## ROUND 1

### T-Restriction

---we meet-foreign investment restrictions on production

Hirsch-former senior energy program adviser for Science Applications International Corporation-11 Commentary: Restrictions on world oil production

<http://www.energybulletin.net/stories/2011-03-28/commentary-restrictions-world-oil-production>

Restrictions on world oil production can be divided into four categories: 1. Geology 2. Legitimate National Interests 3. Mismanagement 4. Political Upheaval Consider each in reverse order: Political upheaval is currently rampant across the Middle East, resulting in a major spike in world oil prices. No one knows how far the impacts will go or how long it will take to reach some kind of stability and what that stability will mean to oil production in the Middle Eastern countries that produce oil. We are thus relegated to best guesses, which span weeks, months, or years before there are clear resolutions. One pre-Middle East chaos country limited by political upheaval is Iraq, which is believed to have the oil reserves to produce at a much higher level, but Iraqi government chaos has severely limited oil production expansion. In another long-standing case, Nigeria has been plagued by internal political strife, which has negatively impacted its oil production. Mismanagement of oil production within a country can be due to a variety of factors, all of which mean lower oil production than would otherwise be the case. Venezuela is the poster child of national mismanagement. The country has huge resources of heavy oil that could be produced at much higher rates. Underproduction is due to the government syphoning off so much cash flow that oil production operations are starved for needed funds. In addition, Venezuela has made it extremely difficult, if not impossible for foreign oil companies to operate in the country. Another example of mismanagement is Mexico, where government confiscation of oil revenues, substandard technology, and restrictions on foreign investment has led to significant Mexican oil production decline.

-xxx--We-meet-the plan reduces restrictions that block, delay, and alter foreign investment in energy production

Inside Energy with Federal Lands 4/12/10 (Herman Wang, HEADLINE: Foreign energy investments spark security concerns)

Foreign firms appear to be increasingly interested in investing in US oil companies, electric utilities and other parts of the US energy infrastructure, as they are seeking to profit from America's appetite for oil, coal and other commodities, as well as the Obama administration's emphasis on renewable power. But with those deals will come scrutiny from a little-known federal panel that has the power to block the transactions for national security reasons, through a review process that industry insiders say is sometimes inconsistent, politically driven and opaque. The Committee on Foreign Investment in the United States is an inter-agency panel that gave the Energy Department a permanent seat in 2007 to help it investigate business transactions in which foreign governments or companies seek to acquire "major energy assets" in the US. But some experts say CFIUS does not offer enough up-front guidance to US companies that are being acquired by foreign interests, wasting time and money. "We face situations where we tell our clients we see no security risk," said Billy Vigdor, a Washington-based partner with law firm Vinson & Elkins. "And then we spend hours trying to figure out whether we should file [a disclosure] because the government might think it is, in fact, a security risk. The last thing you want is to have a contract in place, and you think you're going to close in 30 days, and then CFIUS calls and says you need a filing." Companies being acquired by a foreign-owned firm can voluntarily notify CFIUS of the transaction, but the committee also has the power to investigate all transactions it sees fit to review. Representatives from 16 federal departments and agencies, headed by the Treasury Department, comprise the committee. Those investigations can leave foreign companies feeling unfairly targeted, potentially discouraging needed foreign investment in US energy infrastructure, said Al Troner, president of Houston-based Asia Pacific Energy Consulting. Troner said CFIUS' rulings on what constitutes a security threat can be arbitrary and inconsistent. Even when the committee determines there is no security risk for a transaction, politics can sometimes trump the ruling, Troner said. Troner cited CFIUS' approval in 2006 of a deal by a Dubai-based company to manage several US ports, only to have the company back out after many lawmakers cried foul due to fears of terrorism. "We want investment, but we want 'safe' investments, even though we can't define what is safe," Troner said. "So a big problem in all this is uncertainty, which makes this a funny market to invest in. [Foreign firms] don't feel treated fairly as to what the criteria are for energy security. If you don't know what you're getting into, at a certain point, you ask if this is worth it." Steven Cuevas, who was DOE's director of investment security in 2007 when the department gained a seat on CFIUS, said the committee makes its decisions apolitically. CFIUS, originally established in 1975, received a legislative mandate in 2007 to tighten its oversight of foreign transactions, including defining critical infrastructure as an asset so vital that its incapacity or destruction would severely impact national security. A bill signed by then-President George W. Bush, sparked in large part because of the uproar over the Dubai Ports World deal, formalized CFIUS' review process, which until then had been loosely defined and applied. That same bill also gave DOE its seat on CFIUS. The committee reviews about 150 to 200 foreign business deals a year. "We left politics at the door," Cuevas said. "As with any national security program, you really need to look at the issues in national security and not worry about politics. It's not a situation where there's a bright-line rule. You have to look at each transaction by itself. The standard is, does this transaction, by itself, pose a risk to national security?" Richard Oehler, a Seattle-based partner with law firm Perkins Cole, said prior to the 2007 legislation, CFIUS primarily concerned itself with defense contracting and other issues related to defense and intelligence. The legislation, however, with its definition of critical infrastructure, put an increased focus on US energy assets. "They were not focused on energy, until the politicians redefined [CFIUS]," Oehler said. Cuevas, now a renewable-energy lobbyist with French-owned nuclear company Areva, was a Bush administration political appointee assigned the task of setting up DOE's new role on CFIUS. He said he could not disclose, for confidentiality reasons, how many transactions DOE reviewed during his time working on the committee. Cuevas left his DOE post in 2009 with inauguration of the Obama administration. "When we started the CFIUS program at DOE, we had no processes in place," he said. "There was no record keeping. I spent the last year and a half with the department trying to standardize those steps of review, who signs off on transaction, who tracks them. We were simply trying to keep up with the transactions. We set the foundation, and the folks that are there now are fleshing it out." Last month, DOE issued a draft policy outlining its role on CFIUS that is similar to the Bush administration's policy. The policy, signed by DOE Deputy Secretary Daniel Poneman, prescribes that the department's risk analyses must consider the "criticality and/or vulnerability of the US assets being acquired" and "the threat to those assets posed by the acquiring entity and the consequences to national security if the threat is realized." Each transaction must also be reviewed on whether it involves critical infrastructure and technology, as well as how the transaction would impact long-term projections of US energy consumption. In addition, if a foreign government-owned entity is involved in the transaction, DOE will assess "the adherence of the subject country to nonproliferation control regimes, including treaties and multilateral supply guidelines," the draft policy states. After the review, DOE can clear the transaction with no further action; refer it to CFIUS for a 45-day national security investigation; clear the case conditionally, pending the creation of a "mitigation" plan to resolve security concerns; or recommend to the president to block the deal. Energy Secretary Steven Chu is DOE's primary representative to CFIUS, but much of the department's responsibilities on the committee are delegated to Jonathan Elkind, DOE's principal deputy assistant secretary for policy and international affairs. Elkin was not available for comment. Cliff Vrielink, a Houston-based partner with Vinson & Elkins, said CFIUS can sometimes give US companies pause when seeking to be acquired by a foreign firm. "CFIUS presents a hurdle for a foreign buyer that a domestic buyer doesn't have," Vrielink said. "When someone as an asset they want to sell, and they have an auction where multiple companies have put in bids, the foreign buyer has the uncertain timing of a CFIUS filing, which can be a significant factor." Complicating matters for foreign companies is the fact that CFIUS reviews are not based on a clear set of guidelines and regulations outlining, for instance, how much of a US company a foreign firm can acquire without triggering an investigation. "We, as Americans, are fortunate in that in so many areas, we have bright-letter law, and I think that's one thing that's always been an attraction for foreign investment, that we have the sanctity of contracts and bright-letter law," Vrielink said.

---Mitigation measures block, delay, and alter deaks, even if they aren’t blocked

Marchick 07 (David, partner at Covington & Burling, where he advises

companies on the CFIUS process, “Swinging the Pendulum too Far: An Analysis of the CFIUS Process Post-Dubai Ports World,” Jan, http://www.nfap.net/researchactivities/studies/NFAPPolicyBriefCFIUS0107.pdf)

In the 18 years that Exon-Florio has been in force, there have been slightly more than 1700 CFIUS filings. Only one transaction has formally been blocked by the President — a 1990 aerospace investment by a Chinese company. From the data, one would think that CFIUS has merely been a rubber stamp, approving 99.9 percent of the acquisitions. The data belie actual practice, since tough restrictions are imposed by CFIUS as a condition for approval — typically through “mitigation” or “national security” agreements. In addition, parties typically will abandon a transaction in the face of a possible rejection rather than force the President to formally block a proposed acquisition. The public relations damage to a company if a President were to block an acquisition would be substantial.

#### ---Production deals with a high level of scrutiny are considered “restricted”.

Vinson & Elkins LLP 12 (V&E China Practice Update E-communication, “China Amends Foreign Investment Policy: New Foreign Investment Industry Guidance Catalogue,” January 13, http://www.velaw.com/resources/pub\_detail.aspx?id=20405)

The Catalogue classifies foreign direct investments in the various Chinese industry sectors as “encouraged,” “restricted,” “permitted,” or “prohibited,” and sets out specific industries in which foreign investment is either “encouraged,” “restricted,” or “prohibited.” Activities not listed are, in the absence of other rules to the contrary, considered to be “permitted” for foreign investments. Foreign investment in “encouraged” industries may enjoy certain tax benefits and is often subject to less strict administrative requirements from approval authorities. The “restricted” category includes industries into which foreign investment is subject to a higher level of scrutiny, stricter administrative requirements, and may be denied at the discretion of the approval authorities. Foreign investment is not permitted in industries categorized as “prohibited.”

#### ---C/I

#### Restrictions mean qualification on production

Wright v. Magellan Behavioral Health, Inc., 2007 U.S. Dist. LEXIS 48718  2007

In the instant case, the Court is required to interpret the word "restriction" as used by the parties in the Agreement. The parties apparently agree that the legal definition of restriction--"a limitation or qualification," Black's Law Dictionary 1341 (8th ed. 1999)--is a good place to start. Thus, the Court must determine whether the board's supervision requirement falls within this definition.

#### That means conditions on production not just prohibitions

Google Dictionary

qual·i·fi·ca·tion

noun /ˌkwäləfəˈkāSHən/

qualifications, plural

A quality or accomplishment that makes someone suitable for a particular job or activity

- only one qualification required—fabulous sense of humor

The action or fact of becoming qualified as a practitioner of a particular profession or activity

- an opportunity for student teachers to share experiences before qualification

A condition that must be fulfilled before a right can be acquired; an official requirement

- the five-year residency qualification for presidential candidates

#### ---Their interpretation is bad

#### A. Over limits-Their interpretation limits the topic to drill baby drill which is bad ground. SQ production is sky high which means better debates on the topic should be about things other than ANWR or the offshore drilling moratorium.

#### B. Capital key-Future oil and gas production will depend on foreign capital. That’s Ellis-Vinson-That capital is intrinsically tied to energy production proves it should be core affirmative ground.

#### ---Reasonability-Competing interpretations encourage a race to the bottom. Limits for limits sake have destroyed affirmative ground on the last several topics. You should err affirmative if our interpretation is proven debatable.

### NU-Carroll CP

#### THEY HAVE NO IMPACT OR ANY ARG IN THEIR EV…

#### Permutation-- do the plan and limit CFIUS reviews as outlined by the counterplan.

#### This isn’t what carroll advocates at all…Zero solvency

Carroll-Emory International Law Review-9

23 Emory Int'l L. Rev. 167 COMMENT: BACK TO THE FUTURE: REDEFINING THE FOREIGN INVESTMENT AND NATIONAL SECURITY ACT'S CONCEPTION OF NATIONAL SECURITY

This proposed definition of national security would be even more limited than the original Exon-Florio signed by President Reagan, as Exon-Florio was designed to apply mainly to defense-based technological acquisitions.223 The main difference between this definition of national security and the original Exon-Florio legislation is that this definition would codify national security to explicitly prevent protectionist use of the CFIUS for political ends. Any consideration of economic security or protection of energy assets from foreign acquisition would be excluded from this definition, as inclusion of such economic factors can only encourage protectionism and politicization of the CFIUS process.224

#### Doesn’t solve- burden of proof is on the company

Carroll-Emory International Law Review-9

23 Emory Int'l L. Rev. 167 COMMENT: BACK TO THE FUTURE: REDEFINING THE FOREIGN INVESTMENT AND NATIONAL SECURITY ACT'S CONCEPTION OF NATIONAL SECURITY

On July 26, 2007, President Bush signed FINSA into law.120 The new legislation modified Exon-Florio in several aspects, most notably by broadening the definition of national security to encompass “homeland security,” and also by including critical infrastructure, energy assets, and critical technologies under the umbrella of FINSA.121 FINSA added the Secretary of Energy as a voting member of the CFIUS122 and made investigations mandatory when either an acquisition is made by an entity controlled by a foreign government or the transaction could result in the control of any critical infrastructure, including major energy assets, by a foreign business.123 This requirement is excepted if the Secretary of the Treasury and the head of the lead agency jointly determine that the transaction will not impair national security.124 Thus, the burden of proof to show that a controlling acquisition of “critical infrastructure” does not threaten national security has arguably shifted from the government to the companies.125 FINSA does define critical infrastructure as “assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems or assets would have a debilitating impact on national security.”126 But this definition still allows uncertainty, as the federal government has promulgated multiple evolving and expanding definitions of what constitutes critical infrastructure,127 which could encompass more than a quarter of the national economy.128 The Treasury regulations implementing FINSA do not attempt to define or limit the scope of critical infrastructure.129 Such a broad grab of power for the CFIUS by Congress represents a major intervention into the economy with potentially negative consequences for foreign direct investment.130 FINSA also includes a requirement that the CFIUS file a report with Congress at the completion of any 30-day review or 45-day investigation,131 which increases transparency and the likelihood of congressional involvement.

#### Anything can be considered a military threat

Carroll-Emory International Law Review-9

23 Emory Int'l L. Rev. 167 COMMENT: BACK TO THE FUTURE: REDEFINING THE FOREIGN INVESTMENT AND NATIONAL SECURITY ACT'S CONCEPTION OF NATIONAL SECURITY

Senator Charles Schumer’s call to investigate the Borse Company’s purchase of a 20% interest in Nasdaq demonstrates the broad nature of the FINSA review.134 Although the Borse Company is a holding company owned by the Emir of Dubai,135 at first glance, there appears to be no conceivable relation between a Nasdaq purchase and national security. Critics of the Unocal deal claimed that the United States military uses oil,136 and critics of the Dubai Ports acquisition claimed that terrorists could infiltrate United States ports through the U.A.E. company.137 Schumer does not seem to have proof of any plausible threat of terrorism due to the purchase, and Nasdaq has no apparent relationship to the defense industrial base. The only conceivable portion of Exon-Florio that a partial Nasdaq acquisition could fall under is the critical infrastructure provision added in FINSA. Of course, if an electronic stock trading company can constitute critical infrastructure, then nearly any portion of the U.S. economy could qualify as such, and by extension, the vast majority of foreign direct investment within the United States would be potentially vulnerable to similar scrutiny.

#### the counterplan doenst limit congresses ability to be involved in transactions- means the CP doesn’t solve politicization

Carroll-Emory International Law Review-9

23 Emory Int'l L. Rev. 167 COMMENT: BACK TO THE FUTURE: REDEFINING THE FOREIGN INVESTMENT AND NATIONAL SECURITY ACT'S CONCEPTION OF NATIONAL SECURITY

FINSA mandates that the CFIUS conduct a 45-day investigation any time the foreign investor is controlled by, or acting on behalf of, a foreign government, unless the Secretary of the Treasury and the head of the relevant agency both agree that there is no threat to national security and waive the investigation.183 This provision shifts the burden of proof away from the U.S. government and to the foreign state-owned business in these transactions.184 To foreign governments, however, FINSA may appear to discourage investment because of political enmity.185 As such, continual politicized investigations of foreign direct investment in American infrastructure may alienate our allies and isolate America even further.186

#### The counterplan results in CFIUS overstretch -

Cyber security is a priority for CFIUS investigations---Caseload currently light but could change if M&A activity increases.

Skadden LLP ’11

Skadden's 2011 Insights"Global M&A"

<http://www.skadden.com/insights/global-ma>

Trends in the CFIUS Review Process

2010 was the second full year under the regulations the Treasury Department adopted to implement the Foreign Investment and National Security Act of 2007 (FINSA). CFIUS’ caseload remained light for much of the year, reflecting the relatively low levels of global M&A activity, but then increased substantially in the fourth quarter. While the number of cross-border transactions subject to CFIUS review in 2010 was still lower than the peak year of 2008, the number of filings in 2010 exceeded 2009 by a considerable margin. Trends in the CFIUS review process included: The number of transactions that went to investigation continued to increase. The CFIUS process consists of a mandatory 30-day review and a discretionary 45-day investigation period, which CFIUS can impose if, in its discretion, it determines that the transaction may “impair national security,” for instance because the transaction would result in “foreign government control” or in foreign control of “critical infrastructure.” We expect this trend to continue in 2011. Fewer transactions were subject to mitigation agreements. In the past, CFIUS has entered into mitigation agreements with parties to transactions to address national security concerns identified during the review process. The number of such agreements declined in 2010, a development largely attributable to FINSA’s requirement that mitigation agreements must be approved unanimously by all CFIUS member agencies. Because those agreements often reflect the concerns of one particular CFIUS member agency but not others, the unanimity requirement has had a pronounced effect and likely will continue to do so in the future. Industrial supply chain and defense industrial base concerns have crept into CFIUS review. The Department of Defense, as a CFIUS member agency, has increasingly pushed assessments of a transaction’s effect on the industrial supply chain and on the defense industrial base during CFIUS review. This reflects a growing concern on DOD’s part that it maintain trusted suppliers for telecommunications and other critical technologies and equipment used in DOD activities. Cybersecurity issues are increasingly important. Fears of cyber-espionage, the vulnerability of companies with sensitive information to cyberattack, and concerns that reliance on foreign telecommunications providers may expose U.S. government agencies and companies to risks all play a growing role in the CFIUS review process. These issues are especially acute in transactions involving the telecommunications sector, but FINSA now requires all U.S. companies involved in transactions subject to CFIUS review to provide their cybersecurity plans. Although CFIUS blocked two transactions (Firstgold and Emcore) involving Chinese acquirers, those transactions reflected broader concerns beyond the nationality of the foreign acquirer. Indeed, CFIUS approved a number of transactions involving Chinese acquirers, including Meadville Holdings Limited’s sale of its printed circuit board business to TTM Technologies. The Firstgold and Emcore transactions were distinguished instead by two key issues: Co-location of classified facilities. Emcore’s facilities reportedly were in close proximity to classified U.S. government facilities, which likely heightened CFIUS’ perception that foreign ownership of Emcore would pose a risk to U.S. national security. Similarly, Firstgold’s Nevada mine leases were on federal government property, and all four of its facilities were in close proximity to military installations and/or classified U.S. government facilities, limiting mitigation options. Access to export-controlled technologies and/or resources with military applications. Emcore’s fiber optics business also produced and/or used a number of export-controlled technologies with significant military applications, raising additional concerns about whether the proposed investment would give a foreign company access to such technologies. Likewise, CFIUS expressed concerns as to whether Firstgold’s mining operations might give China greater access to tungsten, a key component in missiles that is subject to U.S. export control restrictions. In 2010, the United States and other countries became increasingly active in their scrutiny of foreign investments in companies deemed strategically essential to national security. It remains to be seen whether this trend will remain limited to businesses involved in telecommunications, critical technologies and access to raw materials, or whether it will broaden to encompass a wider range of industries in 2011.

#### Lack of clarity in the definition of national security encourages companies on the margin to file with CFIUS. This overstretches limited agency resources.

Marchick 07 (David, partner at Covington & Burling, where he advises

companies on the CFIUS process, “Swinging the Pendulum too Far: An Analysis of the CFIUS Process Post-Dubai Ports World,” Jan, http://www.nfap.net/researchactivities/studies/NFAPPolicyBriefCFIUS0107.pdf)

In the wake of the Dubai Ports World controversy, the process for securing approvals within CFIUS (the interagency Committee for Foreign Investment in the United States) has grown more difficult for foreign investors, adding to uncertainty and increasing the regulatory risk associated with certain foreign acquisitions. Such uncertainty could inhibit investment in the United States. Reviews are taking longer, costs for companies have increased and CFIUS-imposed conditions are tougher. The more politicized environment surrounding CFIUS has created uncertainty for companies as to whether they should file a transaction with CFIUS. If a company does not file, then it risks CFIUS initiating its own review or opening a review after a deal has been finalized. Given CFIUS’s limited resources, a climate that encourages companies to file with CFIUS for transactions with only a limited nexus to national security actually impedes CFIUS's ability to protect national security by compelling CFIUS staff to focus on acquisitions with few genuine security concerns rather than cases that may require greater due diligence. While CFIUS's primary responsibility is to protect national security, a process which creates greater uncertainty for investments unrelated to national security is unlikely to make America more secure. U.S. national security depends in part on the strength of the U.S. economy, access to leading technologies and our relations with other countries. Therefore, Congress and the executive branch need to find the right balance to meet the twin objectives of protecting national security and promoting investment in the United States.

#### Telecom vulnerable- key to economic and national security

Rogers-Chair Committee on Intelligence-10/8/12

Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE

http://intelligence.house.gov/sites/intelligence.house.gov/files/documents/Huawei-ZTE%20Investigative%20Report%20(FINAL).pdf

The United States’ critical infrastructure, and in particular its telecommunications networks, depend on trust and reliability. Telecommunications networks are vulnerable to malicious and evolving intrusions or disruptive activities. A sufficient level of trust, therefore, with both the provider of the equipment and those performing managed services must exist at all times. A company providing such equipment, and particularly any company having access to or detailed knowledge of the infrastructures’ architectural blueprints, must be trusted to comply with United States laws, policies, and standards. If it cannot be trusted, then the United States and others should question whether the company should operate within the networks of our critical infrastructure. The risk posed to U.S. national-security and economic interests by cyber-threats is an undeniable priority. First, the country’s reliance on telecommunications infrastructure includes more than consumers’ use of computer systems. Rather, multiple critical infrastructure systems depend on information transmission through telecommunications systems. These modern critical infrastructures include electric power grids; banking and finance systems; natural gas, oil, and water systems; and rail and shipping channels; each of which depend on computerized control systems. Further, system interdependencies among these critical infrastructures greatly increase the risk that failure in one system will cause failures or disruptions in multiple critical infrastructure systems. 4 Therefore, a disruption in telecommunication networks can have devastating effects on all aspects of modern American living, causing shortages and stoppages that ripple throughout society. Second, the security vulnerabilities that come along with this dependence are quite broad, and range from insider threats 5 to cyber espionage and attacks from sophisticated nation states. In fact, there is a growing recognition of vulnerabilities resulting from foreign-sourced telecommunications supply chains used for U.S. national security applications. The FBI, for example, has assessed with high confidence that threats to the supply chain from both nation-states and criminal elements constitute a high cyber threat. 6 Similarly, the National Counterintelligence Executive assessed that 2 “foreign attempts to collect U.S. technological and economic information will continue at a high level and will represent a growing and persistent threat to US economic security.” 7 Third, the U.S. government must pay particular attention to products produced by companies with ties to regimes that present the highest and most advanced espionage threats to the U.S., such as China. Recent cyber-attacks often emanate from China, and even though precise attribution is a perennial challenge, the volume, scale, and sophistication often indicate state involvement. As the U.S.-China Commission explained in its unclassified report on China’s capabilities to conduct cyber warfare and computer network exploitation (CNE), actors in China seeking sensitive economic and national security information through malicious cyber operations often face little chance of being detected by their targets. 8 Finally, complicating this problem is the fact that Chinese telecommunications firms, such as Huawei and ZTE, are rapidly becoming dominant global players in the telecommunications market. In another industry, this development might not be particularly concerning. When those companies seek to control the market for sensitive equipment and infrastructure that could be used for spying and other malicious purposes, the lack of market diversity becomes a national concern for the United States and other countries. 9 Of note, the United States is not the only country focusing on these concerns. Australia expressed similar concerns when it chose to ban Huawei from its national broadband infrastructure project. 10 Great Britain has attempted to address the concerns by instituting an evaluation regime that limits Huawei’s access to the infrastructure and evaluates any Huawei equipment and software before they enter the infrastructure. 11

#### Telecom vulnerability kills Air Power

Spade 12

INFORMATION AS POWER-CHINA’S CYBER POWER AND AMERICA’S NATIONAL SECURITY, Colonel Jayson M. Spade-Executive Agent for the Mongraph: United States Army War College, May 2012, http://www.carlisle.army.mil/dime/documents/China's%20Cyber%20Power%20and%20America's%20National%20Security%20Web%20Version.pdf

Cyber power is the ability of a nation-state to establish control and exert influence within and through cyberspace, in support of and in conjunction with the other domain-elements of national power. Attaining cyber power rests on the state’s ability to develop the resources to operate in cyberspace. Cyber power as a nation-state capability is no different than land, sea, air, or space power. Instead of tanks, ships, and airplanes, the state needs networked computers, telecommunication infrastructure, programs and software, and people with the requisite skills. As with the land, sea, air, and space domains, the state can produce effects within cyberspace or into another domain through cyberspace.35 A cyber attack could corrupt an adversary’s logistics database, degrading the adversary’s rapid deployment capabilities; bring down an air defense network, enabling an air attack; or jam the signals of a global positioning satellite, interfering with a warship’s ability to navigate or target its weapons systems.

#### Global WMD conflict

Tellis 98 (Ashley, Senior Political Scientist – RAND, Sources of Conflict in the 21st Century, http://www.rand.org/publications/MR/MR897/MR897.chap3.pdf)

This subsection attempts to synthesize some of the key operational implications distilled from the analyses relating to the rise of Asia and the potential for conflict in each of its constituent regions. The first key implication derived from the analysis of trends in Asia suggests that American air and space power will continue to remain critical for conventional and unconventional deterrence in Asia. This argument is justified by the fact that several subregions of the continent still harbor the potential for full-scale conventional war. This potential is most conspicuous on the Korean peninsula and, to a lesser degree, in South Asia, the Persian Gulf, and the South China Sea. In some of these areas, such as Korea and the Persian Gulf, the United States has clear treaty obligations and, therefore, has preplanned the use of air power should contingencies arise. U.S. Air Force assets could also be called upon for operations in some of these other areas. In almost all these cases, U.S. air power would be at the forefront of an American politico-military response because (a) of the vast distances on the Asian continent; (b) the diverse range of operational platforms available to the U.S. Air Force, a capability unmatched by any other country or service; (c) the possible unavailability of naval assets in close proximity, particularly in the context of surprise contingencies; and (d) the heavy payload that can be carried by U.S. Air Force platforms. These platforms can exploit speed, reach, and high operating tempos to sustain continual operations until the political objectives are secured. The entire range of warfighting capability—fighters, bombers, electronic warfare (EW), suppression of enemy air defense (SEAD), combat support platforms such as AWACS and J-STARS, and tankers—are relevant in the Asia-Pacific region, because many of the regional contingencies will involve armed operations against large, fairly modern, conventional forces, most of which are built around large land armies, as is the case in Korea, China-Taiwan, India-Pakistan, and the Persian Gulf. In addition to conventional combat, the demands of unconventional deterrence will increasingly confront the U.S. Air Force in Asia. The Korean peninsula, China, and the Indian subcontinent are already arenas of WMD proliferation. While emergent nuclear capabilities continue to receive the most public attention, chemical and biological warfare threats will progressively become future problems. The delivery systems in the region are increasing in range and diversity. China already targets the continental United States with ballistic missiles. North Korea can threaten northeast Asia with existing Scud-class theater ballistic missiles. India will acquire the capability to produce ICBM-class delivery vehicles, and both China and India will acquire long-range cruise missiles during the time frames examined in this report.

#### And, economic decline causes great power war.

Royal 2010 Jedediah, Director of Cooperative Threat Reduction at the U.S. Department of Defense, “Economic Integration, Economic Signaling and the Problem of Economic Crises,” in Economics of War and Peace: Economic, Legal and Political Perspectives, ed. Goldsmith and Brauer, pg. 213-215

Less intuitive is how periods of economic decline may increase the likelihood of extern conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defense behavior of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski and Thompson’s (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crisis could usher in a redistribution of relative power (see also Gilpin, 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Fearon, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner, 1999). Seperately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level, Copeland’s (1996, 2000) theory of trade expectations suggests that ‘future expectation of trade’ is a significant variable in understanding economic conditions and security behavious of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations, However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crisis could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states. Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write, The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favor. Moreover, the presence of a recession tends to amplify the extent to which international and external conflict self-reinforce each other. (Blomberg & Hess, 2002. P. 89) Economic decline has been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. ‘Diversionary theory’ suggests that, when facing unpopularity arising from economic decline, sitting governments have increase incentives to fabricate external military conflicts to create a ‘rally around the flag’ effect. Wang (1996), DeRouen (1995), and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. In summary, recent economic scholarship positively correlated economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels. This implied connection between integration, crisis and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

#### the counterplan is worse- distracts attention.

Carroll-Emory International Law Review-9

23 Emory Int'l L. Rev. 167 COMMENT: BACK TO THE FUTURE: REDEFINING THE FOREIGN INVESTMENT AND NATIONAL SECURITY ACT'S CONCEPTION OF NATIONAL SECURITY

Limiting the Exon-Florio definition of national security only to military threats may seem odd and reactionary in the post-9/11 world, where unconventional threats abound. However, counter-terrorism requires appropriate tools, and regulating foreign direct investment simply falls short of being a cost-effective method of ensuring homeland security.233 Focusing on the nationality of a company’s ownership in a globalized world only distracts us from real security threats posed by non-state actors.234 Many terrorist threats do not exist as a result of primary support from any nation, but rather as tactics in service of an ideology.235 As José Padilla, John Walker Lindh, and many others have illustrated, no one ethnic group has a monopoly on Al-Qaeda membership or support. Instead of penalizing investments from various Arab states simply because terrorists draw support from that region, homeland security policy should focus on thwarting the terrorists themselves. The CFIUS must return to a focus on state military capabilities because the terrorist threats are from non-state actors, and restricting economic investment from certain nations does not, per se, deal with the threat of terrorism. Just because terrorism is a serious threat does not mean that the CFIUS is the best tool to protect critical infrastructure.

### immigration reform

#### Won’t pass – house GOP and lack of electoral incentives

Workpermit.com 12/31/12 (Workpermit is a specialist visa consultancy with nearly twenty-five years of experience dealing with visa applications. We are OISC registered. We can help with a wide range of visa applications to the UK or your country of choice. Please feel free to contact us for further details, “White House to campaign for immigration reform in 2013” <http://www.workpermit.com/immigration-video.htm>)

Many Republican Party strategists say that, if the Republicans adopt an anti-immigration stance, they will find it increasingly difficult to win elections as the demographic makeup of the US changes. Asian Americans, Hispanic Americans and African Americans already make up 34% of the US population and they all vote overwhelmingly for the Democrats. As the Republicans have become more anti-immigrant, so their share of the Latino vote has gone down. George W Bush received over 40% of the Latino vote in 2000 and 2004. Mitt Romney received about 29% in 2013. However, in their Behind the Curtain column on the Politico.com website, journalists Jim Vanderhei and Mike Allen point out that, whatever the bigger picture may be, many Republican congressmen and women will be loath to vote in favour of immigration reform. Vanderhei and Allen say that Washington Republicans who vote in favour of immigration reform, in particular, in favour of allowing illegal immigrants to become citizens, will be punished by anti-immigration Republican voters in their states. 'Many of the Republicans who would have to vote on such a [immigration reform] package' would then have to 'run for re-election in elections dominated by white conservatives…Regardless of exit polls, demographic trends and lectures from party leaders, lawmakers know that many voters, especially primary voters, and especially their primary voters, hate anything that smacks of amnesty', they write. In the US system, any new law must be passed by both chambers of Congress, the Senate and the House of Representatives, and signed by the president, in order to become law. Since the election in November, President Obama's Democrats hold control of the Senate but the Republicans control the House of Representatives. It remains to be seen whether enough Republican Representatives will vote for change when the chips are down.

#### Won’t pass – GOP doesn’t want Obama’s plan – assumes the optimism of their evidence

Stanage and Easley 12/17/12 (Niall, Jonathan, staffwriters for the hill

“Republican leaders balance politics and principle on immigration reform” http://thehill.com/homenews/campaign/273137-republican-leaders-balance-politics-and-principle-on-immigration-reform)

Senior Republicans say the party is struggling to thread the needle on immigration reform, an issue emerging as the next big item on the political agenda once the ongoing deficit talks reach their conclusion. On the one hand, GOP leaders recognize the party needs a new approach. Mitt Romney performed dismally with Latino voters in November’s general election. On the other hand, internal skeptics fear that a GOP rush to embrace a more liberal approach to immigration would risk sundering the conservative movement without paying any electoral dividends. These dilemmas are not entirely new. President George W. Bush and Sen. John McCain (R-Ariz.) pushed immigration reform in the middle of the last decade. They had no success, were subjected to considerable criticism from other conservatives and the issue almost capsized the latter’s run for the 2008 presidential nomination. The difference this time might be that the party is coming off a sizable election loss in which its unpopularity among Hispanics was a key factor. Romney received the support of only 27 percent of Latino voters, according to exit polls — a stark contrast to the 44 percent Bush racked up in 2004. But some influential voices in the party worry that a more centrist line on immigration reform is being pushed too hastily. They also face a tactical decision — whether to support broad reforms or back a more piecemeal approach to the issue. Rep. Jeff Flake (R-Ariz.), who will replace Sen. Jon Kyl (R-Ariz) in the next Congress, said that while “there is a recognition” that the immigration issue had hurt the GOP with Hispanics, he believed “some might overplay it.” He added that there was a danger in “thinking [that] if we do immigration reform, we all of a sudden get 44 percent, like Bush. That’s not the case.” Even so, however, Flake acknowledged that the party’s current position was simply doing it too much damage, especially when the dangers were exacerbated by an inflammatory tone. “Our policy on immigration, or the voices that come from our party, certainly have alienated some in the Hispanic community, but it also alienates others,” he said. “It’s not just that it’s turned off Hispanics -— and it has — but more broadly it’s turned off a lot of people.” Rep. James Lankford (R-Okla.), the chairman of the House Policy Committee, argued that “a vast number of Republicans are supportive of immigration reform.” He also asserted, as do many conservatives, that a significant proportion of the Latino population is simpatico with the GOP’s worldview on economic and social issues. Lankford emphasized that as Republicans ponder whether to modulate their position on immigration reform, “the first consideration can’t be the political benefit.” Yet he fears Republicans who supported any kind of sweeping reform would come under attack from their right flank while most of the benefit could accrue to President Obama. “Whoever is president, they sign it and they get credit for it,” he said. “Some say that if Republicans push immigration reform here, we’ll get credit for it. That’s not true. The president will get credit for it.” The answer, many Republicans and strategists believe, could lie in part with a shift toward supporting something akin to an expansive DREAM Act, without going so far as any deal involving a broader amnesty. Republican strategist Hogan Gidley, who worked closely with former Arkansas Gov. Mike Huckabee (R) and served as the communications director for former Sen. Rick Santorum’s 2012 presidential bid, told The Hill that Republicans need to convince Latinos they are receptive to the challenges the community faces. “It doesn’t mean we open our borders. It doesn’t mean that we grant amnesty. But Huckabee used to make that point that the children were here through no fault of their own. Why deny them a college education?” Gidley cautioned that a broader reform package could be a big political loser for Republicans. He cited the amnesty to which President Ronald Reagan agreed in the 1980s, and added “he still never got their votes.” The lesson to be drawn, he added, was that “we shouldn’t run to change our principles or sell out our convictions for votes, because there is no guarantee that you will get the votes. Then you’re left without your principles and without political support.” Some Republicans believe that progress could be made simply by adopting a less hostile tone when addressing issues like immigration. Such an approach, according to pollster Whit Ayres, could help win over those Hispanics who, ethnicity aside, fit the demographic profile of Republican supporters neatly. “A great deal of what needs to change is adopting an attitude that says, ‘We want Hispanics who believe in limited government and lower taxes and entrepreneurial opportunity as part of our coalition,’ ” he said. Ayres’ company, North Star Opinion Research, last week released a poll from four battleground states — Florida, Colorado, Nevada and New Mexico — that underlined this point. In each of those four states, the poll found many Hispanics who considered themselves conservative did not vote for Romney in November. In the three states other than Florida, the margin was striking. In Nevada, 40 percent of Hispanics declared themselves conservative but only 25 percent said they voted for Romney. In New Mexico, the figures were 47 percent and 29 percent, respectively. “If we simply got the portion of Hispanic voters who consider themselves conservative, we would be back in the hunt,” Ayres said. For Republicans, the current crisis has been a long time coming. Strategist Ed Rollins told The Hill he remembered having a conversation in 1982 with legendary consultant Lee Atwater about how to boost the GOP’s standing with blacks and Latino. Rollins added that the damage that has been done in the interim could not be undone overnight. He counseled the party to think in terms of five-year or 10-year plans that involved selecting more Hispanic candidates among other things. But a more generous approach to immigration reform, he insisted, had to be part of the picture. “It might be a piecemeal thing where where you begin with the DREAM Act and move beyond it,” he said. “Republicans, realistically, can’t be obstructionist.”

#### Gun control will swamp it

UPI 12/30/12 (“Immigration reform being overshadowed?” <http://www.upi.com/Top_News/US/2012/12/30/Immigration-reform-being-overshadowed/UPI-12951356886806/>)

WASHINGTON, Dec. 30 (UPI) -- The U.S. economy and now gun control appear to be elbowing immigration reform further down the congressional priority list, advocates said. The renewed interest in gun control following the deadly school shooting in Connecticut earlier this month has been taken up by key congressional committees, which means any discussions in Congress on immigration probably won't even begin until the spring, the Los Angeles Times said Sunday. Immigration reform was seen as a major issue in the November presidential election because of the lopsided support President Obama enjoyed in the Latino community. But while the White House has insisted immigration remained a high priority of the Obama administration, reform advocates see Congress as more willing to kick the can down the road. "I am concerned that an issue such as immigration where we can find strong bipartisan consensus will be demagogued and politicized, because that is the environment," said Alfonso Aguilar, a Republican strategist at the Latino Partnership for Conservative Principles.

#### And so will energy and multiple other issues – Obama is not focusing on immigration reform

Munro 12/31/12 (Neil, “Obama promises new immigration plan but keeps endgame close to his vest” <http://dailycaller.com/2012/12/31/obama-promises-new-immigration-plan-but-keeps-endgame-close-to-his-vest/3/>)

President Barack Obama promised Dec. 30 to introduce an immigration bill during 2013, but activists on all sides of the debate are trying to understand his strategy. He may be gunning for a victory in the mid-term elections by introducing a bill so radical that it will spark an emotional controversy from whites, which would then spur many angry Latinos to vote Democratic in the 2014 midterm elections, said Robert de Posada, former head of a GOP-affiliated group, The Latino Coalition. “The word that I’ve heard from many, is [that he will] submit a very, very liberal plan that most Republicans will not support, that most southern and moderate Democrats will not support,” he said. When the bill fails, “they can announce once again that they tried [and that Latinos] need to rally in the next election,” said Posada, who helped President George W. Bush win 40 percent of the Latino vote in 2004, during the housing boom. But that strategy would break Obama’s election-trail promise to help Latinos, said one Hill staffer who is working to pass an ambitious bill that would eventually provide citizenship to millions of Democratic-leaning, low-skill Latinos and their extended relations. However, he noted, Obama hasn’t met with Democratic Illinois Rep. Luis Gutierrez, the leading Capitol Hill advocate for amnesty for illegal immigrants, since November. “We don’t quite know what the White House is doing,” he said. Obama sketched his 2013 plans during a low-pressure interview on NBC’s “Meet the Press” Sunday. “I’ve said that fixing our broken immigration system is a top priority,” he told interviewer David Gregory, who is now under police investigation for violating D.C. law by brandishing a 30-bullet magazine on his Dec. 23 show. “I will introduce legislation in the first year to get that done,” Obama said. “I think we have talked about it long enough. We know how we can fix it. We can do it in a comprehensive way that the American people support. That’s something we should get done.” Gregory did not challenge any of Obama’s claims, nor did he question Obama about how his bill would impact the high unemployment rate among low-skilled Americans, especially African-Americans, in a an increasingly high-tech economy. However, Obama’s language suggested that increased Latino immigration is a lower priority for him than other measures, and that he’s concerned any revamp would fail because of public opposition. Many previous immigration reform bills have died when leading supporters quietly backed away amid furious public opposition to what was perceived as an attempt at a general amnesty. In 2007, then-Sen. Obama voted against a temporary-worker provision in a pending immigration bill, helping kill the overall legislation. During his first term as president, Obama declined to push a comprehensive immigration bill, despite promising such a revamp while on the 2008 campaign trail. In his NBC interview, Obama showed more enthusiasm about other priorities. “We’ve got a huge opportunity around energy,” he said, “The most immediate thing I’ve got to do … is make sure that taxes are not going up on middle class families,” he claimed. Another priority, he added, is “rebuilding our infrastructure, which is broken.” Obama also touted his new project to counter gun-violence. “Anybody who was up in Newtown, who talked to the parents, who talked to the families, understands that, you know, something fundamental in America has to change … you know, that was the worst day of my presidency,” he told Gregory. “I will put forward a very specific [anti-violence] proposal based on the recommendations that Joe Biden’s task force is putting together as we speak,” he said.

