## 1AC Card

### 1AC – Investment

#### The United States currently submits all foreign investment deals related to oil and gas production to the Committee on Foreign Investment in the United States, known as CFIUS. These restrictions chill foreign investment and send a signal of US protectionism.

Wilson Center 5-31-12 (Chinese Investment in North American Energy, http://www.wilsoncenter.org/event/chinese-investment-north-american-energy)

While Chinese foreign energy investment is on the rise, the more notable story is China’s shift from a net importer of capital to a nation of massive capital outflows, said Adam Lysenko of the Rhodium Group. Energy investment—initially stalled in the wake of the aborted acquisition of Union Oil Company of California (UNOCAL) by China National Offshore Oil Corporation (CNOOC) in 2005—has increased exponentially with $18.3 billion in bids in 2011 alone. Learning lessons about American protectionism, Chinese firms have changed their strategies since the failed UNOCAL deal and now have made multiple smaller investments that will not attract unwanted political attention. In addition to raw materials, Chinese companies are looking to gain expertise in exploiting these resources for use at home. As for alternative energy, Chinese companies are starting to invest in North American production to get around tariffs. Currently, the Committee on Foreign Investment in the United States (CFIUS) process appears adequate, but the political environment is hurting investment unnecessarily. Lysenko added that many Chinese firms are starting new corporations in the emerging alternative energy industry to avoid CFIUS scrutiny. In order to keep Chinese investments growing, the United States has to find a way to separate national security from politics. While Chinese investment has increased exponentially in the last four years, its total impact should not be exaggerated, said Bo Kong from Johns Hopkins School of Advanced International Studies. CNOOC’s difficulty in acquiring UNOCAL jaded many Chinese investors from investing in the United States, which significantly slowed the flow of investment in the North American energy industry. Chinese companies’ hesitancy to repeat the failure of the UNOCAL deal and American companies’ concerns about both political interference and intellectual property (IP) theft have tempered Chinese investment in North America. However, smaller and more diverse investments on the part of Chinese companies and more safeguards to protect U.S. IP should help accelerate investment in the future. All three Chinese state-owned oil companies are also listed on the New York Stock Exchange, which indicates a willingness to be more transparent. Getting more Chinese companies involved in research and development will lead to a greater respect for international IP laws. Historically, Japan and South Korea were not good stewards of intellectual property, but as both nations started to develop their own technology, they began to respect IP laws. Many feel that increased investment by Chinese firms in research and development will lead to a similar evolution. While China is a resource-hungry and growing country, the real benefit to North American investment is not the energy extracted but rather the techniques and knowledge gleaned from U.S. and Canadian companies, which will allow China’s companies to better extract resources at home.

#### And the recent approval of China’s acquisition of Nexen hasn’t sent a signal of clarity to Chinese investments –deals aren’t descriptive of the overall investment climate which discourages foreign investment

AFP 3/9/13 (“China urges 'transparency' in US investment checks” <http://www.google.com/hostednews/afp/article/ALeqM5i30aWBa0GriBbNQp2MtRrKI0fQXA?docId=CNG.27ef70857747573796976c04a8966f67.6e1>)

BEIJING — The United States should be more transparent on security checks on foreign investments, China said on Friday, accusing "some legislators" in developed countries of maintaining a "Cold War mentality". The issue is a bone of contention between Washington and Beijing, which has the world's largest foreign exchange reserves and is looking to diversify its assets. Only one out of every three dollars Chinese companies propose to invest in the US was approved by Washington, Commerce Minister Chen Deming told reporters on the sidelines of China's National People's Congress parliamentary meeting. "Some legislators in some developed countries still view the overseas investments of Chinese companies, particularly state-owned Chinese firms, with a Cold War mentality and ideology," he said. The United States should be more transparent in its national security checks, he added. "We keenly hope the security examinations will be more open and transparent, and more predictable for companies," he said. In one high-profile case, Chinese engineering giant Sany has sued President Barack Obama and the inter-agency foreign investment watchdog CFIUS for barring a multi-million-dollar wind farm project in Oregon on national security concerns. In October last year a congressional committee said Chinese telecom firms Huawei and ZTE should be excluded from government contracts because their equipment could be used to spy. The following month a US commission asked lawmakers to consider tighter rules on investment by Chinese state-owned firms, warning they could pose economic as well as security risks. But the US approved the takeover last year of Canadian oil producer Nexen by state-owned energy giant CNOOC, a $15.1-billion deal marking China's largest-ever foreign investment. "It shows the United States is assessing the situation and adjusting their policies," Chen said, although he added that the approval had some "unfair and slightly discriminatory" terms.

#### And there’s 2 scenarios –

#### First is protectionism – Global trade is on the brink of collapse- rising US protectionism risks global escalation.

Lincicome 12 (Scott, trade attorney, “Is Missing American Trade Leadership Beginning to Bear Protectionist Fruit? (Hint: Kinda Looks Like It),” June 12, http://lincicome.blogspot.com/2012/06/is-missing-american-trade-leadership.html)

