not fund these projects** and the industry is so desperate for subsidies. Factor 4: Rapidly **falling consumer demand** **for electricity has destroyed the case for** many **proposed** nuclear **reactors**. While the recession has depressed demand for electricity in the near term, it is becoming clear that a **major shift in consumption patterns is taking place**, **driven** in part **by** the success story of **increased** energy **efficiency**. Energy efficiency is the cheapest, cleanest and fastest energy source available today – it is significantly less expensive than nuclear and involves no safety issues, waste disposal problems and lengthy construction delays. **What we have seen in the U.S.** nuclear reactor space in the past decade **is a** classic **speculative "bubble**." It unfolded in the classic stages: a promotional frenzy (2001-2005 per the streamlining of the licensing process and establishment of the loan guarantee program); a surge in speculative interest (2006-2008, as measured by applications for licenses and loan guarantees) that the industry could not deliver on (as demonstrated by skyrocketing cost estimates); and, finally, the inevitable bursting of the bubble under the weight of economic reality (2009-2010, per plummeting natural gas prices and declining demand growth, resulting in reactor cancelations and postponements). **This is a bubble that will one day find itself in the textbooks as an example of market mania on a grand scale.**