#### China FDI popular – economic considerations and China lobby

Schatz 10-5-12 (Joseph, POLITICO Pro’s tax editor. Before joining POLITICO, Schatz spent nearly a decade at Congressional Quarterly, covering politics and economics on Capitol Hill. Most recently, he was CQ's senior economic writer for four years, covering everything from the Wall Street bailout and the debt ceiling crisis to trade and the U.S.-China relationship, for which he received the National Press Club’s Sandy Hume award in 2010, “China politics aren't black and white,” Politico.com October 5, 2012, lexis)

Mitt Romney's hard-hitting ads claim President Barack Obama needs to "stand up" to China. Paul Ryan has fanned out across the industrial Midwest, saying that Beijing is treating Obama "like a doormat." The president, of course, is in on the act as well -- an Obama television spot accuses Romney of supporting "sweatshop conditions" through an old Bain Capital investment in China. Yet amid all the campaign tough talk about China, three of Romney's most prominent GOP surrogates were down in Texas last week, begging Chinese investors to set up shop in their states. "We're all here talking to them about why they should come to each of our states, and why for sure they should come to our country," Florida Gov. Rick Scott told FOX News as he, Rick Perry of Texas, Scott Walker of Wisconsin gathered at Cowboys Stadium in Arlington, Texas to meet with a traveling contingent from China touring the United States for nine days, looking for places to park their cash. It just goes to show: Black-and-white campaign slogans don't easily translate into economic policy, including the exquisitely complex U.S.-China economic relationship. For one thing, most economic experts doubt that Romney would really wrangle with the United States's biggest creditor, given the risks of a trade war. Indeed, the former Massachusetts governor's tone in the first presidential debate Oct. 3 already seemed a bit softer, as he promised to "crack down on China, if and when they cheat." But the dynamics are even more complicated when it comes to rapidly rising Chinese investment in the United States, particularly at the state and local level, where government officials of both parties are eagerly courting Chinese investments in waterfront rehabilitation plans, energy deals, greenfield projects and auto manufacturing. There are plenty of hiccups and failed deals, like Obama's high-profile decision to block the acquisition of four Oregon wind farms by Chinese-affiliated Ralls Corp., last week, on national security grounds. With China, you never quite know whether a firm is truly "private," or an arm of the state. But Chinese investment is way up in recent years, and Congress, which helped sink the Chinese purchase of Unocal Corp. in 2005, has been largely quiet on a broad range of Chinese acquisitions. That's in part because the U.S. economy badly needs the investment -- attracting foreign investment is going to be a major theme in any tax reform debate next year -- and in part because Chinese firms have gotten smarter about lobbying, and have won friends in Washington. Kevin G. Nealer, a partner at the Scowcroft Group, says that the scale of China's investments have changed the equation. Nealer was a Senate leadership staffer in the 1980s, when Japan's sudden emergency as a car and technology powerhouse provoked rage on Capitol Hill -- and when that fury started abating. "I saw the inflection point in trade neuralgia come when Japanese firms started making major investments here, building factories and hiring American workers at Toyota and Honda plants by the thousands," Nealer says. Business groups and analysts say that's already beginning to happen, though the level of investment is still small compared to countries like Germany. While China is the U.S. government's biggest creditor, with $1.15 trillion in Treasury securities, it still has relatively little money invested in elsewhere in the U.S. economy. In a report last week, Thilo Hanemann and Adam Lysenko of the Rhodium Group, an investment firm that closely tracks Chinese investment, said that before 2008, Chinese firms were responsible for very few jobs in the United States. "One of the most important questions is how Chinese investment affects U.S. employment," the authors note. While the figure is still small, it now stands at about 27,000, they said, as China has rapidly ramped up its investments "from an annual average of around 30 deals worth less than $500 million before 2009 to almost 100 deals worth about $5 billion in 2010 and 2011." Investment in the first half of 2012 alone totaled $3.6 billion, led by big Chinese acquisitions in the U.S. energy and banking sectors, like the Industrial & Commercial Bank of China Ltd.'s purchase of an 80 percent stake in the Bank of East Asia's U.S. subsidiary, a move that required approval by the Federal Reserve. For state and local governments, it's all about jobs. U.S. governors from both parties regularly go to China to solicit investment. And Michael Bell, the Democratic mayor of Toledo, Ohio -- exactly the region where Romney and Ryan are directing some of their harshest China attacks -- has drawn attention for attracting $200 million in Chinese property development investment. It's one of the chief reasons that China weathered the failed 2005 attempt by state-owned China National Offshore Oil Company Ltd. (CNOOC) to purchase Unocal. "To a degree, all politics are local," said one D.C. lawyer who has worked with Chinese investors. "If you're able to do it the right way, in a way that benefits someone's local district, that helps tamp down some of the concerns." U.S. lawmakers revamped the Committee on Foreign Investment in the United States (CFIUS), the Treasury-based group that last week recommended that Obama block the Ralls sale. And they still raise criticisms about many proposed deals in the sensitive telecom and Internet sectors, where a Chinese firm with government ties could pose a security threat. In July, Chinese telecommunication companies Huawei and ZTE were grilled by members of the House Intelligence Committee about the companies' relationship with the Chinese government. But some Chinese firms have become savvier. They've hired lobbyists at Hill and Knowlton, Patton Boggs and other D.C. shops to press their cases in the corridors of power in Washington. Still, notes Scowcroft's Nealer, some Chinese investors, coming from a culture of government control, can't believe that the U.S. investment process is largely free and open. The U.S. Chamber of Commerce circulated a report in July touting Chinese investment success stories in the United States. The Obama administration has also made efforts to link Chinese firms with American companies.

#### The plan is guidance not legislation

Jackson 10 (James K. Jackson, CRS Specialist in International Trade and Finance, Foreign Investment, CFIUS, and Homeland Security: An Overview, February 4, http://fpc.state.gov/documents/organization/138597.pdf)

While CFIUS’s activities often seem to be quite opaque, the Committee is not free to establish an independent approach to reviewing foreign investment transactions, but operates under the authority of the President and reflects his attitudes and policies. As a result, any discretion CFIUS uses to review and to investigate foreign investment cases reflects policy guidance from the President. Foreign investors are also constrained by legislation that bars foreign direct investment in such industries as maritime, aircraft, banking, resources and power. 7 Generally, these sectors were closed to foreign investors prior to passage of the Exon-Florio provision in order to prevent public services and public interest activities from falling under foreign control, primarily for national defense purposes.

#### That means no link

Hamilton and Schroeder 1994 [James T. Hamilton is an assistant Professor of Public Policy, Economics and Political Science at Duke University, Christopher H. Schroeder is a Professor of Law at Duke University School of Law “Strategic Regulators and the Choice of Rulemaking Procedures: The Selection of Formal vs. Informal Rules in Regulating Hazardous Waste http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=4229&context=lcp]

3. As the regulatory costs imposed on parties increase, the more likely the parties will resist and, hence, the more likely the agency is to use informal rulemaking. Industry interest groups may attempt to weaken costly formal rules by commenting on them during the formal rulemaking process or by challenging them in court. Similarly, environmentalists may attempt to strengthen provisions through submissions and court challenges. Regulatory costs for industry include expenditures arising from compliance and enforcement actions, while costs for environmentalists may relate to the potential environmental damages posed by the activity regulated. The more at stake for regulated parties and other intervenors, the more likely the agency may be to issue the rule informally. Issuing a costly rule through the informal process has several advantages for the agency: it makes input from interest groups less likely than under the formal process; reduces the ease with which Congress may monitor agency performance and hence lessens the ability of interest groups to "pull the fire alarm" on agency actions; lessens the probability that an interest group will be able to challenge the rule in court as informal rules lack the long administrative records of formally published rules; and enables the agency to alter costs of compliance for particular parties since informal rules may be applied with more discretion than formal rules.

#### Winners win

Heineman 10 (Ben Heineman Jr. has held top positions in government, law, and business. He is the author of High Performance with High Integrity “No Presidential Greatness Without Spending Political Capital” <http://www.theatlantic.com/politics/archive/2010/03/no-presidential-greatness-without-spending-political-capital/37865/>)

**Only in recent months**, when he was willing to make it his personal issue and to spend significantly from his store of political capital, was President Obama able to achieve victory in the bitter congressional battle over **health care** reform. Presidential greatness is combining policy and politics to win significant victories that have a major impact on the trajectory of national life. Such victories--which upset the status quo--**only occur** when a president takes political risks and is willing to incur short-term unpopularity with significant segments of the electorate. There have been two great Democrat presidents since FDR--Harry Truman and LBJ. Both came to office through the death of a president; both could have run for a second elected term; both declined to do so because they were extremely unpopular; but, part of their unpopularity was due to courageous decisions which required large expenditure of personal capital and which changed the course of history. Truman, now considered by historians as one of our most momentous presidents, has an astounding list of major decisions by his name: the dropping of the atomic bomb; the formation of the UN and NATO; the adoption of the Marshall Plan; the formulation of the Truman Doctrine and the strategy of "containing" the Soviet Union; a willingness to oppose Communist aggression in North Korea (and to fire General Douglas MacArthur); the issuance of executive orders desegregating the Armed Forces, the civil service and government contracting; recognition of the state of Israel; and promotion of the Fair Deal (which was only a mixed success but which expanded social security, the minimum wage and federal housing support). To be sure, Truman's unpopularity was also due to scandals, a war weary nation and vicious debates about who lost China. But his historical standing today is owed, in no small part, to his political courage and willingness to use up the political capital of the presidency on issues of major import. Similarly, LBJ was one of our greatest domestic presidents. Under his leadership from 1964-66, Congress passed the Civil Rights Act of 1964, the Voting Rights Act of 1965, Medicare, Medicaid, the War on Poverty and a path-breaking elementary and secondary education act. Johnson had the courage to spend political capital on great tasks even though he, of all people, knew that his initiatives, especially on race, would split the Roosevelt coalition, drive away Southern whites, weaken the Democratic Party and put his own reelection in jeopardy. After Lincoln, Johnson is considered the president who did the most to overcome the nation's shameful history of slavery and racial discrimination and to advance the ideal of racial justice. To be sure, Johnson's unpopularity also stemmed, in important part, from his prosecution of an increasingly divisive war in South Vietnam and from a complex, domineering personality that his oleaginous rhetoric could not conceal. Yet, his place in history is secure because of courageous domestic decisions which weakened him politically. By contrast, Jimmy Carter and Bill Clinton, the other two Democratic presidents prior to President Obama, are unlikely (even in light of more even-handed views of historians a generation from now) to enter the pantheon of greatness. President Carter's fundamental problem, oddly enough, was that he recklessly spent presidential capital in his first year in office--on reforming water projects, energy reform, welfare reform and numerous other initiatives--with limited or no success. By the end of 1977, his apolitical approach, and his serial failures, had dramatically diminished his reputation in Washington and seriously eroded his popularity in the nation. And he could never recover from his naive policy profligacy as the nation's economy began to suffer from the lethal combination of high inflation and high interest rates. By contrast, President Clinton tried one major domestic initiative early in his administration--health care--and, after being defeated on that, was either on the defensive or advanced a minimalist, safe agenda. With the Republican take-over of Congress in 1994, Clinton had to fight a rear guard action until the 1996 election. Then the Lewinski scandal and impeachment consumed much of the administration's energy, and Dick Morris's "triangulation" meant that Clinton took few significant political risks. Never has there been a president with as much political and policy talent, who presided over a booming economy (due, only in small part, to public policy) but whose major accomplishments were so slender. I always felt that it was a badge of dishonor for Clinton to leave office with a high approval rating for the reasons I have tried to develop here**: no great deeds are possible for a president without a willingness to risk political standing**. The saga of President Obama is but 14 months old. It is too soon to tell whether health care reform will be a policy succ ess in implementation and a long-term political success (like Medicare) as it changes a health care system bristling with problems. And, of course, it is far, far too soon to make any meaningful judgments about his tenure. But, after a first year of aloofness from the political fray of health care, Obama's willingness, since the Massachusetts senatorial election to push his chips on the table, take a huge political gamble, and win a major legislative victory (with uncertain short-term political consequences) echoes decisions of his great Democratic predecessors, Harry **Truman** and Lyndon **Johnson**.

**Basic scientific nature and self-preservation make global scientific cooperation inevitable**

Potocnik, 06 (Janez, European Commissioner for Science and Research, 1AC Article, 3/7/2006. “Between cooperation and Competition - Science and Research as a Transatlantic Bridge Builder”, http://www.iterfan.org/index.php?option=com\_content&task=view&id=139&Itemid=2)

Cooperation shortens the path leading from science to innovation and from knowledge to solutions in areas such as nanotech, biotech, environment, climate and cybersecurity. In all these areas, and in many more, we share information, knowledge, practices and results. In nanotechnology, for example, the Commission works together with the National Science Foundation to exchange information and organise seminars and workshops. Coordinated calls for joint EU-US research proposals have been launched since 1999, to draw on the best expertise on both side of the Atlantic. We work together because we realise that it is in the interest of both Europe and the US to do so. And often, of course, it is also in the interest of many other countries around the globe, whether they are directly involved in the cooperation, or not. But – of course – we also cooperate simply because that is what scientists do. Naturally, spontaneously and, often, effectively. Scientists are, by the mere nature of their work, mobile and outward looking. Research does not know of any national frontiers and scientists simply work where and with those that offer the best opportunities. But perhaps even more important for our transatlantic links is the dynamism and creativity that competition brings. Competition is part of our natural disposition as social individuals, and also an imperative of the societies we live in. Whether it’s the market share of our companies that we have at heart, or the wellbeing of our people, or the next breakthrough in science and technology, or - indeed, all of the above - competition is the name of the game. We compete because we know that today’s discoveries will most probably underpin tomorrow’s economic achievements. And we compete because – in the US as much as in Europe – we draw healthy stimuli and encouragement from comparing our respective figures. Numbers of science and engineering graduates, researchers as percentage of the workforce, figures for R&D investment, numbers of publications and patents and so on... This mix of cooperation and competition is a key engine of progress. That’s how we discover and advance. How we set and reach objectives, improve performances and achieve results. By finding the right mix or the right balance between cooperation and competition. Be it between individuals, organisations, economies or societies. And isn’t this also what scientists spontaneously do? They compete for excellence, for recognition, for results and for funds. They strive to be the first to publish or to patent. But they also learn from one another. They compare and exchange and they join forces aiming for common achievements. The same is true for companies and other organisations, for which a balanced mix of cooperation and competition is often the key to performance and achievement.

1- No worker shortage – their ev is based on false allegations by corporations.

Gene Nelson, IT professional, “Foreign workers take jobs away from skilled Americans,” 8/21/2008, http://www.numbersusa.com/content/node/1304

Wealthy advocates of H-1B visas have industriously worked to keep this employer-designed program hidden from middle-class Americans, who are outraged when they learn how it harms them. In 2002, Nobel economics laureate Milton Friedman correctly identified the 1990 H-1B visa program as a "government subsidy" because it allows employers access to imported, highly skilled labor at below-market wages. False allegations of worker shortages have been a popular approach. But American colleges and universities graduate four to six times the number of students needed to fill openings in technology fields that are generated by retirements and business expansion.

### K

#### ---The role of the ballot is assess the desirability of a topical policy option.

#### (1.) Fairness --- Creates a predictable limit on the debate and prevents mooting 9 minutes of affirmative speech time.

#### (2.) Education --- Economic policy proscriptions are inevitable --- Voting affirmative ensures debaters are educated to evaluate economics correctly and empower good policy analysis.

Timmer, 1998

C. Peter, Thomas D. Cabot Professor of Development Studies at Harvard University, Adding Value Through Policy-Oriented Research: Reflections of a Scholar-Practitioner, IMPACT ASSESSMENT DISCUSSION PAPER NO. 4, http://ageconsearch.umn.edu/bitstream/48291/2/iadp04.pdf

These factors, in turn, raise issues about how **to train policy analysts to be effective** in empirical settings and how to make policy analysis more **useful and influential**. **One thing is certain**: **there will be no end to the debate** and controversy **surrounding the complex endeavor of using technical knowledge and empirical experience to offer sound policy advice**. The debate and controversy have important implications for how policy analysts should be trained. At a minimum, **would-be policy analysts should be trained** wellenough **as technical economists to engage in analytical and methodological debates** **with** their **professional** **colleagues**. **The goal is not** necessarily **to** have them **win the argument**, **but simply to have it take place**, **because many useful insights can emerge from vigorous debate**. **However**, **winning such debates on occasion**, **especially in a public forum** where policymakers are listening, **empowers good policy analysis**.

#### ---The affirmative is a prerequisite to the critique.

#### (A.) Recessions and economic collapse consolidate the worst forms of predatory capitalism. Means “their” impacts are really “our” impacts.

Mead 2009

Walter Russell, Senior Fellow @ the Council on Foreign Relations, http://www.tnr.com/politics/story.html?id=571cbbb9-2887-4d81-8542-92e83915f5f8&p=2

And yet, this relentless series of crises has not disrupted the rise of a global capitalist system, centered first on the power of the United Kingdom and then, since World War II, on the power of the United States. After more than 300 years, it seems reasonable to conclude that financial and economic crises do not, by themselves, threaten either the international capitalist system or the special role within it of leading capitalist powers like the United Kingdom and the United States. If anything, the opposite seems true--that financial crises in some way sustain Anglophone power and capitalist development. Indeed, many critics of both capitalism and the "Anglo-Saxons" who practice it so aggressively have pointed to what seems to be a perverse relationship between such crises and the consolidation of the "core" capitalist economies against the impoverished periphery. Marx noted that financial crises remorselessly crushed weaker companies, allowing the most successful and ruthless capitalists to cement their domination of the system. For dependency theorists like Raul Prebisch, crises served a similar function in the international system, helping stronger countries marginalize and impoverish developing ones.

#### (B.) The alternative fractures the left --- Rejecting the plan for embracing free trade unites the alternative with right wing china bashers and fractures opposition to the Pentagon’s militarist china policy.

Bello & Mittal 2000

Walden, Anuradha, Dangerous Liaisons: Progressives, the Right, and the Anti-China Trade Campaign, Institute for Food and Development Policy/Food First, May, http://www.tni.org/archives/archives\_bello\_china

A coalition of forces seeks to deprive China of permanent normal trading relations (PNTR) as a means of obstructing that country's entry into the World Trade Organization (WTO). We do not approve of the free-trade paradigm that underpins NTR status. We do not support the WTO; we believe, in fact, that it would be a mistake for China to join it. But the real issue in the China debate is not the desirability or undesirability of free trade and the WTO. The real issue is whether the United States has the right to serve as the gatekeeper to international organizations such as the WTO. More broadly, it is whether the United States government can arrogate to itself the right to determine who is and who is not a legitimate member of the international community. The issue is unilateralism-the destabilizing thrust that is Washington's oldest approach to the rest of the world. The unilateralist anti-China trade campaign enmeshes many progressive groups in the US in an unholy alliance with the right wing that, among other things, advances the Pentagon's grand strategy to contain China. It splits a progressive movement that was in the process of coming together in its most solid alliance in years. It is, to borrow Omar Bradley's characterization of the Korean War, "the wrong war at the wrong place at the wrong time".

#### (C.) Nationalist scapegoating precludes anti-capitalist mobilization --- CFIUS allows all the problems of capitalism to be blamed on China.

Moody 2000

Kim, staff writer for Labor Notes and author of An Injury to All and Workers in a Lean World, Protectionism or Solidarity? (Part I), http://www.solidarity-us.org/site/node/951

From a Marxist point of view, it seems obvious that the roots of economic nationalism have something to do with imperialism, and that globalization is at heart imperialism shorn of colonialism and dressed up as inevitability and the free market.[See note 6] Nationalism, of course, like reformist ideology in general, has many deep, often complex roots in U.S. history and culture, but like much in the daily consciousness of all classes in society it requires material nourishment over time. While it is primarily capital that has benefitted from imperialism, its fruits have, over time, worked their way through the U.S. economy to benefit a majority of the working class enough to cement national loyalty and underwrite reformist consciousness.[See note 7] It seems clear that for a quarter of a century or more following World War Two, the relative, though uneven, growth of working class living standards reinforced the belief that there was a close connection between living in the United States, being an American, and either experiencing more economic security than any working class in history or, at least, seeing the possibility of attaining that kind of material well-being. This perception was not simply the complacent consciousness of the white majority, much less of some small labor aristocracy. It was also in part what drove the social movements of the 1950s and 1960s, above all the African American civil rights and liberation movements. Even for the excluded, the incredible wealth of the nation and the well-being of so many within it, offered hope-the potential of giving the myth of the American Dream some reality if only the visible barriers of discrimination could be dismantled. Outside U.S. borders, however, only in a select few countries of Europe and the English-speaking settler nations could workers aspire to such living standards. For the majority of the world's toilers, the uneven world created by imperialism meant that the outer possibility was not the struggle up from poverty to prosperity, but only from misery to poverty, so long as the structures of imperialism (globalization) remained in place. By the 1970s, U.S. and then world capitalism experienced an accelerating crisis of profitability and the deepest worldwide recession since the 1930s, both of which increased simultaneously capital's movement abroad and its desire to tame labor at home. Yet it was almost a decade before capital's offensive against the U.S. working class took on momentum and the living standards associated with U.S. international "hegemony" began to deteriorate visibly. Within the unionized working class, the "Blue Collar Blues" and Black worker rebellions of the late 1960s and early 1970s were largely broken by the world recession of 1974-75-as well as by actions of the labor bureaucracy and the state. The old collective bargaining institutions, occasionally helped by strikes, however, continued to be able to recoup economic losses for those covered by them until the late 1970s. With the beginnings of real income decline and, at the same time, the first signs of an import "crisis" in the late 1970s, economic nationalism got a new lease on life, directing attention and activity toward "the border" and protectionism. The "problem" was easily seen as imports on the one hand, and, somewhat later, immigrants on the other: foreigners, here or there, "taking" American jobs. For years, as Dana Frank shows in detail, the unions put this message out to their members and the public in various "Buy American" campaigns. Since imports were real, this view had credibility, just as it does in the case of China or the steel industry today-even if it could be demonstrated that more jobs were lost to domestic downsizing, lean production methods, new technology, and other homespun means of increasing profits. There was more, however, for the impact of this crisis fell on an institutional setup that already encouraged economic nationalism. When the CIO abandoned the fight for a broad class political agenda on questions such as housing, education, health care, pensions, unemployment income and mass transportation in the late 1940s, it turned instead to constructing "private welfare states" through industry-by-industry or company-by-company benefits bargaining. This retreat both abandoned a broader class perspective and laid the basis for a new kind of economic nationalism unique in most respects to the United States. It was an economic nationalism (and narrow political consciousness) in which the nation, the employer, and the union became intimately intertwined. "What's good for General Motors is what's good for the nation," was GM chairman C.E. Wilson's capitalist view of the bonds of corporation and nation. For the worker, whose health care, retirement and children's future depended on company-provided, even if union-won, benefits (largely not available from the state in the U.S.), the union was a natural amendment to Wilson's self-serving equation of capital and nation. Even after the CEOs publicly broke the corporation-nation equation in favor of the new executive cosmopolitanism and investor globalism in the 1980s, the link between the nation, the company, the union, and the worker's economic well-being remained imbedded in the negotiated "private welfare state." Furthermore, the deterioration of the benefits of that setup could easily be blamed simultaneously on the new cosmopolitanism of the corporation and the external threat of imports. Hate the company for its betrayal of the economic nation, but defend it from the "outsider" in order to save your benefits. Appropriate the flag to fight management, as so many strikes have, but look to the defense of the business in the protection afforded by the border.

#### ---Permutation Do Both --- <Plan> & <Alt>

#### (if Puget alt) Do the plan in favor of classist politics

#### (if ASU alt) Vote affirmative to do the plan and adopt the historical material criticism of the 1NC

#### ---Only the permutation solves --- Withdrawing from global trade locks the alternative within a nationalist frame precluding transnational solidarity and organization.

Bello & Mittal 2000

Walden, Anuradha, Dangerous Liaisons: Progressives, the Right, and the Anti-China Trade Campaign, Institute for Food and Development Policy/Food First, May, http://www.tni.org/archives/archives\_bello\_china

The anti-China trade campaign amounts to a Faustian bargain that seeks to buy some space for US organized labor at the expense of real solidarity with workers and progressive worker and environmental movements globally against transnational capital. But by buying into the traditional US imperial response of unilateralism, it will end up eventually eroding the position of progressive labor, environmental, and civil society movements both in the US and throughout the world. What organized labor and US NGO's should be doing, instead, is articulating a positive agenda aimed at weakening the power of global corporations and multilateral agencies that promote TNC-led globalization.

#### ---Capitalism will not collapse & rejection surrenders to the right --- The only solution is transforming the structures of trade from within.

Zizek 2007

Slavoj, Resistance is Surrender, London Review of Books, http://www.lrb.co.uk/v29/n22/slavoj-zizek/resistance-is-surrender

One of the clearest lessons of the last few decades is that capitalism is indestructible. Marx compared it to a vampire, and one of the salient points of comparison now appears to be that vampires always rise up again after being stabbed to death. Even Mao’s attempt, in the Cultural Revolution, to wipe out the traces of capitalism, ended up in its triumphant return. Today’s Left reacts in a wide variety of ways to the hegemony of global capitalism and its political supplement, liberal democracy. It might, for example, accept the hegemony, but continue to fight for reform within its rules (this is Third Way social democracy). Or, it accepts that the hegemony is here to stay, but should nonetheless be resisted from its ‘interstices’. Or, it accepts the futility of all struggle, since the hegemony is so all-encompassing that nothing can really be done except wait for an outburst of ‘divine violence’ – a revolutionary version of Heidegger’s ‘only God can save us.’ Or, it recognises the temporary futility of the struggle. In today’s triumph of global capitalism, the argument goes, true resistance is not possible, so all we can do till the revolutionary spirit of the global working class is renewed is defend what remains of the welfare state, confronting those in power with demands we know they cannot fulfil, and otherwise withdraw into cultural studies, where one can quietly pursue the work of criticism. Or, it emphasises the fact that the problem is a more fundamental one, that global capitalism is ultimately an effect of the underlying principles of technology or ‘instrumental reason’. Or, it posits that one can undermine global capitalism and state power, not by directly attacking them, but by refocusing the field of struggle on everyday practices, where one can ‘build a new world’; in this way, the foundations of the power of capital and the state will be gradually undermined, and, at some point, the state will collapse (the exemplar of this approach is the Zapatista movement). Or, it takes the ‘postmodern’ route, shifting the accent from anti-capitalist struggle to the multiple forms of politico-ideological struggle for hegemony, emphasising the importance of discursive re-articulation. Or, it wagers that one can repeat at the postmodern level the classical Marxist gesture of enacting the ‘determinate negation’ of capitalism: with today’s rise of ‘cognitive work’, the contradiction between social production and capitalist relations has become starker than ever, rendering possible for the first time ‘absolute democracy’ (this would be Hardt and Negri’s position). These positions are not presented as a way of avoiding some ‘true’ radical Left politics – what they are trying to get around is, indeed, the lack of such a position. This defeat of the Left is not the whole story of the last thirty years, however. There is another, no less surprising, lesson to be learned from the Chinese Communists’ presiding over arguably the most explosive development of capitalism in history, and from the growth of West European Third Way social democracy. It is, in short: we can do it better. In the UK, the Thatcher revolution was, at the time, chaotic and impulsive, marked by unpredictable contingencies. It was Tony Blair who was able to institutionalise it, or, in Hegel’s terms, to raise (what first appeared as) a contingency, a historical accident, into a necessity. Thatcher wasn’t a Thatcherite, she was merely herself; it was Blair (more than Major) who truly gave form to Thatcherism. The response of some critics on the postmodern Left to this predicament is to call for a new politics of resistance. Those who still insist on fighting state power, let alone seizing it, are accused of remaining stuck within the ‘old paradigm’: the task today, their critics say, is to resist state power by withdrawing from its terrain and creating new spaces outside its control. This is, of course, the obverse of accepting the triumph of capitalism. The politics of resistance is nothing but the moralising supplement to a Third Way Left. Simon Critchley’s recent book, Infinitely Demanding, is an almost perfect embodiment of this position.[\*] For Critchley, the liberal-democratic state is here to stay. Attempts to abolish the state failed miserably; consequently, the new politics has to be located at a distance from it: anti-war movements, ecological organisations, groups protesting against racist or sexist abuses, and other forms of local self-organisation. It must be a politics of resistance to the state, of bombarding the state with impossible demands, of denouncing the limitations of state mechanisms. The main argument for conducting the politics of resistance at a distance from the state hinges on the ethical dimension of the ‘infinitely demanding’ call for justice: no state can heed this call, since its ultimate goal is the ‘real-political’ one of ensuring its own reproduction (its economic growth, public safety, etc). ‘Of course,’ Critchley writes, history is habitually written by the people with the guns and sticks and one cannot expect to defeat them with mocking satire and feather dusters. Yet, as the history of ultra-leftist active nihilism eloquently shows, one is lost the moment one picks up the guns and sticks. Anarchic political resistance should not seek to mimic and mirror the archic violent sovereignty it opposes. So what should, say, the US Democrats do? Stop competing for state power and withdraw to the interstices of the state, leaving state power to the Republicans and start a campaign of anarchic resistance to it? And what would Critchley do if he were facing an adversary like Hitler? Surely in such a case one should ‘mimic and mirror the archic violent sovereignty’ one opposes? Shouldn’t the Left draw a distinction between the circumstances in which one would resort to violence in confronting the state, and those in which all one can and should do is use ‘mocking satire and feather dusters’? The ambiguity of Critchley’s position resides in a strange non sequitur: if the state is here to stay, if it is impossible to abolish it (or capitalism), why retreat from it? Why not act with(in) the state? Why not accept the basic premise of the Third Way? Why limit oneself to a politics which, as Critchley puts it, ‘calls the state into question and calls the established order to account, not in order to do away with the state, desirable though that might well be in some utopian sense, but in order to better it or attenuate its malicious effect’?

#### ---The alternative fails --- Markets are inevitable and culturally universal.

Lavoie and Chamlee-Wright 2000

Don Lavoie Professor of Economics at George Mason University and Emily Chamlee-Wright Associate Professor of Economics and Management at Beloit College, Culture and Enterprise: the development, representation, and morality of business p. 47-48

Indeed the favorite stick with which the left likes to hit economists is the claim that their faith in markets is a bias of our own Western capitalist culture, a sign of unreflective Eurocentrism and logocentrism. Only because we are modernists, children of the European Enlightenment, only because we are so fixated on reason, and efficiency and so forth, do we find markets so beautiful. Markets are understood primarily to be a playground for the wealthy and powerful, not an arena where women or the poor, or for that matter most of the population of non-Western countries, can partake in its advantages. We should not impose our Western sorts of institutions on those who cannot, or perhaps would not want to, occupy that playground. Since economists have been so intent on defending the grand universality of their theories, they have failed to respond to the left in their own terms. Markets in fact are ubiquitous. They emerge in nearly all the cultures we know of. Is it not the left's distrust of markets, deriving from the legacy of Karl Marx, that harbors a peculiarly Western bias? Consulting the historical record of vastly divergent cultures suggests that the economic argument in favor of the universality of markets is more persuasive (see, for example, Anderson and Latham 1986; Baechler 1975; Berger 1986; Boettke 1994; Hayek 1954; Rosenberg and Bird2ell 1986). The Chinese historian Ssu-ma Ch'ien ([c. 145—86 BC] 1961: 477) had already observed the coordinating capacity of the market process over two thousand years ago. There must be farmers to produce food, men to extract the wealth of mountains and marshes, artisans to process these things and merchants to circulate them. There is no need to wait for government orders: each man will play his part, doing his best to get what he desires. So cheap goods will go where they fetch more, while expensive goods will make men search for cheap ones. When all work willingly at their trades, just as water flows ceaselessly downhill day and night, things will appear unsought and people will produce them without being asked. For clearly this accords with the Way and is in keeping with nature. Centuries before Westerners ever set foot on the African continent, intricate long-distance trade networks had developed which connected East to West and North to South as early as 1100 AD. The establishment of local marketplaces, which were the site of cultural as well as economic exchange among neighboring African villages and tribes predates recorded history (see Ayittey 1991). Commerce and trade holds a similar place in Latin American history. By the first century BC, the Mexican city of Teotihuacan was already foreshadowing its eventual blossoming into a vital commercial center. By the fifth century AD, Teotihuacan regularly received merchants from as far away as the Yucatan and Guatemala (Kandell 1988). Western imperialism certainly cannot account for these early examples of market society. Nor can Western imperialism account for all the contemporary cases of complex market activity. What colonial experience introduced in many third-world countries was cash crop production, in particular through the introduction of colonial taxes payable only in Western currencies (see Moon 1926: 75—96), not markets. The complex domestic markets of Africa, Latin America, and Asia have well established roots in the history and culture of their respective indigenous societies. It appears, then, that **no matter what the culture or age**, human society has a **strong propensity** to generate and engage in market activity.

#### ---Total rejection of capitalism fragments resistance and creates a self-fulfilling structures of oppression --- Only the permutation of combining criticism with specific policy solutions solves.

Gibson-Grahm 1996

J.K., feminist economist, End of Capitalism, pg 263-264

One of our goals as Marxists has been to produce a knowledge of capitalism. Yet as “that which is known,” Capitalism has become the intimate enemy. We have uncloaked the ideologically-clothed, obscure monster, but we have installed a naked and visible monster in its place. In return for our labors of creation, the monster has robbed us of all force. We hear – and find it easy to believe – that the left is in disarray. Part of what produces the disarray of the left is the vision of what the left is arrayed against. When capitalism is represented as a unified system coextensive with the nation or even the world, when it is portrayed as crowding out all other economic forms, when it is allowed to define entire societies, it becomes something that can only be defeated and replaced by a mass collective movement (or by a process of systemic dissolution that such a movement might assist). The revolutionary task of replacing capitalism now seems outmoded and unrealistic, yet we do not seem to have an alternative conception of class transformation to take its place. The old political economic “systems” and “structures” that call forth a vision of revolution as systemic replacement still seem to be dominant in the Marxist political imagination. The New World Order is often represented as political fragmentation founded upon economic unification. In this vision the economy appears as the last stronghold of unity and singularity in a world of diversity and plurality. But why can’t the economy be fragmented too? If we theorized it as fragmented in the United States, we could being to see a huge state sector (incorporating a variety of forms of appropriation of surplus labor), a very large sector of self-employed and family-based producers (most noncapitalist), a huge household sector (again, quite various in terms of forms of exploitation, with some households moving towards communal or collective appropriation and others operating in a traditional mode in which one adult appropriates surplus labor from another). None of these things is easy to see. If capitalism takes up the available social space, there’s no room for anything else. If capitalism cannot coexist, there’s no possibility of anything else. If capitalism functions as a unity, it cannot be partially or locally replaced. My intent is to help create the discursive conception under which socialist or other noncapitalist construction becomes “realistic” present activity rather than a ludicrous or utopian goal. To achieve this I must smash Capitalism and see it in a thousand pieces. I must make its unity a fantasy, visible as a denial of diversity and change.

#### ---Numerous studies disprove historical materialism’s causal truth claims.

Steele 1992

David Ramsay, author and Editorial Director of Open Court Publishing Company - *From Marx to Mises: Post-Capitalist Society and the Challenge of Economic Calculation* pg. 358-360

Marx also says that the relations are inevitably entered into [some translations: 'are indispensable'] and that they are independent of the "will" of the people who enter into them. Why should that be? It could be a reference to the fact that individuals are bound by the social relations agreed upon by their fellows, who mostly tend to continue the traditions they have inherited. But it is unlikely that Marx would give such prominence to the merest truism, and it seems from the context that Marx is here explaining his notion of 'correspondence': he is claiming that the relations are indispensable and independent of human will because only one set of relations is harmonious with any particular state of the forces. Marx's theory has the following consequence. Take some cultural element which might be supposed to have had some influence on social development—say the Stoic and then Christian notion that all human souls are of equal worth. Marx's theory seems to imply that it cannot have had much or any influence on European history, except insofar as it directly influenced the forces. Marx's theory thus seems to require premisses which we have no reason to accept, and which on reflection seem manifestly false. But we can go further. Marx's theory, with its "correspondence" between forces and relations, between relations and superstructure (implied in the assertion that a change in the base changes the superstructure), and between superstructure and "definite forms of social consciousness", seems to imply that if we know how a society produces its wealth, we will be able to deduce a great deal about all the institutions and beliefs of that society. We should then expect that if we compared a lot of different cultures for many different features including forces of production, we would find forces of production to be a reliable predictor of other institutional features. Hallpike (1986, 146-182) looks at 113 societies classified according to 15 variables including "type of subsistence" (hunting, pasto-ralism, different types of agriculture, and so forth). He does this in order to test the 'cultural materialism' espoused by many anthropologists, which is more modest than its ideological parent, historical materialism. Hallpike finds that type of subsistence is a reliable predictor of four variables: permanence of settlement; population density; community size; and household form. It is a weak predictor of five variables: prevailing rule of descent; compactness of settlement; form and complexity of community political leadership; forms and prevalence of slavery; and community integration (solidarity). It is no predictor at all of five variables: residence after marriage; segregation of adolescent boys; intercommunity marriage; local political succession; and form of family. Most of the correlations which did appear were either due to the difference between hunting-and-gathering and all other types of subsistence, or could be seen on closer inspection to be spurious. In his ensuing discussion, Hallpikc makes many observations injurious to the cultural materialist hypothesis, and therefore also to historical materialism. He summarizes the considerable evidence refuting the widely-held theory that "oriental despotism" can be attributed to the need for centralized management of major irrigation works (260-66). He shows that groups of people with a common origin who take up different technological ways of life are, hundreds or thousands of years later, much more alike in their general culture than groups with different origins who have taken up the same technological way of life (206 et passim). As we might expect, Hallpike's findings do support some kinds of limitation of the relations by the forces. No one would ever dispute that a change in the forces may sometimes lead to changes in the relations, and that these may lead to changes in the rest of society. What non-Marxists would say is that other routes for social change cannot be ruled out. A change in the superstructure may lead to a change in the forces, or may change the relations independently of the forces. For example, the victory of one faction in a political struggle (superstructure) may lead to a modification of the relations (base), which may then affect the forces. There is nothing original or distinctive about Marx's view that changes in the forces may cause changes in the relations (at least roughly, that changes in technology may cause changes in property rules), which may then cause changes in the rest of society. Original and distinctive are the claims: 1. that all social revolutions are fundamentally nothing other than adjustments of relations to fit changed forces; 2. that relations can never change until all the forces that could have developed 'within' those relations have developed; 3. that new relations cannot appear except when and because changed forces have come into conflict with old relations. From 2. and 3. follows 4., that the relations can never be changed except because of conflict between relations and forces. These claims define historical materialism. If they are abandoned, there is nothing distinctive left to defend. They are very restrictive, though in one particular very open: they say nothing about what causes the forces to advance. They don't rule out, for instance, that superstructural features might directly affect the forces (as when Babylonian astronomy, motivated by religion and politics, made it easier to plant crops at the appropriate time and to navigate ships). They do rule out any direct effect of the superstructure on the relations (or, taking the unusual interpretation that base and superstructure are not exhaustive of institutions, any direct effect of the non-base and non-superstructure institutions on the relations). Thus, for instance, all the changes in English common law over the centuries can only be explained by disharmonies between the forces and the relations. It is forbidden to explain any of them by autonomous intellectual changes in legal theorizing—or perhaps such an explanation could be admitted so long as these legal changes were somehow sealed off from having any direct influence on the relations.