Over the past few years, I and several other US trade-watchers have lamented the United States' dwindling leadership on global trade and economic issues and warned of that trend's troubling potential ramifications. It appears that at least one of our breathless predictions may finally be coming true. Starting in mid-2009 - when it became depressingly clear that the Obama administration viewed trade in mostly political terms and thus would not be advancing a robust, proactive free trade agenda - we free traders expressed grave concern that US recalcitrance could harm not only US companies and workers, but also the entire global free trade system. As I explained in a 2009 oped urging the President to adopt a robust pro-trade agenda (as outlined in this contemporary Cato Institute paper): Since the 1940s, the US has led the charge to remove international barriers to goods, services and investment. The result: a global trade explosion that has enriched American families, spurred innovation, enhanced our security and helped millions escape poverty. Every US president since Herbert Hoover has championed free trade because of its proven benefits.... Because of today's rules-based multilateral trading system and the interdependence of global markets, US fecklessness on trade shouldn't lead to devastating protectionism akin to the Smoot-Hawley-induced tariff wars of the 1930s. But it's still a problem. In 2008, global trade contracted for the first time since 1982, and protectionist pressures abound. The WTO's Doha Round is comatose, even though an ambitious deal could inject US$2 trillion into the reeling global economy. Considering the US has steered every major trade initiative in modern history, any chance for significant progress on trade will disappear without strong American leadership - in word and deed. Since that time, the President has clearly not taken free traders' advice. The WTO's Doha Round is dead, despite a pretty good opportunity to force the issue back in late 2010. The Obama administration took three years to implement already-dusty FTAs with Korea, Panama and Colombia and actually insisted on watering the deals down with new protectionist provisions in order to finally agree to move them. And while countries around the world are signing new trade agreements left and right, we've signed exactly zero and have eschewed important new participants and demanded absurd domestic protectionism in the one agreement that we are negotiating (the TPP). Meanwhile, on the home front the President has publicly championed mercantilism, as his minions quietly pursued myriad efforts to restrict import competition and consumer freedom, embraced competitive devaluation and maintained WTO-illegal policies (while publicly denouncing protectionism, of course). Pretty stark when you lay it all out like that, huh? Despite this depressing state of affairs, it did not appear that the United States' diversion from its long free trade legacy had resulted in a tangible increase in global protectionism (although the death of Doha certainly isn't a good thing). Unfortunately, a new blog post from the FT's Alan Beattie indicates that those chickens may finally be coming home to roost: One of the very few bright spots in governments’ generally grim recent performance of managing the world economy has been that trade protectionism, rampant during the Great Depression, has been relatively absent. That may no longer be the case. The WTO, fairly sanguine about the use of trade barriers over the past few years, warns today that things are getting worrying. The EU made a similar point yesterday. And this monitoring service has been pointing out for a long time that a lot of the new forms of protectionism aren’t counted under the traditional categories, thanks to gaping holes in international trade law. After glancing at the bi-partisan protectionism on display in the 2012 US presidential campaign, Beattie concludes that, on the global trade stage, "things are looking scarier than they have for a while." I'm certainly inclined to agree, and one need only look South to Brazil's frighteningly rapid transition from once-burgeoning free trade star to economically-stagnant, unabashed protectionist to see a scary example of why. And while I agree with Beattie that the world still isn't likely to descend into a 1930s-style trade war - we can thank the WTO and the proliferation of free market economics for that - the rising specter of global protectionism is undoubtedly distressing. And, of course, it has risen just as America's free trade leadership has faded away. Now, as we all know, correlation does not necessarily mean causation, and it's frankly impossible to know just how much the dearth of US trade leadership has actually affected global trade policies. But I think it's pretty safe to say that it certainly hasn't helped matters. Just ask yourself this: how can the US admonish Brazil or any other country about its distressing mercantilism when the President is himself routinely preaching - and his administration is busy implementing - similar policies? How can we decry the global "currency wars" when we're discretely advocating a similar strategy? How can we push back against nations' increasing use of market-distorting subsidies or regulatory protectionism when we're.... I think you get the idea. As I've frequently noted here, it was a Democrat - Secretary of State Cordell Hull - who over 70 years ago began a global free trade movement that until very recently had been led - in word and deed - by Republican and Democratic administrations alike. And while the distressing recent spike in global protectionism may not have been caused by a lack of American trade leadership, it is very, very likely not going to recede until the United States regains its long-held place at the front of the trade liberalization pack.

#### And, restrictions on oil and gas investments explode the scope of foreign investment CFIUS reviews. This expansion of the CFIUS process is a protectionist tool to keep out investment.

Carroll-Emory International Law Review-09 (James, COMMENT: BACK TO THE FUTURE: REDEFINING THE FOREIGN INVESTMENT AND NATIONAL SECURITY ACT'S CONCEPTION OF NATIONAL SECURITY, 23 Emory Int'l L. Rev. 167)

II. Post 9/11 Application of Exon-Florio After 9/11, the CFIUS process shifted to focus more on threats from non-state actors, most noticeably by including the Department of Homeland Security (DHS) among the departments heading the CFIUS board. This shift in focus resulted in the scrutiny of several transactions that did not fit into the traditional military-based interpretation of national security, such as the Chinese purchase of an oil company and the purchase of the operation of ports by an Arab company. The change in the Exon-Florio process culminated in the passage of FINSA, which codified a much broader interpretation of national security that encompassed energy assets and other critical infrastructure. A. A Shift in Foreign Policy Perspective Unsurprisingly, the terrorist attacks of 9/11 dramatically changed the American perspective on national security, including the scrutiny of foreign investment. When Exon-Florio passed, at the end of the Cold War, U.S. foreign policy was still focused on the realist, state-based model of international relations. 86 This realist model largely envisions foreign policy as a competition between states, in which states struggle to find the proper balance between deterrence and reassurance of other governments regarding their good intentions. 87 According to traditional conceptions of realism, non-governmental actors have little or no significant role to play in international relations. 88 The end of the Cold War and the widening web of globalization broadened the spectrum of foreign policy considerations somewhat, but it was not until after 9/11 that the U.S. national security apparatus really shifted to focus more on a range of non-state security threats. 89 The very nature of the 9/11 attacks made it clear that the instruments of globalization could be used to attack the international order itself, and there was a resultant effort on the part of the United States to secure various commercial facilities, such as airports, [\*180] chemical factories, and ports 90 - exemplified in the formation of the DHS to coordinate domestic security measures against terrorism. Consistent with the realist vision of foreign policy, Exon-Florio had focused on state-based acquisitions of defense-related technologies prior to 9/11, with an emphasis on the unique capabilities acquired by foreign governments or "lost" to the United States present in each transaction. 91 As part of the general paradigm change toward considering threats from non-state actors after 9/11, President Bush added the head of the DHS to the CFIUS board in February 2003. 92 Perhaps not coincidentally, "between January 2003 and December 2005, there were six [CFIUS] investigations, and five withdrawals, more than the previous ten years combined." 93 In 2006, the CFIUS conducted seven investigations, the most ever in a single year. 94 B. The Unocal Incident: Protectionism Run Amok The response to the attempt of CNOOC to purchase Unocal, an American oil company, exemplified the tighter CFIUS approach. 95 CNOOC, a Chinese state-owned oil company, regularly purchased foreign oil companies to create joint-ventures between itself and the foreign companies. 96 The Chinese government recognized that there would be a CFIUS review under the Byrd Amendment, since CNOOC was state-owned, but felt that ultimately there was no security risk and that the transaction would pass the CFIUS review. 97 However, on June 24, 2005, 41 members of Congress from both parties wrote to President Bush urging a thorough CFIUS review of the sale. 98 The letter justified the review by raising questions about "whether CNOOC was using Chinese government funds to make the purchase and whether China [\*181] would be acquiring sensitive technology." 99 Congress followed up this letter with the introduction of a resolution in the House on June 29, 2005, that recognized oil and natural gas as strategic national assets and argued that the purchase of Unocal would allow for the oil reserves to be preferentially sent to China - instead of purchasing them on the open market - thus opening up the possibility of China utilizing the "oil weapon" against the United States. 100 China hawks 101 echoed these arguments, claiming that the deal would give China more leverage over the international oil market and that regardless of the facts of the transaction, the symbolic nature of giving into China's resource goals should be prevented at all costs. 102 Unsurprisingly, hawkish arguments toward China played a large role in congressional opposition to the deal. 103 The Bush administration kept relatively quiet during the Unocal controversy, 104 and eventually CNOOC withdrew their bid in the face of the negative publicity. 105 The most remarkable aspect of this episode was the congressional majority's attempt to implicitly redefine national security. The definition of national security was no longer limited to technologies that were at least arguably related to the national defense industrial complex. Congressional opponents of the Unocal sale used public debate surrounding the deal to include energy assets in an expanded interpretation of national security and continued the long-running congressional struggle to use Exon-Florio and the CFIUS review process as a protectionist tool to prevent foreign investment in U.S. industry. 106 Previous CFIUS reviews focused on technological acquisitions that could allow foreign countries unique access to U.S. military capabilities, 107 in contrast to energy companies, which had no [\*182] direct connection to the military. If national security can also mean "important to the United States economy," as energy assets no doubt are, then the definition of national security differs in no meaningful sense from the original "essential commerce" bill that Reagan threatened to veto in order to strip the economic security provisions.

#### And, expanding the scope of CFIUS reviews undermines US trade leadership and triggers retaliation. The impact is global wars.

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C. Economic Retaliation as a Result of CFIUS Protectionism Continued use of Exon-Florio to protect American economic security could also lead to retaliation by our trading partners. 165 The United States loses much of its credibility on global trade leadership when it caves to political pressure and blocks transactions that do not pose a clear threat to national [\*190] security, as it did during the Dubai Ports incident. 166 If the Exon-Florio power continues to widen to affect foreign investment outside of direct national defense concerns, then other countries will replicate such legislation, and protectionist trade wars will escalate. 167 In fact, France, Russia, India, and Canada have already passed, or are considering, more restrictions on foreign investment as a result of what is seen abroad as U.S. protectionism disguised as the CFIUS blocking deals for national security reasons. 168 Russian legislators directly cited the U.S. example of the CFIUS when they debated the potential restrictions on foreign investment: The government has decided to use [the] experience of the US ... where there are stringent limitations for purchase of assets by foreign investors... . In the US if a foreign company is going to buy more than 5% of shares in a company that fulfills orders of the Department of Defense, [the] permit for such [a] deal is issued by the President. 169 The Russian Economy Minister, German Gref, even made the case that the proposed Russian restrictions on foreign investment would be more liberal than the CFIUS process of the United States. 170 Similarly, India retaliated against CFIUS restrictions on one of its telecom companies by placing similar restrictions on U.S. telecom firms that were attempting to enter the Indian market. 171 The Indian government felt that it needed to exclude U.S. companies as long as the United States was restricting Indian companies' transactions with American firms. 172 Both of these incidents are illustrative of a larger point: as long as the United States restricts [\*191] foreign investment unnecessarily through the CFIUS process, other countries will do likewise, inhibiting global trade. 173 Diagnosing the benefits of free trade goes beyond the scope of this Comment, but there is virtual unanimity among economists on both the benefits of foreign direct investment and free trade to the U.S. economy. 174 Without foreign direct investment, the U.S. economy would lose nearly ten million jobs. 175 A dynamic American economy is crucial to national security because without a strong economy, there would be insufficient revenue for the military and national defense. 176 If the U.S. economy were to contract even further, there could be isolationist pressure to reduce the defense budget and withdraw from international commitments. 177 Moreover, global free trade contributes to global stability by spreading democracy, integrating national economies, and dramatically raising the cost of war. 178 Support for regulation of foreign direct investment centers around unsubstantiated fears that foreign direct investment creates economic instability. 179 According to this theory, foreign ownership of important U.S. assets gives other countries the power to destabilize the U.S. economy. 180 In reality, however, foreign direct investment aligns the interests of other [\*192] countries with the United States. 181 If another country owns substantial assets in the United States, its future is tied to the American economy, and that country would be going against its own interests to take any action that may destabilize the American economy. 182