#### ---The Indian caste system proves capitalism isn’t the root of all exploitation --- This is a 100% takeout since their totalizing claim that all history is organized by class means all we need is one example to disprove it.

Steele 1992

David Ramsay, author and Editorial Director of Open Court Publishing Company - *From Marx to Mises: Post-Capitalist Society and the Challenge of Economic Calculation* pg. 361-362

To contradict historical materialism, it's only necessary to claim that the relations changed once for some reason other than the development of the forces, or that the superstructure changed once for some reason other than the adjustment of the relations to the forces. To pick an example at random, one scholar of the origin of states, summarizing what is known about this momentous class of historical events, states that the formation of states had many repercussions for technology and the economy, but was not itself a response to technological improvement (R. Cohen 1978). The question for historical materialism is not whether Ronald Cohen is wrong about this, but why we should suppose, before we look at the evidence, that he must be wrong. Why couldn 't spontaneous political processes—inter-group dynamics of disputes and war—give rise to a state, which then acts directly on both the forces and the relations, not to mention the superstructure? Why cudgel history to make it fit one pattern on all occasions, when no good reason has been given for the exclusion of alternative patterns? The Indian caste system has survived for thousands of years, and has had enormous repercussions for every aspect of Indian life. It seems to have arisen because conquerors wanted to maintain racial distinctness from their subjects. No one can seriously claim that caste has arisen because of the forces or the relations of production. Numerous societies have had very similar technologies and property systems without a caste system. It appears that historical materialists have only one recourse, faced with examples like this: they must accept that the superstructure and the forms of consciousness corresponding to it are only a part, and may be only a small part, of any given culture. Historical materialism then ceases to be a master theory explaining the broad course of historical development, and becomes a more limited set of claims about the relations between forces and relations of production.

####  (\_\_) Economic collapse isn’t inevitable --- Capitalism is empirically resilient in the face of systemic flaws and their authors are biased.

Moynihan 2008

Michael, Associate Editor, Reason Magazine and visiting fellow from the Swedish Policy institute Timbro, “The Rise of Disaster Socialism,” http://www.reason.com/news/show/129535.html

So it's equally unsurprising that we are now seeing Naomi Klein's thesis in reverse—the rise, amongst many in the pundit class, of "disaster socialism." As markets tumble and the world economy convulses, market-unfriendly ideologues are rushing in, seizing an opportunity to argue that they were right after all; to argue in favor of a rollback of "extreme" capitalism; and to suggest further government regulation and control of the economy. The gravediggers are leaning on their shovels, waiting for capitalism to expire, despite conflicting diagnoses on a patient very much alive. So here, as an example of the recent dying-capitalism meme, is a front page story from The Washington Post, under an ominous (or is it triumphant?) headline presaging the "end of capitalism." The story begins with a bold, if entirely unverifiable, claim: "The worst financial crisis since the Great Depression is claiming another casualty: American-style capitalism." Now, it's anyone's guess what exactly this means, or just what qualifies as particularly American capitalism, as the effects of the crisis ricochet around the globe, and no data is offered to substantiate the claim. Wishful thinking, perhaps. A Reuters columnist was equally categorical, proclaiming "Capitalism as we used to know it is on its deathbed" and celebrating the turgid "scientific socialism" of Karl Marx, "whose thinking on banks seems oddly contemporary these days." Noted novelist and screenwriter Hanif Kureishi sees a fulfillment of Marxian prophesy—the need for total capitalism in order to reach the first stages of revolution. "Marx always said that capitalism would rise and then collapse, and this would be a continual process, it was built on that, and this is what's happened. And what can you do but laugh?" Or take this bit of wisdom from Washington Post columnist Harold Meyerson, gleefully sounding the death knell for "unregulated capitalism." Two weeks previous, Meyerson bemoaned the "ideology of unregulated capitalism—of Reaganism" and predicted that the current economic crisis "may ensure that the GOP itself becomes one more casualty in the collapse of laissez faire." Both columns are laced with a series of little idiocies that, if true, would surely spell doom for the American economy. Meyerson, a former leading light in the Democratic Socialists of America, flatly states that "laissez faire" is in collapse, that financial markets were operating without regulation or oversight, and that Reaganomics and Bushonomics are analogous. (And as David Boaz points out, there is a certain perversity in Meyerson's comparison of free market advocates and those who stood four-square behind Stalinism.) Nor are such sentiments isolated to the American debate. It is unsurprising that both the Mini-Mullah of Tehran, Mahmoud Ahmadinejad, and the unstable revolutionary of Caracas, Hugo Chavez, both declared "the end of capitalism." Australia's Labour Prime Minister Rudd added a modifier, stating that we were now seeing that "comprehensive failure of extreme capitalism." Par for the course from a Labour government. But it was with some surprise that I read that Swedish parliamentarian Rolf K. Nilsson, a member of the right-wing Moderat party, had declared that all was lost, because it was time to admit that "Capitalism is a bloodsucker system and a threat to the civilized world." As most economists sort through the rubble, most pundits are trying to seize upon a narrative that, evidence be damned, will help advance a particular economic cause. (Meyerson has long played this game, telling the Baltimore Sun in 1994 that American capitalism and "globalization of markets" has "turn[ed] us into a nation of temps.") In his invocation of Reaganism, Meyerson is, of course, making a partisan point that has echoed across the blogosphere: We are witnessing the last gasp of Reaganomics. But when the 1987 stock market crash failed to provoke a depression, and when capitalism not only refused to die but appeared to have suffered little lasting damage, it was, liberal economics expert Paul A. Samuelson said, because Reaganomics wasn't "pure capitalism": "The 1929 panic was no greater than the 1987 panic. Black October 1929 was followed by a great depression because we lived under pure capitalism in those days. Laissez faire economics allowed 8,000 banks to fail." Not so with the regulatin' Reagan. John Heimann, vice chairman of Merrill Lynch Capital Markets, told an audience the same year that, "It may well be that historians, looking back at the '80s, will pronounce it an era in which a peak of government economic intervention was reached..." But political hacks, like Robert Kuttner, were waiting in line, ready to blame unfettered markets and to dance on capitalism's grave. A week after the 1987 crash, future American Prospect co-founder Kuttner wrote in the Los Angeles Times that, "The stock market has signaled a warning: If they continue the economics of fiscal fantasy and extreme laissez faire, depression will follow market crash as surely as it did last time." Twenty years ago yesterday, economist Ravi Batra's paranoid treatise Surviving the Great Depression of 1990 ranked fifth on The New York Times bestseller list. The point here is simple: Trust no one who declares an end to a system as complex and successful as capitalism, or who sees the current crisis as the long-awaited fulfillment of Marx's voodoo economics. It was The Guardian's Simon Jenkins—yes, that Guardian—who first noted that the current meltdown was immediately followed by "journalistic wish-fulfillment and glee," and observed that his fellow "Guardian writers and Labour politicians have been drooling all week over what they call the ‘collapse of the free market model.'" Now that globalization has brought unprecedented wealth to developing countries, and has lifted millions out of poverty, it's time, say the "disaster socialists," to try it our way. But capitalism, globalization, and the free market aren't going anywhere. Yes, unemployment is still only 6 percent—it will most certainly rise—and the stock market isn't quite in full collapse, but is suffering from periodic seizures. And indeed, we are most certainly heading towards a severe recession. But capitalism is durable, and has sustained itself in far worse situations. So ignore the disaster socialists: They are, after all, only taking advantage of the current crisis to try a little shock therapy of their own. And who could blame them?

#### ---Turn --- Interdependence.

#### (A.) Rejecting trade makes war inevitable --- Extend Patrick --- Collapsing trade relations creates a spiraling cycle of suspicion and nationalism where every foreign business action is seen as zero sum with American national security.

#### (B.) Solves their turns --- Interdependence creates an ethic of mutual recognition and respect between competitors that doesn’t require the instrumentalization of all life.

Badhwar 2007

Neera K., Associate Professor of Philosophy at University of Oklahoma - September “Friendship and Commercial Societies” Forthcoming in Politics, Philosophy, and Economics <http://praxeology.net/guest-badhwar1.htm>

I have argued that the critics of market societies misunderstand both markets and friendship by conceiving of them in radically dichotomous terms. Instrumentality, fungibility, impersonality etc. come in varying degrees and characterize not only market, but also non-market, relationships, including friendship. Further, although market relations are primarily instrumental, they are not entirely so, because the individuals involved are not mere means to ends. It is this recognition that ultimately justifies the prohibition of force and fraud that is essential to a market relationship, and free markets are the most potent social force for promoting this recognition. Moreover, like all productive or creative activities, market activities play an important role in a meaningful life and, thus, are essentially structured by moral norms. For all these reasons, far from militating against friendship, market relations often give rise to friendship, and market societies are friendlier to civic and character friendship than any other developed form of society.

#### ---Turn --- Anti-markets

#### (A.) CFIUS securitization is anti-market neoliberalism.

Daily Times 2006

EDITORIAL: Economic neo-liberalism vs political realism, February 26th, http://www.dailytimes.com.pk/default.asp?page=2006%5C02%5C26%5Cstory\_26-2-2006\_pg3\_1

Ditto for CNOOC’s Unocal bid. China had no part to play in rearing Al Qaeda but it is a country most US lawmakers consider the next challenge to America. And energy is an important sector for reasons of security. This is an area where neo-liberal economics with its deregulation and laissez faire meets geopolitical requirements and gets upstaged. So, while the US and the Western world do not tire of preaching the merits of neo-liberalism and even argue that trade and business activity across frontiers creates mutual stakes to everyone’s advantage, politics has its own ideas of security and protectionism.

#### (B.) The removal of anti-market forces solves bad capitalism and is historically distinct from the system described in their evidence.

De Landa 1998

Manuel, Markets and Antimarkets in the World Economy, http://www.alamut.com/subj/economics/de\_landa/antiMarkets.html

When approaching the subject of economic power, one can safely ignore the entire field of linear mathematical economics (so-called competitive equilibrium economics), since there monopolies and oligopolies are basically ignored. Yet, even those thinkers who make economic power the center of their models, introduce it in a way that ignores historical facts. Authors writing in the Marxist tradition, place real history in a straight-jacket by subordinating it to a model of a progressive succession of modes of production. Capitalism itself is seen as maturing through a series of stages, the latest one of which is the monopolistic stage in this century. Even non-Marxists economists like Galbraith, agree that capitalism began as a competitive pursuit and stayed that way till the end of the nineteenth century, and only then it reached the monopolistic stage, at which point a planning system replaced market dynamics. However, Fernand Braudel has recently shown, with a wealth of historical data, that this picture is inherently wrong. Capitalism was, from its beginnings in the Italy of the thirteenth century, always monopolistic and oligopolistic. That is to say, the power of capitalism has always been associated with large enterprises, large that is, relative to the size of the markets where they operate. [6] Also, it has always been associated with the ability to plan economic strategies and to control market dynamics, and therefore, with a certain degree of centralization and hierarchy. Within the limits of this presentation, I will not be able to review the historical evidence that supports this extremely important hypothesis, but allow me at least to extract some of the consequences that would follow if it turns out to be true. First of all, if capitalism has always relied on non-competitive practices, if the prices for its commodities have never been objectively set by demand/supply dynamics, but imposed from above by powerful economic decision-makers, then capitalism and the market have always been different entities. To use a term introduced by Braudel, capitalism has always been an "antimarket". This, of course, would seem to go against the very meaning of the word "capitalism", regardless of whether the word is used by Karl Marx or Ronald Reagan. For both nineteenth century radicals and twentieth century conservatives, capitalism is identified with an economy driven by market forces, whether one finds this desirable or not. Today, for example, one speaks of the former Soviet Union's "transition to a market economy", even though what was really supposed to happen was a transition to an antimarket: to large scale enterprises, with several layers of managerial strata, in which prices are set not taken. This conceptual confusion is so entrenched that I believe the only solution is to abandon the term "capitalism" completely, and to begin speaking of markets and antimarkets and their dynamics.

#### ---Space ---

#### (\_\_) Turn Space Colonization --- (A.) Growth is key and independently resolves all their resource scarcity impacts.

Engdahl 1994

Sylvia, award-winning science fiction writer, “Space and Human Survival, Part I,” http://www.sylviaengdahl.com/space/survival.htm

I have called this stage in our evolution the “Critical Stage.” Paul Levinson [the Director of Connected Education] uses different terminology for the same concept. He says that we have only a narrow window to get into space, a relatively short time during which we have the capability, but have not yet run out of the resources to do it. I agree with him completely about this. Expansion into space demands high technology and full utilization of our world’s material resources (although not destructive utilization). It also demands financial resources that we will not have if we deplete the material resources of Earth. And it demands human resources, which we will lose if we are reduced to global war or widespread starvation. Finally, it demands spiritual resources, which we are not likely to retain under the sort of dictatorship that would be necessary to maintain a “sustainable” global civilization. Because the window is narrow, then, we not only have to worry about immediate perils. The ultimate, unavoidable danger for our planet, the transformation of our sun, is distant—but if we don’t expand into space now, we can never do it. Even if I’m wrong and we survive stagnation, it will be too late to escape from this solar system, much less to explore for the sake of exploring. I realize that what I’ve been saying here doesn’t sound like my usual optimism. But the reason it doesn’t, I think, is that most people don’t understand what’s meant by “space humanization.” Some of you are probably thinking that space travel isn’t going to be a big help with these problems, as indeed, the form of it shown in today’s mythology would not. Almost certainly, you’re thinking that it won’t solve the other problems of Earth, and I fear you may be thinking that the other problems should be solved first. One big reason why they should not is the “narrow window” concept. The other is that they could not. I have explained why I believe the problem of war can’t be solved without expansion. The problem of hunger is, or ultimately will be, the direct result of our planet’s limited resources; though it could be solved for the near-term by political reforms, we are not likely to see such reforms while nations are playing a “ zero-sum game” with what resources Earth still has. Widespread poverty, when not politically based, is caused by insufficient access to high technology and by the fact that there aren’t enough resources to go around (if you doubt this, compare the amount of poverty here with the amount in the Third World, and the amount on the Western frontier with the amount in our modern cities). Non-contagious disease, such as cancer, is at least partially the result of stress; and while expansion won’t eliminate stress, overcrowding certainly increases it. The problem of atmospheric pollution is the result of trying to contain the industry necessary to maintain our technology within the biosphere instead of moving it into orbit where it belongs. In short, all the worldwide problems we want to solve, and feel we should have solved, are related to the fact that we’ve outgrown the ecological niche we presently occupy. I view them not as pathologies, but as natural indicators of our evolutionary stage. I would like to believe that they’ll prove spurs to expansion. If they don’t, we’ll be one of evolution’s failures. If I have frightened any readers here, I’m not sorry! But cheer up; in Part II I’ll explain how humanizing space can not only save our species, but give all cultures equal access to resources that are virtually unlimited.

#### (B.) Every second we waste not colonizing space kills a hundred trillion people.

Bostrum 2002

Nick, Department of Philosophy, Yale University, Director of the Future of Humanity Institute at Oxford University, “Astronomical Waste: The Opportunity Cost of Delayed Technological Development,” Preprint, Utilitas Vol. 15, No. 3, pp. 308-314, http://www.nickbostrom.com/astronomical/waste.html

As I write these words, suns are illuminating and heating empty rooms, unused energy is being flushed down black holes, and our great common endowment of negentropy is being irreversibly degraded into entropy on a cosmic scale. These are resources that an advanced civilization could have used to create value-structures, such as sentient beings living worthwhile lives. The rate of this loss boggles the mind. One recent paper speculates, using loose theoretical considerations based on the rate of increase of entropy, that the loss of potential human lives in our own galactic supercluster is at least ~10^46 per century of delayed colonization.[1] This estimate assumes that all the lost entropy could have been used for productive purposes, although no currently known technological mechanisms are even remotely capable of doing that. Since the estimate is meant to be a lower bound, this radically unconservative assumption is undesirable. We can, however, get a lower bound more straightforwardly by simply counting the number or stars in our galactic supercluster and multiplying this number with the amount of computing power that the resources of each star could be used to generate using technologies for whose feasibility a strong case has already been made. We can then divide this total with the estimated amount of computing power needed to simulate one human life. As a rough approximation, let us say the Virgo Supercluster contains 10^13 stars. One estimate of the computing power extractable from a star and with an associated planet-sized computational structure, using advanced molecular nanotechnology[2], is 10^42 operations per second.[3] A typical estimate of the human brain’s processing power is roughly 10^17 operations per second or less.[4] Not much more seems to be needed to simulate the relevant parts of the environment in sufficient detail to enable the simulated minds to have experiences indistinguishable from typical current human experiences.[5] Given these estimates, it follows that the potential for approximately 10^38 human lives is lost every century that colonization of our local supercluster is delayed; or equivalently, about 10^31 potential human lives per second. While this estimate is conservative in that it assumes only computational mechanisms whose implementation has been at least outlined in the literature, it is useful to have an even more conservative estimate that does not assume a non-biological instantiation of the potential persons. Suppose that about 10^10 biological humans could be sustained around an average star. Then the Virgo Supercluster could contain 10^23 biological humans. This corresponds to a loss of potential equal to about 10^14 potential human lives per second of delayed colonization. What matters for present purposes is not the exact numbers but the fact that they are huge. Even with the most conservative estimate, assuming a biological implementation of all persons, the potential for one hundred trillion potential human beings is lost for every second of postponement of colonization of our supercluster.

## ROUND 4

### plif

#### Iran proliferation makes the risk of nuke war in the Middle East extremely high- 1ac Kahl ev

#### Iran prolif setting off a chain reaction is uniquely bad bc it would show international nonprolif efforts fail- Iran pulls out of the NPT- Kahl ev

#### This risks global nuclear conflict- new prolif risks theft, unauthorized use, terrorism, and crisis escalation.

Busch, Professor of Government-Christopher Newport, 04 (Nathan, “No End in Sight: The Continuing Menace of Nuclear Proliferation” p 281-314)

Summing Up: Will the Further Spread of Nuclear Weapons Be Better or Worse? This study has revealed numerous reasons to be skeptical that the spread of nuclear weapons would increase international stability by helping prevent conventional and nuclear wars. Because there is reason to suspect that emerging NWSs will not handle their nuclear weapons and fissile materials any better than current NWSs have, we should conclude that the further spread of nuclear weapons will tend to undermine international stability in a number of ways. First, because emerging NWSs will probably rely on inadequate command-and-control systems, the risks of accidental and unauthorized use will tend to be fairly high. Second, because emerging NWSs will tend to adopt systems that allow for rapid response, the risks of inadvertent war will also be high, especially during crisis situations. Third, because emerging NWSs will tend to adopt MPC&A systems that are vulnerable to overt attacks and insider thefts, the further spread of nuclear weapons could lead to rapid, destabilizing proliferation and increased opportunities for nuclear terrorism. Finally, there is reason to question whether nuclear weapons will in fact increase stability. Although nuclear weapons can cause states to be cautious about undertaking actions that can be interpreted as aggressive and can prevent states from attacking one another, this may not always be the case. While the presence of nuclear weapons did appear to help constrain U.S. and Soviet actions during the Cold War, this has generally not held true in South Asia. Many analysts conclude that Pakistan invaded Indian-controlled Kargil in 1999, at least in part, because it was confident that its nuclear weapons would deter a large-scale Indian retaliation. The Kargil war was thus in part caused by the presence of nuclear weapons in South Asia. Thus, the optimist argument that nuclear weapons will help prevent conventional war has not always held true. Moreover, this weakness in the optimist argument should also cause us to question the second part of their argument, that nuclear weapons help prevent nuclear war as well. Conventional wars between nuclear powers can run serious risks of escalating to nuclear war."5 Based on a careful examination of nuclear programs in the United States, Russia, China, India, and Pakistan, as well as preliminary studies of the programs in Iraq, North Korea, and Iran, this book concludes that the optimists' arguments about the actions that emerging NWSs will probably take are overly optimistic. While it is impossible to prove that further nuclear proliferation will necessarily precipitate nuclear disasters, the potential consequences are too severe to advocate nuclear weapons proliferation in hopes that the stability predicted by the optimists will indeed occur.

#### New prolif wont result in stable deterrence- and accidents outweigh

Sagan 03, Political Science at Stanford University, ‘3 (Scott– Co-director of the Center for International Security and Cooperation, “The Spread of Nuclear Weapons: A Debate Renewed” p 83)

The nuclear optimists' view that the spread of nuclear weapons will produce stable deterrence is based on a rationalist assumption that the behavior of new nuclear states will reflect their interest in avoiding nuclear war. New nuclear powers will avoid preventive nuclear wars, develop survivable nuclear arsenals, and prevent nuclear weapons accidents because it is in their obvious national interests to do so. I have argued, in contrast, that the actual behavior of new proliferators will be strongly influenced by military organizations within those states and that the common biases, rigid routines, and parochial interests of these military organizations will lead to deterrence failures and accidental uses of nuclear weapons despite national interests to the contrary. The concepts behind this more pessimistic vision of proliferation are well-grounded in the rich theoretical and empirical literature on complex organizations. My theory makes less heroic assumptions about the rationality of states. It provides useful insights into U.S. nuclear history during the cold war, and it points to the checks-and-balances system of civilian control as a critical factor in creating the requirements of nuclear deterrence during the long peace. Although the jury of history is still out on the consequences of further nuclear proliferation, and will be for some time, the emerging evidence from the nuclear-proliferating world unfortunately supports this more pessimistic view.

#### Nuclearization causes Iranian naval aggression and increases their support for terrorism against the US and Israel.

Kahl 12 (Colin, former Deputy Assistant Secretary of Defense for the Middle East and Senior Fellow, the Center for a New American Security, Iran and the Bomb, Foreign Affairs; Sep/Oct2012, Vol. 91 Issue 5, p157-162)

Specifically, a nuclear-armed Tehran would likely provide Hezbollah and Palestinian militants with more sophisticated, longer-range, and more accurate conventional weaponry for use against Israel. In an effort to bolster the deterrent capabilities of such allies, Iran might consider giving them "dual-capable" weapons, leaving Israel to guess whether these systems were conventional or armed with chemical, biological, or nuclear material. A nuclear-armed Iran might also give its proxies permission to use advanced weapons systems instead of keeping them in reserve, as Tehran reportedly instructed Hezbollah to do during the militant group's 2006 war with Israel. A nuclear-armed Iran, believing that it possessed a powerful deterrent and could thus commit violence abroad with near impunity, might also increase the frequency and scale of the terrorist attacks against U.S. and Israeli targets carried out by Hezbollah and the Quds Force, the covert operations wing of Iran's elite Islamic Revolutionary Guard Corps. And a bolder Iran might increase the number of Revolutionary Guard forces it deployed to Lebanon, allow its navy to engage in more frequent shows of force in the Mediterranean, and assert itself more aggressively in the Persian Gulf and the Strait of Hormuz. To further enhance its image in the eyes of domestic and regional audiences as the leader of an anti-Western resistance bloc, a nuclear-armed Iran might respond to regional crises by threatening to use all the means at its disposal to ensure the survival of the Assad regime in Syria, Hezbollah, or Palestinian groups. And Iran might be emboldened to play the spoiler in the Israeli-Palestinian peace process by encouraging large-scale militant attacks and might try to destabilize its neighbors through more coercive diplomacy and subversion in Iraq and the Gulf states.

#### They say anti proliferation bad – 1) we make it literally impossible for Iran to nuclearize, cripple the economy 2) we’re not anti-prolif like the NPT we negotiate with Iran Kahl indicates this gets them to the table

### T-Restriction (jonathan)

---we meet-foreign investment restrictions on production

Hirsch-former senior energy program adviser for Science Applications International Corporation-11 Commentary: Restrictions on world oil production

<http://www.energybulletin.net/stories/2011-03-28/commentary-restrictions-world-oil-production>

Restrictions on world oil production can be divided into four categories: 1. Geology 2. Legitimate National Interests 3. Mismanagement 4. Political Upheaval Consider each in reverse order: Political upheaval is currently rampant across the Middle East, resulting in a major spike in world oil prices. No one knows how far the impacts will go or how long it will take to reach some kind of stability and what that stability will mean to oil production in the Middle Eastern countries that produce oil. We are thus relegated to best guesses, which span weeks, months, or years before there are clear resolutions. One pre-Middle East chaos country limited by political upheaval is Iraq, which is believed to have the oil reserves to produce at a much higher level, but Iraqi government chaos has severely limited oil production expansion. In another long-standing case, Nigeria has been plagued by internal political strife, which has negatively impacted its oil production. Mismanagement of oil production within a country can be due to a variety of factors, all of which mean lower oil production than would otherwise be the case. Venezuela is the poster child of national mismanagement. The country has huge resources of heavy oil that could be produced at much higher rates. Underproduction is due to the government syphoning off so much cash flow that oil production operations are starved for needed funds. In addition, Venezuela has made it extremely difficult, if not impossible for foreign oil companies to operate in the country. Another example of mismanagement is Mexico, where government confiscation of oil revenues, substandard technology, and restrictions on foreign investment has led to significant Mexican oil production decline.

-xxx--We-meet-the plan reduces restrictions that block, delay, and alter foreign investment in energy production

Ellis-Vinson & Elkins LLP-6/1/07

US energy and foreign direct investment: Is the foreign capital flow for oil and gas at risk?

http://www.ogfj.com/articles/print/volume-4/issue-6/capital-perspectives/us-energy-and-foreign-direct-investment-is-the-foreign-capital-flow-for-oil-and-gas-at-risk.html

Government regulation is a way of life for the energy industry. Recently, however, a once-obscure regulator - the Committee on Foreign Investment in the United States (CFIUS) - has begun playing a much larger role on the energy stage. Tasked with determining whether certain foreign direct investment in the United States poses a threat to national security, this interagency committee operated in relative obscurity prior to 9/11, typically reviewing transactions involving defense-related industries. However, a combination of political pressure and proposed legislative reforms may broaden the scope of CFIUS review to cover a significant portion of international-US energy deals. What does this mean? At worst, if CFIUS finds that a deal may threaten national security, one or more member agencies may require the parties to alter the transaction materially. If there is no way to mitigate the national security concerns, the deal can be blocked. Even if all national security concerns can be addressed, CFIUS approval can delay the closing of a transaction. Despite these looming obstacles, the regulatory burden is not insurmountable and advanced preparation is the key to success. History of CFIUS and energy CFIUS’s power to regulate US foreign direct investment comes from delegated Presidential authority under the Exon-Florio Amendment to the Defense Production Act of 1950. The committee itself has been around since 1975, when it was first created as an advisory board to monitor foreign investment in the US and report to the President on the implications of such investment for the national interest. In 1988, President Ronald Reagan delegated to CFIUS his newly acquired authority under Exon-Florio to prevent foreign acquisitions that threatened the national security. Even with this substantial increase in powers, the committee operated under the radar throughout the 1980s and ‘90s. Energy has traditionally been an area of some concern for CFIUS. In fact, one early controversial transaction reviewed by CFIUS was the 1981 acquisition of Santa Fe International Corp., a major drilling, exploration, and services company, by Kuwait Petroleum. Santa Fe owned some sensitive technology that had nuclear defense applications. At the time, CFIUS did not yet have any enforcement authority, so the Antitrust Division of the Justice Department was asked to hold up the merger. Ultimately, the transaction was allowed to go forward after Santa Fe agreed to sell off its sensitive technology so that it would not be transferred to Kuwait Petroleum. While it is not difficult to see how nuclear technology and nuclear energy deals would be subject to CFIUS scrutiny, the relationship between oil and gas and national security is more tenuous. On Sept. 11, 2001, the nation’s concept of “national security” was changed forever. In response to the terrorist attacks of 9/11, the government’s focus switched from its traditional examination of military targets and military assets, to a new emphasis on “critical infrastructure.” In order to facilitate protection of critical infrastructure, the President issued a directive in 2003 requiring, among other things, oversight by the Department of Energy of critical infrastructure related to “energy, including the production refining, storage, and distribution of oil and gas.” Additionally, since 9/11, CFIUS has been subject to increasing pressure by Congress to review foreign acquisitions of “critical infrastructure” for national security concerns. Since 9/11, the number of CFIUS filings per year has doubled, with significant growth projected for 2007 (See Figure 1). Nearly 20% of CFIUS filings in 2006 were energy-related - a trend that has continued thus far in 2007.

---Mitigation measures restrict even if they aren’t blocked

Marchick 07 (David, partner at Covington & Burling, where he advises

companies on the CFIUS process, “Swinging the Pendulum too Far: An Analysis of the CFIUS Process Post-Dubai Ports World,” Jan, http://www.nfap.net/researchactivities/studies/NFAPPolicyBriefCFIUS0107.pdf)

In the 18 years that Exon-Florio has been in force, there have been slightly more than 1700 CFIUS filings. Only one transaction has formally been blocked by the President — a 1990 aerospace investment by a Chinese company. From the data, one would think that CFIUS has merely been a rubber stamp, approving 99.9 percent of the acquisitions. The data belie actual practice, since tough restrictions are imposed by CFIUS as a condition for approval — typically through “mitigation” or “national security” agreements. In addition, parties typically will abandon a transaction in the face of a possible rejection rather than force the President to formally block a proposed acquisition. The public relations damage to a company if a President were to block an acquisition would be substantial.

#### ---Production deals with a high level of scrutiny are considered “restricted”.

Vinson & Elkins LLP 12 (V&E China Practice Update E-communication, “China Amends Foreign Investment Policy: New Foreign Investment Industry Guidance Catalogue,” January 13, http://www.velaw.com/resources/pub\_detail.aspx?id=20405)

The Catalogue classifies foreign direct investments in the various Chinese industry sectors as “encouraged,” “restricted,” “permitted,” or “prohibited,” and sets out specific industries in which foreign investment is either “encouraged,” “restricted,” or “prohibited.” Activities not listed are, in the absence of other rules to the contrary, considered to be “permitted” for foreign investments. Foreign investment in “encouraged” industries may enjoy certain tax benefits and is often subject to less strict administrative requirements from approval authorities. The “restricted” category includes industries into which foreign investment is subject to a higher level of scrutiny, stricter administrative requirements, and may be denied at the discretion of the approval authorities. Foreign investment is not permitted in industries categorized as “prohibited.”

#### ---C/I

#### Restrictions mean qualification on production

Wright v. Magellan Behavioral Health, Inc., 2007 U.S. Dist. LEXIS 48718  2007

In the instant case, the Court is required to interpret the word "restriction" as used by the parties in the Agreement. The parties apparently agree that the legal definition of restriction--"a limitation or qualification," Black's Law Dictionary 1341 (8th ed. 1999)--is a good place to start. Thus, the Court must determine whether the board's supervision requirement falls within this definition.

#### That means conditions on production not just prohibitions

Google Dictionary

qual·i·fi·ca·tion

noun /ˌkwäləfəˈkāSHən/

qualifications, plural

A quality or accomplishment that makes someone suitable for a particular job or activity

- only one qualification required—fabulous sense of humor

The action or fact of becoming qualified as a practitioner of a particular profession or activity

- an opportunity for student teachers to share experiences before qualification

A condition that must be fulfilled before a right can be acquired; an official requirement

- the five-year residency qualification for presidential candidates

#### ---Their interpretation is bad

#### A. Over limits-Their interpretation limits the topic to drill baby drill which is bad ground. SQ production is sky high which means better debates on the topic should be about things other than ANWR or the offshore drilling moratorium.

#### B. Capital key-Future oil and gas production will depend on foreign capital. That’s Ellis-Vinson-That capital is intrinsically tied to energy production proves it should be core affirmative ground.

#### ---Reasonability-Competing interpretations encourage a race to the bottom. Limits for limits sake have destroyed affirmative ground on the last several topics. You should err affirmative if our interpretation is proven debatable.

### CP

links to politics

doesn’t solve chilling

#### States are already trying—but removing federal restrictions is key.

Rosen and Hanemann-Rhodium Group-11

<http://www.ogilvypr.com/files/anamericanopendoor_china_fdi_study.pdf>

An American Open Door? Maximizing the Benefits of Chinese Foreign Direct Investment

2. Systematize the promotion of FDi from china and elsewhere.

A review of U.S. efforts to attract investment from China and other countries is needed. The

current laissez-faire approach stems from an era when the United States dominated global FDI

flows; it assumes that the United States remains unrivaled in its attractiveness and functions

as though all foreign investors come from similar countries that do not need much on-the ground assistance. That situation has changed. More proactive measures are needed, not just

at the state and local level, where earnest efforts are afoot, but also at the national level, where

formal and informal barriers to foreign investment arise.

#### ---Condition Counterplans are a voting issue-there are an infinite number of possible conditions that are unpredictable. Condition counterplans undermine the affirmatives ability to generate offense by mooting the 1AC.

#### ---CP links to politics

Budnick et al 11 (Andrew, Princeton Task Force on Chinese Investment in the US, “Economic Patriotism: How to Deal with Chinese Investment,” Dec,

http://www.princeton.edu/~smeunier/Princeton\_Task\_Force\_Report\_Final\_2011)

Costs: The costs of negotiations, which began anew in 2008, are minor compared to the potential benefits of increased bilateral investment. Still, if an agreement were reached, it might become political fodder for American politicians wary of China in general. Such a backlash might sour the treaty’s bid for Senate ratification.

#### ---Permute- do the plan and offer to China to conclude negotiations on a bilateral investment treaty. In the process of negotiations, the United States should ask for reciprocal concessions on investment in oil and gas production. The United States should implement the outcome of these negotiations. At the conclusion of an agreement the United States should open up negotiations with other interested countries to conclude similar agreements.

Rosen and Hanemann-Rhodium Group-11 (An American Open Door? Maximizing the Benefits of Chinese Foreign Direct Investment, http://www.ogilvypr.com/files/anamericanopendoor\_china\_fdi\_study.pdf)

However, we recommend realism in our expectations. Reform in China is not going to happen overnight, but it is important to understand that it has, in fact, happened over the decades. Similarly, China has opened much of its own economy to foreign investors, but there remains much to be done. We generally take the stance that the United States should not base its own investment review system on questions of reciprocity, but Chinese policy makers must be aware that such considerations play an important role in the domestic debate in the United States about openness to foreign investment, and that an acceleration of reforms would strengthen the position of those in the United States advocating investment openness.

#### ---Permute- do the counterplan- it results in the plan’s reduction in investment restrictions, so it doesn’t sever

#### Exacerbates protectionism – opaque investment.

Truman 2010

Edwin M., Senior fellow at the Peterson Institute for International Economics, former assistant secretary of the US Treasury for International Affairs, visiting economics lecturer at Amherst College and a visiting economics professor at Williams College. Sovereign Wealth Funds: Threat or Salvation? P67-68

Establishment of a standard of reciprocity as the quid pro quo for SWF investment may be an attractive political response to public opinion. This is the argument made by Demarolle (2008) in the French and European context. He rejects a special regime for SWF investments, but favors a dialogue with countries with SWFs founded on the principle of reciprocity. The dialogue would help open doors to investments by companies in host countries to SWF investments in the home countries of the SWFs, such as China and Russia, and thereby break down what C\*emarolle sees as an unsatisfactory asymmetry. Demarolle's aim is to make progress. He argues that the principle of reciprocity does not necessarily mean identical treatment However, establishment of a reciprocity standard for SWF investment would do little to address the concerns about SWFs summarized in chapter 3, In fact, few of the remedies outlined in this chapter promise much on that score. To summarize, most of the proposed policies regarding SWFs are intended to deal with the concern in countries receiving SWF investments about the pursuit of political and economic power objectives by the countries with the funds: comprehensive regulation, prohibitions on specific SWF investments, or limitations of various types on the form or conditions of investment. In general, these mechanisms of comprehensive regulation would be costly and ineffective. Some of them could prove to be deleterious to the host country as well as to the global financial system. One exception might be comprehensive approaches that are applied on a national treatment basis, but in those cases issues arise regarding the cost of additional regulation. It could be argued that some of the proposed limits on SWF investments, such as the size of stakes and voting rights, would limit the potential for market turmoil and uncertainty associated with the activities of SWFs. But that is a stretch. Moreover, by potentially driving the funds into less transparent channels of investment, they also might be counterproductive in terms of this concern. The issue of regulatory arbitrage is common to most approaches to SWF regulation in part because of the difficulty in precisely defining these pools of official capital. A formal or informal reciprocity requirement on countries with SWFs is difficult to square with any of the concerns SWFs raise. It is better viewed as fanning the flames of financial protectionism. If the result were tit-fortat escalation, the consequences for financial markets and their turbulence would be magnified beyond the mere denial of a few billion dollars of capital inflows. Along the same lines, unless carefully negotiated and established in a multinational context, including a number of countries that are both home and host to SWFs, the approaches summarized in this chapter would tend to increase conflicts of interest rather than reduce them, with the possible technical exception of an outright prohibition. Finally, none of the approaches discussed in this chapter bear directly on the issue of mismanagement of investments by the home country. Where they are at all relevant, such as regarding limitations on such investments, one could argue that they tend to exacerbate the underlying issues by discouraging the home country from investing using normal commercial structures.

#### adv cps bad

#### ---China says no

#### A. “national treatment” provisions

Kong 10 (Qingjiang, Professor of Law of Zhejiang Gongshang University-China, US-CHINA BILATERAL INVESTMENT TREATY NEGOTIATIONS KONG, EAI Background Brief No. 507, Feb 25, http://www.eai.nus.edu.sg/BB507.pdf)

The thrust of the US position is a high standard BIT. A BIT based on the US model will be able to address most, if not all, of the US concerns. US companies also fear that any deviation from the “high standard” BITs that US negotiators have insisted on negotiating with other countries earlier on would complicate future negotiations with desired BIT candidates such as Russia, Brazil and India. That is why the US side has insisted on the US model BIT. The US has made clear its position: “The United States will negotiate on the basis of the US model BIT, which reflects high standards of investor protection.” 8 The US model BIT gives national treatment of foreign investors at the “pre-establishment” phase. The US will press for the "national treatment" provisions requiring China to accord US firms right of entry into any sector including those reserved for Chinese firms. The United States has relatively few restrictions on foreign investment so a successful pact would level the playing field for US investors in China. Indeed the US model BIT might offer substantial benefits to US businesses, but it is not so for China. Such terms would prohibit the Chinese government from discriminating between Chinese and US investors in reviewing and authorizing investments, granting business licenses, and other governmental actions necessary to “establish” a covered investment. China has not included a “pre-establishment” phase in previous investment agreements. 9 Moreover, implementing such an obligation would require the overhaul of much of China’s foreign investment regime. China might not be willing to do that. 10 The national treatment issue has been the most difficult area of the talks since the outset.