#### ---Free trade prevents multiple scenarios world war 3.

Panzner 2008

Michael, faculty at the New York Institute of Finance, 25-year veteran of the global stock, bond, and currency markets who has worked in New York and London for HSBC, Soros Funds, ABN Amro, Dresdner Bank, and JPMorgan Chase “Financial Armageddon: Protect Your Future from Economic Collapse,” pg. 136-138

Continuing calls for curbs on the flow of finance and trade will inspire the United States and other nations to spew forth protectionist legislation like the notorious Smoot-Hawley bill. Introduced at the start of the Great Depression, it triggered a series of tit-for-tat economic responses, which many commentators believe helped turn a serious economic downturn into a prolonged and devastating global disaster. But if history is any guide, those lessons will have been long forgotten during the next collapse. Eventually, fed by a mood of desperation and growing public anger, restrictions on trade, finance, investment, and immigration will almost certainly intensify. Authorities and ordinary citizens will likely scrutinize the cross-border movement of Americans and outsiders alike, and lawmakers may even call for a general crackdown on nonessential travel. Meanwhile, many nations will make transporting or sending funds to other countries exceedingly difficult. As desperate officials try to limit the fallout from decades of ill-conceived, corrupt, and reckless policies, they will introduce controls on foreign exchange. Foreign individuals and companies seeking to acquire certain American infrastructure assets, or trying to buy property and other assets on the cheap thanks to a rapidly depreciating dollar, will be stymied by limits on investment by noncitizens. Those efforts will cause spasms to ripple across economies and markets, disrupting global payment, settlement, and clearing mechanisms. All of this will, of course, continue to undermine business confidence and consumer spending. In a world of lockouts and lockdowns, any link that transmits systemic financial pressures across markets through arbitrage or portfolio-based risk management, or that allows diseases to be easily spread from one country to the next by tourists and wildlife, or that otherwise facilitates unwelcome exchanges of any kind will be viewed with suspicion and dealt with accordingly. The rise in isolationism and protectionism will bring about ever more heated arguments and dangerous confrontations over shared sources of oil, gas, and other key commodities as well as factors of production that must, out of necessity, be acquired from less-than-friendly nations. Whether involving raw materials used in strategic industries or basic necessities such as food, water, and energy, efforts to secure adequate supplies will take increasing precedence in a world where demand seems constantly out of kilter with supply. Disputes over the misuse, overuse, and pollution of the environment and natural resources will become more commonplace. Around the world, such tensions will give rise to full-scale military encounters, often with minimal provocation. In some instances, economic conditions will serve as a convenient pretext for conflicts that stem from cultural and religious differences. Alternatively, nations may look to divert attention away from domestic problems by channeling frustration and populist sentiment toward other countries and cultures. Enabled by cheap technology and the waning threat of American retribution, terrorist groups will likely boost the frequency and scale of their horrifying attacks, bringing the threat of random violence to a whole new level. Turbulent conditions will encourage aggressive saber rattling and interdictions by rogue nations running amok. Age-old clashes will also take on a new, more heated sense of urgency. China will likely assume an increasingly belligerent posture toward Taiwan, while Iran may embark on overt colonization of its neighbors in the Mideast. Israel, for its part, may look to draw a dwindling list of allies from around the world into a growing number of conflicts. Some observers, like John Mearsheimer, a political scientist at the University of Chicago, have even speculated that an “intense confrontation” between the United States and China is “inevitable” at some point. More than a few disputes will turn out to be almost wholly ideological. Growing cultural and religious differences will be transformed from wars of words to battles soaked in blood. Long-simmering resentments could also degenerate quickly, spurring the basest of human instincts and triggering genocidal acts. Terrorists employing biological or nuclear weapons will vie with conventional forces using jets, cruise missiles, and bunker-busting bombs to cause widespread destruction. Many will interpret stepped-up conflicts between Muslims and Western societies as the beginnings of a new world war.

#### And only Unilateral FDI liberalization is critical to prevent trade backsliding and prevent economic depression

Erixon and Sally, directors-ECIPE, 10 (Fredrik and Razeen, European Centre for International Political Economy, TRADE, GLOBALISATION AND EMERGING PROTECTIONISM SINCE THE CRISIS, http://www.ecipe.org/media/publication\_pdfs/trade-globalisation-and-emerging-protectionism-since-the-crisis.pdf) **[italics are from original source]** We think Mr. Bentham’s world-view will cause damage, not only to domestic economies but also to the world trading system. This will not be a replay of the 1930s, but a replay of the 1970s is a serious prospect. The world is in danger of undoing the market reforms of the 1980s and ‘90s that brought unprecedented prosperity, especially to emerging markets outside the West. Like the 1970s, policy backsliding could prolong a severe downturn and compromise eventual recovery. The short-term challenge is to arrest the slide to Big Government at home and creeping protectionism abroad. The medium-term challenge is to get back on track with trade and FDI liberalisation combined with domestic structural reforms – substantial “unﬁnished business” left before the crisis struck. More, not less, markets and globalisation are what the world needs. That is primarily a matter for *unilateral* action by governments and *competitive emulation* among them. It can be reinforced by international policy cooperation in the WTO, G20 and other fora, but not too much can be expected of cumbersome global-governance mechanisms. Overall, limits to government intervention and a well-functioning market economy are of a piece with open markets, economic globalisation and international political stability.

#### And Scenario 2 is the economy –

#### Chinese FDI to the US declined sharply in 2012 but could rebound if the US takes steps to liberalize its national security FDI policy towards China.

Hanemann 12-28 (Theo, research director at the Rhodium Group and leads the firm’s cross-border investment work, Chinese FDI in the US in 2012, http://rhgroup.net/notes/chinese-direct-investmnet-in-the-u-s-in-2012-a-record-year-amid-a-gloomy-fdi-environment)

AGAINST THE GLOBAL TREND The recent growth of Chinese investment is even more remarkable in light of an otherwise bleak FDI picture in the United States. Before the global financial crisis, the United States was the world’s premier destination for foreign direct investment with annual inflows of $200-300 billion. When the crisis hit in 2009 FDI dropped by more than half. In 2010 and 2011 inflows have somewhat stabilized but declined again sharply in 2012 in light of the fragile situation in Europe (which the major source of FDI for the US) and uncertainties for the US growth outlook. Preliminary data from the Bureau of Economic Analysis shows that FDI dropped by more than 30% in the first three quarters of 2012, which indicates that the full year figure will come in at levels not seen since the crisis year 2009 (Figure 2). These trends suggest that China could follow other Asian economies in becoming an important source of FDI for the United States. China today accounts for less than 1% of total U.S. inward FDI stock, but it has become one of the few bright spots in an otherwise gloomy FDI environment. Compared to five years ago, FDI flows from European economies and Canada were down by more than 50% in the first three quarters of 2012. FDI from Asia was holding up better, and China is among the few countries that invested more in the United States than five years ago – an increase of more than 300% according to official statistics from the Bureau of Economic Analysis (Figure 3). These estimates are likely too low as the BEA Balance of Payments figures do not account for flows through offshore financial centers. Figures from Rhodium Group’s China Investment Monitor, which account for such flows, suggest that the increase was even more significant, by nearly 1,300% over five years. Growing investment from China increasingly brings benefits for local economies, for example in the form of employment. Today Chinese firms already employ 29,000 people in the United States, up from less than 10,000 just five years ago. THE RIGHT POLICY RESPONSE Developments in 2012 also underscored the political hurdles in the process of China becoming a major source of FDI for the US. Compared to other emerging FDI exporters in the past like Japan or Korea, China is not a military ally of the United States but sees itself balancing U.S. hegemony. This puts Chinese investors in the spotlight for a range of existing national security concerns related to foreign ownership, among them ownership of critical infrastructure, political and industrial espionage and ownership and proliferation of defense-relevant technologies. In addition to national security risks there are specific concerns about the economic impacts of Chinese investment due to the role of the government in China’s economy and existing asymmetries in market access between China and the United States. Unfortunately the past year was a step back for the political debate on these issues. 2012 saw little progress on substance but instead a lot of political games and populist rhetoric, for example a report by two members of the U.S. House Intelligence Committee that attacks Chinese telecommunications firms and dismisses mitigation options, or efforts by lawmakers and lobbyists to undermine a series of Chinese technology acquisitions, including Wanxiang’s purchase of A123 Systems and BGI Shenzhen’s bid for Complete Genomics. The negative headlines from such politicization are damaging the perception of the U.S. as an investment destination in China, despite U.S. openness and the hard work that is done by governors, mayors and other local officials to promote inward investment. Political games are also a distraction from advancing the debate on important questions such as the risks from Chinese investment in infrastructure or competitive neutrality of state-owned enterprises. If the United States wants to maximize benefits from China’s beginning outward FDI boom, policymakers need to stop beating the drums and instead focus on solutions that allow the US to maintain an open investment environment while addressing real concerns. Otherwise Chinese investors will carry their cash elsewhere, for the example Europe, where Chinese FDI has topped $10 billion for the second year in a row, almost double of what the United States received over the past two years (Figure 4). Europe’s greater attraction can mostly be explained by commercial opportunities including privatization programs and troubled industrial assets, but different national security sensitivities and the perception that Europe is more welcoming to Chinese investment than the United States did play a role too. It is too early to declare Europe the winner in the race for Chinese investment, but it is time for Washington to move past politics, emphasize openness and tackle structural reforms to ensure the United States remains a top destination for FDI from China and elsewhere.

#### And, energy restrictions destroy investor confidence, which crushes the dollar and triggers economic recession- the vague CFIUS interpretation of national security chills ALL foreign investment.

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B. National Security and Investor Uncertainty The uncertain interpretation of national security in Exon-Florio, combined with the broad sweep of terms like "energy assets" and "critical infrastructure" make the outcome of the CFIUS process nearly impossible to predict. 150 Continuing to construe the term national security broadly could have a chilling effect on all foreign investment within the United States, as it would send a [\*188] signal that the age of openness to foreign direct investment is coming to a close. 151 Broadly defining national security creates costly uncertainty for foreign investors, as even the most sophisticated legal counsel cannot predict which investments will avoid a politicized CFIUS review. 152 According to Alan Greenspan, regulatory uncertainty deters business investment. 153 Defenders of the current process may point out that presidential vetoes are rare, as there have been none issued since 1990, and some controversial transactions, such as the Alcatel Lucent merger, have recently been approved. 154 Although presidential vetoes of transactions remain relatively scarce, the broad sweep of potential investigations can deter foreign direct investment without the president ever formally vetoing a transaction, as was done in the past to CNOOC and Dubai Ports. 155 Even if the foreign enterprises do not touch upon defense technology, fear of an irrational regulatory regime may discourage deals on the margins. 156 As CFIUS reviews of foreign investment in critical infrastructure continue to be based upon mere political expediency, foreign countries may become wary of investing in the dollar if they see that Congress is willing to limit the amount of investment choices available to them. 157 While a wholesale dumping of American assets is unlikely, continual investigations of relatively innocuous foreign transactions like Unocal and Dubai Ports could lead foreigners to reconsider some of their investments. 158 [\*189] Losing foreign investment in the United States could push the dollar down against other currencies, such as the rising euro. 159 A decline in the dollar fueled by investor pullout could cause interest rates to soar, possibly even worsening the current recession. 160 In an era when the dollar is falling in relation to other currencies, and the trade deficit is continuing to widen, the United States cannot afford to discourage foreign investment. 161 Ironically, although foreign investment is one of the major factors maintaining economic growth, public backlash against such investment only deepens. 162 The housing crisis has exacerbated populist concern over the economy, 163 but while the housing crunch is ongoing, foreign investment is more vital than ever to provide liquidity to American markets. 164

#### Economic decline increases the propensity for conventional and nuclear conflict

**Harris and Burrows 09** PhD European History @ Cambridge, counselor in the National Intelligence Council (NIC) & member of the NIC’s Long Range Analysis Unit

Mathew, and Jennifer “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf>

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

#### And conflict is highly likely – several studies prove

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.