#### B. Currency and enforcement issues-turns relations

Kong 10 (Qingjiang, Professor of Law of Zhejiang Gongshang University-China, US-CHINA BILATERAL INVESTMENT TREATY NEGOTIATIONS KONG, EAI Background Brief No. 507, Feb 25, http://www.eai.nus.edu.sg/BB507.pdf)

Enforcement of the BIT will be another concern of the US side. The US is not confident of the Chinese administrative and judicial practice, particularly the discretion conferred to officials responsible. It does not feel confident of how effectively the BIT can be enforced. It is interested in having a set of enforcement procedures to effectively monitor China’s compliance with the national treatment obligations. For example, some on the US side suggest that it is necessary to draft the BIT with specific presumptions, evidentiary burdens, or standards to allow inferences of discrimination when the public record is murky. The US is particularly pressing for full investor-state arbitration provisions. Under investor-state arbitration provisions in the BIT, the investor can claim directly against the host state for breaching substantive protections (such as expropriations, or transparent ‘fair and equitable treatment’) for investments that have been made. Investment disputes are accordingly resolved through a much more ‘judicialised’ procedure. China’s BIT negotiation practice is to allow all issues arising from FDI activities to be arbitrated. 12 The backdrop is that China is now a major FDI exporter, whose investors are already beginning to bring claims abroad. It should also be noted that in this regard, the national security issue is likely to become even more acute in light of some very recent developments in investment treaty arbitration practice. 13 Traditionally, the BIT needs to address the issue of free transfer of investments and profits deriving from the host country’s foreign exchange control. Given China’s gigantic reserves, this issue is no longer prominent. However, some on the US side seem interested in imposing a discipline on China concerning the exchange rate. Understandably, China, which has been opposing currency rate pressure, will be unhappy with or at least reluctant with the US request. The ramifications of incorporating FOREX provisions into the BIT are another concern. The US-China S&ED mandated the third Investment Forum. 14 The BIT negotiation will certainly be the main theme of the forum. However, in view of the clash of the two parties’ positions, the BIT negotiations might turn out to be a long-lasting diplomatic baffle between the US and China unless either party’s stance is to be compromised.15

#### ----Turn-Politicization

#### BIT locks in congressional meddling-domestic political considerations would move the goal post for Chinese compliance

Harvard International Law Journal 10 (The Harvard International Law Journal is the oldest and most-cited student-edited journal of international and comparative law, What Would a U.S.-China Bilateral Investment Treaty Mean?, March, http://www.harvardilj.org/2010/03/what-would-a-u-s-china-bilateral-investment-treaty-mean/)

A BIT typically permits aggrieved foreign investors to seek compensation for unfair or inequitable regulatory treatment in arbitration instead of host country domestic courts. Such an agreement with China would mark the first time that the United States has signed a BIT with a substantial foreign investor and opened the possibility of litigating American regulatory decisions before international arbitrators. With large scale regulatory reform on the horizon, particularly in the financial sector which has substantial Chinese investment, this possibility raises complex sovereignty questions. In addition, arbitration of American regulatory disputes raises the tricky question of compliance with an adverse decision. The United States has typically treated BIT’s as self-executing treaties, but Congress would have to approve the payment of adverse judgments. Domestic political considerations would make such authorization unpalatable, and any failure to pay could jeopardize the overall BIT framework. As of now, the parties have reached no agreement, and the U.S. Senate would have to ratify any BIT before it took effect. But, as several commentators have noted, the issues surrounding a U.S.-China BIT merit careful scrutiny.

#### condo bad

#### ---Delay

#### A. BIT negotiations would be time-consuming

Kong 10 (Qingjiang, Professor of Law of Zhejiang Gongshang University-China, US-CHINA BILATERAL INVESTMENT TREATY NEGOTIATIONS KONG, EAI Background Brief No. 507, Feb 25, http://www.eai.nus.edu.sg/BB507.pdf)

The US model BIT is characterized by the national treatment of foreign investors and foreign investments at the “pre-establishment” phase where each party to the BIT has to accept the FDI from the other party unless in certain pre-specified sectors for national security reason. Accordingly, lucrative sectors reserved for state-owned enterprises or state-controlled enterprises in the name of national security shall be opened for foreign participation. China’s position has softened considerably in contrast to the assertive stance of the United States that sets the quality of the agreement above the timeline for concluding the negotiation. The current Chinese investment regime is characterized by an industrial policy orientation and case-by-case approval for prospective FDI, which serve primarily to block unwanted FDI influx. Thus, implementing the pre-establishment national treatment obligation would require the overhaul of much of China’s foreign investment regime. In view of the varying interests of the two nations, the huge investment potential and the clash of the two parties’ positions, the BIT negotiation is destined to be the most difficult one in history, and might turn out to be a long-lasting diplomatic baffle between the US and China unless either party’s stance is to be compromised.

#### B. Delays crush investment

Marchick 07 (David, partner at Covington & Burling, where he advises

companies on the CFIUS process, “Swinging the Pendulum too Far: An Analysis of the CFIUS Process Post-Dubai Ports World,” Jan, http://www.nfap.net/researchactivities/studies/NFAPPolicyBriefCFIUS0107.pdf)

Timing matters most. With the exception of price, the most important factor for foreign investors or for U.S. companies selling a business is the time — and associated risk — to close a transaction. In many respects, transactions are akin to selling a house. If a seller has the choice of selling to one buyer who can close in 30 days and another who will take 60 days, a rational seller will always chose the buyer who can close first, unless the other buyer will pay a significant premium. The longer a transaction takes to close, the greater the risk and the greater the uncertainty. More uncertainty makes investors less likely to invest. The statutory timeframes within Exon-Florio mirror the timeframes for antitrust reviews, putting foreign and domestic buyers on a level playing field. CFIUS has extraordinary flexibility to extend reviews for tough cases — maintaining the initial 30-day review timeframe is crucial.

### ptx

#### Won’t pass – house GOP and lack of electoral incentives

Workpermit.com 12/31/12 (Workpermit is a specialist visa consultancy with nearly twenty-five years of experience dealing with visa applications. We are OISC registered. We can help with a wide range of visa applications to the UK or your country of choice. Please feel free to contact us for further details, “White House to campaign for immigration reform in 2013” <http://www.workpermit.com/immigration-video.htm>)

Many Republican Party strategists say that, if the Republicans adopt an anti-immigration stance, they will find it increasingly difficult to win elections as the demographic makeup of the US changes. Asian Americans, Hispanic Americans and African Americans already make up 34% of the US population and they all vote overwhelmingly for the Democrats. As the Republicans have become more anti-immigrant, so their share of the Latino vote has gone down. George W Bush received over 40% of the Latino vote in 2000 and 2004. Mitt Romney received about 29% in 2013. However, in their Behind the Curtain column on the Politico.com website, journalists Jim Vanderhei and Mike Allen point out that, whatever the bigger picture may be, many Republican congressmen and women will be loath to vote in favour of immigration reform. Vanderhei and Allen say that Washington Republicans who vote in favour of immigration reform, in particular, in favour of allowing illegal immigrants to become citizens, will be punished by anti-immigration Republican voters in their states. 'Many of the Republicans who would have to vote on such a [immigration reform] package' would then have to 'run for re-election in elections dominated by white conservatives…Regardless of exit polls, demographic trends and lectures from party leaders, lawmakers know that many voters, especially primary voters, and especially their primary voters, hate anything that smacks of amnesty', they write. In the US system, any new law must be passed by both chambers of Congress, the Senate and the House of Representatives, and signed by the president, in order to become law. Since the election in November, President Obama's Democrats hold control of the Senate but the Republicans control the House of Representatives. It remains to be seen whether enough Republican Representatives will vote for change when the chips are down.

#### Won’t pass – GOP doesn’t want Obama’s plan – assumes the optimism of their evidence

Stanage and Easley 12/17/12 (Niall, Jonathan, staffwriters for the hill

“Republican leaders balance politics and principle on immigration reform” http://thehill.com/homenews/campaign/273137-republican-leaders-balance-politics-and-principle-on-immigration-reform)

Senior Republicans say the party is struggling to thread the needle on immigration reform, an issue emerging as the next big item on the political agenda once the ongoing deficit talks reach their conclusion. On the one hand, GOP leaders recognize the party needs a new approach. Mitt Romney performed dismally with Latino voters in November’s general election. On the other hand, internal skeptics fear that a GOP rush to embrace a more liberal approach to immigration would risk sundering the conservative movement without paying any electoral dividends. These dilemmas are not entirely new. President George W. Bush and Sen. John McCain (R-Ariz.) pushed immigration reform in the middle of the last decade. They had no success, were subjected to considerable criticism from other conservatives and the issue almost capsized the latter’s run for the 2008 presidential nomination. The difference this time might be that the party is coming off a sizable election loss in which its unpopularity among Hispanics was a key factor. Romney received the support of only 27 percent of Latino voters, according to exit polls — a stark contrast to the 44 percent Bush racked up in 2004. But some influential voices in the party worry that a more centrist line on immigration reform is being pushed too hastily. They also face a tactical decision — whether to support broad reforms or back a more piecemeal approach to the issue. Rep. Jeff Flake (R-Ariz.), who will replace Sen. Jon Kyl (R-Ariz) in the next Congress, said that while “there is a recognition” that the immigration issue had hurt the GOP with Hispanics, he believed “some might overplay it.” He added that there was a danger in “thinking [that] if we do immigration reform, we all of a sudden get 44 percent, like Bush. That’s not the case.” Even so, however, Flake acknowledged that the party’s current position was simply doing it too much damage, especially when the dangers were exacerbated by an inflammatory tone. “Our policy on immigration, or the voices that come from our party, certainly have alienated some in the Hispanic community, but it also alienates others,” he said. “It’s not just that it’s turned off Hispanics -— and it has — but more broadly it’s turned off a lot of people.” Rep. James Lankford (R-Okla.), the chairman of the House Policy Committee, argued that “a vast number of Republicans are supportive of immigration reform.” He also asserted, as do many conservatives, that a significant proportion of the Latino population is simpatico with the GOP’s worldview on economic and social issues. Lankford emphasized that as Republicans ponder whether to modulate their position on immigration reform, “the first consideration can’t be the political benefit.” Yet he fears Republicans who supported any kind of sweeping reform would come under attack from their right flank while most of the benefit could accrue to President Obama. “Whoever is president, they sign it and they get credit for it,” he said. “Some say that if Republicans push immigration reform here, we’ll get credit for it. That’s not true. The president will get credit for it.” The answer, many Republicans and strategists believe, could lie in part with a shift toward supporting something akin to an expansive DREAM Act, without going so far as any deal involving a broader amnesty. Republican strategist Hogan Gidley, who worked closely with former Arkansas Gov. Mike Huckabee (R) and served as the communications director for former Sen. Rick Santorum’s 2012 presidential bid, told The Hill that Republicans need to convince Latinos they are receptive to the challenges the community faces. “It doesn’t mean we open our borders. It doesn’t mean that we grant amnesty. But Huckabee used to make that point that the children were here through no fault of their own. Why deny them a college education?” Gidley cautioned that a broader reform package could be a big political loser for Republicans. He cited the amnesty to which President Ronald Reagan agreed in the 1980s, and added “he still never got their votes.” The lesson to be drawn, he added, was that “we shouldn’t run to change our principles or sell out our convictions for votes, because there is no guarantee that you will get the votes. Then you’re left without your principles and without political support.” Some Republicans believe that progress could be made simply by adopting a less hostile tone when addressing issues like immigration. Such an approach, according to pollster Whit Ayres, could help win over those Hispanics who, ethnicity aside, fit the demographic profile of Republican supporters neatly. “A great deal of what needs to change is adopting an attitude that says, ‘We want Hispanics who believe in limited government and lower taxes and entrepreneurial opportunity as part of our coalition,’ ” he said. Ayres’ company, North Star Opinion Research, last week released a poll from four battleground states — Florida, Colorado, Nevada and New Mexico — that underlined this point. In each of those four states, the poll found many Hispanics who considered themselves conservative did not vote for Romney in November. In the three states other than Florida, the margin was striking. In Nevada, 40 percent of Hispanics declared themselves conservative but only 25 percent said they voted for Romney. In New Mexico, the figures were 47 percent and 29 percent, respectively. “If we simply got the portion of Hispanic voters who consider themselves conservative, we would be back in the hunt,” Ayres said. For Republicans, the current crisis has been a long time coming. Strategist Ed Rollins told The Hill he remembered having a conversation in 1982 with legendary consultant Lee Atwater about how to boost the GOP’s standing with blacks and Latino. Rollins added that the damage that has been done in the interim could not be undone overnight. He counseled the party to think in terms of five-year or 10-year plans that involved selecting more Hispanic candidates among other things. But a more generous approach to immigration reform, he insisted, had to be part of the picture. “It might be a piecemeal thing where where you begin with the DREAM Act and move beyond it,” he said. “Republicans, realistically, can’t be obstructionist.”

#### Gun control will swamp it

UPI 12/30/12 (“Immigration reform being overshadowed?” <http://www.upi.com/Top_News/US/2012/12/30/Immigration-reform-being-overshadowed/UPI-12951356886806/>)

WASHINGTON, Dec. 30 (UPI) -- The U.S. economy and now gun control appear to be elbowing immigration reform further down the congressional priority list, advocates said. The renewed interest in gun control following the deadly school shooting in Connecticut earlier this month has been taken up by key congressional committees, which means any discussions in Congress on immigration probably won't even begin until the spring, the Los Angeles Times said Sunday. Immigration reform was seen as a major issue in the November presidential election because of the lopsided support President Obama enjoyed in the Latino community. But while the White House has insisted immigration remained a high priority of the Obama administration, reform advocates see Congress as more willing to kick the can down the road. "I am concerned that an issue such as immigration where we can find strong bipartisan consensus will be demagogued and politicized, because that is the environment," said Alfonso Aguilar, a Republican strategist at the Latino Partnership for Conservative Principles.

#### And so will energy and multiple other issues – Obama is not focusing on immigration reform

Munro 12/31/12 (Neil, “Obama promises new immigration plan but keeps endgame close to his vest” <http://dailycaller.com/2012/12/31/obama-promises-new-immigration-plan-but-keeps-endgame-close-to-his-vest/3/>)

President Barack Obama promised Dec. 30 to introduce an immigration bill during 2013, but activists on all sides of the debate are trying to understand his strategy. He may be gunning for a victory in the mid-term elections by introducing a bill so radical that it will spark an emotional controversy from whites, which would then spur many angry Latinos to vote Democratic in the 2014 midterm elections, said Robert de Posada, former head of a GOP-affiliated group, The Latino Coalition. “The word that I’ve heard from many, is [that he will] submit a very, very liberal plan that most Republicans will not support, that most southern and moderate Democrats will not support,” he said. When the bill fails, “they can announce once again that they tried [and that Latinos] need to rally in the next election,” said Posada, who helped President George W. Bush win 40 percent of the Latino vote in 2004, during the housing boom. But that strategy would break Obama’s election-trail promise to help Latinos, said one Hill staffer who is working to pass an ambitious bill that would eventually provide citizenship to millions of Democratic-leaning, low-skill Latinos and their extended relations. However, he noted, Obama hasn’t met with Democratic Illinois Rep. Luis Gutierrez, the leading Capitol Hill advocate for amnesty for illegal immigrants, since November. “We don’t quite know what the White House is doing,” he said. Obama sketched his 2013 plans during a low-pressure interview on NBC’s “Meet the Press” Sunday. “I’ve said that fixing our broken immigration system is a top priority,” he told interviewer David Gregory, who is now under police investigation for violating D.C. law by brandishing a 30-bullet magazine on his Dec. 23 show. “I will introduce legislation in the first year to get that done,” Obama said. “I think we have talked about it long enough. We know how we can fix it. We can do it in a comprehensive way that the American people support. That’s something we should get done.” Gregory did not challenge any of Obama’s claims, nor did he question Obama about how his bill would impact the high unemployment rate among low-skilled Americans, especially African-Americans, in a an increasingly high-tech economy. However, Obama’s language suggested that increased Latino immigration is a lower priority for him than other measures, and that he’s concerned any revamp would fail because of public opposition. Many previous immigration reform bills have died when leading supporters quietly backed away amid furious public opposition to what was perceived as an attempt at a general amnesty. In 2007, then-Sen. Obama voted against a temporary-worker provision in a pending immigration bill, helping kill the overall legislation. During his first term as president, Obama declined to push a comprehensive immigration bill, despite promising such a revamp while on the 2008 campaign trail. In his NBC interview, Obama showed more enthusiasm about other priorities. “We’ve got a huge opportunity around energy,” he said, “The most immediate thing I’ve got to do … is make sure that taxes are not going up on middle class families,” he claimed. Another priority, he added, is “rebuilding our infrastructure, which is broken.” Obama also touted his new project to counter gun-violence. “Anybody who was up in Newtown, who talked to the parents, who talked to the families, understands that, you know, something fundamental in America has to change … you know, that was the worst day of my presidency,” he told Gregory. “I will put forward a very specific [anti-violence] proposal based on the recommendations that Joe Biden’s task force is putting together as we speak,” he said.

#### China FDI popular – economic considerations and China lobby

Schatz 10-5-12 (Joseph, POLITICO Pro’s tax editor. Before joining POLITICO, Schatz spent nearly a decade at Congressional Quarterly, covering politics and economics on Capitol Hill. Most recently, he was CQ's senior economic writer for four years, covering everything from the Wall Street bailout and the debt ceiling crisis to trade and the U.S.-China relationship, for which he received the National Press Club’s Sandy Hume award in 2010, “China politics aren't black and white,” Politico.com October 5, 2012, lexis)

Mitt Romney's hard-hitting ads claim President Barack Obama needs to "stand up" to China. Paul Ryan has fanned out across the industrial Midwest, saying that Beijing is treating Obama "like a doormat." The president, of course, is in on the act as well -- an Obama television spot accuses Romney of supporting "sweatshop conditions" through an old Bain Capital investment in China. Yet amid all the campaign tough talk about China, three of Romney's most prominent GOP surrogates were down in Texas last week, begging Chinese investors to set up shop in their states. "We're all here talking to them about why they should come to each of our states, and why for sure they should come to our country," Florida Gov. Rick Scott told FOX News as he, Rick Perry of Texas, Scott Walker of Wisconsin gathered at Cowboys Stadium in Arlington, Texas to meet with a traveling contingent from China touring the United States for nine days, looking for places to park their cash. It just goes to show: Black-and-white campaign slogans don't easily translate into economic policy, including the exquisitely complex U.S.-China economic relationship. For one thing, most economic experts doubt that Romney would really wrangle with the United States's biggest creditor, given the risks of a trade war. Indeed, the former Massachusetts governor's tone in the first presidential debate Oct. 3 already seemed a bit softer, as he promised to "crack down on China, if and when they cheat." But the dynamics are even more complicated when it comes to rapidly rising Chinese investment in the United States, particularly at the state and local level, where government officials of both parties are eagerly courting Chinese investments in waterfront rehabilitation plans, energy deals, greenfield projects and auto manufacturing. There are plenty of hiccups and failed deals, like Obama's high-profile decision to block the acquisition of four Oregon wind farms by Chinese-affiliated Ralls Corp., last week, on national security grounds. With China, you never quite know whether a firm is truly "private," or an arm of the state. But Chinese investment is way up in recent years, and Congress, which helped sink the Chinese purchase of Unocal Corp. in 2005, has been largely quiet on a broad range of Chinese acquisitions. That's in part because the U.S. economy badly needs the investment -- attracting foreign investment is going to be a major theme in any tax reform debate next year -- and in part because Chinese firms have gotten smarter about lobbying, and have won friends in Washington. Kevin G. Nealer, a partner at the Scowcroft Group, says that the scale of China's investments have changed the equation. Nealer was a Senate leadership staffer in the 1980s, when Japan's sudden emergency as a car and technology powerhouse provoked rage on Capitol Hill -- and when that fury started abating. "I saw the inflection point in trade neuralgia come when Japanese firms started making major investments here, building factories and hiring American workers at Toyota and Honda plants by the thousands," Nealer says. Business groups and analysts say that's already beginning to happen, though the level of investment is still small compared to countries like Germany. While China is the U.S. government's biggest creditor, with $1.15 trillion in Treasury securities, it still has relatively little money invested in elsewhere in the U.S. economy. In a report last week, Thilo Hanemann and Adam Lysenko of the Rhodium Group, an investment firm that closely tracks Chinese investment, said that before 2008, Chinese firms were responsible for very few jobs in the United States. "One of the most important questions is how Chinese investment affects U.S. employment," the authors note. While the figure is still small, it now stands at about 27,000, they said, as China has rapidly ramped up its investments "from an annual average of around 30 deals worth less than $500 million before 2009 to almost 100 deals worth about $5 billion in 2010 and 2011." Investment in the first half of 2012 alone totaled $3.6 billion, led by big Chinese acquisitions in the U.S. energy and banking sectors, like the Industrial & Commercial Bank of China Ltd.'s purchase of an 80 percent stake in the Bank of East Asia's U.S. subsidiary, a move that required approval by the Federal Reserve. For state and local governments, it's all about jobs. U.S. governors from both parties regularly go to China to solicit investment. And Michael Bell, the Democratic mayor of Toledo, Ohio -- exactly the region where Romney and Ryan are directing some of their harshest China attacks -- has drawn attention for attracting $200 million in Chinese property development investment. It's one of the chief reasons that China weathered the failed 2005 attempt by state-owned China National Offshore Oil Company Ltd. (CNOOC) to purchase Unocal. "To a degree, all politics are local," said one D.C. lawyer who has worked with Chinese investors. "If you're able to do it the right way, in a way that benefits someone's local district, that helps tamp down some of the concerns." U.S. lawmakers revamped the Committee on Foreign Investment in the United States (CFIUS), the Treasury-based group that last week recommended that Obama block the Ralls sale. And they still raise criticisms about many proposed deals in the sensitive telecom and Internet sectors, where a Chinese firm with government ties could pose a security threat. In July, Chinese telecommunication companies Huawei and ZTE were grilled by members of the House Intelligence Committee about the companies' relationship with the Chinese government. But some Chinese firms have become savvier. They've hired lobbyists at Hill and Knowlton, Patton Boggs and other D.C. shops to press their cases in the corridors of power in Washington. Still, notes Scowcroft's Nealer, some Chinese investors, coming from a culture of government control, can't believe that the U.S. investment process is largely free and open. The U.S. Chamber of Commerce circulated a report in July touting Chinese investment success stories in the United States. The Obama administration has also made efforts to link Chinese firms with American companies.

#### The plan is guidance not legislation

Jackson 10 (James K. Jackson, CRS Specialist in International Trade and Finance, Foreign Investment, CFIUS, and Homeland Security: An Overview, February 4, http://fpc.state.gov/documents/organization/138597.pdf)

While CFIUS’s activities often seem to be quite opaque, the Committee is not free to establish an independent approach to reviewing foreign investment transactions, but operates under the authority of the President and reflects his attitudes and policies. As a result, any discretion CFIUS uses to review and to investigate foreign investment cases reflects policy guidance from the President. Foreign investors are also constrained by legislation that bars foreign direct investment in such industries as maritime, aircraft, banking, resources and power. 7 Generally, these sectors were closed to foreign investors prior to passage of the Exon-Florio provision in order to prevent public services and public interest activities from falling under foreign control, primarily for national defense purposes.

#### That means no link

Hamilton and Schroeder 1994 [James T. Hamilton is an assistant Professor of Public Policy, Economics and Political Science at Duke University, Christopher H. Schroeder is a Professor of Law at Duke University School of Law “Strategic Regulators and the Choice of Rulemaking Procedures: The Selection of Formal vs. Informal Rules in Regulating Hazardous Waste http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=4229&context=lcp]

3. As the regulatory costs imposed on parties increase, the more likely the parties will resist and, hence, the more likely the agency is to use informal rulemaking. Industry interest groups may attempt to weaken costly formal rules by commenting on them during the formal rulemaking process or by challenging them in court. Similarly, environmentalists may attempt to strengthen provisions through submissions and court challenges. Regulatory costs for industry include expenditures arising from compliance and enforcement actions, while costs for environmentalists may relate to the potential environmental damages posed by the activity regulated. The more at stake for regulated parties and other intervenors, the more likely the agency may be to issue the rule informally. Issuing a costly rule through the informal process has several advantages for the agency: it makes input from interest groups less likely than under the formal process; reduces the ease with which Congress may monitor agency performance and hence lessens the ability of interest groups to "pull the fire alarm" on agency actions; lessens the probability that an interest group will be able to challenge the rule in court as informal rules lack the long administrative records of formally published rules; and enables the agency to alter costs of compliance for particular parties since informal rules may be applied with more discretion than formal rules.

#### Winners win

Heineman 10 (Ben Heineman Jr. has held top positions in government, law, and business. He is the author of High Performance with High Integrity “No Presidential Greatness Without Spending Political Capital” <http://www.theatlantic.com/politics/archive/2010/03/no-presidential-greatness-without-spending-political-capital/37865/>)

**Only in recent months**, when he was willing to make it his personal issue and to spend significantly from his store of political capital, was President Obama able to achieve victory in the bitter congressional battle over **health care** reform. Presidential greatness is combining policy and politics to win significant victories that have a major impact on the trajectory of national life. Such victories--which upset the status quo--**only occur** when a president takes political risks and is willing to incur short-term unpopularity with significant segments of the electorate. There have been two great Democrat presidents since FDR--Harry Truman and LBJ. Both came to office through the death of a president; both could have run for a second elected term; both declined to do so because they were extremely unpopular; but, part of their unpopularity was due to courageous decisions which required large expenditure of personal capital and which changed the course of history. Truman, now considered by historians as one of our most momentous presidents, has an astounding list of major decisions by his name: the dropping of the atomic bomb; the formation of the UN and NATO; the adoption of the Marshall Plan; the formulation of the Truman Doctrine and the strategy of "containing" the Soviet Union; a willingness to oppose Communist aggression in North Korea (and to fire General Douglas MacArthur); the issuance of executive orders desegregating the Armed Forces, the civil service and government contracting; recognition of the state of Israel; and promotion of the Fair Deal (which was only a mixed success but which expanded social security, the minimum wage and federal housing support). To be sure, Truman's unpopularity was also due to scandals, a war weary nation and vicious debates about who lost China. But his historical standing today is owed, in no small part, to his political courage and willingness to use up the political capital of the presidency on issues of major import. Similarly, LBJ was one of our greatest domestic presidents. Under his leadership from 1964-66, Congress passed the Civil Rights Act of 1964, the Voting Rights Act of 1965, Medicare, Medicaid, the War on Poverty and a path-breaking elementary and secondary education act. Johnson had the courage to spend political capital on great tasks even though he, of all people, knew that his initiatives, especially on race, would split the Roosevelt coalition, drive away Southern whites, weaken the Democratic Party and put his own reelection in jeopardy. After Lincoln, Johnson is considered the president who did the most to overcome the nation's shameful history of slavery and racial discrimination and to advance the ideal of racial justice. To be sure, Johnson's unpopularity also stemmed, in important part, from his prosecution of an increasingly divisive war in South Vietnam and from a complex, domineering personality that his oleaginous rhetoric could not conceal. Yet, his place in history is secure because of courageous domestic decisions which weakened him politically. By contrast, Jimmy Carter and Bill Clinton, the other two Democratic presidents prior to President Obama, are unlikely (even in light of more even-handed views of historians a generation from now) to enter the pantheon of greatness. President Carter's fundamental problem, oddly enough, was that he recklessly spent presidential capital in his first year in office--on reforming water projects, energy reform, welfare reform and numerous other initiatives--with limited or no success. By the end of 1977, his apolitical approach, and his serial failures, had dramatically diminished his reputation in Washington and seriously eroded his popularity in the nation. And he could never recover from his naive policy profligacy as the nation's economy began to suffer from the lethal combination of high inflation and high interest rates. By contrast, President Clinton tried one major domestic initiative early in his administration--health care--and, after being defeated on that, was either on the defensive or advanced a minimalist, safe agenda. With the Republican take-over of Congress in 1994, Clinton had to fight a rear guard action until the 1996 election. Then the Lewinski scandal and impeachment consumed much of the administration's energy, and Dick Morris's "triangulation" meant that Clinton took few significant political risks. Never has there been a president with as much political and policy talent, who presided over a booming economy (due, only in small part, to public policy) but whose major accomplishments were so slender. I always felt that it was a badge of dishonor for Clinton to leave office with a high approval rating for the reasons I have tried to develop here**: no great deeds are possible for a president without a willingness to risk political standing**. The saga of President Obama is but 14 months old. It is too soon to tell whether health care reform will be a policy succ ess in implementation and a long-term political success (like Medicare) as it changes a health care system bristling with problems. And, of course, it is far, far too soon to make any meaningful judgments about his tenure. But, after a first year of aloofness from the political fray of health care, Obama's willingness, since the Massachusetts senatorial election to push his chips on the table, take a huge political gamble, and win a major legislative victory (with uncertain short-term political consequences) echoes decisions of his great Democratic predecessors, Harry **Truman** and Lyndon **Johnson**.

#### FDI policies have bipartisan support.

Fagan 6-14-12 (David, Partner, Covington & Burling LLP, “Hearing on “The Evolving U.S.-China Trade and Investment Relationship”Testimony before the U.S.-China Economic and Security Review Commission, http://www.uscc.gov/hearings/2012hearings/written\_testimonies/12\_6\_14/Fagan.pdf)

FDI has received long-standing, bi-partisan policy backing: every Administration since that of President Carter has issued formal policy statements or speeches expressing strong support for FDI. The most recent of these was President Obama’s statement last June on the U.S. commitment to an open investment policy. The reasons for this bi-partisan support are clear: there is an unambiguous record of FDI contributing to a stronger manufacturing base, creating higher-paying jobs, promoting investment in domestic research and development, and generating greater tax revenues. For example, the Council of Economic Advisers has reported that: • Majority-owned U.S. affiliates of foreign corporations produced $670 billion in goods and services in 2008, accounting for about six percent of total U.S. private output that year; • These same companies employed 5.7 million U.S. workers, accounting for five percent of the U.S. private workforce and 13 percent of the U.S. manufacturing sector, and were responsible for more than 18 percent of U.S. merchandise exports; and • The capital expenditures of these firms accounted for more than 11 percent of total U.S. private capital investment, and contributed to over 14 percent of total U.S. private R&D investment. 2

**Won’t go to war over food**

**Chang 2/21**/11 Gordon G Chang, Graduated Cornell Law School “Global Food Wars” http://blogs.forbes.com/gordonchang/2011/02/21/global-food-wars/

In any event, food-price increases have apparently been factors in the unrest now sweeping North Africa and the Middle East. The poor spend up to half their disposable income on edibles, making rapid food inflation a cause of concern for dictators, strongmen, and assorted autocrats everywhere. So even if humankind does not go to war over bad harvests, Paskal may be right when she contends that climate change may end up altering the global map. This is not the first time in human history that food shortages looked like they would be the motor of violent geopolitical change. Yet amazing agronomic advances, especially Norman Borlaug’s Green Revolution in the middle of the 20th century, have consistently proved the pessimists wrong. In these days when capitalism is being blamed for most everything, it’s important to remember the power of human innovation in free societies—and the efficiency of free markets.

**Supply and demand means farmers will make more food – empirically true**

**Zubrin 5/13**/11 — Dr. Robert Zubrin Fellow with the Center for Security Policy B.A. in Mathematics from the University of Rochester (1974), and a masters degree in Aeronautics and Astronautics, a masters degree in Nuclear Engineering, and a Ph.D. in Nuclear Engineering “WHY IT’S WRONG TO AGREE WITH THE MALTHUSIANS ABOUT ETHANOL”

 http://www.ilcorn.org/daily-update/182-why-it-rsquo-s-wrong-to-agree-with-the-malthusians-about-ethanol/

In fact, Lester Brown is wrong about the alleged famine-inducing potential of the ethanol program for exactly the same reason he has been repeatedly wrong about the alleged famine-inducing potential of population growth. There is not a fixed amount of grain in the world. Farmers produce in response to demand. The more customers, the more grain. Not only that, but the larger the potential market, the greater the motivation for investment in improved techniques. This is why, despite the fact that the world population has indeed doubled since Lester Brown, Paul Ehrlich, and the other population control zealots first published their manifestos during the 1960s, people worldwide are eating much better today than they were then. In the case of America’s corn growing industry, the beneficial effect of a growing market has been especially pronounced, with corn yields per acre in 2010 (165 bushels per acre) being 37 percent higher than they were in 2002 (120 bushels per acres) and more than four times as great as they were in 1960 (40 bushels per acre.)

### oil

#### Prices are low now

Energy Guardian 11-7 (Sandy Shore, AP Business Writer, “Oil falls to lowest level since July,” from daily email sent from the Energy Guardian on Nov 11, 2012, from http://www.energyguardian.net)

The price of oil tumbled nearly 5 percent Wednesday, its biggest decline of the year, as traders shifted their focus back to the struggles of the global economy. Benchmark oil fell $4.27 to finish at $84.44 per barrel in New York. It was the lowest price since July 10. Hours after President Barack Obama won re-election, concerns about global economic growth re-emerged to dominate the oil market. European leaders offered more warnings about the region's economy, which has been saddled with a debt crisis for more than three years. The European Union's executive arm predicted economic growth across the 27-country region would shrink 0.3 percent this year. In the 17 countries that use the euro, growth was expected to contract 0.4 percent. Unemployment is predicted to remain high into 2014. That could further weaken oil demand in the region. According to the Energy Department, oil consumption in Europe fell to 14.1 million barrels per day in the third quarter from 14.7 million a year earlier.

#### Supply will increase inevitably –

#### Sudan

CFR 10/8

Oil Diplomacy in the Sudans, October 8, 2012, Interviewee: Alex de Waal, Executive Director, World Peace Foundation, Tufts University Interviewer: Christopher Alessi, Online Editor/Writer, http://www.cfr.org/sudan/oil-diplomacy-sudans/p29214

The immediate effect is that oil production and export is going to resume as soon as technically feasible, and the level of confidence in the economies of both Sudan and South Sudan will increase. Their macroeconomic situations will improve. The oil companies indicate that most of the infrastructure, especially the major pipeline, has been maintained so that production and export can resume in a matter of weeks. However, the second pipeline, from the Unity oilfields, was seriously damaged in fighting in April, and will be out of use for some months. So we can expect that about 70 percent of South Sudan's oil production will resume rapidly and the remainder during the course of 2013. Northern Sudan's smaller level of oil production, almost entirely for domestic use, will also be back to pre-conflict levels soon.

#### Technology

CSM 9/28/12

Christian Science Monitor, Oil production in US hits highest level in 15 years, Energy Voices Blog, http://www.csmonitor.com/Environment/Energy-Voices/2012/0928/Oil-production-in-US-hits-highest-level-in-15-years

Oil production in the United States rose last week to levels not seen since January 1997, helping the country to reduce dependence on foreign sources of crude as it continues to implement the drilling and fracking technologies needed to increase daily oil output. (See also: Are President Obama’s Policies Causing U.S. Oil Production to Rise?) Reports from the Energy Department released this week show that overall crude output in the U.S. rose 3.7 percent to 6.5 million barrels per day by the week of September 21, a trend that has continued since the country met 83 percent of its annual energy needs from the beginning of the year through June. Should domestic oil production continue at its current rate, the United States will enjoy 2012 as its most self-sufficient year since 1991. The increased production is a direct result of the new technologies being implemented by oil companies in an effort to extract crude in locations other than wells, including horizontal drilling and hydraulic fracturing (fracking); the same technology has taken American natural gas stock levels to new heights. (See also: How Much Oil Does the World Produce?) “This has been driven by shale, and the two states leading the way are North Dakota and Texas,” said Andy Lipow, president of Texas energy consulting firm Lipow Oil Associates LLC. “It appears that over the next five years, U.S. oil production could climb to well over 8 million barrels a day.” The rise in crude production in the U.S. has analysts predicting that oil prices will decline over the next six to nine months; already a growing natural gas stockpile pushed futures down to $1.907 per million BTU earlier in the year, its lowest point in the past 12 years. Increasing fuel production has many setting their sights on what is being dubbed the “reindustrialization” of the United States, an economic state that could see more than 3.5 million jobs created in the country by 2020 if domestic energy production continues at a high rate. (See also:The Effect of New Production Methods on U.S Oil Output)

#### Productivity

Murtaugh 9/14

Dan, Bloomberg News, North Dakota’s Bakken Oil Output Passes 600,000 Barrels a Day, http://www.bloomberg.com/news/2012-09-14/north-dakota-s-bakken-oil-output-passes-600-000-barrels-a-day.html

Oil production from the North Dakota portion of the Bakken shale formation topped 600,000 barrels a day for the first time in July, up 69 percent from a year earlier. North Dakota’s Bakken output was 609,580 barrels a day in July, according to the state Industrial Commission. That compares with 598,510 barrels a day in June and 360,820 barrels in July 2011. “It’s amazing how quickly production has grown, and it’s still in its early stages,” Christian O’Neill, a Bloomberg Industries senior analyst for oil and gas based in Skillman, New Jersey, said in a telephone interview. “Completion techniques are improving, and the time to drill wells is getting shorter and shorter. This is the beginning of an oil renaissance in North America.” Increased production out of the Bakken, the Eagle Ford formation in southern Texas and the Permian Basin in western Texas helped U.S. oil output rise to the highest level in 13 years in July, weekly Energy Department data show. The U.S. met 83 percent of its energy demand from domestic sources in the first five months of this year, heading for the highest annual level since 1991, according to department figures compiled by Bloomberg.

#### Prices will be stabilized –

#### Oil companies

Macdonald 9-6-12

Gregor, contributing editor to Peak Prosperity and energy market expert, The Repricing of Oil, September 6 2012, <http://www.peakprosperity.com/blog/79590/repricing-oil>

The oil market now understands that should prices fall below $90, it starts to make sense for large integrated oil companies to simply buy oil on the open market for refining rather than spending the capital to develop the oil from the ground. The cruel math of the marginal barrel now means that prices must stay above the $90 mark to encourage investment in new supply. Furthermore, the rate at which this new supply comes to market remains ploddingly slow. Recent forecasts, such as Leonardo Maugeri’s wildly cornucopian report, completely overstate the rate at which new supply will come to market and the rate at which existing supply is in decline. More broadly, the public still seems not to understand that many of the giant, integrated oil companies are now mostly price-takers of oil, not price-makers of oil. ExxonMobil, Shell, and ConocoPhillips have increasingly become natural-gas-focused companies as they lost their ability to replace their own oil production with new supply over the last decade. The new oil resources which come on-stream now are made possible by the small and mid-sized oil companies, which are more nimble and more suited to the tight, narrow boundaries that define the next tranche of oil supply. Global oil supply was once composed of giant companies extracting huge volumes from singularly giant fields. Now the landscape has fractured into a million little pieces, with specialists far and wide digging up expensive, hard-to-extract oil.

#### OPEC

Yetiv 9-4-12

Steve A., professor of political science at Old Dominion University. Is the Energy Boom a Mirage?, New York Times Oped, http://www.nytimes.com/2012/09/05/opinion/is-the-energy-boom-a-mirage.html

Fourth, the Organization of the Petroleum Exporting Countries won’t sit by idly if America’s boom begins to hurt oil prices seriously. Its members will most likely agree to decrease their production to try to keep prices higher. For instance, in June, when the price of oil dropped to around $80 a barrel from $107 in March, fellow OPEC producers pressured Saudi Arabia to cut output. Producers need oil revenues to maintain their cradle-to-grave welfare states; otherwise, they could face Arab Spring revolts at home, which most oil-rich countries have avoided by using their wealth to quell dissent and maintain domestic control.

#### Price volatility inevitable

Goldwyn 12 (David, http://www.brookings.edu/~/media/events/2012/6/29%20iran%20sanctions/20120629\_sanctions\_iran)

Well, Steve, oil markets are notoriously volatile, so lots of things can happen in the next six months to a year that could either drive prices up, or send prices down. On the upside, you could have a spike in demand, a situation in Europe where the risk of, you know, financial collapse in Spain and Italy recedes, people think that European demand might recover, and you could see that demand actually recover and prices go up. Brent went up $2 to $3 this morning, based on the euro zone deal yesterday. So that could be a surprise. The U.S. economy could recover significantly and demand could pick up. Or Chinese demand -- in fact, Chinese policy to stimulate demand could change. Those are all possibilities on the upside. You could have a supply shock. Iraq has done well, but Iranian mischief in Iraq could provide a supply disruption. Internal dissension in Iraq could cause a supply disruption. Libya, a very fragile government, and seeing how the elections go there, you could have disruption in Libya. There really is no national police force, there really is no security. It's incredibly fragile. They've stormed the gates of the prime minister's office, you know, at least twice, maybe three times in the last few months. That's fragile. If Chavez dies, in Venezuela, you may have some sort of popular uprising there. Low probability, I think, but you could have a disruption in Venezuela.

#### If not here, they’ll invest elsewhere

Scissors, Senior Research Fellow-Heritage, 12 (Derek, Senior Research Fellow in Asia Economic Policy, and Dean Cheng is Research Fellow in Chinese Political and Security Affairs , “China Buys Canadian Energy: Lessons for the U.S.,” July 26, 2012, http://www.heritage.org/research/reports/2012/07/china-buys-canadian-energy-lessons-for-the-us)

Wide-Ranging Implications One policy implication of CNOOC–Nexen is thus a bit stale: Blocking the Unocal deal was a mistake. As with Nexen, CNOOC’s bid for Unocal was freely agreed to. Its rejection by the U.S. government merely caused CNOOC to invest elsewhere, along with its bigger sisters in oil and other Chinese firms in other sectors. American participation in Chinese investment was delayed a few years, and the PRC was encouraged to seek oil in places where the U.S. now does not want it to be, such as Iran. Another implication follows immediately: If the U.S. wants to influence the way the Chinese participate in the global energy market, it should not object to the Nexen deal. Washington rightly wants the PRC to move away from dubious oil-producing regimes in Venezuela, Sudan, and elsewhere. Where should China go? A country that will respect international sanctions, has sound regulatory oversight, and is a close American ally is the ideal alternative.

#### ---No Link-Oil production doesn’t affect prices-36 years of data prove

Columbian 12 (“More U.S. drilling won’t ease gas prices at pump” http://www.columbian.com/news/2012/mar/21/more-us-drilling-wont-ease-gas-price-at-pump/)

It’s the political cure-all for high gas prices: Drill here, drill now. But more U.S. drilling has not changed how deeply the gas pump drills into your wallet, math and history show. A statistical analysis of 36 years of monthly, inflation-adjusted gasoline prices and U.S. domestic oil production by The Associated Press shows no statistical correlation between how much oil comes out of U.S. wells and the price at the pump. If more domestic oil drilling worked as politicians say, you’d now be paying about $2 a gallon for gasoline. Instead, you’re paying the highest prices ever for March. Political rhetoric about the blame over gas prices and the power to change them -- whether Republican claims now or Democrats’ charges four years ago -- is not supported by cold, hard figures. And that’s especially true about oil drilling in the U.S. More oil production in the United States does not mean consistently lower prices at the pump. Sometimes prices increase as American drilling ramps up. That’s what has happened in the past three years. Since February 2009, U.S. oil production has increased 15 percent when seasonally adjusted. Prices in those three years went from $2.07 per gallon to $3.58. It was a case of drilling more and paying much more. U.S. oil production is back to the same level it was in March 2003, when gas cost $2.10 per gallon when adjusted for inflation. But that’s not what prices are now. That’s because oil is a global commodity and U.S. production has only a tiny influence on supply. Factors far beyond the control of a nation or a president dictate the price of gasoline. When you put the inflation-adjusted price of gas on the same chart as U.S. oil production since 1976, the numbers sometimes go in the same direction, sometimes in opposite directions. If drilling for more oil meant lower prices, the lines on the chart would consistently go in opposite directions. A basic statistical measure of correlation found no link between the two, and outside statistical experts confirmed those calculations. “Drill, baby, drill has nothing to do with it,” said Judith Dwarkin, chief energy economist at ITG investment research. Earlier this month, GOP front-runner Mitt Romney said of his solution to higher gas prices: “I can cut through the baloney … and just tell him, ‘Mr. President, open up drilling in the Gulf, open up drilling in ANWR (the Arctic National Wildlife Refuge). Open up drilling in continental shelf, drill in North Dakota, drill in Oklahoma and Texas.’” The late 1980s and 1990s show exactly how domestic drilling is not related to gas prices. Seasonally adjusted U.S. oil production dropped steadily from February 1986 until three years ago. But starting in March 1986, inflation-adjusted gas prices fell below the $2-a-gallon mark and stayed there for most of the rest of the 1980s and 1990s. Production between 1986 and 1999 dropped by nearly one-third. If the drill-now theory were correct, prices should have soared. Instead they went down by nearly a dollar. The AP analysis used Energy Department figures for regular unleaded gas prices adjusted for inflation to 2012 dollars, oil production and oil demand. The figures go back to January 1976, the earliest the Energy Department keeps figures on unleaded gas prices. Phil Hanser, an economist and statistician at the energy consulting firm The Brattle Group; University of South Carolina statistics professor John Grego; New York University statistics professor Edward Melnick and David Peterson, a retired Duke University statistics professor, looked at the analysis, ran their own calculations, including several complicated formulas, and came to the same conclusion. When U.S. production goes up, the price of gas “is certainly not going down,” Melnick said. “The data does not suggest that whatsoever.” The calculations “help make the point that U.S. production and demand have little to do with the price of gasoline in the U.S., and lend support to the notion that there is not a great deal we in the U.S., acting alone, can do to affect the price of gasoline,” Peterson wrote in an email. He pointed out that Energy Department figures show that gas prices in the U.S. seem to rise and fall similarly to gas prices in Europe, showing that it has little to do with American drilling. And that’s the key. It’s a world market, economists say. Unlike natural gas or electricity, the United States alone does not have the power to change the supply-and-demand equation in the world oil market, said Christopher Knittel, a professor of energy economics at MIT. American oil production is about 11 percent of the world’s output, so even if the U.S. were to increase its oil production by 50 percent — that is more than drilling in the Arctic, increased public-lands and offshore drilling, and the Canadian pipeline would provide — it would at most cut gas prices by 10 percent.

####  **---The Link takes at least a decade**

Knapp 8 (Alex, the Social Media Editor and a staff writer for Forbes. “Is it Worth Drilling For More Domestic” Oil? http://www.outsidethebeltway.com/is\_it\_worth\_drilling\_for\_more\_domestic\_oil/)

Newt Gingrich’s American Solutions group has mounted an online petition designed to persuade Congress to open up domestic sites that are currently closed to oil and natural gas exploration. That’s certainly an understandable sentiment, given the skyrocketing increases in the price of oil over the past couple of years. But opening up for exploration is not going to do much for prices right now–oh sure, domestic exploration might drop the price of oil and provide some relief from any speculation driving up the price, but it’s not going to change the fundamentals on the ground for over a decade. In other words, oil might drop in the near term, but it won’t drop that much and it will start to go up again. Additionally, drilling for more oil won’t do anything for the price of gas without a concurrent expansion in refinery capacity. So, even if we were to open up all of our offshore and onland sites for oil exploration today, it would be at least a decade, if not longer, before that oil started pumping. Meanwhile, over that decade, subsidized consumption in India and China would continue to rise, OPEC fields would continue to be maxed out, refineries would likely still be running at full capacity, and as a consequence, gas prices would still continue to increase at a decent clip. And the consequences of those gas prices rising–more mass transit, more fuel efficient vehicles, more investment

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#### Econ decline makes the impact inevitable

Ferguson 2012

Niall, History Professor at Harvard, Facebook won’t save us, Newsweek op-ed July 30th 2012, http://belfercenter.ksg.harvard.edu/publication/22213/facebook\_wont\_save\_us.html?utm\_source=feedburner&utm\_medium=feed&utm\_campaign=Feed%253A+belfer%252Fpublications+%2528Belfer+Center+for+Science+and+International+Affairs+-+Latest+Publications%2529

By the same token, there was great technological progress during the 1930s. But it did not end the Depression. That took a world war. So could something comparably grim happen in our own time? Don’t rule it out. Let’s remind ourselves of the sequence of events: economic depression, crisis of democracy, road to war. Talk to anyone who manages money these days and you will hear a doleful litany: the global economic slowdown, the persistence of unemployment, widening inequality, the problem of excessive debt, the declining effectiveness of monetary policy, and the looming fiscal cliff. Only last week, Ray Dalio—founder of the mega– hedge fund Bridgewater—spoke of a “dangerous dynamic ... making a self-reinforcing global decline more likely.” With good reason, Dalio frets about the dangers of a “debt implosion” or currency breakup in Europe. In the 1930s economic disaster undermined weak democracies all over the world. The equivalent phenomenon in our own time is the seeming inability of any Western politician to get reelected (a jinx Barack Obama may find it very hard to beat in November). That, however, is no more than what you’d expect in a time of depression. More troubling is the evidence that our basic faith in democracy is being corroded. In the past week, I have heard a politician admit that the generous benefits that have been promised to retired public workers are in danger of bankrupting the country. I have heard a leading entrepreneur complain that the revolving door leading from the Pentagon to defense contractors is a subtle form of corruption. And I have heard more than one reputable academic assert that the Chinese one-party system offers real advantages over our own antiquated system of democracy. This is certainly the Chinese view. Viewed from Beijing, Western “participatory democracy” is defective in at least three ways. It is anti-intellectual (politicians are condemned if they are too “professorial”). It is short-sighted, to the detriment of future generations. And, if democracy is applied in multiethnic societies, it can lead to discrimination and even violence against minorities. Sadly, not all of this is wrong. Democracy works best with constituency-based, bicameral parliaments under the rule of law, and works less well with proportional representation and referendums. That is one reason Europe is in such a mess. Democracy is chronically short-sighted, especially if there are major elections every two years. With our increasing lifespans (life expectancy was just over 50 when the U.S. Constitution was written, compared with 78 today), a case can surely be made for longer terms in office (say, 50 percent longer) and therefore less frequent elections. As for the problem of corruption, it is all too real. But it takes two forms: the power of cash-rich vested interests as exemplified by the lobbyists on K Street; and the growing share of public-sector employees and welfare recipients relative to direct taxpayers in the electorate. If anything, it is the second of these that has been pushing the Western world ever deeper into debt over the past decade. In the 1930s script, democratic decay is followed by conflict. I am not one of those who expects Europe’s monetary meltdown to end in war. Europeans are too old, disarmed, and pacifist for there to be more than a few desultory urban riots this summer. But I am much less confident about peace to Europe’s south and east. North Africa and the Middle East now have the ingredients in place for a really big war: economic volatility, ethnic tension, a youthful population, and an empire in decline—in this case the American Empire. Weary of warfare and wakening up to the fossil-fuel riches made accessible by fracking, the United States is rapidly winding up four decades of hegemony in the Middle East. No one knows who or what will fill the vacuum. A nuclear Iran? A neo-Ottoman Turkey? Arab Islamists led by the Muslim Brotherhood? Whoever emerges on top, they are unlikely to get there without bloodshed. It’s a dangerous world. Ask anyone who works in the world of intelligence to list the biggest threats we face, and they’ll likely include bioterrorism, cyber war, and nuclear proliferation. What these have in common, of course, is the way modern technology can empower radicalized (or just plain crazy) individuals and groups.

#### No link – Iran and low imports

Yergin 9-13-12

Daniel, co-founder and chairman of Cambridge Energy Research Associates, Interview with WSJ, Making Sense of the U.S. Oil Boom, http://online.wsj.com/article/SB10000872396390444301704577631820865343432.html

[The new flow] changes the geopolitical perspective about energy. The U.S. is going to be relatively more self-sufficient and less dependent on foreign energy. We're already independent in terms of coal and natural gas; greater reliance on regional and domestic supplies increases our sense of security. WSJ: Will this weaken the U.S.-Saudi relationship? MR. YERGIN:We don't get a lot of our oil from the Middle East as it is today, but the strategic interests are very strong; obviously they're highlighted by continuing tension over Iran's nuclear program.

#### Saudi-Sino oil ties trade off with US-Saudi relations.

Klare 2010

Michael T., professor of peace and world security studies at Hampshire College, Twenty-First Century Energy Superpower, http://www.tomdispatch.com/archive/175297/

At present, China obtains most of its imported oil from Saudi Arabia, Iran, Angola, Oman, Sudan, Kuwait, Russia, Kazakhstan, Libya, and Venezuela. Eager to ensure the reliability of the oil flow from these countries, Beijing has established close ties with their leaders, in some cases providing them with significant economic and military assistance. This is exactly the path once taken by Washington - and with some of the same countries. China's state-controlled energy firms have also forged "strategic partnerships" with counterpart enterprises in these countries and in some cases acquired the right to develop major oil deposits as well. Especially striking has been the way Beijing has sought to undercut US influence in Saudi Arabia and with other crucial Persian Gulf oil producers. In 2009, China for the first time imported more Saudi oil than the US, a geopolitical shift of great significance given the history of US-Saudi relations. Although not competing with Washington when it comes to military aid, Beijing has been dispatching its top leaders to woo Riyadh, promising to support Saudi aspirations without employing the human rights or pro-democracy rhetoric usually associated with American foreign policy. Much of this should sound exceedingly familiar. After all, the United States once wooed the Saudis in a similar way when Washington first began viewing the kingdom as its overseas filling station and turned it into an unofficial military protectorate. In 1945, while World War II still raged, president Roosevelt made a special trip to meet with King Abdul Aziz of Saudi Arabia and establish a protection-for-oil arrangement that persists to this day. Not surprisingly, American leaders don't see (or care to recognize) the analogy; instead, top officials look askance at the way China is poaching on US turf in Saudi Arabia and other petro-states, portraying such moves as antagonistic.

#### Relations turn oil prices and stability – MidEast foothold.

Bremmer 11 (Ian, president Eurasia Group, “Washington’s stark choice: Democracy or Riyadh”, 3/17)

Events of the past three months have shattered many assumptions about the Middle East. The endurance of America’s special relationship with Saudi Arabia may now be next, especially as the presence of Saudi troops on Bahraini soil presents the White House with a stark choice between relations with Riyadh and support for democracy. The US-Saudi relationship is special mainly because America is the world’s leading consumer of crude oil, and Saudi Arabia its largest supplier. This mutual self-interest helped the two withstand the aftermath of the September 11 terrorist attacks, with personal ties between the Bush family and the Saudi royals helping to limit the long-term fallout. Such personal connections have also helped the US maintain its foothold in the Middle East, restrain Arab action against Israel, contain Iranian attempts to expand its regional influence and, most importantly, to moderate oil prices. Problematically, President Barack Obama arrived in office without such links – a circumstance made worse by the fact that the Americans now closest to the Saudi princes are senior US oil executives, who often oppose Mr Obama’s policies. Saudi Arabia needs good relations with the US too, of course, but America’s response to the protests across the Middle East has planted doubts about the reliability of their ally. Mr Obama’s willingness to see Egyptian protesters oust Hosni Mubarak was the first sign of concern. Now the Saudis have been annoyed by Washington’s initial reluctance to help Libyan rebels topple Muammer Gaddafi, the one dictator in the region they really don’t like. But it is America’s refusal to mount a vigorous defence of the Sunni monarchy in Bahrain that truly alarms Riyadh. Bahrain’s unrest is intensifying, just 16 miles across the King Fahd Causeway from Saudi territory. The Saudis’ real fear is that protests instigated by a Shia majority fed up with a Sunni king might fuel Shia protests inside Saudi Arabia itself. A clear break in the relationship is unlikely, as Mr Obama continues to try to square the circle of support for democracy and the Saudi regime. The Saudis, meanwhile, are worried about what would happens if protests in Saudi Arabia threw the future of the family into question, especially given a cautious White House betting only on winners. It is by no means clear that the US would help to rescue its old friends, or even if anyone in Mr Obama’s White House actually considers the Saudis old friends at all. All of this means we are now likely to see the Saudis openly hedge their bets. We have already seen evidence of this with the unexpectedly oblique Saudi response to the recent rise in oil prices. The Saudis have reasons to keep prices moderate: they don’t want to undermine economic recovery among their best customers, encourage the faster development of hydrocarbon alternatives or empower rivals in Iran by adding to their revenues. That said, in recent weeks the Saudis have sent mixed signals on their output plans, a not-so-subtle rebuke to US officials. In fact, the single most important long-term implication of the instability in the Middle East may well be consolidation of the Gulf Co-operation Council under Saudi leadership, a move that would leave the Gulf monarchies less reliant on Washington for regional security. It would have lasting implications for the US role in the region and for the dollar as the primary reserve currency.

####

#### Turn – Saudi Arabia makes up Iran production from sanctions.

Tovrov 2012

Daniel, International Business Times, Will Iran Sanctions Impact Global Oil Market?, http://www.ibtimes.com/articles/288004/20120126/iran-oil-price-sanctions-imf-supply-opec.htm

But some analysts have come up with figures less pessimistic than the IMF's. Mark Dubowitz of the Iran Energy Project puts the barrel per day net loss at 500,000, just for Iran. It's a significant number, but could be made up elsewhere. Saudi Arabia, which already produces more than eight million barrels a day, is considering increasing its oil production, and could be able to neutralize Iran's diminished output. "That's a problem for Iran, because the world supply would remain stable," said Seth Cropsey, a Senior Fellow at the Hudson Institute research organization. Foreign ministers from Japan and other countries have started meeting with the Saudis and with the United Arab Emirates to start weaning themselves off of Iranian oil.

#### Russian decline now –Capital

Khamraeva 9/17/12

V., Telegraph/Russia Behind the Headlines, Experts foresee new wave of financial crisis in Russia, http://www.telegraph.co.uk/sponsored/russianow/business/9547777/russia-financial-crisis-second-wave.html

Economic experts warn, however, that a new crisis is just around the corner, and the economy could start faltering as early as this autumn. According to Yevgeny Nadorshin, chief economist at JFSC Sistema, parts of the Russian economy are worsening. “Our investment is basically stagnating and manufacturing growth has slowed down to less than 2pc annually. Growth is now mostly driven by public and private consumption, in particular by households that are borrowing – but this is not a solid base for long-term growth,” he said. “The financial sector faces the threat of the economic situation taking a sharp downturn, which will have a significant effect on banks’ capital,” warned Oleg Vyugin, chairman of the board of MDM Bank. “But this is still a fairly abstract picture, because the worse the global situation gets, the more monetary incentives financial regulators such as the Fed and the ECB use,” he said.

#### Russian FDI policy explicitly models CFIUS

Gill et al 2009

Franklin E., retired Research Professor of Law, University of New Mexico School of Law and Chief Corporate Financial Counsel, Sun Company, Inc. The International Lawyer Vol 43 No 2 Summer 2009, Russia and Ukraine, http://www.americanbar.org/content/dam/aba/multimedia/international\_law/docs/committees/russia\_eurasia/russiaeurasiayir.authcheckdam.pdf

One of Vladimir Putin’s last acts in his capacity as Russia’s president was to sign into law, on April 29, 2008, a new federal statute requiring foreign investors wishing to acquire a substantial stake in “strategically significant” enterprises in Russia to seek advance government approval for any such acquisition.13 The law has been criticized as likely to have a chilling effect on already-wary foreign investors and further amplify the Russian Government’s power to control economic activity for political ends.14 Defenders of the law point out that many, if not most, countries have adopted some measures to restrict foreign investors’ acquisition rights in certain strategically vital spheres of economic activity.15 The United States, for instance, has maintained, since 1988, its own governmental review procedure for foreign investments affecting national security interests, under the so-called “Exon-Florio” provisions,16 and has recently en-acted amendments to the procedure designed to expand the scope of this review.17 Indeed, the official Explanatory Note to Russia’s Foreign Investment in Strategic Enterprises Law (FISEL) expressly refers to the “analogous” nature of the U.S. legislation.18 In assessing the features and likely impact of the new Russian law, it might therefore be instructive, particularly for U.S.-based observers, to compare its provisions and their implementation to those of Exon-Florio. Both Russia’s FISEL and the United States’ Exon-Florio provisions permit their respective governments to reject foreign investment transactions deemed to threaten national security interests.19 There are quite a few significant differences, however, in how the two laws are structured.

#### FDI is key to Russian oil and gas modernization – capital intensive.

Heinrich and Pleines 2012

Dr. Andreas Heinrich and Dr. Heiko Pleines are working at the Research Centre for East European Studies at the University of Bremen, The Political Challenges of an Oil Boom: the Resource Curse and Political Stability in Russia RUSSIAN ANALYTICAL DIGEST No. 113, 15 May 2012 http://www.css.ethz.ch/publications/pdfs/RAD-113.pdf

With no relevant legislation in place, all post-Soviet states saw production sharing agreements (PSAs) as the preferred means of regulating FDI in oil and gas production, because these case-specific agreements are immune to administrative and legislative changes in the host country. Although host governments and investors may have complementary interests, as both profit from rising oil or gas production, there are limits to reciprocity. On the one hand, big multi-national companies can have an information advantage, as they often have a better understanding of the nature of deposits, the technical challenges and the amount of profits to be expected. On the other hand, oil and gas projects are characterized by large capital investments. Thus, the host government might use the (sunk) assets as ‘hostages’ to extract increased resource rents and/or limit foreign ownership through forced divestment and expropriation of assets. The Russian state has been markedly indecisive concerning foreign direct investment in the oil and gas industry, swinging between a desperate need for investment in order to modernise one of the most important sectors of the Russian economy and a fear of surrendering control over this important sector to foreign interests. Which aspect dominated was influenced by general political and economic trends. Until 1992, when enthusiasm for market reforms was growing, the legal foundations for joint ventures were laid. When public sentiment against capitalism and a sell-out to foreign investors was rising, restrictions on foreign investment were tightened. When the financial crisis of 1998 made foreigners the only possible source of cash, a more attractive PSA law was enacted rather smoothly. Increased earnings, resulting from the rise in world market prices for oil, then again cooled the interest in foreign direct investment in the industry. In a turn to resource nationalism the role of state companies in the industry was increased.

## ROUND 5

### scs DA

#### No disad- US offshore knowledge doesn’t translate to the South China Sea’s geology AND China can already just outsource it if they really want.

Downs, China Fellow @ Brookings, 10-10-12 (Erica, China's Oil Investment Is Not a Threat, Foreign Policy, http://www.foreignpoplicy.com/articles/2012/10/10/China\_Nexen\_CNOOC\_CFIUS?page=full)

2. It won't help CNOOC in the South China Sea. After CNOOC announced its plans to buy Nexen, the Wall Street Journal and Reuters published articles asserting that Nexen's operations in the Gulf of Mexico would provide CNOOC with deepwater drilling expertise applicable to disputed areas of the South China Sea. This vast body of water, potentially rich in oil and natural gas, is the subject of overlapping claims to territory and maritime rights by six governments, including China's. The argument is that CNOOC's deployment of its newly acquired deepwater expertise to these areas could increase instability in the region and might prompt other claimants to further entangle the United States in a territorial dispute; therefore, CNOOC's takeover of Nexen is inimical to American interests. CNOOC itself hasn't helped matters. In May, the company's chairman, Wang Yilin, said large deepwater drilling rigs are "mobile national territory" and a "strategic weapon" for developing China's offshore oil industry. Nexen, however, does not possess the technical capabilities that CNOOC needs to operate in the deep waters of the South China Sea. The Canadian firm is a newcomer to deepwater exploration and production. It does not own any drilling rigs and relies on outside contractors to perform most of the technical work involved in exploring and developing its acreage in the Gulf of Mexico -- contractors that CNOOC could legally hire anytime it wants. In any case, the geological differences between the Gulf of Mexico and the South China Sea limit the portability of U.S.-gained expertise.

### EVIL DA

#### they can do that now

Downs, China Fellow @ Brookings, 10-10-12 (Erica, China's Oil Investment Is Not a Threat, Foreign Policy, http://www.foreignpoplicy.com/articles/2012/10/10/China\_Nexen\_CNOOC\_CFIUS?page=full)

2. It won't help CNOOC in the South China Sea. After CNOOC announced its plans to buy Nexen, the Wall Street Journal and Reuters published articles asserting that Nexen's operations in the Gulf of Mexico would provide CNOOC with deepwater drilling expertise applicable to disputed areas of the South China Sea. This vast body of water, potentially rich in oil and natural gas, is the subject of overlapping claims to territory and maritime rights by six governments, including China's. The argument is that CNOOC's deployment of its newly acquired deepwater expertise to these areas could increase instability in the region and might prompt other claimants to further entangle the United States in a territorial dispute; therefore, CNOOC's takeover of Nexen is inimical to American interests. CNOOC itself hasn't helped matters. In May, the company's chairman, Wang Yilin, said large deepwater drilling rigs are "mobile national territory" and a "strategic weapon" for developing China's offshore oil industry. Nexen, however, does not possess the technical capabilities that CNOOC needs to operate in the deep waters of the South China Sea. The Canadian firm is a newcomer to deepwater exploration and production. It does not own any drilling rigs and relies on outside contractors to perform most of the technical work involved in exploring and developing its acreage in the Gulf of Mexico -- contractors that CNOOC could legally hire anytime it wants. In any case, the geological differences between the Gulf of Mexico and the South China Sea limit the portability of U.S.-gained expertise.

#### Shareholders prevent take over

Epstein-Prof law Chicago-9 University of Chicago Law Review76 U. Chi. L. Rev. 111

Symposium: The Going-private Phenomenon: The Regulation of Sovereign Wealth Funds: The Virtues of Going Slow

To be sure, SWFs could also attempt to influence firm-specific behavior in order to achieve some tangible or intangible benefit for their home country, other than share-value maximization; if successful, this could cause microeconomic distortions. This appears to be the type of distortion that critics of SWFs are most concerned about. For example, an SWF could attempt to persuade a company in which it is invested to open up a manufacturing plant within its borders in order to alleviate its nation's unemployment, notwithstanding that this would not be the best use of the firm's capital from a profit perspective. Or as is the case with Norway's Government Pension Fund an SWF could allow its nation's values (such as they relate to things like human rights, sustainable development, and the environment) to inform its behavior as a shareholder. 53 The likelihood that an SWF would actually succeed in convincing a firm to take action that is not in the firm's best interest, however, is slight. Even assuming that the firm's officers and directors would be willing to breach their fiduciary duties to the firm, the reality is that SWFs typically take only small equity stakes in individual companies. One would expect any influence exerted by an SWF to be offset by the majority of other shareholders in the firm who do wish, above all else, to maximize their share value.

#### NO, this is not a thing!

Downs, China Fellow @ Brookings, 10-10-12 (Erica, China's Oil Investment Is Not a Threat, Foreign Policy, http://www.foreignpolicy.com/articles/2012/10/10/China\_Nexen\_CNOOC\_CFIUS?page=full)

3. Nexen's oil will continue to flow to Americans. Americans worried that CNOOC might ship whatever U.S. oil it pumps on the first slow boat to China can rest assured: All the output from Nexen's U.S. assets will remain in U.S. hands. Under U.S. law, oil companies can only export crude oil with the explicit written permission of the U.S. government, and the government can only give permission if it finds exporting crude oil in the national interest. Consequently, CNOOC will continue to sell Nexen's production to Gulf Coast refineries. The only thing that will change is the name on the barrels.

#### China rising peacefully

Kissinger 2012

Henry, former secretary of state, The Future of U.S. - Chinese Relations, Foreign Affairs - March / April 2012, http://www.henryakissinger.com/articles/fa0412.html

On the Chinese side, proclamations at the governmental and the informal level that China intends to "revive the Chinese nation" to its traditional eminence carry different implications inside China and abroad. China is rightly proud of its recent strides in restoring its sense of national purpose following what it sees as a century of humiliation. Yet few other countries in Asia are nostalgic for an era when they were subject to Chinese suzerainty. As recent veterans of anti-colonial struggles, most Asian countries are extremely sensitive to maintaining their independence and freedom of action vis-à-vis any outside power, whether Western or Asian. They seek to be involved in as many overlapping spheres of economic and political activity as possible; they invite an American role in the region but seek equilibrium, not a crusade or confrontation. The rise of China is less the result of its increased military strength than of the United States' own declining competitive position, driven by factors such as obsolescent infrastructure, inadequate attention to research and development, and a seemingly dysfunctional governmental process. The United States should address these issues with ingenuity and determination instead of blaming a putative adversary. It must take care not to repeat in its China policy the pattern of conflicts entered with vast public support and broad goals but ended when the American political process insisted on a strategy of extrication that amounted to an abandonment, if not a complete reversal, of the country's proclaimed objectives. China can find reassurance in its own record of endurance and in the fact that no U.S. administration has ever sought to alter the reality of China as one of the world's major states, economies, and civilizations. Americans would do well to remember that even when China's GDP is equal to that of the United States, it will need to be distributed over a population that is four times as large, aging, and engaged in complex domestic transformations occasioned by China's growth and urbanization. The practical consequence is that a great deal of China's energy will still be devoted to domestic needs. Both sides should be open to conceiving of each other's activities as a normal part of international life and not in themselves as a cause for alarm. The inevitable tendency to impinge on each other should not be equated with a conscious drive to contain or dominate, so long as both can maintain the distinction and calibrate their actions accordingly. China and the United States will not necessarily transcend the ordinary operation of great-power rivalry. But they owe it to themselves, and the world, to make an effort to do so.

#### Insecurity in the energy relationship causes Russia-China counterbalancing. SCO. Impact is Central Asian conflict.

Ziegler 2006

Charles E. Ziegler is Professor and Chair of the Department of Political Science at the University of Louisville, and Director of the Institute for Democracy and Development, THE ENERGY FACTOR IN CHINA’S FOREIGN POLICY, The Energy Factor in China’s Foreign Policy,” Journal of Chinese Political Science 11 (2006) http://louisville.edu/democracydevelopment/research/current-publications/the-energy-factor-in-china2019s-foreign-policy.html

Chinese oil companies have even sought to acquire major holdings in North America, the most notable of which was the 2005 attempt by China’s National Offshore Oil Company (CNOOC) to purchase the American oil company Unocal. The CNOOC bid, valued at $18.5 billion, resulted in a firestorm of criticism from the U.S. Congress amid fears that U.S. energy security would be compromised. CNOOC’s chairman Fu Chengyu insisted his company’s attempt to outbid Chevron was purely commercial, but the process collapsed amid charges that the Chinese government was subsidizing the purchase to enhance its leverage over oil and gas producers in Central and Southeast Asia.[49] Chevron lobbied Washington far more effectively than did CNOOC, and acquired Unocal for nearly two billion dollars less than the Chinese offered. Clearly, politics and security issues shaped the behavior of leaders in both countries. Chinese companies will continue a long-term strategy of acquiring energy assets around the world. The Unocal experience may lead China to focus on the more unstable or politically unsavory oil and gas producers. China’s arrangements with individual producers—Iran, Saudi Arabia, Russia, Kazakhstan, Indonesia, Azerbaijan, Sudan, Brazil and Venezuela—are promising, but each of these countries faces serious domestic or international problems. The uncertainty of bilateral energy ties has contributed to a new appreciation for multilateral organizations in Beijing’s international energy policy. CHINA, ENERGY, AND MULTILATERAL ORGANIZATIONS China’s growing involvement in the global economy, and its more active diplomacy, provide Beijing’s leaders with a new perspective on participation in multilateral institutions. The organizations that are of greatest relevance to China’s energy strategy are the World Trade Organization (WTO), the Shanghai Cooperation Organization (SCO), and the International Energy Agency (IEA). Securing membership in the World Trade Organization has been an important component of Chinese foreign policy, although it is a mixed blessing for Chinese businesses and the Chinese people. The open market provisions of the WTO will pay the greatest dividends in areas where China has a comparative advantage—textiles, clothing, processed foods and leather goods. China’s agricultural sector will be hit hard, as will much of China’s energy industry. Expectations are that output of all energy sectors will be reduced, with the greatest impact falling on downstream industries. Many of China’s inefficient refineries, which rely on outmoded technology, will be forced to close or will be forced to join with foreign partners. Retail sales outlets will be taken over by the larger multinationals as non-tariff barriers fall. The impact will be lower on upstream oil and gas, including exploration and development.[50] Tariff cuts under the WTO mean that Chinese companies will have to reduce production costs in order to compete with imports. Under WTO China was required to phase out its trade barriers to the import of oil products by the end of 2004. In addition, restrictions on distribution will be lifted, allowing U.S. and other foreign firms the right to sell gasoline and other oil products in the Chinese market. Royal Dutch Shell, Exxon Mobil and BP are now retail marketing in China; these companies own some 300 of China’s 75,000 gasoline stations. The number of retail gasoline stations will increase as car ownership continues to grow. By lowering import barriers and tariffs WTO membership will encourage gasoline consumption in China. In 2003, China had some 96.5 million motor vehicles on the road, of which about 80 percent were publicly owned. But China’s affluent middle class is purchasing automobiles at a furious pace--car sales increased by 75 percent in 2003, and production for 2004 is expected to be 40 percent higher than the previous year.[51] Imports are also expected to increase as WTO regulations force price reductions. Imported cars had been taxed at 80-100 percent tariff rates, which allowed domestic manufacturers to keep automobile and parts prices high. Shortly after joining the WTO, prices on Chinese-made cars dropped as much as 20 percent. Tariffs on imported cars are projected to decline to 25 percent by 2006, and tariffs on spare parts will drop to 10 percent.[52] Lower prices, together with the government’s policy of promoting private automobile ownership, virtually guarantees continued growth in demand for oil. Energy cooperation through the Shanghai Cooperation Organization has recently gained in importance for China. Originally formed to deal with territorial issues arising from the breakup of the Soviet Union, the SCO, whose members also include Russia, Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan, has in recent years focused more on problems of terrorism, religious extremism, and narcotics smuggling. China and Russia have used the organization to gain Central Asian support in their campaigns against separatism in Xinjiang and Chechnya, and both Moscow and Beijing view the organization as a possible counterweight to American influence in the region. China’s new focus on SCO energy cooperation derives from its concern over instability in the Middle East, and the goal of securing both Russian and Kazakh oil and gas.[53] Within the SCO Russia, Kazakhstan and China appear to be forming an energy and security triangle. Kazakh oil is currently exported through the Caspian Pipeline Consortium, which runs through southern Russia and terminates at Novorossiysk, and there are plans to ship Kazakh oil through the Baltic pipeline when it is finished. Russia’s state natural gas monopoly Gazprom has secured rights within Kazakhstan, as it has within all five of the Central Asian states. Russia’s Unified Energy Systems, the electricity monopoly, has tied Kazakhstan and its neighbors into an electrical power grid.[54] Kazakhstan continues to negotiate with China on an oil pipeline eastward, while the government suppresses Uighur separatists and leases agricultural land to ethnic Chinese.[55] Trade among the three continues to grow. Government officials and political observers in Kazakhstan are increasingly worried that economic and political pressures are forcing Astana to tailor its policies to suit Moscow and Beijing.[56] Emphasis on energy cooperation within the SCO could lead to conflict with the United States, since American oil companies have been actively developing Kazakhstan’s oil sector for over a decade. Kazakhstan’s western fields already pipe about 300,000 bpd through the Caspian Pipeline Consortium, in which Chevron has a leading interest, and the Kazakh government plans to export up to ten million tons of crude oil per year through the Baku-Tblisi-Ceyhan pipeline. Washington adamantly supported the BTC pipeline’s route through the Caucasus, in part because it skirts Russian territory.[57] And the U.S. has worked hard to consolidate support among its new Central Asian allies in the war on terror. Defense Secretary Donald Rumsfeld visited Kazakhstan and Uzbekistan in February 2004 to discuss expanding military relations and ensuring security in the oil-rich Caspian region.

#### ---Central Asian instability causes global nuclear war.

Starr 2001

S. Frederick, Chair of Central Asia-Caucasus Institute at John Hopkins University, “The War Against Terrorism and U.S. Bilateral Relations with the Nations of Central Asia,” Testimony before Senate Subcommittee on Central Asia and the Southern Caucasus, Dec 13, http://www.cacianalyst.org/Publications/Starr\_Testimony.htm

However, this does not mean that US actions are without risk to the Central Asian states. Quite the contrary. For a decade they have faced not only the dangers arising from Afghanistan but also the constant threat posed by certain groups in Russia, notably the military and security forces, who are not yet reconciled to the loss of empire. This “imperial hangover” is not unique to Russia. France exhibited the same tendencies in Algeria, the Spanish in Cuba and Chile, and the British when they burned the White House in 1812. This imperial hangover will eventually pass, but for the time being it remains a threat. It means that the Central Asians, after cooperating with the US, will inevitably face redoubled pressure from Russia if we leave abruptly and without attending to the long-term security needs of the region. That we have looked kindly into Mr. Putin’s soul does not change this reality. The Central Asians face a similar danger with respect to our efforts in Afghanistan. Some Americans hold that we should destroy Bin Laden, Al Queda, and the Taliban and then leave the post-war stabilization and reconstruction to others. Such a course runs the danger of condemning all Central Asia to further waves of instability from the South. But in the next round it will not only be Russia that is tempted to throw its weight around in the region but possibly China, or even Iran or India. All have as much right to claim Central Asia as their “backyard” as Russia has had until now. Central Asia may be a distant region but when these nuclear powers begin bumping heads there it will create terrifying threats to world peace that the U.S. cannot ignore. This prospect, along with the unresolved problem of Russia’s imperial hangover, is the reality that the Central Asian states must face if the US precipitously withdraws from their region once the military campaign has achieved its goals. It requires that the United States develop and implement a longer-term strategy for regional security in Central Asia of a sort which, until this moment, has existed only in fragmentary form, if at all. Such a strategy is essential for the viability and sustainability of the states of Central Asia. No less, it is essential for the United States’ own long-term interest in helping build a stable world.

### PTX

#### Won’t pass – house GOP and lack of electoral incentives

Workpermit.com 12/31/12 (Workpermit is a specialist visa consultancy with nearly twenty-five years of experience dealing with visa applications. We are OISC registered. We can help with a wide range of visa applications to the UK or your country of choice. Please feel free to contact us for further details, “White House to campaign for immigration reform in 2013” <http://www.workpermit.com/immigration-video.htm>)

Many Republican Party strategists say that, if the Republicans adopt an anti-immigration stance, they will find it increasingly difficult to win elections as the demographic makeup of the US changes. Asian Americans, Hispanic Americans and African Americans already make up 34% of the US population and they all vote overwhelmingly for the Democrats. As the Republicans have become more anti-immigrant, so their share of the Latino vote has gone down. George W Bush received over 40% of the Latino vote in 2000 and 2004. Mitt Romney received about 29% in 2013. However, in their Behind the Curtain column on the Politico.com website, journalists Jim Vanderhei and Mike Allen point out that, whatever the bigger picture may be, many Republican congressmen and women will be loath to vote in favour of immigration reform. Vanderhei and Allen say that Washington Republicans who vote in favour of immigration reform, in particular, in favour of allowing illegal immigrants to become citizens, will be punished by anti-immigration Republican voters in their states. 'Many of the Republicans who would have to vote on such a [immigration reform] package' would then have to 'run for re-election in elections dominated by white conservatives…Regardless of exit polls, demographic trends and lectures from party leaders, lawmakers know that many voters, especially primary voters, and especially their primary voters, hate anything that smacks of amnesty', they write. In the US system, any new law must be passed by both chambers of Congress, the Senate and the House of Representatives, and signed by the president, in order to become law. Since the election in November, President Obama's Democrats hold control of the Senate but the Republicans control the House of Representatives. It remains to be seen whether enough Republican Representatives will vote for change when the chips are down.