#### Economic collapse coming now – pro-investment policy like the aff solves

Ferrara 3/8/2013

Peter, Peter Ferrara is a Heartland senior fellow for entitlement and budget policy, a senior fellow at the Social Security Institute, and the general counsel of the American Civil Rights Union, The Coming Sequester Lies http://blog.heartland.org/2013/03/the-coming-sequester-lies/

The obscured truth that our very dumbed down country right now can’t get is that economic growth is the ultimate determinant of revenues, and deficits. Follow pro-growth policies, and you get booming revenues and disappearing deficits. But that is so yesterday for America, which thinks now with rapidly declining Europe that pro-growth policies are “unfair.” (What is fair about plummeting middle class incomes, soaring poverty, and persistent high unemployment?) This in the formerly richest, most prosperous nation in the history of the world. Good job, Progressives, you have your fundamental transformation of America (into Argentina). The Coming Crash of 2013 I have long been on record as predicting renewed, double dip recession for 2013, just as happened during the depression. The full story on that can be found in my short book published in 2011 by Encounter Books, Obama and the Crash of 2013, and my long 2011 book published by HarperCollins, America’s Ticking Bankruptcy Bomb. That is because all of Obama’s policies are so anti-growth — increasing tax rates, especially on capital investment that is the foundation for jobs and rising wages, increasing regulation, easy money with a weak dollar, and increased government spending, deficits and debt. But here is the first coming sequester lie. When the economy turns down this year, Obama and his socialist Democrats will all blame it on the sequester spending cuts. Cut just the increase in government spending by just 1%, and that is supposed to be the roots of another recession. The great debate will be what caused the downturn, the spending “cuts” or the tax increases, (plus regulation, plus the cheap dollar, plus the exploding escalation of debt). That is if our party-controlled, new socialist media (stop calling them the mainstream media, nothing remotely mainstream about them) even allows the debate on the air.

#### And the plan is a quick injection of capital critical to economic recovery

Xu et al 12 (Ting, China and Economy consultant for Bertelsmann Stiftung, with Thieß Petersen and Tianlong Wang, Cash in Hand: Chinese Foreign Direct Investment in the U.S. and Germany, June,

http://www.bfna.org/sites/default/files/publications/Cash%20in%20Hand%20Second%20Edition%20final.pdf)

Although Chinese FDI has drawn increasing attention in the U.S. and Germany, China still holds less than 0.2 percent of the FDI stocks in both Germany and the U.S. This fact does not match up to the status of the three countries’ leading roles in the global economy. As China continues its economic development and its per-capita income grows, it will enter a new stage of foreign direct investment where its FDI in the U.S. and the EU will continue to experience strong growth. There will be profound implications to the trend, particularly given the current stage of global financial recovery. While the banking sector institutions continue to deleverage as a result of the financial crisis, unleashing investment potential from China can potentially play a much bigger role in bringing those countries that are facing a credit crunch back to growth.

#### Narrowing the definition of national security to exclude “energy assets” insulates the CFIUS process from protectionist manipulation.

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

Conclusion Exon-Florio should be amended to more narrowly define national security. The open-ended nature of the current definition has allowed the process to become politicized. Instead, national security should be specifically defined so as to prevent acquisition of industries that are critical to the military aspects of our national defense and that have capacities that are not duplicable by other market entities. The definition should also serve to ensure that export control laws are not circumvented by foreign acquisition of American companies. The following proposed definition would once again focus on preventing foreign governments from gaining unique military capabilities through private transactions that could threaten American national security: National Security shall be defined so as to consider the following factors in reviewing foreign acquisitions: A. Potential effect upon assets essential to the military aspects of national defense, specifically those firms whose contributions to the national defense cannot be easily replaced by another domestic corporation; B. Whether the acquisition poses a substantial risk of espionage or terrorism that can be certified by the relevant United States intelligence agencies; C. Whether the acquisition would pose a unique risk of weapons proliferation of critical military assets that cannot be otherwise dealt with by United States laws, particularly to countries that are not allies of the United States; [\*198] D. Economic security, or any other factor not mentioned in this section, shall not be considered by the CFIUS process. 222 Such an interpretation of national security would heavily scrutinize acquisition of, or joint ventures with, Lockheed Martin or any other company that makes a large contribution to the defense industrial base. Certain high-tech companies that produce computer chips that give the U.S. armed forces technological advantages over other countries might also fall under this definition. China should not be allowed to acquire a controlling interest in the present-day equivalent of Fairchild Semiconductor. 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 The narrower definition of national security would eliminate the mandatory reviews of every foreign-government-controlled transaction as required by FINSA. 225 Instead, the CFIUS would be given flexibility to decide which transactions truly threaten national security, without being bound to review every governmental acquisition. Narrowing the definition of national security in this manner would allow the CFIUS to focus its resources on real national security threats, rather than waste resources analyzing nearly every transaction involving a foreign governmental takeover. 226 The CFIUS should certainly consider the prospect of terrorism and take every step possible to safeguard against such a risk. In many cases, safeguards such as extra scans on containers should be put in place to minimize the risk of [\*199] terrorism. These safeguards should be applied regardless of whether the ownership is foreign or domestic. 227 Protectionism cannot replace the Department of Homeland Security when it comes to defending critical infrastructure. 228 Besides, the terrorists who struck on 9/11 did not own substantial property within the United States. Nor would the CFIUS regulations have stopped the subsequent terrorist incidents, such as Richard Reid's attempted shoe bomb or the anthrax shipments. In fact, there is no evidence that any company has been used as a front for a terrorist plot. 229 However, transactions should be blocked by the CFIUS on the basis of homeland security only when there is evidence of a clear and present threat of terrorism, or perhaps of espionage or sabotage. If the term "critical infrastructure" must be kept in FINSA, then members of Congress and the CFIUS must do a better job articulating what exactly constitutes critical infrastructure and what they consider the link between foreign ownership of critical infrastructure and threats to national security. 230 Explicitly laying out such guidelines will illustrate the boundaries to foreign investors and will make CFIUS decisions seem less arbitrary and political. 231 Additionally, screening employees of foreign corporations that purchase critical infrastructure can often identify potential security vulnerabilities without taking the drastic step of vetoing a transaction. 232 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 Jose Padilla, John Walker Lindh, and [\*200] 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. In conclusion, 9/11 did radically change the world, and Exon-Florio should change to fit the new realities of homeland security. However, the most effective reform of Exon-Florio is not expansion of the definition of national security to include economic protectionism, but rather a narrowing of the definition to guard against real threats to American security while encouraging beneficial foreign investment. The security challenges of the twenty-first century cannot be met by protectionism. Only by embracing globalization and cooperation can the United States truly achieve national security.

### 1AC – China Gas

#### Currently inexperienced Chinese gas producers are developing blocks of shale domestically, yet they lack technological and methodological expertise due to a lack of partnerships with experienced firms

Haas and Katakey 2/19/13 (Reporters for Bloomberg, “China’s Shale Gas No Revolution as Price Imperils Output: Energy” <http://www.bloomberg.com/news/2013-02-19/china-s-shale-gas-no-revolution-as-price-imperils-output-energy.html>)

“China’s production targets are not realistic,” Chris Faulkner, chief executive officer of Dallas-based shale driller Breitling Oil and Gas Corp., which is in talks in China, said in an e-mail. “The only way China is going to be able to meet its output goals is for the government to pour money into exploration and development and ease up on the price controls.” By dictating fuel prices in a centrally controlled economy, China has discouraged investment in shale because drillers risk losing money. The result: China National Petroleum Corp. and China Petrochemical Corp., the two largest gas producers, didn’t win exploration blocks in the last auction while companies with zero gas-drilling experience did. Missing targets to develop the world’s biggest reserves of shale means China’s imports from foreign gas markets will be greater than anticipated. Such purchases might benefit suppliers of liquefied natural gas from Exxon Mobil Corp. to Woodside Petroleum Ltd., while bolstering supply from nations like Turkmenistan that pipe gas to China. Second Auction China is spending $17 billion a year on natural gas imports, about half in the form of liquefied natural gas. The country will open a record number of LNG receiving terminals this year, proving a boon for more than $100 billion of projects being built by companies such as Exxon Mobil and Chevron Corp. in Australia and Papua New Guinea. The lack of shale enthusiasm was evident in December at the government’s latest and biggest auction of blocks of land containing natural gas trapped in shale rock strata. Coal miners and provincial government investment firms with no experience of shale drilling were among winning bidders. The bids by the big two gas producers and China National Offshore Oil Corp., the largest offshore oil producer, failed. Awarding shale gas prospects to inexperienced companies in the second auction and government price controls on natural gas are likely to ensure imports continue to rise. China imported $8.3 billion worth of liquefied natural gas last year, up 41 percent from 2011. Piped gas comes mainly from Turkmenistan. ‘Massive Subsidy’ “If you want to kick start this industry quickly from zero now, you need to either introduce a massive subsidy or allow free market forces to prevail,” James Hubbard, an analyst at Macquarie Group, said. “You’ve got 20 blocks that have just been awarded to companies no one has ever heard of.” The government would need to increase the subsidy to 1.5 yuan (24 U.S. cents) a cubic meter from the current 0.4 yuan to effectively spur growth, Hubbard said. The 0.4 yuan subsidy is 17.5 percent of the current 2.28 yuan price that Beijing residents pay for piped gas. “More incentives need to be introduced,” Wang Guoqiang, chairman of China-based oilfield service provider SPT Energy Group Inc., said in an interview on Jan. 29. Wang is investing more in Central Asia and the Middle East to hedge the prospect that China’s shale industry doesn’t take off. Lacking Technology Natural gas in New York has declined 4.9 percent this year. The fuel fell to a decade low of $1.91 per million British thermal units in April last year from a record of $13.92 per million Btu in Sept. 2005 as the U.S. ramped up commercial production of shale gas. The U.S. ousted Russia as the world’s biggest gas producer in 2009. Futures rose 1.1 percent to $3.19 per million Btu on the New York Mercantile Exchange as of 11:52 a.m. Singapore time. Drillers in China have yet to produce shale gas commercially, with Royal Dutch Shell Plc helping CNPC to sink the nation’s first horizontal well in 2011. Total SA, Europe’s third-largest oil company, said last week it was in “advanced talks” with a Chinese partner to explore for shale gas. Cnooc Ltd. and China Petrochemical, also known as Sinopec Group, have invested more than $5.7 billion in so-called unconventional oil and gas assets overseas, yet they find their technology lacking at home. No Experience “None of these companies have the below-ground experience of oil producers,” Neil Beveridge, a Hong Kong-based analyst at Sanford C. Bernstein, said in an interview. “They need to partner with other companies to even come close to the targets.” Two phone calls each to Sinopec and CNPC’s offices today seeking comment were not answered and no voicemail was available to leave messages. Without unlocking shale gas reserves, China’s only option is to import more LNG.