#### **Won’t pass – GOP doesn’t want Obama’s plan – assumes the optimism of their evidence**

Stanage and Easley 12/17/12 (Niall, Jonathan, staffwriters for the hill

“Republican leaders balance politics and principle on immigration reform” http://thehill.com/homenews/campaign/273137-republican-leaders-balance-politics-and-principle-on-immigration-reform)

Senior Republicans say the party is struggling to thread the needle on immigration reform, an issue emerging as the next big item on the political agenda once the ongoing deficit talks reach their conclusion. On the one hand, GOP leaders recognize the party needs a new approach. Mitt Romney performed dismally with Latino voters in November’s general election. On the other hand, internal skeptics fear that a GOP rush to embrace a more liberal approach to immigration would risk sundering the conservative movement without paying any electoral dividends. These dilemmas are not entirely new. President George W. Bush and Sen. John McCain (R-Ariz.) pushed immigration reform in the middle of the last decade. They had no success, were subjected to considerable criticism from other conservatives and the issue almost capsized the latter’s run for the 2008 presidential nomination. The difference this time might be that the party is coming off a sizable election loss in which its unpopularity among Hispanics was a key factor. Romney received the support of only 27 percent of Latino voters, according to exit polls — a stark contrast to the 44 percent Bush racked up in 2004. But some influential voices in the party worry that a more centrist line on immigration reform is being pushed too hastily. They also face a tactical decision — whether to support broad reforms or back a more piecemeal approach to the issue. Rep. Jeff Flake (R-Ariz.), who will replace Sen. Jon Kyl (R-Ariz) in the next Congress, said that while “there is a recognition” that the immigration issue had hurt the GOP with Hispanics, he believed “some might overplay it.” He added that there was a danger in “thinking [that] if we do immigration reform, we all of a sudden get 44 percent, like Bush. That’s not the case.” Even so, however, Flake acknowledged that the party’s current position was simply doing it too much damage, especially when the dangers were exacerbated by an inflammatory tone. “Our policy on immigration, or the voices that come from our party, certainly have alienated some in the Hispanic community, but it also alienates others,” he said. “It’s not just that it’s turned off Hispanics -— and it has — but more broadly it’s turned off a lot of people.” Rep. James Lankford (R-Okla.), the chairman of the House Policy Committee, argued that “a vast number of Republicans are supportive of immigration reform.” He also asserted, as do many conservatives, that a significant proportion of the Latino population is simpatico with the GOP’s worldview on economic and social issues. Lankford emphasized that as Republicans ponder whether to modulate their position on immigration reform, “the first consideration can’t be the political benefit.” Yet he fears Republicans who supported any kind of sweeping reform would come under attack from their right flank while most of the benefit could accrue to President Obama. “Whoever is president, they sign it and they get credit for it,” he said. “Some say that if Republicans push immigration reform here, we’ll get credit for it. That’s not true. The president will get credit for it.” The answer, many Republicans and strategists believe, could lie in part with a shift toward supporting something akin to an expansive DREAM Act, without going so far as any deal involving a broader amnesty. Republican strategist Hogan Gidley, who worked closely with former Arkansas Gov. Mike Huckabee (R) and served as the communications director for former Sen. Rick Santorum’s 2012 presidential bid, told The Hill that Republicans need to convince Latinos they are receptive to the challenges the community faces. “It doesn’t mean we open our borders. It doesn’t mean that we grant amnesty. But Huckabee used to make that point that the children were here through no fault of their own. Why deny them a college education?” Gidley cautioned that a broader reform package could be a big political loser for Republicans. He cited the amnesty to which President Ronald Reagan agreed in the 1980s, and added “he still never got their votes.” The lesson to be drawn, he added, was that “we shouldn’t run to change our principles or sell out our convictions for votes, because there is no guarantee that you will get the votes. Then you’re left without your principles and without political support.” Some Republicans believe that progress could be made simply by adopting a less hostile tone when addressing issues like immigration. Such an approach, according to pollster Whit Ayres, could help win over those Hispanics who, ethnicity aside, fit the demographic profile of Republican supporters neatly. “A great deal of what needs to change is adopting an attitude that says, ‘We want Hispanics who believe in limited government and lower taxes and entrepreneurial opportunity as part of our coalition,’ ” he said. Ayres’ company, North Star Opinion Research, last week released a poll from four battleground states — Florida, Colorado, Nevada and New Mexico — that underlined this point. In each of those four states, the poll found many Hispanics who considered themselves conservative did not vote for Romney in November. In the three states other than Florida, the margin was striking. In Nevada, 40 percent of Hispanics declared themselves conservative but only 25 percent said they voted for Romney. In New Mexico, the figures were 47 percent and 29 percent, respectively. “If we simply got the portion of Hispanic voters who consider themselves conservative, we would be back in the hunt,” Ayres said. For Republicans, the current crisis has been a long time coming. Strategist Ed Rollins told The Hill he remembered having a conversation in 1982 with legendary consultant Lee Atwater about how to boost the GOP’s standing with blacks and Latino. Rollins added that the damage that has been done in the interim could not be undone overnight. He counseled the party to think in terms of five-year or 10-year plans that involved selecting more Hispanic candidates among other things. But a more generous approach to immigration reform, he insisted, had to be part of the picture. “It might be a piecemeal thing where where you begin with the DREAM Act and move beyond it,” he said. “Republicans, realistically, can’t be obstructionist.”

#### Gun control will swamp it

UPI 12/30/12 (“Immigration reform being overshadowed?” <http://www.upi.com/Top_News/US/2012/12/30/Immigration-reform-being-overshadowed/UPI-12951356886806/>)

WASHINGTON, Dec. 30 (UPI) -- The U.S. economy and now gun control appear to be elbowing immigration reform further down the congressional priority list, advocates said. The renewed interest in gun control following the deadly school shooting in Connecticut earlier this month has been taken up by key congressional committees, which means any discussions in Congress on immigration probably won't even begin until the spring, the Los Angeles Times said Sunday. Immigration reform was seen as a major issue in the November presidential election because of the lopsided support President Obama enjoyed in the Latino community. But while the White House has insisted immigration remained a high priority of the Obama administration, reform advocates see Congress as more willing to kick the can down the road. "I am concerned that an issue such as immigration where we can find strong bipartisan consensus will be demagogued and politicized, because that is the environment," said Alfonso Aguilar, a Republican strategist at the Latino Partnership for Conservative Principles.

#### And so will energy and multiple other issues – Obama is not focusing on immigration reform

Munro 12/31/12 (Neil, “Obama promises new immigration plan but keeps endgame close to his vest” <http://dailycaller.com/2012/12/31/obama-promises-new-immigration-plan-but-keeps-endgame-close-to-his-vest/3/>)

President Barack Obama promised Dec. 30 to introduce an immigration bill during 2013, but activists on all sides of the debate are trying to understand his strategy. He may be gunning for a victory in the mid-term elections by introducing a bill so radical that it will spark an emotional controversy from whites, which would then spur many angry Latinos to vote Democratic in the 2014 midterm elections, said Robert de Posada, former head of a GOP-affiliated group, The Latino Coalition. “The word that I’ve heard from many, is [that he will] submit a very, very liberal plan that most Republicans will not support, that most southern and moderate Democrats will not support,” he said. When the bill fails, “they can announce once again that they tried [and that Latinos] need to rally in the next election,” said Posada, who helped President George W. Bush win 40 percent of the Latino vote in 2004, during the housing boom. But that strategy would break Obama’s election-trail promise to help Latinos, said one Hill staffer who is working to pass an ambitious bill that would eventually provide citizenship to millions of Democratic-leaning, low-skill Latinos and their extended relations. However, he noted, Obama hasn’t met with Democratic Illinois Rep. Luis Gutierrez, the leading Capitol Hill advocate for amnesty for illegal immigrants, since November. “We don’t quite know what the White House is doing,” he said. Obama sketched his 2013 plans during a low-pressure interview on NBC’s “Meet the Press” Sunday. “I’ve said that fixing our broken immigration system is a top priority,” he told interviewer David Gregory, who is now under police investigation for violating D.C. law by brandishing a 30-bullet magazine on his Dec. 23 show. “I will introduce legislation in the first year to get that done,” Obama said. “I think we have talked about it long enough. We know how we can fix it. We can do it in a comprehensive way that the American people support. That’s something we should get done.” Gregory did not challenge any of Obama’s claims, nor did he question Obama about how his bill would impact the high unemployment rate among low-skilled Americans, especially African-Americans, in a an increasingly high-tech economy. However, Obama’s language suggested that increased Latino immigration is a lower priority for him than other measures, and that he’s concerned any revamp would fail because of public opposition. Many previous immigration reform bills have died when leading supporters quietly backed away amid furious public opposition to what was perceived as an attempt at a general amnesty. In 2007, then-Sen. Obama voted against a temporary-worker provision in a pending immigration bill, helping kill the overall legislation. During his first term as president, Obama declined to push a comprehensive immigration bill, despite promising such a revamp while on the 2008 campaign trail. In his NBC interview, Obama showed more enthusiasm about other priorities. “We’ve got a huge opportunity around energy,” he said, “The most immediate thing I’ve got to do … is make sure that taxes are not going up on middle class families,” he claimed. Another priority, he added, is “rebuilding our infrastructure, which is broken.” Obama also touted his new project to counter gun-violence. “Anybody who was up in Newtown, who talked to the parents, who talked to the families, understands that, you know, something fundamental in America has to change … you know, that was the worst day of my presidency,” he told Gregory. “I will put forward a very specific [anti-violence] proposal based on the recommendations that Joe Biden’s task force is putting together as we speak,” he said.

#### The plan is guidance not legislation

Jackson 10 (James K. Jackson, CRS Specialist in International Trade and Finance, Foreign Investment, CFIUS, and Homeland Security: An Overview, February 4, http://fpc.state.gov/documents/organization/138597.pdf)

While CFIUS’s activities often seem to be quite opaque, the Committee is not free to establish an independent approach to reviewing foreign investment transactions, but operates under the authority of the President and reflects his attitudes and policies. As a result, any discretion CFIUS uses to review and to investigate foreign investment cases reflects policy guidance from the President. Foreign investors are also constrained by legislation that bars foreign direct investment in such industries as maritime, aircraft, banking, resources and power. 7 Generally, these sectors were closed to foreign investors prior to passage of the Exon-Florio provision in order to prevent public services and public interest activities from falling under foreign control, primarily for national defense purposes.

#### That means no link

Hamilton and Schroeder 1994 [James T. Hamilton is an assistant Professor of Public Policy, Economics and Political Science at Duke University, Christopher H. Schroeder is a Professor of Law at Duke University School of Law “Strategic Regulators and the Choice of Rulemaking Procedures: The Selection of Formal vs. Informal Rules in Regulating Hazardous Waste http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=4229&context=lcp]

3. As the regulatory costs imposed on parties increase, the more likely the parties will resist and, hence, the more likely the agency is to use informal rulemaking. Industry interest groups may attempt to weaken costly formal rules by commenting on them during the formal rulemaking process or by challenging them in court. Similarly, environmentalists may attempt to strengthen provisions through submissions and court challenges. Regulatory costs for industry include expenditures arising from compliance and enforcement actions, while costs for environmentalists may relate to the potential environmental damages posed by the activity regulated. The more at stake for regulated parties and other intervenors, the more likely the agency may be to issue the rule informally. Issuing a costly rule through the informal process has several advantages for the agency: it makes input from interest groups less likely than under the formal process; reduces the ease with which Congress may monitor agency performance and hence lessens the ability of interest groups to "pull the fire alarm" on agency actions; lessens the probability that an interest group will be able to challenge the rule in court as informal rules lack the long administrative records of formally published rules; and enables the agency to alter costs of compliance for particular parties since informal rules may be applied with more discretion than formal rules.

#### Winners win

Heineman 10 (Ben Heineman Jr. has held top positions in government, law, and business. He is the author of High Performance with High Integrity “No Presidential Greatness Without Spending Political Capital” <http://www.theatlantic.com/politics/archive/2010/03/no-presidential-greatness-without-spending-political-capital/37865/>)

**Only in recent months**, when he was willing to make it his personal issue and to spend significantly from his store of political capital, was President Obama able to achieve victory in the bitter congressional battle over **health care** reform. Presidential greatness is combining policy and politics to win significant victories that have a major impact on the trajectory of national life. Such victories--which upset the status quo--**only occur** when a president takes political risks and is willing to incur short-term unpopularity with significant segments of the electorate. There have been two great Democrat presidents since FDR--Harry Truman and LBJ. Both came to office through the death of a president; both could have run for a second elected term; both declined to do so because they were extremely unpopular; but, part of their unpopularity was due to courageous decisions which required large expenditure of personal capital and which changed the course of history. Truman, now considered by historians as one of our most momentous presidents, has an astounding list of major decisions by his name: the dropping of the atomic bomb; the formation of the UN and NATO; the adoption of the Marshall Plan; the formulation of the Truman Doctrine and the strategy of "containing" the Soviet Union; a willingness to oppose Communist aggression in North Korea (and to fire General Douglas MacArthur); the issuance of executive orders desegregating the Armed Forces, the civil service and government contracting; recognition of the state of Israel; and promotion of the Fair Deal (which was only a mixed success but which expanded social security, the minimum wage and federal housing support). To be sure, Truman's unpopularity was also due to scandals, a war weary nation and vicious debates about who lost China. But his historical standing today is owed, in no small part, to his political courage and willingness to use up the political capital of the presidency on issues of major import. Similarly, LBJ was one of our greatest domestic presidents. Under his leadership from 1964-66, Congress passed the Civil Rights Act of 1964, the Voting Rights Act of 1965, Medicare, Medicaid, the War on Poverty and a path-breaking elementary and secondary education act. Johnson had the courage to spend political capital on great tasks even though he, of all people, knew that his initiatives, especially on race, would split the Roosevelt coalition, drive away Southern whites, weaken the Democratic Party and put his own reelection in jeopardy. After Lincoln, Johnson is considered the president who did the most to overcome the nation's shameful history of slavery and racial discrimination and to advance the ideal of racial justice. To be sure, Johnson's unpopularity also stemmed, in important part, from his prosecution of an increasingly divisive war in South Vietnam and from a complex, domineering personality that his oleaginous rhetoric could not conceal. Yet, his place in history is secure because of courageous domestic decisions which weakened him politically. By contrast, Jimmy Carter and Bill Clinton, the other two Democratic presidents prior to President Obama, are unlikely (even in light of more even-handed views of historians a generation from now) to enter the pantheon of greatness. President Carter's fundamental problem, oddly enough, was that he recklessly spent presidential capital in his first year in office--on reforming water projects, energy reform, welfare reform and numerous other initiatives--with limited or no success. By the end of 1977, his apolitical approach, and his serial failures, had dramatically diminished his reputation in Washington and seriously eroded his popularity in the nation. And he could never recover from his naive policy profligacy as the nation's economy began to suffer from the lethal combination of high inflation and high interest rates. By contrast, President Clinton tried one major domestic initiative early in his administration--health care--and, after being defeated on that, was either on the defensive or advanced a minimalist, safe agenda. With the Republican take-over of Congress in 1994, Clinton had to fight a rear guard action until the 1996 election. Then the Lewinski scandal and impeachment consumed much of the administration's energy, and Dick Morris's "triangulation" meant that Clinton took few significant political risks. Never has there been a president with as much political and policy talent, who presided over a booming economy (due, only in small part, to public policy) but whose major accomplishments were so slender. I always felt that it was a badge of dishonor for Clinton to leave office with a high approval rating for the reasons I have tried to develop here**: no great deeds are possible for a president without a willingness to risk political standing**. The saga of President Obama is but 14 months old. It is too soon to tell whether health care reform will be a policy succ ess in implementation and a long-term political success (like Medicare) as it changes a health care system bristling with problems. And, of course, it is far, far too soon to make any meaningful judgments about his tenure. But, after a first year of aloofness from the political fray of health care, Obama's willingness, since the Massachusetts senatorial election to push his chips on the table, take a huge political gamble, and win a major legislative victory (with uncertain short-term political consequences) echoes decisions of his great Democratic predecessors, Harry **Truman** and Lyndon **Johnson**.

#### Obama pissed off the GOP – makes fights and uncertainty inevitable.

Shear and Calmes 1-3-12

NYT Lawmakers Gird for Next Fiscal Clash, on the Debt Ceiling http://www.nytimes.com/2013/01/03/us/politics/for-obama-no-clear-path-to-avoid-a-debt-ceiling-fight.html?\_r=1&

Moody’s, the rating agency, warned on Wednesday that the looming political battles over the nation’s debt could lower the group’s rating of American debt. “We’re in for another round of brinkmanship and uncertainty,” said Mark Zandi, the chief economist at Moody’s Analytics, who predicted weeks of “angst, discussion and hand-wringing” in Washington. “I don’t think the economy can really find its footing and jump to a higher level of growth until we get to the other side of this.” Joel Prakken, senior managing director of Macroeconomic Advisers, an economics forecasting firm, said bluntly, “This is kind of a mess.” The financial imperative for an increase in the debt limit comes at a time of increasingly sour relations between the president and his Republican adversaries in the House. To secure a deal to avert automatic tax increases and spending cuts on Jan. 1, Mr. Obama was forced into last-minute talks with Senator Mitch McConnell of Kentucky, the Republican leader, after weeks of negotiations with Speaker John A. Boehner in the House collapsed amid acrimony and internal Republican dissension.

#### China FDI popular – economic considerations and China lobby

Schatz 10-5-12 (Joseph, POLITICO Pro’s tax editor. Before joining POLITICO, Schatz spent nearly a decade at Congressional Quarterly, covering politics and economics on Capitol Hill. Most recently, he was CQ's senior economic writer for four years, covering everything from the Wall Street bailout and the debt ceiling crisis to trade and the U.S.-China relationship, for which he received the National Press Club’s Sandy Hume award in 2010, “China politics aren't black and white,” Politico.com October 5, 2012, lexis)

Mitt Romney's hard-hitting ads claim President Barack Obama needs to "stand up" to China. Paul Ryan has fanned out across the industrial Midwest, saying that Beijing is treating Obama "like a doormat." The president, of course, is in on the act as well -- an Obama television spot accuses Romney of supporting "sweatshop conditions" through an old Bain Capital investment in China. Yet amid all the campaign tough talk about China, three of Romney's most prominent GOP surrogates were down in Texas last week, begging Chinese investors to set up shop in their states. "We're all here talking to them about why they should come to each of our states, and why for sure they should come to our country," Florida Gov. Rick Scott told FOX News as he, Rick Perry of Texas, Scott Walker of Wisconsin gathered at Cowboys Stadium in Arlington, Texas to meet with a traveling contingent from China touring the United States for nine days, looking for places to park their cash. It just goes to show: Black-and-white campaign slogans don't easily translate into economic policy, including the exquisitely complex U.S.-China economic relationship. For one thing, most economic experts doubt that Romney would really wrangle with the United States's biggest creditor, given the risks of a trade war. Indeed, the former Massachusetts governor's tone in the first presidential debate Oct. 3 already seemed a bit softer, as he promised to "crack down on China, if and when they cheat." But the dynamics are even more complicated when it comes to rapidly rising Chinese investment in the United States, particularly at the state and local level, where government officials of both parties are eagerly courting Chinese investments in waterfront rehabilitation plans, energy deals, greenfield projects and auto manufacturing. There are plenty of hiccups and failed deals, like Obama's high-profile decision to block the acquisition of four Oregon wind farms by Chinese-affiliated Ralls Corp., last week, on national security grounds. With China, you never quite know whether a firm is truly "private," or an arm of the state. But Chinese investment is way up in recent years, and Congress, which helped sink the Chinese purchase of Unocal Corp. in 2005, has been largely quiet on a broad range of Chinese acquisitions. That's in part because the U.S. economy badly needs the investment -- attracting foreign investment is going to be a major theme in any tax reform debate next year -- and in part because Chinese firms have gotten smarter about lobbying, and have won friends in Washington. Kevin G. Nealer, a partner at the Scowcroft Group, says that the scale of China's investments have changed the equation. Nealer was a Senate leadership staffer in the 1980s, when Japan's sudden emergency as a car and technology powerhouse provoked rage on Capitol Hill -- and when that fury started abating. "I saw the inflection point in trade neuralgia come when Japanese firms started making major investments here, building factories and hiring American workers at Toyota and Honda plants by the thousands," Nealer says. Business groups and analysts say that's already beginning to happen, though the level of investment is still small compared to countries like Germany. While China is the U.S. government's biggest creditor, with $1.15 trillion in Treasury securities, it still has relatively little money invested in elsewhere in the U.S. economy. In a report last week, Thilo Hanemann and Adam Lysenko of the Rhodium Group, an investment firm that closely tracks Chinese investment, said that before 2008, Chinese firms were responsible for very few jobs in the United States. "One of the most important questions is how Chinese investment affects U.S. employment," the authors note. While the figure is still small, it now stands at about 27,000, they said, as China has rapidly ramped up its investments "from an annual average of around 30 deals worth less than $500 million before 2009 to almost 100 deals worth about $5 billion in 2010 and 2011." Investment in the first half of 2012 alone totaled $3.6 billion, led by big Chinese acquisitions in the U.S. energy and banking sectors, like the Industrial & Commercial Bank of China Ltd.'s purchase of an 80 percent stake in the Bank of East Asia's U.S. subsidiary, a move that required approval by the Federal Reserve. For state and local governments, it's all about jobs. U.S. governors from both parties regularly go to China to solicit investment. And Michael Bell, the Democratic mayor of Toledo, Ohio -- exactly the region where Romney and Ryan are directing some of their harshest China attacks -- has drawn attention for attracting $200 million in Chinese property development investment. It's one of the chief reasons that China weathered the failed 2005 attempt by state-owned China National Offshore Oil Company Ltd. (CNOOC) to purchase Unocal. "To a degree, all politics are local," said one D.C. lawyer who has worked with Chinese investors. "If you're able to do it the right way, in a way that benefits someone's local district, that helps tamp down some of the concerns." U.S. lawmakers revamped the Committee on Foreign Investment in the United States (CFIUS), the Treasury-based group that last week recommended that Obama block the Ralls sale. And they still raise criticisms about many proposed deals in the sensitive telecom and Internet sectors, where a Chinese firm with government ties could pose a security threat. In July, Chinese telecommunication companies Huawei and ZTE were grilled by members of the House Intelligence Committee about the companies' relationship with the Chinese government. But some Chinese firms have become savvier. They've hired lobbyists at Hill and Knowlton, Patton Boggs and other D.C. shops to press their cases in the corridors of power in Washington. Still, notes Scowcroft's Nealer, some Chinese investors, coming from a culture of government control, can't believe that the U.S. investment process is largely free and open. The U.S. Chamber of Commerce circulated a report in July touting Chinese investment success stories in the United States. The Obama administration has also made efforts to link Chinese firms with American companies.

## ROUND DOUBLES

### T-Restriction

---we meet-foreign investment restrictions on production

Hirsch-former senior energy program adviser for Science Applications International Corporation-11 Commentary: Restrictions on world oil production

<http://www.energybulletin.net/stories/2011-03-28/commentary-restrictions-world-oil-production>

Restrictions on world oil production can be divided into four categories: 1. Geology 2. Legitimate National Interests 3. Mismanagement 4. Political Upheaval Consider each in reverse order: Political upheaval is currently rampant across the Middle East, resulting in a major spike in world oil prices. No one knows how far the impacts will go or how long it will take to reach some kind of stability and what that stability will mean to oil production in the Middle Eastern countries that produce oil. We are thus relegated to best guesses, which span weeks, months, or years before there are clear resolutions. One pre-Middle East chaos country limited by political upheaval is Iraq, which is believed to have the oil reserves to produce at a much higher level, but Iraqi government chaos has severely limited oil production expansion. In another long-standing case, Nigeria has been plagued by internal political strife, which has negatively impacted its oil production. Mismanagement of oil production within a country can be due to a variety of factors, all of which mean lower oil production than would otherwise be the case. Venezuela is the poster child of national mismanagement. The country has huge resources of heavy oil that could be produced at much higher rates. Underproduction is due to the government syphoning off so much cash flow that oil production operations are starved for needed funds. In addition, Venezuela has made it extremely difficult, if not impossible for foreign oil companies to operate in the country. Another example of mismanagement is Mexico, where government confiscation of oil revenues, substandard technology, and restrictions on foreign investment has led to significant Mexican oil production decline.

-xxx--We-meet-the plan reduces restrictions that block, delay, and alter foreign investment in energy production

Inside Energy with Federal Lands 4/12/10 (Herman Wang, HEADLINE: Foreign energy investments spark security concerns)

Foreign firms appear to be increasingly interested in investing in US oil companies, electric utilities and other parts of the US energy infrastructure, as they are seeking to profit from America's appetite for oil, coal and other commodities, as well as the Obama administration's emphasis on renewable power. But with those deals will come scrutiny from a little-known federal panel that has the power to block the transactions for national security reasons, through a review process that industry insiders say is sometimes inconsistent, politically driven and opaque. The Committee on Foreign Investment in the United States is an inter-agency panel that gave the Energy Department a permanent seat in 2007 to help it investigate business transactions in which foreign governments or companies seek to acquire "major energy assets" in the US. But some experts say CFIUS does not offer enough up-front guidance to US companies that are being acquired by foreign interests, wasting time and money. "We face situations where we tell our clients we see no security risk," said Billy Vigdor, a Washington-based partner with law firm Vinson & Elkins. "And then we spend hours trying to figure out whether we should file [a disclosure] because the government might think it is, in fact, a security risk. The last thing you want is to have a contract in place, and you think you're going to close in 30 days, and then CFIUS calls and says you need a filing." Companies being acquired by a foreign-owned firm can voluntarily notify CFIUS of the transaction, but the committee also has the power to investigate all transactions it sees fit to review. Representatives from 16 federal departments and agencies, headed by the Treasury Department, comprise the committee. Those investigations can leave foreign companies feeling unfairly targeted, potentially discouraging needed foreign investment in US energy infrastructure, said Al Troner, president of Houston-based Asia Pacific Energy Consulting. Troner said CFIUS' rulings on what constitutes a security threat can be arbitrary and inconsistent. Even when the committee determines there is no security risk for a transaction, politics can sometimes trump the ruling, Troner said. Troner cited CFIUS' approval in 2006 of a deal by a Dubai-based company to manage several US ports, only to have the company back out after many lawmakers cried foul due to fears of terrorism. "We want investment, but we want 'safe' investments, even though we can't define what is safe," Troner said. "So a big problem in all this is uncertainty, which makes this a funny market to invest in. [Foreign firms] don't feel treated fairly as to what the criteria are for energy security. If you don't know what you're getting into, at a certain point, you ask if this is worth it." Steven Cuevas, who was DOE's director of investment security in 2007 when the department gained a seat on CFIUS, said the committee makes its decisions apolitically. CFIUS, originally established in 1975, received a legislative mandate in 2007 to tighten its oversight of foreign transactions, including defining critical infrastructure as an asset so vital that its incapacity or destruction would severely impact national security. A bill signed by then-President George W. Bush, sparked in large part because of the uproar over the Dubai Ports World deal, formalized CFIUS' review process, which until then had been loosely defined and applied. That same bill also gave DOE its seat on CFIUS. The committee reviews about 150 to 200 foreign business deals a year. "We left politics at the door," Cuevas said. "As with any national security program, you really need to look at the issues in national security and not worry about politics. It's not a situation where there's a bright-line rule. You have to look at each transaction by itself. The standard is, does this transaction, by itself, pose a risk to national security?" Richard Oehler, a Seattle-based partner with law firm Perkins Cole, said prior to the 2007 legislation, CFIUS primarily concerned itself with defense contracting and other issues related to defense and intelligence. The legislation, however, with its definition of critical infrastructure, put an increased focus on US energy assets. "They were not focused on energy, until the politicians redefined [CFIUS]," Oehler said. Cuevas, now a renewable-energy lobbyist with French-owned nuclear company Areva, was a Bush administration political appointee assigned the task of setting up DOE's new role on CFIUS. He said he could not disclose, for confidentiality reasons, how many transactions DOE reviewed during his time working on the committee. Cuevas left his DOE post in 2009 with inauguration of the Obama administration. "When we started the CFIUS program at DOE, we had no processes in place," he said. "There was no record keeping. I spent the last year and a half with the department trying to standardize those steps of review, who signs off on transaction, who tracks them. We were simply trying to keep up with the transactions. We set the foundation, and the folks that are there now are fleshing it out." Last month, DOE issued a draft policy outlining its role on CFIUS that is similar to the Bush administration's policy. The policy, signed by DOE Deputy Secretary Daniel Poneman, prescribes that the department's risk analyses must consider the "criticality and/or vulnerability of the US assets being acquired" and "the threat to those assets posed by the acquiring entity and the consequences to national security if the threat is realized." Each transaction must also be reviewed on whether it involves critical infrastructure and technology, as well as how the transaction would impact long-term projections of US energy consumption. In addition, if a foreign government-owned entity is involved in the transaction, DOE will assess "the adherence of the subject country to nonproliferation control regimes, including treaties and multilateral supply guidelines," the draft policy states. After the review, DOE can clear the transaction with no further action; refer it to CFIUS for a 45-day national security investigation; clear the case conditionally, pending the creation of a "mitigation" plan to resolve security concerns; or recommend to the president to block the deal. Energy Secretary Steven Chu is DOE's primary representative to CFIUS, but much of the department's responsibilities on the committee are delegated to Jonathan Elkind, DOE's principal deputy assistant secretary for policy and international affairs. Elkin was not available for comment. Cliff Vrielink, a Houston-based partner with Vinson & Elkins, said CFIUS can sometimes give US companies pause when seeking to be acquired by a foreign firm. "CFIUS presents a hurdle for a foreign buyer that a domestic buyer doesn't have," Vrielink said. "When someone as an asset they want to sell, and they have an auction where multiple companies have put in bids, the foreign buyer has the uncertain timing of a CFIUS filing, which can be a significant factor." Complicating matters for foreign companies is the fact that CFIUS reviews are not based on a clear set of guidelines and regulations outlining, for instance, how much of a US company a foreign firm can acquire without triggering an investigation. "We, as Americans, are fortunate in that in so many areas, we have bright-letter law, and I think that's one thing that's always been an attraction for foreign investment, that we have the sanctity of contracts and bright-letter law," Vrielink said.

---Mitigation measures block, delay, and alter deaks, even if they aren’t blocked

Marchick 07 (David, partner at Covington & Burling, where he advises

companies on the CFIUS process, “Swinging the Pendulum too Far: An Analysis of the CFIUS Process Post-Dubai Ports World,” Jan, http://www.nfap.net/researchactivities/studies/NFAPPolicyBriefCFIUS0107.pdf)

In the 18 years that Exon-Florio has been in force, there have been slightly more than 1700 CFIUS filings. Only one transaction has formally been blocked by the President — a 1990 aerospace investment by a Chinese company. From the data, one would think that CFIUS has merely been a rubber stamp, approving 99.9 percent of the acquisitions. The data belie actual practice, since tough restrictions are imposed by CFIUS as a condition for approval — typically through “mitigation” or “national security” agreements. In addition, parties typically will abandon a transaction in the face of a possible rejection rather than force the President to formally block a proposed acquisition. The public relations damage to a company if a President were to block an acquisition would be substantial.

#### ---Production deals with a high level of scrutiny are considered “restricted”.

Vinson & Elkins LLP 12 (V&E China Practice Update E-communication, “China Amends Foreign Investment Policy: New Foreign Investment Industry Guidance Catalogue,” January 13, http://www.velaw.com/resources/pub\_detail.aspx?id=20405)

The Catalogue classifies foreign direct investments in the various Chinese industry sectors as “encouraged,” “restricted,” “permitted,” or “prohibited,” and sets out specific industries in which foreign investment is either “encouraged,” “restricted,” or “prohibited.” Activities not listed are, in the absence of other rules to the contrary, considered to be “permitted” for foreign investments. Foreign investment in “encouraged” industries may enjoy certain tax benefits and is often subject to less strict administrative requirements from approval authorities. The “restricted” category includes industries into which foreign investment is subject to a higher level of scrutiny, stricter administrative requirements, and may be denied at the discretion of the approval authorities. Foreign investment is not permitted in industries categorized as “prohibited.”

#### ---C/I

#### Restrictions mean qualification on production

Wright v. Magellan Behavioral Health, Inc., 2007 U.S. Dist. LEXIS 48718  2007

In the instant case, the Court is required to interpret the word "restriction" as used by the parties in the Agreement. The parties apparently agree that the legal definition of restriction--"a limitation or qualification," Black's Law Dictionary 1341 (8th ed. 1999)--is a good place to start. Thus, the Court must determine whether the board's supervision requirement falls within this definition.

#### That means conditions on production not just prohibitions

Google Dictionary

qual·i·fi·ca·tion

noun /ˌkwäləfəˈkāSHən/

qualifications, plural

A quality or accomplishment that makes someone suitable for a particular job or activity

- only one qualification required—fabulous sense of humor

The action or fact of becoming qualified as a practitioner of a particular profession or activity

- an opportunity for student teachers to share experiences before qualification

A condition that must be fulfilled before a right can be acquired; an official requirement

- the five-year residency qualification for presidential candidates

#### ---Their interpretation is bad

#### A. Over limits-Their interpretation limits the topic to drill baby drill which is bad ground. SQ production is sky high which means better debates on the topic should be about things other than ANWR or the offshore drilling moratorium.

#### B. Capital key-Future oil and gas production will depend on foreign capital. That’s Ellis-Vinson-That capital is intrinsically tied to energy production proves it should be core affirmative ground.

#### ---Reasonability-Competing interpretations encourage a race to the bottom. Limits for limits sake have destroyed affirmative ground on the last several topics. You should err affirmative if our interpretation is proven debatable.

### 2AC QER CP

#### Doesn’t solve the aff:

#### Israel is going to strike Iran before the election- CP isn’t announced until 2014- prolif and strikes bad is a DA to the CP

#### Delay causes FDI chilling which wrecks the economy

Hamilton and Quinlan 06 (Daniel, and Joseph, Protecting Our Prosperity

Ensuring Both National Security and the Benefits of Foreign Investment in the United States, NATIONAL FOUNDATION FOR AMERICAN POLICY, JUNE, http://transatlantic.sais-jhu.edu/transatlantic-topics/Articles/economy/ProtectingOurProsperity\_NFAP\_June\_20\_2006.pdf)

Fifth, don’t shoot yourself in the foot. Political uncertainties and potential delays for foreign investors would have a huge chilling effect on their proclivity to buy American assets. The United States needs to attract almost $1 trillion of foreign financing a year to fund its huge and growing trade and current account deficits. The current account deficit has reached 6 percent of GDP, underscoring the wide gap that has developed between what Americans buy and what they sell to foreigners. This deficit has not harmed the U.S. economy because U.S. remains one of the best places in the world to invest. As a result, dollars that Americans send abroad when they buy imports are recycled back as capital investments. Americans are quite dependent on foreign investment inflows to cover the gap between what they produce and what they consume. At the end of 2004 (the most recent figures) foreigners owned about $12 trillion in US assets: $6 trillion in stocks and bonds; $3 trillion in debt to banks and other lenders and $3 trillion in hard assets such as factories. As we discussed earlier, these investments employ Americans, boost their salaries and keep interest rates down. If, however, the U.S. develops a reputation as a less welcoming place for investment, money will flow to other nations that otherwise may have fueled the U.S. economy. The result could be higher interest rates, higher mortgage rates, higher inflation, less innovation, lower wages, and lower stock prices. 35

#### Say no- Congress would have to implement the CFIUS restriction amendment

Pane 05 (Marc, studied ILaw at Fordham, worked for the Office of the Principal Defender for the Special Court for Sierra Leone, CNOOC’s Bid for UNOCAL: Now is the Time to Improve theExon-Florio Amendment, http://www.scribd.com/doc/61823408/CNOOC-s-Bid-for-UNOCAL-Now-is-the-Time-to-Improve-the-Exon-Florio-Amendment)

Confusion about the definition of national security is not limited to parties outside the black-box of CFIUS. A Government Accounting Office (GAO) report released in September of 2005 indicates that there is disagreement within CFIUS itself. 155 The Department of the Treasury takes a “narrow” definition, considering “a U.S. company’s possession of export controlled technologies or items, classified contracts, and critical technology; or specific derogatory intelligence on the foreign company.” 156 The Departments of Defense, Justice, and Homeland Security, on the other hand, take a broader view, examining such factors as the effects of foreign control on “critical infrastructure” and a decrease in the number of domestic businesses engaged in defense-critical industries. 157 The report suggests that the possible negative impact of Exon-Florio review on trade policy is a greater factor in Treasury considerations than it is for the other mentioned departments. 158 In its conclusions, the report states that “In light of the differing views within [CFIUS] regarding the extent of authority provided by Exon-Florio, the Congress should consider amending Exon-Florio by more clearly emphasizing the factors that should be considered in determining potential harm to national security.” 159 Possibly recognizing that it is a function of Congress, not the GAO, to make any amendments, the report does not comment on the form they should take. 160

#### conditionality

#### And, They wont do it- they strongly dislike the plan

Downs, China fellow at Brookings, 10 (Erica S. Downs is a fellow at the John L. Thorton China Center at The Brookings Institution, Who’s Afraid of China’s Oil Companies?, http://www.brookings.edu/~/media/research/files/papers/2010/7/china%20oil%20downs/07\_china\_oil\_downs)

Who’s afraid of China’s national oil companies? Quite a few people, if the reaction to the unsolicited offer made by China National Offshore Oil Corporation Ltd. (CNOOC Ltd.) for Unocal is any guide. The furor that erupted inside the Beltway in response to CNOOC Ltd.’s bid to break up the merger between Unocal and Chevron highlighted the anxiety that many U.S. policymakers, pundits, and oil companies harbor about the growing global footprint of China’s national oil companies (NOCs). The objections raised by opponents of CNOOC Ltd.’s attempted acquisition are rooted in popular perceptions of the Chinese NOCs’ international expansion. The conventional wisdom views the NOCs as arms of the Chinese government that are aggressively snapping up exploration and production assets around the world to enhance China’s energy security at the expense of that of other consumers. Moreover, it contends that the state ﬁnancial support that Beijing provides to China’s NOCs to achieve this noncommercial objective violates the rules of the game for international mergers and acquisitions because it is not available to Western, publicly traded ﬁrms. Consequently, the Chinese government and oil companies are turning the global competition for oil into a game that major international oil companies (IOC) like Chevron cannot even compete in, let alone win.

#### Permute- do the plan and the CP

#### Permute- do the plan through the QER

#### Links to politics- The President and Congress will have to get involved.

Innovation America 11 (Journal of Technology Commercialization, Wanted: “A More Coordinated, Robust Energy Policy”, February / March 2011, Volume 9 Number 1, http://www.innovation-america.org/wanted-%E2%80%9C-more-coordinated-robust-energy-policy%E2%80%9D)

Our most important recommendation is that the administration establish a new process that can forge a more coordinated and robust federal energy policy, a major piece of which is advancing energy innovation. Many executive branch agencies and departments must be engaged, with leadership from the Executive Office of the President. This is needed because “energy policy” is an amalgam, and often derivative, of policies for environment, competitiveness, security, finance, land use and more. The president should establish a Quadrennial Energy Review (QER) process that will provide a multiyear roadmap that lays out an integrated view of short, intermediate and long-term energy objectives; outlines legislative proposals to congress; puts forward anticipated executive actions coordinated across multiple agencies; and identifies resource requirements for the development and implementation of energy technologies. The secretary of energy should provide the executive secretariat for the QER. While the QER will be a product of the administration, substantial input from the congress, the energy industry, academia, NGOs and the public at large will be essential to the process. A staged process should be implemented now so as to provide some elements of a QER during each of the next four years.

#### Smart Grid DA

#### The QER’s main focus will be utility regulations- the report is due in Feb 2014.

Smart Grid Today 11 (Bill would require Administration, agencies to craft energy policy, Nov 16, http://www.smartgridtoday.com/public/3466print.cfm)

A US Senate bill creating an inter-agency group to develop long-term federal energy policy would likely first tackle streamlining utility regulation, DOE Undersecretary for Science Steven Koonin hinted yesterday in an exclusive interview. Koonin testified yesterday in favor of S 1703, the Quadrennial Energy Review (QER) Act of 2011, during a US Senate committee energy and natural resources hearing. The issue addressed by S 1703 is “the regulatory fragmentation, the diversity of interests, the slow nature of bringing new technologies online,” Koonin told us after the hearing. “That is a very important QER problem. You might even imagine the QER focusing on that as one of its main topics going forward.” If passed, the bill would require presidential administrations, Congress, DOE and other federal agencies to craft energy strategies and goals every four years. Modeled after the Dept of Defense's (DOD) legislatively mandated Quadrennial Defense Review, which requires coordination of defense objectives and strategies, the bill requires an initial report on energy policy, anticipated actions and resource requirements by Feb 1, 2014, and new report every four years thereafter.

#### That focus on grid modernization is going to be really complicated- overloading the agenda means the QER would muck it up. Only the QER solves grid modernization.

Smart Grid Today 11 (Bill would require Administration, agencies to craft energy policy, Nov 16, http://www.smartgridtoday.com/public/3466print.cfm)

 Discussion of the bill followed the release last month of DOE's first Quadrennial Technology Review (QTR) (SGT, Oct-03). The QTR detailed technologies in which the federal government should consider investing or enhancing research. It outlined three grid-modernization priorities: activities that enable monitoring and control of transmission, storage and distribution of power; technologies that enable system control under high voltages; and identifying cyber security issues while pursuing technologies that can limit those risks. Adding policy initiatives to the QTR is so complicated that the government may not “know how to do it right at the moment,” Koonin warned during testimony. Part of that problem as it pertains to the grid stems from the myriad competing and conflicting regulatory structures, he said. DOE and other federal agencies are “trying to get a little more coherent picture than we've got,” he told us. Inter-agency and multi-level coordination must occur to address power delivery, Ernest Moniz, director of the MIT Energy Initiative, told us in an exclusive interview after the hearing. The issues confronting federal energy policy are already confusing, and something like the QER could reduce hurdles to grid modernization, he said. For example, current regulatory structures inhibit transmitting wind power across state boundaries, Moniz said. Determining who pays for the full capacity of wind resources -- which he said operate at 40-45% capacity at best -- is another question. Passing the QER bill would mandate a meeting of the minds to at least discuss untangling those hang-ups, he said. Right now, little incentive exists for such brainstorming sessions to sprout, Moniz said. “We have a regulatory structure in the electricity sector that is historical in nature -- like the 1930s. The jurisdictions at that time made a lot more sense, because sources served local loads,” he said. “Now we have the Eastern Interconnection from the Atlantic to the Rockies, and yet a lot of the action happens at state public commissions (PUCs). QUOTABLE: That's the reality, and we have to work with it. But boy, it really complicates it when we're looking at solutions that inherently have a different geographic scale. Ernest Moniz, Director, MIT Energy Initiative The job of PUCs is to set “rates as low as possible in a stable way over time for their citizens,” which has limited their ability to be progressive, Moniz said. The QER would compel collective problem-solving, he said. That could spur discussions about developing large-scale energy storage, establishing capacity markets for natural gas and accelerating PMU adoption on transmission lines, he predicted. Improving interstate transmission of renewable energy should be one of the QER's main objectives, Sen Mark Pryor, R Ark, told reporters after testifying in favor of the bill, which he sponsors. Most wind power “is produced in the lesser populated states,” Pryor said in response to a question from Smart Grid Today. “You need to find highly efficient ways to transport it to the population centers. As you know, we have an old grid system that is in a lot of ways piecemeal.” QER needed for QTR Though witnesses said composing an effective QER would be complex, passing the QER bill is necessary to ensure the QTR's suggestions get implemented, most committee members agreed. “I'm just not sure [the QTR] is adequate for causing the administration and Congress to do what makes good sense,” Committee Chairman Sen Jeff Bingaman, D NM, said during the hearing. “I have long believed our nation needs to develop an energy policy that is lasting,” Committee Ranking Member Sen Lisa Murkowski, R Alaska, said in her opening remarks. Ideal, she said, would be “policy that won't be completely revamped every time a new administration comes into office or every time Congress passes an energy policy act.”

#### Grid modernization key to deter a terrorist attack

NETL 07 (National Energy Technology Laboratory, “SIGNIFICANTLY REDUCED VULNERABILITY TO TERRORIST ATTACK AND NATURAL DISASTERS, Conducted by National Energy Technology Laboratory for the U.S. Department of Energy Office of Electricity Delivery and Energy Reliability, August 2007, http://www.netl.doe.gov/smartgrid/referenceshelf/whitepapers/Modern%20Grid%20Benefits\_Final\_v1\_0.pdf)

A Center for Contemporary Conflict white paper estimates the direct cost of the 9/11 terrorist attack at $27 billion, in addition to the tragic loss of life. The modern grid is one weapon in a strategy to reduce the risk of such attacks in the future. Intelligent networking and the broad penetration of DER will make the modern grid far more difficult to attack. Sophisticated analytical capabilities will detect and prevent or mitigate the consequences of any attack. Probabilistic analytical tools will also identify any inherent weaknesses in the grid so that they can be integrated into an overall national security plan. Extensive real-time data acquisition capabilities will immediately detect security challenges, and initiate high-speed corrective steps. The modern grid’s integrated communications infrastructure, which overlays the entire electric network will provide detection and mitigation of both cyber and physical threats. It will also provide timely key data needed by rapid response organizations in an emergency. And, as an additional bonus, this tamperproof grid monitoring and communication system will improve the security of even non-grid infrastructure since the electric grid extends to virtually all other sensitive societal systems. The deployment of a wide variety of generation options reduces vulnerability: • Decentralization to the distribution level reduces the impact of a single attack. • Diversity in DER gives operators more choices in response to a security emergency. • Diversity in a geographic region provides alternate means to restore the grid following a major event. • Diversity of fuels at central generating stations (coal, oil, gas, nuclear, hydro) and at decentralized DER (wind, solar, gas, hydrogen for fuel cells, etc.) increases the probability that adequate fuel supplies will be available. Besides improving the modern grid’s inherent resilience, there are some unique side benefits of the modern grid’s ability to resist attack. These include deterring an attack in the first place, because it clearly would have little effect, and improving the operational readiness of our defense forces by ensuring security-of-supply for electric power. Meanwhile, the grid’s increased resistance to attack makes it better able to cope with natural disasters.

#### Nuclear war.

Andres and Breetz 11 (Richard Andres, Professor of National Security Strategy at the National War College and a Senior Fellow and Energy and Environmental Security and Policy Chair in the Center for Strategic Research, Institute for National Strategic Studies, at the National Defense University, and Hanna Breetz, doctoral candidate in the Department of Political Science at The Massachusetts Institute of Technology, Small Nuclear Reactorsfor Military Installations:Capabilities, Costs, andTechnological Implications, www.ndu.edu/press/lib/pdf/StrForum/SF-262.pdf)

Grid Vulnerability. DOD is unable to provide its bases with electricity when the civilian electrical grid is offline for an extended period of time. Currently, domestic military installations receive 99 percent of their electricity from the civilian power grid. As explained in a recent study from the Defense Science Board: DOD’s key problem with electricity is that critical missions, such as national strategic awareness and national command authorities, are almost entirely dependent on the national transmission grid . . . [which] is fragile, vulnerable, near its capacity limit, and outside of DOD control. In most cases, neither the grid nor on-base backup power provides www.ndu.edu/inss SF No. 262 3 sufficient reliability to ensure continuity of critical national priority functions and oversight of strategic missions in the face of a long term (several months) outage. 7 The grid’s fragility was demonstrated during the 2003 Northeast blackout in which 50 million people in the United States and Canada lost power, some for up to a week, when one Ohio utility failed to properly trim trees. The blackout created cascading disruptions in sewage systems, gas station pumping, cellular communications, border check systems, and so forth, and demonstrated the interdependence of modern infrastructural systems. 8 More recently, awareness has been growing that the grid is also vulnerable to purposive attacks. A report sponsored by the Department of Homeland Security suggests that a coordinated cyberattack on the grid could result in a third of the country losing power for a period of weeks or months. 9 Cyberattacks on critical infrastructure are not well understood. It is not clear, for instance, whether existing terrorist groups might be able to develop the capability to conduct this type of attack. It is likely, however, that some nation-states either have or are working on developing the ability to take down the U.S. grid. In the event of a war with one of these states, it is possible, if not likely, that parts of the civilian grid would cease to function, taking with them military bases located in affected regions. Government and private organizations are currently working to secure the grid against attacks; however, it is not clear that they will be successful. Most military bases currently have backup power that allows them to function for a period of hours or, at most, a few days on their own. If power were not restored after this amount of time, the results could be disastrous. First, military assets taken offline by the crisis would not be available to help with disaster relief. Second, during an extended blackout, global military operations could be seriously compromised; this disruption would be particularly serious if the blackout was induced during major combat operations. During the Cold War, this type of event was far less likely because the making bases more resilient to civilian power outages would reduce the incentive for an opponent to attack the grid United States and Soviet Union shared the common understanding that blinding an opponent with a grid blackout could escalate to nuclear war. America’s current opponents, however, may not share this fear or be deterred by this possibility.

#### China isn’t dumb, they know the difference between the plan and the CP--Nexen means CFIUS restrictions are under the microscope- investors and China are looking to US policy

Crooks-Financial Times-9/11/12

<http://www.ft.com/intl/cms/s/0/4f880244-f90a-11e1-945b-00144feabdc0.html#axzz26DtOgO5Z>

Oil tie-up is test for US deal-watchers

The most closely watched deal in the US energy industry this year is the takeover of one company based in Calgary by another from China. The $15bn agreed acquisition of Canada’s Nexen by Cnooc, one of China’s largest oil groups, impinges on the US only tangentially. About 10 per cent of Nexen’s business is in the US, with the rest spread across Canada, the North Sea, Nigeria, Colombia and Yemen. However, Nexen’s slice of US oil and gas reserves, in the Gulf of Mexico, was large enough for Cnooc to decide that it needed to submit its bid for review by the Committee on Foreign Investment in the United States: the opaque body chaired by the Treasury that investigates foreign takeovers of US companies for possible national security implications. The decision reached by Cfius, as the committee is known, will be a test case. With Chinese takeovers on the rise and potential deals such as the sale of Chesapeake Energy’s Permian Basin oilfields waiting in the wings, it will be closely watched. “Everybody is looking at this to get a sense of where the administration and Cfius stand on Chinese investment,” says Ed Rubinoff of Akin Gump, the law firm. “I think we are going to see a lot more of this type of deal in the coming months, and the Cnooc/Nexen deal is going to be a leading indicator.” For Cnooc, Cfius is a particularly sensitive subject because of its $18.5bn bid for Unocal, a US oil company, in 2005. The committee began looking at the deal but never made a ruling; Unocal’s shareholders backed a rival bid from Chevron, a larger US group. However, the regulatory risk created by the Cfius review, magnified by a political outcry against Cnooc, was a significant factor in thwarting its bid. Chinese companies have struck several joint venture agreements in the US in recent years without attracting any scrutiny from Cfius, including Chesapeake’s deals with Cnooc and Devon Energy’s with Sinopec. Over the latest three years for which data are publicly available, Cfius required legally binding mitigation measures from only 16 deals out of the 313 that it reviewed. However, the prospect of a review casts a shadow over any potential deal. Cfius has the authority to consider only national security, but lawyers say that this still leaves it with considerable scope for political discretion. The majority of investigations involve manufacturing and technology companies, but natural resources have risen up the committee’s agenda. The Foreign Investment and National Security Act of 2007 specified that the committee should look at “the potential effects on US critical infrastructure, including major energy assets [and] the long-term projection of US requirements for sources of energy”. Cfius also now seems to have expanded its scope to address factors such as a target’s proximity to sites related to national security. It recently opened an investigation into the acquisition of a US gold mine by a Chinese company, probably because of the site’s proximity to a US Navy air base. The Chinese group has now divested the mine. Deals involving Chinese buyers are a small minority of those reviewed by Cfius, representing only 5 per cent of the 313 looked at in 2008-10, but are often among the most sensitive cases. “Some believe that heightened Cfius scrutiny is unreasonably targeting Chinese investment in the US,” said lawyers from Vinson & Elkins in a recent memo. Paul Marquardt, a partner in the Washington office of Cleary Gottlieb, another law firm, says: “What really drove people to be worried about this was the Cnooc-Unocal deal, which was a disaster, but a political disaster.” There are signs of that political controversy being stirred up again. Charles Schumer, the Democratic senator for New York, wrote in July to Tim Geithner, the Treasury secretary, asking him the block the Nexen deal as a bargaining tactic to secure better treatment for US companies in China. On the question of government ownership, Cnooc Ltd, the bidder for Nexen, is a listed company but 64 per cent owned by Cnooc, its state-owned parent. Cfius has 75 days to come to a decision on the Cnooc bid, which would take it safely beyond the November 6 US election. However, a decision after the election could be delayed by a change of administration. Some tough talk about China from Mitt Romney, the Republican candidate for the presidency, suggests that if elected he might take a harder line. The Cfius decision is not critical to the success or failure of Cnooc’s takeover. If the committee raises objections, the Chinese group could simply dispose of the US assets. The equivalent Canadian authority, government department Industry Canada, is also reviewing the bid but generally takes a more laissez fair approach to foreign takeovers than the US does. Mr Marquardt argues that it is unlikely that Cfius will demand any asset sales. Mr Rubinoff agrees, saying: “It’s not like they are going to make the oil disappear, or affect US energy supplies. So I don’t think there are national security arguments there.” However, if the assets are large enough, then Chinese buyers probably would still be blocked. “Chinese buyers are still different,” says Steve Tredennick of Paul Hastings, another law firm. “The American public is just not ready to have a Chinese national oil company owning assets that are a big deal here in the US.”

**no net benefit- aff isn’t about renewables and the process doenst solve. that ev says if we do renewables, the QER is key to do it**

**Warming won’t lead to complete extinction**

**Green 11** (Roedy, PHD from British Colombia, “Extinction of Man”, http://mindprod.com/environment/extinction.html//umich-mp)

Mankind is embarking on a strange ecological experiment. Over a couple of centuries, man is burning the carbon accumulated over millions of years by plants. The CO₂ levels are now at the level of the Permian extinction. There have been two mass extinctions in earth history, the Permian, 230 million years ago, was the worst. 70% of all species were lost. It was caused by natural global warming when volcanoes released greenhouse gases. (The other extinction event more familiar to most people was the more recent KT Cretaceous-Tertiary Mass Extinction event, 65 million years ago. It was caused when an asteroid plunged into the earth at Chicxulub Mexico wiping out the dinosaurs and half of earth’s species.) We are re-experiencing the same global warming conditions that triggered the more devastating Permian extinction, only this time it is man made. When it gets too hot, plants die. When it gets too hot and dry, massive fires ravage huge areas. When plants die, insects and herbivores die. When insects die, even heat-resistant plant’s don’t get pollinated and die. Birds die without insects to eat. Carnivores die without herbivores to eat, all triggered by what seems so innocuous — heat. Similarly, in the oceans, when they get just a few degrees too warm, corals expel their symbiotic algae and die soon thereafter. When coral reefs die, the fish that live on them die, triggering extinction chains. Satellites can chart the loss of vegetation over the planet. We are losing 4 species per hour, a rate on the same scale as the Permian and KT extinction events. Man has no ability to live without the support of other species. We are committing suicide and killing the family of life on earth along with us. The question is, will we wipe ourselves out along with the rest of the planet’s ecology? Man is very adaptable. He will destroy his food supply on land and in the oceans as a result, but some people will survive. That is not complete extinction.

### Sign

#### **Links to politics – overassertion and empirics**

Scheir 2011

Steven E., Professor of Political Science at Carleton College in Northfield, Minnesota The Contemporary Presidency: The Presidential Authority Problem and the Political Power Trap Presidential Studies Quarterly [Volume 41, Issue 4,](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/psq.2011.41.issue-4/issuetoc)pages 793–808, December 2011

So the “presidential authority problem” has several parts. Authority among elites faces limits due to the institutional thickening in national government. Authority among the public and in Congress suffers from the lessening of presidential political capital detailed in this article. Political authority, according to Skowronek, is designated in advance, works through institutions, and has enforceable mandates and perceptions ([Orren and Skowronek 2004](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b35), 125). The decline in presidential political capital means that nowadays such traits are hard for presidents to come by. Advance designations frequently vanish among American governing elites and the mass public. Institutions are less “workable” for presidents. Mandates and perceptions are now evanescent, much less enforceable. This leads to a “presidential power trap.” Maintaining authority is hard and frustrating work, and in seeking to maintain it, presidents encounter widespread constraints. Yet the modern presidency grants an incumbent many formal powers over executive branch administration, foreign, and national security policy. The power is there, if the authority is not. So why not use the power—via unilateral decisions, signing statements and executive orders—while you have it, if authority is so hard to garner? The risk is that by using such powers, a president effectively destroys his authority. Richard Nixon's presidency, with its constitutional violations, is the signal example of this, but one can find evidence of the authority problem and power trap among other recent presidencies. Carter took his authority for granted, ignoring the maintenance of its elite and mass aspects, and paid the price. Reagan gradually relied more on executive power as authority problems grew, leading to the Iran-Contra imbroglio. George H. W. Bush exerted war powers but never found a stable basis in political authority. Clinton usually suffered an authority shortage and found his use of powers under steady political attack. George W. Bush's use of war powers destroyed his authority during his second term. Presidential efforts to increase their powers have drawn scholarly attention. As William Howell noted regarding these efforts, “almost all the trend lines point upward” ([Howell 2005](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b22), 417). A recent manifestation of increasing power claims is the theory of the unitary executive introduced during the Reagan presidency and repeatedly asserted by George W. Bush. Exponents Steve Calabresi and John Yoo argue the Constitution “gives presidents the power to control their subordinates by vesting all of the executive power in one, and only one, person: the president of the United States” ([Calabresi and Yoo 2008](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b9), 4). Thus Congress's power to interfere with executive branch decisions is quite limited, and the president has total control of all executive agencies within limits set by Congress. Several legal and presidential scholars have argued this theory gives too much rein to unilateral presidential action in a way that threatens the constitutional separation of powers and individual liberty (for example, [Fisher 2010](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b16), [Matheson 2009](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b28), [Rudalevig 2006](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b41)). Accompanying the unitary executive theory in the second Bush administration was an aggressive use of signing statements, presidential memoranda, and executive orders. Ambitious claims of unilateral presidential power have ominous implications: “The assertion by the executive that it alone has the authority to interpret the law and that it will enforce the law at its own discretion threatens the constitutional balance set up by the Constitution” ([Pfiffner 2008](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b38), 227). Barack Obama and the Power Trap It is in the context of such controversies that Obama serves as president and continues to use unilateral tools when they prove convenient. Though he has publicly disavowed the theory of the unitary executive, like his recent predecessors he has made unilateral policy via executive order, presidential memoranda, and signing statements ([Schier 2011](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b45)). Upon taking office in 2009, Obama's executive orders reversed his predecessor's policies on U.S. government support for international family planning organizations, union organizing, and terrorist interrogation techniques. Another executive order secured passage of his landmark health care reform in early 2010. The order, banning the use of federal funds for abortion, secured the vital support of a group of antiabortion House Democrats. Obama employed presidential memoranda to order his energy secretary to formulate higher fuel efficiency standards for automobiles and energy efficiency standards for appliances ([Schier 2011](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b45)). In 2009, two of Obama's signing statements drew strong protests from Congress. In the statements, the president indicated he would not enforce certain provisions of the law with which he disagreed ([Weisman 2009](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b53), [Associated Press 2009](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b5)). This stance echoed the approach of his predecessor, George W. Bush ([Schier 2008](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b44)). The ensuing uproar caused the administration to declare it would no longer issue such policy declarations in signing statements but would instead quietly disregard enforcement of laws it found unconstitutional ([Savage 2010](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b42)). In May 2011, Obama ignored requirements of the War Powers Resolution regarding his military incursion into Libya. The use of force occurred without prior consultation of Congress as required by the resolution. The administration also ignored the resolution's provision that Congress approve the use of the military within 60 days of their initial engagement in conflict until after the deadline had passed ([Ackerman and Hathaway 2011](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b3)). Obama initially enjoyed strong public approval but his job approval gradually sank, in part because of continuing slow economic growth and high unemployment. His impressive successes with Congress in 2009 and 2010 also accompanied a shift in the public mood against him, evident in the rise of the Tea Party movement and the large GOP gains in the 2010 elections. During 2009, [James Stimson (2011](http://onlinelibrary.wiley.com.ezproxy.baylor.edu/doi/10.1111/j.1741-5705.2011.03918.x/full#b51)) calculated the public mood shifted −.88 against Obama's policies. In comparison, the public's notable move against Obama's policy position was greater than that registered during the JFK, LBJ, and the first Bush presidencies. It also exceeded mood shifts during Clinton's second term and during either of the second Bush's two terms. By mid-2011 Obama's job approval had slipped well below its initial levels, and Congress was proving increasingly intransigent. In the face of declining public support and rising congressional opposition, Obama, like his predecessors when faced with similar circumstances, continued to resort to the energetic use of executive power. Declining political capital, rising authority problems, and accompanying assertions of executive power—we have seen this movie before. Obama thus faces an authority problem and a power trap. Only by solving the former is he likely to avoid the latter. Presidents in recent years have been unable to prevent their authority—evident in their political capital—from eroding. When it did, their power assertions often got them into further political trouble. None of his post-1965 predecessors solved the political authority problem. It is the central political challenge confronted by modern presidents, and now by Obama.

#### Agent CPs are bad

#### Topic Education- CP shifts focus from the desirability of the aff to questions of implementation

#### Predictability and fairness- no literature comparing which agent should do the aff means we always lose to agent CP

#### Not key to ground- other CPs check- conditions and states, ect…

#### Voting issue

#### Perm do the CP- the President has the authority to determine the scope of CFIUS national security reviews.

Jackson 10 (James K. Jackson, CRS Specialist in International Trade and Finance, Foreign Investment, CFIUS, and Homeland Security: An Overview, February 4, http://fpc.state.gov/documents/organization/138597.pdf)

The Exon-Florio provision grants the President broad discretionary authority to take what action he considers to be “appropriate” to suspend or prohibit proposed or pending foreign acquisitions, mergers, or takeovers which “threaten to impair the national security.” In this act, national security was not defined, but was meant to be interpreted broadly. Nevertheless, regulations developed by the Treasury Department to implement the law direct the members of CFIUS to focus their reviews of foreign investments exclusively on those transactions that involve “products or key technologies essential to the U.S. defense industrial base,” and not to consider economic concerns more broadly. CFIUS also indicated that in order to assure an unimpeded inflow of foreign investment it would implement the statute “only insofar as necessary to protect the national security,” and “in a manner fully consistent with the international obligations of the United States.”6

#### And, the executive can reduce restrictions.

Zimmerman 10 (CHELSEA A., Barnard College, Rethinking The Cuban Trade Embargo: An Opportune

Time To Mend a Broken Policy, http://www.thepresidency.org/storage/documents/Fellows2010/Zimmerman.pdf)

Restrictions on travel to Cuba have been a key component of U.S. efforts to isolate the communist government of Cuba for much of the past 40 years. Over time there have been numerous changes to the restrictions and for five years, from 1977 to 1982, there were no restrictions on travel based on exercise of the broad licensing authority of the Presidency (Sullivan, 19). President Reagan reinstated the travel restrictions against Cuba, and in 1996, with the passage of the HelmsBurton Act, the travel ban became codified into law. Even so, the President retains some control over the terms of the travel ban with Cuba by defining the categories of eligible travelers either broadly or narrowly. Under President George H.W. Bush, enforcement of U.S. restrictions on Cuba travel increased, and restrictions on travel and on private remittances to Cuba were tightened. In June of 2004, the U.S. significantly restricted travel, especially family travel, and the provision of private humanitarian assistance to Cuba in the form of remittances. In April of 2009, President Obama announced his intention to significant reduce restrictions on travel to Cuba and remittances by Cuban Americans. At the time of his announcement those favoring the elimination of the travel ban in its entirety argued that the current Cuba travel ban restricts U.S. efforts to influence conditions in Cuba and may be aiding the current leadership by helping restrict the flow of information between the two countries.

#### Perm- do both- shields the link \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### CP links to politics/elections.

Scheir 2011(Steven E., Professor of Political Science at Carleton College, The Contemporary Presidency: The Presidential Authority Problem and the Political Power Trap Presidential Studies Quarterly Volume 41, Issue 4, pages 793–808, December)

So the “presidential authority problem” has several parts. Authority among elites faces limits due to the institutional thickening in national government. Authority among the public and in Congress suffers from the lessening of presidential political capital detailed in this article. Political authority, according to Skowronek, is designated in advance, works through institutions, and has enforceable mandates and perceptions (Orren and Skowronek 2004, 125). The decline in presidential political capital means that nowadays such traits are hard for presidents to come by. Advance designations frequently vanish among American governing elites and the mass public. Institutions are less “workable” for presidents. Mandates and perceptions are now evanescent, much less enforceable. This leads to a “presidential power trap.” Maintaining authority is hard and frustrating work, and in seeking to maintain it, presidents encounter widespread constraints. Yet the modern presidency grants an incumbent many formal powers over executive branch administration, foreign, and national security policy. The power is there, if the authority is not. So why not use the power—via unilateral decisions, signing statements and executive orders—while you have it, if authority is so hard to garner? The risk is that by using such powers, a president effectively destroys his authority. Richard Nixon's presidency, with its constitutional violations, is the signal example of this, but one can find evidence of the authority problem and power trap among other recent presidencies. Carter took his authority for granted, ignoring the maintenance of its elite and mass aspects, and paid the price. Reagan gradually relied more on executive power as authority problems grew, leading to the Iran-Contra imbroglio. George H. W. Bush exerted war powers but never found a stable basis in political authority. Clinton usually suffered an authority shortage and found his use of powers under steady political attack. George W. Bush's use of war powers destroyed his authority during his second term. Presidential efforts to increase their powers have drawn scholarly attention. As William Howell noted regarding these efforts, “almost all the trend lines point upward” (Howell 2005, 417). A recent manifestation of increasing power claims is the theory of the unitary executive introduced during the Reagan presidency and repeatedly asserted by George W. Bush. Exponents Steve Calabresi and John Yoo argue the Constitution “gives presidents the power to control their subordinates by vesting all of the executive power in one, and only one, person: the president of the United States” (Calabresi and Yoo 2008, 4). Thus Congress's power to interfere with executive branch decisions is quite limited, and the president has total control of all executive agencies within limits set by Congress. Several legal and presidential scholars have argued this theory gives too much rein to unilateral presidential action in a way that threatens the constitutional separation of powers and individual liberty (for example, Fisher 2010, Matheson 2009, Rudalevig 2006). Accompanying the unitary executive theory in the second Bush administration was an aggressive use of signing statements, presidential memoranda, and executive orders. Ambitious claims of unilateral presidential power have ominous implications: “The assertion by the executive that it alone has the authority to interpret the law and that it will enforce the law at its own discretion threatens the constitutional balance set up by the Constitution” (Pfiffner 2008, 227). Barack Obama and the Power Trap It is in the context of such controversies that Obama serves as president and continues to use unilateral tools when they prove convenient. 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In the statements, the president indicated he would not enforce certain provisions of the law with which he disagreed (Weisman 2009, Associated Press 2009). This stance echoed the approach of his predecessor, George W. Bush (Schier 2008). The ensuing uproar caused the administration to declare it would no longer issue such policy declarations in signing statements but would instead quietly disregard enforcement of laws it found unconstitutional (Savage 2010). In May 2011, Obama ignored requirements of the War Powers Resolution regarding his military incursion into Libya. The use of force occurred without prior consultation of Congress as required by the resolution. The administration also ignored the resolution's provision that Congress approve the use of the military within 60 days of their initial engagement in conflict until after the deadline had passed (Ackerman and Hathaway 2011). 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In the face of declining public support and rising congressional opposition, Obama, like his predecessors when faced with similar circumstances, continued to resort to the energetic use of executive power. Declining political capital, rising authority problems, and accompanying assertions of executive power—we have seen this movie before. Obama thus faces an authority problem and a power trap. Only by solving the former is he likely to avoid the latter. Presidents in recent years have been unable to prevent their authority—evident in their political capital—from eroding. When it did, their power assertions often got them into further political trouble. None of his post-1965 predecessors solved the political authority problem. It is the central political challenge confronted by modern presidents, and now by Obama.

#### No Prez powers net benefit- power to determine the scope of CFIUS should reside with Congress

Zaring 09 (David, Assistant Professor, Wharton School, University of Pennsylvania; Visiting Assistant Professor, University of Pennsylvania Law School, CFIUS AS A CONGRESSIONAL NOTIFICATION SERVICE, 83 S. Cal. L. Rev. 81, November, lexis)

In fact, Congress does not, nor necessarily should [not] it, defer to the executive in foreign affairs. One way that Congress can and has exercised control in this area is through its oversight of the Committee on Foreign Investment in the United States ("CFIUS" or "the Committee"), the institution that decides whether foreign interests should be allowed to purchase American assets. This Article explains how Congress has created a role for itself in the making of foreign policy by turning CFIUS - an institution that would appear to represent absolute executive discretion in discerning the national security interests of the United States - into essentially a congressional notification service. This is shown by essaying an approach that legal scholars can use to analyze institutions that (though they might be replete with the characteristics of law and lawyering) do not lend themselves to conventional legal analysis because they do not explain their actions as courts and agencies ordinarily do. 5 CFIUS is a prime example of such an institution; as Anthony Sabino has noted, "Almost nothing is known about the internal functioning of [the Committee]." 6 CFIUS does not disclose its deliberations, nor does it explain its decisions. 7 Despite this obstacle, principles of national security law - and the balance of powers between Congress and the president - can still be [\*84] deduced from CFIUS's record. The outcomes of CFIUS review, which can be obtained by putting together third-party reviews of the Committee and nonconfidential reports from the Committee to Congress, can be used as a tool. In addition, a content analysis of the "boilerplateness" of the few Committee decisions that are public can be used to see who CFIUS singles out and why, and to discern how much work it does - compared, critically, to what Congress does - in overseeing foreign investment. To be sure, determining a "law of CFIUS" is not easy. The Committee's legal mandate is replete with discretion. CFIUS is specifically charged with the task of reviewing proposed foreign acquisitions to determine whether they will impair "national security," 8 and the Committee has said the term "is to be interpreted broadly and without limitation to particular industries," its scope lying wholly "within the President's discretion." 9 Prospective foreign acquirers first submit their deals to the Committee for an evaluation over a thirty-day period, and if CFIUS is concerned enough to investigate further, a subsequent forty-five-day window exists. 10 After this evaluation period, the Committee must send a recommendation to the president, who can then either block the transaction or permit it to go forward. 11 CFIUS may recommend blockage to the president or refuse to approve the deal unless the acquiring company agrees to a variety of conditions, such as preventing foreigners from accessing the operations of the target asset, guaranteeing law enforcement access to the firm's resources, and so on. 12 These conditions take the form of "mitigation agreements," so called because the acquirer agrees to take the steps to [\*85] "mitigate any threat to ... national security." 13 A more in-depth understanding of what exactly the Committee does is important in an era of economic globalization and cross-border deals. CFIUS investigations of transactions are increasing - one Treasury official reported a 74 percent increase in reviews between 2005 and 2006, and scrutiny has not declined since then. 14 American publicly traded companies have responded to the prospect of such a review by filing Form 8-K and other reports with the Securities and Exchange Commission that notify investors that CFIUS reviews might affect their businesses; 15 there were approximately sixty-three of these reports in 2004, 102 in 2005, 143 in 2006, and 318 in 2007. 16 CFIUS also played a key role in three headline-making failed deals: when China National Offshore Oil Corporation ("CNOOC"), the state-owned Chinese oil company, tried to take over Unocal; 17 when Dubai Ports World tried to purchase the multinational shipping venture Peninsular and Oriental Steam Navigation Company ("P&O") (along with its American harbor assets); 18 and when Bain Capital, with minor participation by the Chinese venture Hulawei, tried to purchase technology manufacturer 3Com. 19 CFIUS has also complicated other transactions, including recent [\*86] efforts by the now-failed investment bank Lehman Brothers to salvage equity by selling half of the firm to Chinese and South Korean investors, a transaction that would have been subject to CFIUS review. 20 The Committee is also affecting America's most important international relationships. 21 China has expressed serious concern over the Committee's work 22 and has moved to create its own counterpart to it. 23 India has also threatened to create a regime to match the one enforced by CFIUS after experiencing what it perceived as poor treatment by the institution. 24 Germany, in 2004, implemented a comprehensive CFIUS-like program. 25 Given the danger of a surge in market-damaging economic [\*87] protectionism, a National Security Council official has strongly urged the United States to send a clear message that CFIUS review is narrowly tailored to national security issues. 26 But even with this healthy increase in attention, the most incongruous fact about CFIUS is that, although it is feared by investors and Wall Street, when evaluated seriously, that fear appears to be largely misplaced in fact. While antitakeover specialist firm Wachtell, Lipton, Rosen and Katz had no fewer than five corporate partners (including a name partner and co-chair of its executive committee) pen pieces dealing with the Committee during a five-month period between November 2007 and March 2008, 27 the Committee itself almost never actually prevents foreign acquisitions from going forward. According to the Government Accountability Office and the Treasury Department, CFIUS has launched in-depth reviews of acquisitions in thirty-seven of the 1800-plus filings made since 1988. 28 Only once has the president denied clearance of a deal after CFIUS review: in the 1990 acquisition of a U.S. aerospace manufacturer by an army-controlled Chinese firm. 29 The executive branch hardly hides this fact. As one Treasury official explained to the Chinese, in 2007, "less than 10 percent of all foreign direct investments were reviewed by [CFIUS], and the vast majority of those were resolved without controversy, including those by state-owned enterprises." 30 [\*88] Why, then, do people care so much? This question is taken up in the remainder of this Article. Part II suggests that a historical review reveals that investors fear Congress more than CFIUS itself. As one CFIUS practitioner has said, "There [is] a two-step CFIUS process if you have a sensitive asset"; for the first step "you have to go to the Hill and basically say here's why this investment is not a problem," and only for the second step is the Committee involved. 31 Further, the assistant secretary in the Treasury Department in charge of overseeing CFIUS has also said that prefiling consultation with the Hill is a crucial part of controversial acquisitions. 32 Congress exercises this control over CFIUS by repeatedly amending its statute to bring the Committee more in line with its policy preferences - both by requiring ever-more-extensive reporting on every decision that CFIUS makes, along with additional ad hoc briefings and annual and quadrennial reports, and by reviewing and frequently overturning particular decisions of CFIUS, much like a court, in order to encourage the Committee to act consistently with the congressional view about what national security requires. 33 Part III hypothesizes that the Committee's increasingly pro forma output is consistent with the story that it is Congress, and not the executive branch, that sets the parameters of what national security permits with regard to foreign direct investment. This hypothesis is partially tested, and some of the reasons why the Committee acts as it does are examined, with a content analysis of the few publicly available mitigation agreements imposed by the Committee on foreign acquirers. The content analysis employs plagiarism software that compares the amount of borrowing between agreements. 34 As it turns out, some CFIUS agreements look more alike than others, and the basis for the use of what essentially amounts to boilerplate appears to be related to two simple factors: (1) whether the foreign acquirer is government owned or privately owned and (2) whether [\*89] or not the foreign acquirer is based in a prosperous country allied with the United States. Part IV lays out three conclusions that can be drawn from this analysis. First, a qualification to the story of ever-increasing "presidential administration" is necessary. Since 2001, legal scholars have debated the claims that, descriptively, the president plays a particularly large role in the setting of administrative policy, to the exclusion of the courts and Congress; that, constitutionally, a strong presidential role is permitted; and that, normatively, this influence is a good thing. 35 Many have criticized this perspective, especially as recent claims of national security-based prerogatives have embroiled the country in allegations of torture and general administrative ineptitude. 36 But CFIUS is an example of meaningful congressional supervision at the heart of executive foreign policy. Second, and perhaps more as a matter of form than substance, the way CFIUS works is a challenge to those international law scholars who believe that law, and particularly international law, has little to say about questions of national security. 37 CFIUS features regulations, litigation, and processes, and bears no indication that the United States makes arbitrary determinations based on what national security requires rather than in accord with what the commander in chief of its military thinks is best. Rather, CFIUS is an example of an institution with an adjudicative legal process and with ultimate supervision by a nonpresidential actor - [\*90] Congress - which suggests that the chains of legalization may even apply in matters of national security.

#### Delay-

#### executive orders are implemented slowly-- Interbranch battles hold up agency action

Cooper 02 (Phillip, Professor of Public Administration @ Portland State University, By Order of the President: The Use and Abuse of Executive Direct Action” 232-233)

A president who is focused on the short-term, internal view of a possible decision may elect a power management approach. The emphasis is on efficient, effective, prompt, and controlled action within the executive branch. This is an increasingly common approach employed by new administrations; certainly it has been by Reagan and his successors. Whether spoken or unspoken, the tendency to adopt a power management perspective as the base for the use of presidential direct action tools may grow from an assumption that alternative approaches will simply not work or not work rapidly enough because of recalcitrant administrative agencies or opposition by other institutional players inside or outside the Beltway. The executive orders on rulemaking issued by presidents Carter, Reagan, Bush, and Clinton and the Bush memoranda on the rulemaking moratorium are clear examples of this approach. The tendency to use this approach may also stem from the idea that the situation confronting the White House is a real or a perceived emergency in which the executive branch must be mobilized for action. Another tendency is to use this type of approach in national security matters where the White House holds the view that time is of the essence and a particular window of opportunity exists that must be seized. This kind of action is common in the use of national security directives. Control of sensitive materials, personnel practices, or communications is often the focus of this kind of activity. Another feature of the power management approach is the attempt to use the policies of the executive branch to make a wider political point. Certainly the Reagan administration's Drug Free Workplace order is an example, as are many of the Clinton-era orders and memoranda associated with the reinventing government initiative. Still, the power management approach presents many of the dangers and challenges of the various types of instruments. The costs can be high, and the damage both within government and to people outside it can be significant. The rulemaking orders have tied administrative agencies up in knots for years and have trapped them in a cross fire between the Congress that adopted statutes requiring regulations to be issued and presidents who tried to measure their success by the number of rulemaking processes they could block. Reagan's NSD 84 and other related directives seeking to impose dramatically intensified controls on access to information and control over communication during and after government employment incited a mini rebellion even among a number of cabinet level officials and conveyed a sense of the tenor of leadership being exercised in the executive branch that drew fire from many sources. The Clinton ethics order was meant to make a very public and political point, but it was one of the factors contributing to the administration's inability to staff many of its key positions for months.

#### Delays causes FDI chilling that wrecks the economy

Hamilton and Quinlan 06 (Daniel, and Joseph, Protecting Our Prosperity

Ensuring Both National Security and the Benefits of Foreign Investment in the United States, NATIONAL FOUNDATION FOR AMERICAN POLICY, JUNE, http://transatlantic.sais-jhu.edu/transatlantic-topics/Articles/economy/ProtectingOurProsperity\_NFAP\_June\_20\_2006.pdf)

Fifth, don’t shoot yourself in the foot. Political uncertainties and potential delays for foreign investors would have a huge chilling effect on their proclivity to buy American assets. The United States needs to attract almost $1 trillion of foreign financing a year to fund its huge and growing trade and current account deficits. The current account deficit has reached 6 percent of GDP, underscoring the wide gap that has developed between what Americans buy and what they sell to foreigners. This deficit has not harmed the U.S. economy because U.S. remains one of the best places in the world to invest. As a result, dollars that Americans send abroad when they buy imports are recycled back as capital investments. Americans are quite dependent on foreign investment inflows to cover the gap between what they produce and what they consume. At the end of 2004 (the most recent figures) foreigners owned about $12 trillion in US assets: $6 trillion in stocks and bonds; $3 trillion in debt to banks and other lenders and $3 trillion in hard assets such as factories. As we discussed earlier, these investments employ Americans, boost their salaries and keep interest rates down. If, however, the U.S. develops a reputation as a less welcoming place for investment, money will flow to other nations that otherwise may have fueled the U.S. economy. The result could be higher interest rates, higher mortgage rates, higher inflation, less innovation, lower wages, and lower stock prices. 35

### PTX

#### WONT PASS

#### ideology

Soto 1-4-12

Victoria M. DeFrancesco Soto, NBC Latino and MSNBC contributor, Senior Analyst for Latino Decisions and Fellow at the Center for Politics and Governance at the LBJ School of Public Affairs at the University of Texas http://nbclatino.com/2013/01/04/opinion-immigration-reform-will-not-be-easy-but-its-not-impossible/

Unlike in his first administration, the president seems to be on board and ready for rolling up his sleeves and getting into immigration reform, but that won’t cut it. The problem for immigration reform in 2013 is rooted in Capital Hill. The president’s support is a necessary condition for any major policy overhaul, but it is not a sufficient condition. Let’s just assume the president can arm-wrestle the Senate Democrats and a few Senate Republicans into supporting his immigration reform. Two out of three won’t cut it. The Republican-controlled House is what stands in the way of immigration reform. More specifically, the GOP’s split mindset regarding Latinos and immigration is what will likely prevent the president from crossing off immigration reform from his 2013 to-do list.

#### Fiscal debates

Spaeth 1/3 (Ryu Spaeth , Editor, *The Week*, “Will Congress' budget battles kill immigration reform and gun control?”, 1/3/13 http://theweek.com/article/index/238367/will-congress-budget-battles-kill-immigration-reform-and-gun-control)

Congress' budget battles are only expected to get gorier over the next couple of months, as Republicans and Democrats try to reach a deal that would prevent $1.2 trillion in crippling spending cuts, a U.S. debt default, and a government shutdown. However, the White House insists that President Obama "is planning to move full steam ahead with the rest of his domestic policy agenda," say Elise Foley and Sam Stein at The Huffington Post. Immigration reform and gun control are at the top of the list, but the chances of their quick passage seem slim given the heated atmosphere in Congress. "The negative effect of this fiscal cliff fiasco is that every time we become engaged in one of these fights, there's no oxygen for anything else," an unidentified Senate Democratic aide told HuffPo. "It's not like you can be multi-tasking — with something like this, Congress just comes to a complete standstill."

#### Nothing till summer

Vorhees 1/3/13 Josh, Editor, Slate Magazine, “White House (Quietly) Promises Immigration Push,” <http://www.slate.com/blogs/the_slatest/2013/01/03/obama_s_immigration_plans_white_house_officials_suggest_early_2013_won_t.html>

However, just because the administration is declaring that an unofficial launch to the immigration push is imminent doesn't mean anyone should expect major action anytime soon. The aides who laid out the plans to HuffPo cautioned that it would probably take about two months to cobble together a bipartisan bill, and then another few before either chamber votes on it. That would mean that if all goes as planned (something that is far from certain) it would likely be early or mid-summer before any concrete actions are taken.

#### Guns swamp

Weber 1-1-13

Joseph, Guns, immigration, fiscal issues emerge as top priorities for Obama, new Congress http://www.foxnews.com/politics/2013/01/01/gun-control-immigration-reform-fiscal-issues-emerge-as-top-issues-for-new/#ixzz2GxI2RO59

Gun control could answer both of those questions. Obama and leaders of the Democrat-controlled Senate have made clear their intentions to promptly introduce legislation restricting firearms, in the aftermath of the Dec. 14 shooting at a Connecticut elementary school in which six adults and 20 first-graders were killed. California Sen. Dianne Feinstein and other Democrats want to re-institute an assault-weapons ban – a plan Obama on Sunday again publicly supported. And related legislation could include proposed bans on high-capacity ammunition clips and tighter background checks for gun buyers. Lawmakers have suggested over the past weeks that debates on gun control could start as early as this month and delay those on immigration reform until spring – given the political climate and the Senate Judiciary Committee having oversight on both issues. However, Democrats can expect strong opposition from Republicans and the National Rifle Association, the country’s most influential gun lobby. And large-scale Second Amendment changes are not expected, even if Democrats pass legislation.

#### so does energy and other things

Munro 12/31/12 (Neil, “Obama promises new immigration plan but keeps endgame close to his vest” <http://dailycaller.com/2012/12/31/obama-promises-new-immigration-plan-but-keeps-endgame-close-to-his-vest/3/>)

President Barack Obama promised Dec. 30 to introduce an immigration bill during 2013, but activists on all sides of the debate are trying to understand his strategy. He may be gunning for a victory in the mid-term elections by introducing a bill so radical that it will spark an emotional controversy from whites, which would then spur many angry Latinos to vote Democratic in the 2014 midterm elections, said Robert de Posada, former head of a GOP-affiliated group, The Latino Coalition. “The word that I’ve heard from many, is [that he will] submit a very, very liberal plan that most Republicans will not support, that most southern and moderate Democrats will not support,” he said. When the bill fails, “they can announce once again that they tried [and that Latinos] need to rally in the next election,” said Posada, who helped President George W. Bush win 40 percent of the Latino vote in 2004, during the housing boom. But that strategy would break Obama’s election-trail promise to help Latinos, said one Hill staffer who is working to pass an ambitious bill that would eventually provide citizenship to millions of Democratic-leaning, low-skill Latinos and their extended relations. However, he noted, Obama hasn’t met with Democratic Illinois Rep. Luis Gutierrez, the leading Capitol Hill advocate for amnesty for illegal immigrants, since November. “We don’t quite know what the White House is doing,” he said. Obama sketched his 2013 plans during a low-pressure interview on NBC’s “Meet the Press” Sunday. “I’ve said that fixing our broken immigration system is a top priority,” he told interviewer David Gregory, who is now under police investigation for violating D.C. law by brandishing a 30-bullet magazine on his Dec. 23 show. “I will introduce legislation in the first year to get that done,” Obama said. “I think we have talked about it long enough. We know how we can fix it. We can do it in a comprehensive way that the American people support. That’s something we should get done.” Gregory did not challenge any of Obama’s claims, nor did he question Obama about how his bill would impact the high unemployment rate among low-skilled Americans, especially African-Americans, in a an increasingly high-tech economy. However, Obama’s language suggested that increased Latino immigration is a lower priority for him than other measures, and that he’s concerned any revamp would fail because of public opposition. Many previous immigration reform bills have died when leading supporters quietly backed away amid furious public opposition to what was perceived as an attempt at a general amnesty. In 2007, then-Sen. Obama voted against a temporary-worker provision in a pending immigration bill, helping kill the overall legislation. During his first term as president, Obama declined to push a comprehensive immigration bill, despite promising such a revamp while on the 2008 campaign trail. In his NBC interview, Obama showed more enthusiasm about other priorities. “We’ve got a huge opportunity around energy,” he said, “The most immediate thing I’ve got to do … is make sure that taxes are not going up on middle class families,” he claimed. Another priority, he added, is “rebuilding our infrastructure, which is broken.” Obama also touted his new project to counter gun-violence. “Anybody who was up in Newtown, who talked to the parents, who talked to the families, understands that, you know, something fundamental in America has to change … you know, that was the worst day of my presidency,” he told Gregory. “I will put forward a very specific [anti-violence] proposal based on the recommendations that Joe Biden’s task force is putting together as we speak,” he said.

#### labor democrats

Dallas News 1-2-13

Editorial: Actions must match Obama’s immigration pledge http://www.dallasnews.com/opinion/editorials/20130102-editorial-actions-must-match-obamas-immigration-pledge.ece

President Barack Obama said all the right things Sunday about immigration reform. The president told NBC’s Meet the Press that he is serious about getting Congress to overhaul the laws governing immigrants. He even declared that he will introduce an immigration bill this year. This newspaper welcomes that announcement. Texans particularly understand the unique challenges that an outdated immigration system presents. Even though the flow of illegal immigrants into the U.S. has subsided in the last few years, the many holes in the system leave families, schools, businesses and law enforcement struggling. And those are just some of the constituents challenged by flawed immigration laws. The president’s words to NBC’s David Gregory are only that — words. What will really matter is whether he puts his muscle into the task this year. We suggest that Obama start by looking at the example of former President George W. Bush. Back in 2006 and 2007, the Republican and his administration constantly worked Capitol Hill to pass a comprehensive plan. They failed, largely because Senate Republicans balked. But the opposition didn’t stop the Bush White House from fully engaging Congress, including recalcitrant Republicans. Obama may have a similar problem with his own party. The dirty little secret in the 2006 and 2007 immigration battles was that some Democrats were content to let Senate Republicans kill the effort. Labor-friendly Democrats didn’t want a bill, either. And they may not want one this year. That reluctance is a major reason the president needs to invest in this fight. He must figure out how to bring enough Democrats along, while also reaching out to Republicans.

#### elections

Workpermit.com 12/31/12 (Workpermit is a specialist visa consultancy with nearly twenty-five years of experience dealing with visa applications. We are OISC registered. We can help with a wide range of visa applications to the UK or your country of choice. Please feel free to contact us for further details, “White House to campaign for immigration reform in 2013” <http://www.workpermit.com/immigration-video.htm>)

Many Republican Party strategists say that, if the Republicans adopt an anti-immigration stance, they will find it increasingly difficult to win elections as the demographic makeup of the US changes. Asian Americans, Hispanic Americans and African Americans already make up 34% of the US population and they all vote overwhelmingly for the Democrats. As the Republicans have become more anti-immigrant, so their share of the Latino vote has gone down. George W Bush received over 40% of the Latino vote in 2000 and 2004. Mitt Romney received about 29% in 2013. However, in their Behind the Curtain column on the Politico.com website, journalists Jim Vanderhei and Mike Allen point out that, whatever the bigger picture may be, many Republican congressmen and women will be loath to vote in favour of immigration reform. Vanderhei and Allen say that Washington Republicans who vote in favour of immigration reform, in particular, in favour of allowing illegal immigrants to become citizens, will be punished by anti-immigration Republican voters in their states. 'Many of the Republicans who would have to vote on such a [immigration reform] package' would then have to 'run for re-election in elections dominated by white conservatives…Regardless of exit polls, demographic trends and lectures from party leaders, lawmakers know that many voters, especially primary voters, and especially their primary voters, hate anything that smacks of amnesty', they write. In the US system, any new law must be passed by both chambers of Congress, the Senate and the House of Representatives, and signed by the president, in order to become law. Since the election in November, President Obama's Democrats hold control of the Senate but the Republicans control the House of Representatives. It remains to be seen whether enough Republican Representatives will vote for change when the chips are down.

#### Won’t pass – GOP doesn’t want Obama’s plan – assumes the optimism of their evidence

Stanage and Easley 12/17/12 (Niall, Jonathan, staffwriters for the hill

“Republican leaders balance politics and principle on immigration reform” http://thehill.com/homenews/campaign/273137-republican-leaders-balance-politics-and-principle-on-immigration-reform)

Senior Republicans say the party is struggling to thread the needle on immigration reform, an issue emerging as the next big item on the political agenda once the ongoing deficit talks reach their conclusion. On the one hand, GOP leaders recognize the party needs a new approach. Mitt Romney performed dismally with Latino voters in November’s general election. On the other hand, internal skeptics fear that a GOP rush to embrace a more liberal approach to immigration would risk sundering the conservative movement without paying any electoral dividends. These dilemmas are not entirely new. President George W. Bush and Sen. John McCain (R-Ariz.) pushed immigration reform in the middle of the last decade. They had no success, were subjected to considerable criticism from other conservatives and the issue almost capsized the latter’s run for the 2008 presidential nomination. The difference this time might be that the party is coming off a sizable election loss in which its unpopularity among Hispanics was a key factor. Romney received the support of only 27 percent of Latino voters, according to exit polls — a stark contrast to the 44 percent Bush racked up in 2004. But some influential voices in the party worry that a more centrist line on immigration reform is being pushed too hastily. They also face a tactical decision — whether to support broad reforms or back a more piecemeal approach to the issue. Rep. Jeff Flake (R-Ariz.), who will replace Sen. Jon Kyl (R-Ariz) in the next Congress, said that while “there is a recognition” that the immigration issue had hurt the GOP with Hispanics, he believed “some might overplay it.” He added that there was a danger in “thinking [that] if we do immigration reform, we all of a sudden get 44 percent, like Bush. That’s not the case.” Even so, however, Flake acknowledged that the party’s current position was simply doing it too much damage, especially when the dangers were exacerbated by an inflammatory tone. “Our policy on immigration, or the voices that come from our party, certainly have alienated some in the Hispanic community, but it also alienates others,” he said. “It’s not just that it’s turned off Hispanics -— and it has — but more broadly it’s turned off a lot of people.” Rep. James Lankford (R-Okla.), the chairman of the House Policy Committee, argued that “a vast number of Republicans are supportive of immigration reform.” He also asserted, as do many conservatives, that a significant proportion of the Latino population is simpatico with the GOP’s worldview on economic and social issues. Lankford emphasized that as Republicans ponder whether to modulate their position on immigration reform, “the first consideration can’t be the political benefit.” Yet he fears Republicans who supported any kind of sweeping reform would come under attack from their right flank while most of the benefit could accrue to President Obama. “Whoever is president, they sign it and they get credit for it,” he said. “Some say that if Republicans push immigration reform here, we’ll get credit for it. That’s not true. The president will get credit for it.” The answer, many Republicans and strategists believe, could lie in part with a shift toward supporting something akin to an expansive DREAM Act, without going so far as any deal involving a broader amnesty. Republican strategist Hogan Gidley, who worked closely with former Arkansas Gov. Mike Huckabee (R) and served as the communications director for former Sen. Rick Santorum’s 2012 presidential bid, told The Hill that Republicans need to convince Latinos they are receptive to the challenges the community faces. “It doesn’t mean we open our borders. It doesn’t mean that we grant amnesty. But Huckabee used to make that point that the children were here through no fault of their own. Why deny them a college education?” Gidley cautioned that a broader reform package could be a big political loser for Republicans. He cited the amnesty to which President Ronald Reagan agreed in the 1980s, and added “he still never got their votes.” The lesson to be drawn, he added, was that “we shouldn’t run to change our principles or sell out our convictions for votes, because there is no guarantee that you will get the votes. Then you’re left without your principles and without political support.” Some Republicans believe that progress could be made simply by adopting a less hostile tone when addressing issues like immigration. Such an approach, according to pollster Whit Ayres, could help win over those Hispanics who, ethnicity aside, fit the demographic profile of Republican supporters neatly. “A great deal of what needs to change is adopting an attitude that says, ‘We want Hispanics who believe in limited government and lower taxes and entrepreneurial opportunity as part of our coalition,’ ” he said. Ayres’ company, North Star Opinion Research, last week released a poll from four battleground states — Florida, Colorado, Nevada and New Mexico — that underlined this point. In each of those four states, the poll found many Hispanics who considered themselves conservative did not vote for Romney in November. In the three states other than Florida, the margin was striking. In Nevada, 40 percent of Hispanics declared themselves conservative but only 25 percent said they voted for Romney. In New Mexico, the figures were 47 percent and 29 percent, respectively. “If we simply got the portion of Hispanic voters who consider themselves conservative, we would be back in the hunt,” Ayres said. For Republicans, the current crisis has been a long time coming. Strategist Ed Rollins told The Hill he remembered having a conversation in 1982 with legendary consultant Lee Atwater about how to boost the GOP’s standing with blacks and Latino. Rollins added that the damage that has been done in the interim could not be undone overnight. He counseled the party to think in terms of five-year or 10-year plans that involved selecting more Hispanic candidates among other things. But a more generous approach to immigration reform, he insisted, had to be part of the picture. “It might be a piecemeal thing where where you begin with the DREAM Act and move beyond it,” he said. “Republicans, realistically, can’t be obstructionist.”

#### NO LINK UNIQUENESS

#### Hagel

Rubin 1-4 (Jennifer, fopo writer for the Washington Post, Conservatives relish prospect of Hagel confirmation fight, http://www.washingtonpost.com/blogs/right-turn/wp/2013/01/04/conservatives-relish-prospect-of-hagel-confirmation-fight/)

Reports suggest that the White House on Monday will name controversial former Sen. Chuck Hagel (R-Neb.) as the nominee for secretary of Defense, setting up what may turn out to be the nastiest confirmation battle of the Obama presidency. One executive from a pro-Israel group said to me, “There is only one reason [for the nomination]: The president likes him and feels comfortable with him.” Indeed, it is becoming hard to deny that Hagel’s anti-Israel rhetoric and views and antipathy toward defense spending and sanctions on Iran are positives with this president, not demerits. A leading Democrat with a pro-Israel organization told me, “If the rumors are true and despite Hagel’s offensive record — from his extreme anti-choice actions, being pro-high capacity magazines and against universal background checks and his slurs again minority groups like gays and Jews to his views on Iran and terrorist groups like Hezbollah and Hamas — President Obama wants to embrace Hagel, it is going to be very awkward for Democrats in the Senate. ” He seemed baffled by the choice: “Given the fact that his staff has said it will be ‘a tough confirmation,’ the GOP is lining up against [it], and there are highly capable alternatives, the choice would be virtually inexplicable, unless the President either deep down shares Hagel’s views or doesn’t care about anyone in his party but himself.” Indeed, it is Democrats on Capitol Hill who seem glum and pro-Israel critics of the president who are nearly giddy with anticipation. Chuck Todd is reporting that as many as ten Democrats may vote against Hagel, making his confirmation a shaky proposition at best. One Capitol Hill Democrat put it to me this way: “Why not Sen. Inhofe (R-Okla.) to replace Lisa Jackson at EPA? Hey, both Inhofe and Hagel are Republican. Both disagree on major policy issues with the president. And both have pissed off big Democratic constituencies.” Other Democrats seem fretful as well. A longtime pro-Israel activist bemoaned that “Hagel is wrong on everything” and that at some point Democratic senators from states like New Jersey and New York will have to say “enough.” The activist expressed consternation that Obama had folded his tent on a possible Susan Rice nomination but was apparently going to bat for a Republican who had offended gays and Jews. Other Democratic commentators and lawmakers have publicly voiced doubts about a Hagel nomination or tried to avoid the topic entirely.

#### A123 review

Washington Times 1-2 (Creditors want help with A123 sale to Chinese, http://www.washingtontimes.com/news/2013/jan/2/creditors-want-help-with-a123-sale-to-chinese/#ixzz2GvnpKZzW)

Creditors of a bankrupt U.S. battery maker that went broke after winning a multimillion-dollar federal grant want permission to hire a lobbying firm to keep the proposed sale of the company to a Chinese competitor on track. The official committee of unsecured creditors in the bankruptcy of A123 Systems Inc. filed court papers Friday asking a federal judge to sign off on the $75,000 hiring of lobbying group Capitol Counsel LLC. Citing “considerable political pressure” against the sale of A123 to China-based Wanxiang America Corp., the committee said it needs lobbyists to protect the proposed sale from political opposition. Although the sale has been approved by a bankruptcy court, it requires the approval of the Treasury Department's Committee on Foreign Investment in the United States, which reviews proposed sales of U.S. companies to foreign buyers. “Considerable political pressure has been raised against CFIUS approval of the proposed sale to Wanxiang,” attorneys for creditors wrote in their filing asking to hire lobbyists.

#### Obama was a jerk in the lame duck

Shear and Calmes 1-3-12

NYT Lawmakers Gird for Next Fiscal Clash, on the Debt Ceiling http://www.nytimes.com/2013/01/03/us/politics/for-obama-no-clear-path-to-avoid-a-debt-ceiling-fight.html?\_r=1&

Moody’s, the rating agency, warned on Wednesday that the looming political battles over the nation’s debt could lower the group’s rating of American debt. “We’re in for another round of brinkmanship and uncertainty,” said Mark Zandi, the chief economist at Moody’s Analytics, who predicted weeks of “angst, discussion and hand-wringing” in Washington. “I don’t think the economy can really find its footing and jump to a higher level of growth until we get to the other side of this.” Joel Prakken, senior managing director of Macroeconomic Advisers, an economics forecasting firm, said bluntly, “This is kind of a mess.” The financial imperative for an increase in the debt limit comes at a time of increasingly sour relations between the president and his Republican adversaries in the House. To secure a deal to avert automatic tax increases and spending cuts on Jan. 1, Mr. Obama was forced into last-minute talks with Senator Mitch McConnell of Kentucky, the Republican leader, after weeks of negotiations with Speaker John A. Boehner in the House collapsed amid acrimony and internal Republican dissension.

#### China FDI popular – economic considerations and China lobbyo

Schatz 10-5-12 (Joseph, POLITICO Pro’s tax editor. Before joining POLITICO, Schatz spent nearly a decade at Congressional Quarterly, covering politics and economics on Capitol Hill. Most recently, he was CQ's senior economic writer for four years, covering everything from the Wall Street bailout and the debt ceiling crisis to trade and the U.S.-China relationship, for which he received the National Press Club’s Sandy Hume award in 2010, “China politics aren't black and white,” Politico.com October 5, 2012, lexis)

Mitt Romney's hard-hitting ads claim President Barack Obama needs to "stand up" to China. Paul Ryan has fanned out across the industrial Midwest, saying that Beijing is treating Obama "like a doormat." The president, of course, is in on the act as well -- an Obama television spot accuses Romney of supporting "sweatshop conditions" through an old Bain Capital investment in China. Yet amid all the campaign tough talk about China, three of Romney's most prominent GOP surrogates were down in Texas last week, begging Chinese investors to set up shop in their states. "We're all here talking to them about why they should come to each of our states, and why for sure they should come to our country," Florida Gov. Rick Scott told FOX News as he, Rick Perry of Texas, Scott Walker of Wisconsin gathered at Cowboys Stadium in Arlington, Texas to meet with a traveling contingent from China touring the United States for nine days, looking for places to park their cash. It just goes to show: Black-and-white campaign slogans don't easily translate into economic policy, including the exquisitely complex U.S.-China economic relationship. For one thing, most economic experts doubt that Romney would really wrangle with the United States's biggest creditor, given the risks of a trade war. Indeed, the former Massachusetts governor's tone in the first presidential debate Oct. 3 already seemed a bit softer, as he promised to "crack down on China, if and when they cheat." But the dynamics are even more complicated when it comes to rapidly rising Chinese investment in the United States, particularly at the state and local level, where government officials of both parties are eagerly courting Chinese investments in waterfront rehabilitation plans, energy deals, greenfield projects and auto manufacturing. There are plenty of hiccups and failed deals, like Obama's high-profile decision to block the acquisition of four Oregon wind farms by Chinese-affiliated Ralls Corp., last week, on national security grounds. With China, you never quite know whether a firm is truly "private," or an arm of the state. But Chinese investment is way up in recent years, and Congress, which helped sink the Chinese purchase of Unocal Corp. in 2005, has been largely quiet on a broad range of Chinese acquisitions. That's in part because the U.S. economy badly needs the investment -- attracting foreign investment is going to be a major theme in any tax reform debate next year -- and in part because Chinese firms have gotten smarter about lobbying, and have won friends in Washington. Kevin G. Nealer, a partner at the Scowcroft Group, says that the scale of China's investments have changed the equation. Nealer was a Senate l8

5eadership staffer in the 1980s, when Japan's sudden emergency as a car and technology powerhouse provoked rage on Capitol Hill -- and when that fury started abating. "I saw the inflection point in trade neuralgia come when Japanese firms started making major investments here, building factories and hiring American workers at Toyota and Honda plants by the thousands," Nealer says. Business groups and analysts say that's already beginning to happen, though the level of investment is still small compared to countries like Germany. While China is the U.S. government's biggest creditor, with $1.15 trillion in Treasury securities, it still has relatively little money invested in elsewhere in the U.S. economy. In a report last week, Thilo Hanemann and Adam Lysenko of the Rhodium Group, an investment firm that closely tracks Chinese investment, said that before 2008, Chinese firms were responsible for very few jobs in the United States. "One of the most important questions is how Chinese investment affects U.S. employment," the authors note. While the figure is still small, it now stands at about 27,000, they said, as China has rapidly ramped up its investments "from an annual average of around 30 deals worth less than $500 million before 2009 to almost 100 deals worth about $5 billion in 2010 and 2011." Investment in the first half of 2012 alone totaled $3.6 billion, led by big Chinese acquisitions in the U.S. energy and banking sectors, like the Industrial & Commercial Bank of China Ltd.'s purchase of an 80 percent stake in the Bank of East Asia's U.S. subsidiary, a move that required approval by the Federal Reserve. For state and local governments, it's all about jobs. U.S. governors from both parties regularly go to China to solicit investment. And Michael Bell, the Democratic mayor of Toledo, Ohio -- exactly the region where Romney and Ryan are directing some of their harshest China attacks -- has drawn attention for attracting $200 million in Chinese property development investment. It's one of the chief reasons that China weathered the failed 2005 attempt by state-owned China National Offshore Oil Company Ltd. (CNOOC) to purchase Unocal. "To a degree, all politics are local," said one D.C. lawyer who has worked with Chinese investors. "If you're able to do it the right way, in a way that benefits someone's local district, that helps tamp down some of the concerns." U.S. lawmakers revamped the Committee on Foreign Investment in the United States (CFIUS), the Treasury-based group that last week recommended that Obama block the Ralls sale. And they still raise criticisms about many proposed deals in the sensitive telecom and Internet sectors, where a Chinese firm with government ties could pose a security threat. In July, Chinese telecommunication companies Huawei and ZTE were grilled by members of the House Intelligence Committee about the companies' relationship with the Chinese government. But some Chinese firms have become savvier. They've hired lobbyists at Hill and Knowlton, Patton Boggs and other D.C. shops to press their cases in the corridors of power in Washington. Still, notes Scowcroft's Nealer, some Chinese investors, coming from a culture of government control, can't believe that the U.S. investment process is largely free and open. The U.S. Chamber of Commerce circulated a report in July touting Chinese investment success stories in the United States. The Obama administration has also made efforts to link Chinese firms with American companies.

#### Fiscal Cliff proves Obama can manage energy fights and his agenda

Heritage Foundation 1/3/13 (Nicolas Loris and Katie Tubb, “Corporate Welfare for Energy Companies Should Have Gone Off the Cliff,” <http://blog.heritage.org/2013/01/03/corporate-welfare-for-energy-companies-should-have-gone-off-the-cliff/>

The fiscal cliff deal is not only preventing certain politically motivated energy tax policies from falling off the cliff, but it’s also resurrecting ones that have been dead and buried for a year.¶ Lumped into the 157-page fiscal cliff bill are extensions of energy handouts that were originally scheduled to retire, as well as retroactively rewarded tax breaks for renewable energy that expired at the end of 2011. The inclusion of these targeted tax breaks is a clear indication that Congress is not serious about (1) reducing spending, (2) ending the government’s meddling in the energy sector, or (3) standing up against political interests.

#### The plan is guidance not legislation

Jackson 10 (James K. Jackson, CRS Specialist in International Trade and Finance, Foreign Investment, CFIUS, and Homeland Security: An Overview, February 4, http://fpc.state.gov/documents/organization/138597.pdf)

While CFIUS’s activities often seem to be quite opaque, the Committee is not free to establish an independent approach to reviewing foreign investment transactions, but operates under the authority of the President and reflects his attitudes and policies. As a result, any discretion CFIUS uses to review and to investigate foreign investment cases reflects policy guidance from the President. Foreign investors are also constrained by legislation that bars foreign direct investment in such industries as maritime, aircraft, banking, resources and power. 7 Generally, these sectors were closed to foreign investors prior to passage of the Exon-Florio provision in order to prevent public services and public interest activities from falling under foreign control, primarily for national defense purposes.

#### That means no link

Hamilton and Schroeder 1994 [James T. Hamilton is an assistant Professor of Public Policy, Economics and Political Science at Duke University, Christopher H. Schroeder is a Professor of Law at Duke University School of Law “Strategic Regulators and the Choice of Rulemaking Procedures: The Selection of Formal vs. Informal Rules in Regulating Hazardous Waste http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=4229&context=lcp]

3. As the regulatory costs imposed on parties increase, the more likely the parties will resist and, hence, the more likely the agency is to use informal rulemaking. Industry interest groups may attempt to weaken costly formal rules by commenting on them during the formal rulemaking process or by challenging them in court. Similarly, environmentalists may attempt to strengthen provisions through submissions and court challenges. Regulatory costs for industry include expenditures arising from compliance and enforcement actions, while costs for environmentalists may relate to the potential environmental damages posed by the activity regulated. The more at stake for regulated parties and other intervenors, the more likely the agency may be to issue the rule informally. Issuing a costly rule through the informal process has several advantages for the agency: it makes input from interest groups less likely than under the formal process; reduces the ease with which Congress may monitor agency performance and hence lessens the ability of interest groups to "pull the fire alarm" on agency actions; lessens the probability that an interest group will be able to challenge the rule in court as informal rules lack the long administrative records of formally published rules; and enables the agency to alter costs of compliance for particular parties since informal rules may be applied with more discretion than formal rules.

#### Natural gas production creates political capital.

Davenport 12-6-12

Coral, Energy and Environment Correspondent, How Obama and Congress Could Find Common Ground on Energy http://www.nationaljournal.com/magazine/how-obama-and-congress-could-find-common-ground-on-energy-20121206

Ironically, new U.S. fossil-fuel production could create allies for an energy deal in Washington. During Obama’s first term, a revolution in hydraulic-fracturing technology (“fracking”) unlocked vast new reserves of oil and natural gas trapped in shale, transforming the nation’s energy picture. While just five years ago it appeared that the nation faced growing dependence on foreign oil and gas, it now seems possible that North America will be the world’s biggest energy producer within a decade. The White House is supportive of fracking, because the boom could create up to 1 million jobs and because shale gas produces about 30 percent less carbon pollution than coal. Electric utilities are building power plants to run on gas, not coal, which will also slow the nation’s carbon output. Obama’s embrace of the shale gale has united the White House and some former foes. Earlier this year, White House energy adviser Heather Zichal spoke at an event sponsored by the American Petroleum Institute, the lobbying arm of the oil industry. Halliburton, now the nation’s biggest provider of fracking services, has held multiple meetings with the White House and the State Department about how to safely expand gas fracking at home and abroad. Exxon Mobil, which is now the nation’s largest shale-gas producer, has even expressed cautious support for a carbon tax. Democrat Byron Dorgan, the former senator from North Dakota, the state at the heart of the fracking boom, says these new alliances could result in deals that once seemed unimaginable. “It’s one thing to do it in a crisis; it’s another to do it when you have an opportunity. I think energy can be a signature achievement for this president,” says Dorgan, who is frequently mentioned as a top candidate to become Obama’s second-term Energy secretary.

#### Winners win

Heineman 10 (Ben Heineman Jr. has held top positions in government, law, and business. He is the author of High Performance with High Integrity “No Presidential Greatness Without Spending Political Capital” <http://www.theatlantic.com/politics/archive/2010/03/no-presidential-greatness-without-spending-political-capital/37865/>)

**Only in recent months**, when he was willing to make it his personal issue and to spend significantly from his store of political capital, was President Obama able to achieve victory in the bitter congressional battle over **health care** reform. Presidential greatness is combining policy and politics to win significant victories that have a major impact on the trajectory of national life. Such victories--which upset the status quo--**only occur** when a president takes political risks and is willing to incur short-term unpopularity with significant segments of the electorate. There have been two great Democrat presidents since FDR--Harry Truman and LBJ. Both came to office through the death of a president; both could have run for a second elected term; both declined to do so because they were extremely unpopular; but, part of their unpopularity was due to courageous decisions which required large expenditure of personal capital and which changed the course of history. Truman, now considered by historians as one of our most momentous presidents, has an astounding list of major decisions by his name: the dropping of the atomic bomb; the formation of the UN and NATO; the adoption of the Marshall Plan; the formulation of the Truman Doctrine and the strategy of "containing" the Soviet Union; a willingness to oppose Communist aggression in North Korea (and to fire General Douglas MacArthur); the issuance of executive orders desegregating the Armed Forces, the civil service and government contracting; recognition of the state of Israel; and promotion of the Fair Deal (which was only a mixed success but which expanded social security, the minimum wage and federal housing support). To be sure, Truman's unpopularity was also due to scandals, a war weary nation and vicious debates about who lost China. But his historical standing today is owed, in no small part, to his political courage and willingness to use up the political capital of the presidency on issues of major import. Similarly, LBJ was one of our greatest domestic presidents. Under his leadership from 1964-66, Congress passed the Civil Rights Act of 1964, the Voting Rights Act of 1965, Medicare, Medicaid, the War on Poverty and a path-breaking elementary and secondary education act. Johnson had the courage to spend political capital on great tasks even though he, of all people, knew that his initiatives, especially on race, would split the Roosevelt coalition, drive away Southern whites, weaken the Democratic Party and put his own reelection in jeopardy. After Lincoln, Johnson is considered the president who did the most to overcome the nation's shameful history of slavery and racial discrimination and to advance the ideal of racial justice. To be sure, Johnson's unpopularity also stemmed, in important part, from his prosecution of an increasingly divisive war in South Vietnam and from a complex, domineering personality that his oleaginous rhetoric could not conceal. Yet, his place in history is secure because of courageous domestic decisions which weakened him politically. By contrast, Jimmy Carter and Bill Clinton, the other two Democratic presidents prior to President Obama, are unlikely (even in light of more even-handed views of historians a generation from now) to enter the pantheon of greatness. President Carter's fundamental problem, oddly enough, was that he recklessly spent presidential capital in his first year in office--on reforming water projects, energy reform, welfare reform and numerous other initiatives--with limited or no success. By the end of 1977, his apolitical approach, and his serial failures, had dramatically diminished his reputation in Washington and seriously eroded his popularity in the nation. And he could never recover from his naive policy profligacy as the nation's economy began to suffer from the lethal combination of high inflation and high interest rates. By contrast, President Clinton tried one major domestic initiative early in his administration--health care--and, after being defeated on that, was either on the defensive or advanced a minimalist, safe agenda. With the Republican take-over of Congress in 1994, Clinton had to fight a rear guard action until the 1996 election. Then the Lewinski scandal and impeachment consumed much of the administration's energy, and Dick Morris's "triangulation" meant that Clinton took few significant political risks. Never has there been a president with as much political and policy talent, who presided over a booming economy (due, only in small part, to public policy) but whose major accomplishments were so slender. I always felt that it was a badge of dishonor for Clinton to leave office with a high approval rating for the reasons I have tried to develop here**: no great deeds are possible for a president without a willingness to risk political standing**. The saga of President Obama is but 14 months old. It is too soon to tell whether health care reform will be a policy succ ess in implementation and a long-term political success (like Medicare) as it changes a health care system bristling with problems. And, of course, it is far, far too soon to make any meaningful judgments about his tenure. But, after a first year of aloofness from the political fray of health care, Obama's willingness, since the Massachusetts senatorial election to push his chips on the table, take a huge political gamble, and win a major legislative victory (with uncertain short-term political consequences) echoes decisions of his great Democratic predecessors, Harry **Truman** and Lyndon **Johnson**.

#### No one will fight the plan- pro-energy lobbyists empirically win out

Schwartz and Wald 1/2/13 (NELSON D. SCHWARTZ and MATTHEW L. WALD, Staff, New York Times, “Some Breaks for Industries Are Retained in Fiscal Deal,” <http://www.nytimes.com/2013/01/03/business/some-breaks-for-industries-are-retained-in-fiscal-deal.html?_r=0>

Nearly $250 million for Hollywood. Over $330 million for the railroad industry. More than $220 million for rum producers. And $62 million for doing business in American Samoa.¶ While taxes are expected to increase for most Americans as a result of the deal between the White House and Congress to end the fiscal impasse in Washington, corporate America was more fortunate. A bevy of tax breaks and credits that had been scheduled to expire at the end of 2012 will be extended for another year, costing taxpayers $46.1 billion over the next decade, according to Congress’s Joint Committee on Taxation.¶ The preservation of these subsidies and deductions has become a perennial Washington ritual in recent years, with lobbyists and companies and their allies on Capitol Hill securing their survival in the fine print of the tax code. Washington’s inability to close many of these loopholes is a sign of just how reluctant business is to sacrifice prized subsidies despite loud calls from many chief executives in recent months to raise taxes, cut spending and deal with huge budget deficits.¶ “Except for the people who like it, it’s a giveaway,” said Eric Toder, co-director of the Urban-Brookings Tax Policy Center. “It’s hard to mobilize opposition, but the people who benefit from it benefit a lot.”¶ Many of the provisions survive because they are so obscure. A $62 million tax credit for employers in American Samoa benefits StarKist, which is the largest private employer in the South Pacific island chain, with nearly 2,000 workers there. The tax break was supported by Jeff Bingaman, Democrat of New Mexico, who as former chairman of the Senate Energy and Natural Resources Committee was an advocate for American territories that lack formal Senate representation.¶ “We support the development credit, and it’s a key factor in our ability to maintain competitive operations in American Samoa,” said Mary Sestric, a spokeswoman for StarKist. “This is a big priority for us.”¶ Corporations were keenly sensitive to changes in broader tax policy, in addition to benefiting from direct tax breaks. For example, Goldman Sachs distributed $65 million in stock to 10 senior executives in December instead of January, when the firm typically makes such awards. That move helped them avoid the higher tax rates that will now be imposed on income of $400,000 or more.¶ The chief executive of Goldman, Lloyd C. Blankfein, was among the most prominent corporate executives who backed higher taxes as part of a broader deficit-reduction package. He and other business leaders also met with President Obama late last year as the White House sought support from corporate America during negotiations with Republicans in Congress.¶ Some subsidies, like a break for research by companies, can actually have long-term benefits for the economy, defenders argue.¶ Others, like the one that allows filmmakers to deduct the first $15 million in production expenses for movies made in the United States, are much more narrowly focused but have loyal supporters that manage to keep them alive year after year. Another beneficiary of Congressional largess is Nascar, which will enjoy a $78 million subsidy for racetrack construction over the next 10 years.¶ “Once they get in, they tend to stay in,” said Alan Auerbach, director of the Robert D. Burch Center for Tax Policy and Public Finance at the University of California, Berkeley.¶ Besides the $46.1 billion in corporate incentives over the next 10 years, there is another $18.1 billion in breaks for alternative energy, much of that going to companies as well. Producers of biodiesel, for example, will reap more than $2 billion in tax breaks. And while it may not exactly be an alternative source of energy, producers of coal on Indian lands retained $1 million in tax breaks — a provision backed by Max Baucus, the Montana Democrat who is chairman of the Finance Committee.¶ The wind industry, a chief beneficiary of support from Washington, will get $12 billion in subsidies over the next decade. In fact, the benefits that were included for the wind sector are slightly broader now than in previous years.¶ Under the new rules, contained in the legislation that Mr. Obama signed on Wednesday, new wind farms will be covered by a production tax credit or an investment tax credit similar to the ones that just expired, but the projects will not need to be finished by the end of this year to qualify; they simply must have been started in 2013.¶ The American Wind Energy Association, a trade group, said in an e-mail to its members that the change was made by Congress “specifically in order to accommodate the business timelines of our industry.” The business has been in a tax-driven boom-and-bust cycle.¶ The renewal of the tax benefits was pushed strongly by Mr. Bingaman, Mr. Baucus and Charles E. Grassley, Republican of Iowa. When the Senate began considering “tax extenders,” or continuations of various tax breaks, wind advocates pushed to have all of them included.¶ “There always seemed to be some bipartisan support for this,” said Philip D. Tingle, a lawyer who specializes in energy taxes. “The element, the issue was, how they were going to pay for it.” The renewal will probably cost the Treasury about $12 billion, although the wind industry insists that it will generate so much taxable activity that total tax revenue, including those at the state and local level, will exceed the tax expenditure.¶ The industry undertook a large lobbying campaign and says it generated more than 750,000 letters, e-mails and other communications with Congress. It took nearly 100 members of Congress on tours of wind farms and factories where components are built. The issue may be more regional than partisan; according to the American Wind Energy Association, 80 percent of wind farms are in Congressional districts represented by Republicans, as are 67 percent of the factories.¶ The tax credits were also extended to cover electricity made from biomass, tides and ocean waves, landfill methane and improvements to hydroelectric stations.