#### China is limiting itself to “hands off” oil and gas deals – these small partnerships don’t secure technical expertise to develop Chinese shale – this puts them decades behind gas targets

Mandel 7-17 (Jenny, Reporter for EnergyWire, a daily publication covering the unconventional oil and gas sectors, Previous positions with E&E include editing Land Letter and writing news and feature stories for Greenwire, ClimateWire, and other news outlets, “Will U.S. shale technology make the leap across the Pacific?,” EnergyWire: Tuesday, July 17, 2012, http://www.eenews.net/public/energywire/2012/07/17/1)

Modes of tech transfer Despite the challenges, the allure of a massive new domestic energy source has the Chinese government and private and state-owned companies moving cautiously toward development. Today, virtually all of the key intellectual property behind shale gas extraction lies with North American companies, and one of the first steps the Chinese have taken is to pour money into U.S. and Canadian ventures where those technologies are in use. In 2010 and 2011, China National Offshore Oil Corp. (CNOOC) paid $2.3 billion for partial stakes in plays by Chesapeake Energy Corp. in Texas, Wyoming and Colorado. Earlier this year, Sinopec bought into Oklahoma City-based Devon Energy Corp.'s holdings across Louisiana, Mississippi, Colorado, Ohio and Michigan in a $2.5 billion deal. Chinese companies have also aggressively pursued investment deals in Canadian shale projects. But Johns Hopkins' Kong said attempts by Chinese companies to negotiate North American on-the-job training have been blocked. The deal with Chesapeake, for example, limited the interaction of CNOOC personnel with sensitive technologies by restricting the company's right to send workers into gas fields, Kong said. "The Chinese companies have agreed deliberately not to send their oil workers to American gas fields and not to participate in boardroom decisions," Kong said. "The Chinese companies have agreed to this long-term, slow, gradual approach to gaining know-how in the North American energy sector." The caution stems mostly from a political firestorm that broke out when, in 2005, CNOOC tried to buy Unocal Corp. in an $18.5 billion deal that was eventually withdrawn in the face of opposition from Congress. Since then, there has been a general awareness among Chinese players of the need to move slowly and avoid raising red flags (E&ENews PM, Aug. 2, 2005). So what do Chinese investors gain from these North American investments, then, if not direct access to fracking technologies? "By investing in the U.S. ... they benefit from the spill-over effect," Kong said. They have some personnel involved with the projects, even if they're not learning the nitty-gritty of how to develop a fracking plan, and may be able to pick up some very high-level management expertise that is relevant at home. Home or away? Jane Nakano, a fellow with the Center for Strategic and International Studies' Energy and National Security program, stressed that investing in U.S. projects is not China's most effective means of technology transfer, especially given companies' failure to crack the personnel firewall. "If it's just a matter of getting profits from what comes out of each well or each project, then the amount of money they're pouring into North America does not make economic sense," she said. Rather, Nakano said Chinese gas interests would be best served by opening the domestic market to foreigners. "The most straightforward way would be for them to involve Western or non-Chinese technology holders more proactively" at home, she said. There has been limited involvement by major non-Chinese companies. In 2007, Houston-based Newfield Exploration Co. did a resource study with PetroChina. Royal Dutch Shell PLC has worked with PetroChina under a broader partnership agreement. And Exxon Mobil Corp. has had limited dealings with Sinopec. The first round of bidding on government shale gas leases, which occurred last summer, was open only to state-owned companies, and the final bids awarded parcels to just two large firms. There is speculation that the second round, which could come as early as this month, will expand participation to privately owned companies or even foreign bidders. There are other configurations that could also serve to carry the needed intellectual property into Chinese gas fields. In addition to joint ventures in North America or China with the supermajors, firms could hire foreign service companies to carry out work in China, observing their approach. Chinese companies or government interests could buy up some of the cash-strapped U.S. gas companies that are struggling to stay afloat until U.S. prices rise again and bring their expertise back to the Far East. They could buy U.S. shale resources -- even small ones like those held by individual property owners -- outright, then dictate the terms of development so as to ensure full access to the technologies used. Outside of industry, government-to-government interactions tout cooperation on shale gas, among other forms of energy that could help both U.S. and Chinese carbon emissions reduction efforts. And Chinese scientists work to develop home-grown strategies for shale gas production modeled on what has worked elsewhere. The University of Alberta's Jiang said Chinese shale interests, including both government and industry players, are undecided on how to move forward and how much to focus on domestic development versus lower-cost production overseas. "I don't think they have reached a conclusion one way or the other," he said. As a result, the country pursues "a two legs walking approach -- on the one side they want to explore domestic possibilities, on the other they want to explore possibilities with lower ... prices" elsewhere. That likely means a timeline of a decade, at a minimum, before Chinese shale gas resources are well-understood and a clear path to their development emerges, and potentially as long as two decades, observers say. In the meantime, the Chinese will continue to pursue contracts for natural gas imports to satisfy the strong and growing demand.

#### US gas companies currently negotiate passive deals for Chinese companies because of CFIUS restrictions.

Knowledge @ Wharton 12 (China's Underground Race for Shale Gas, aug 21, http://knowledge.wharton.upenn.edu/arabic/article.cfm?articleid=2851)

Meanwhile, in the U.S., shale gas leaders, such as Devon Energy and Chesapeake Energy, have been reluctant to impart their technology know-how to the firms' Chinese investors, Sinopec and the China National Offshore Oil Corporation (CNOOC), respectively, notes Bo Kong, assistant research professor at the Johns Hopkins University School for Advanced International Studies (SAIS) in Washington, D.C. The Chinese and U.S. companies designed deals giving the Chinese passive, minority stakes to avoid disapproval by the Committee on Foreign Investment in the U.S. (CFIUS), which axed CNOOC's 2005 bid for Unocal. Also, the Sinopec-Devon and CNOOC-Chesapeake deals were struck at a time when the U.S. shale gas industry was at its peak. Today, with gas prices declining and companies such as Chesapeake struggling financially, Chinese companies may be able to negotiate better terms, says CATF's Sung.

#### Only the US has the expertise necessary for China to develop its shale resources- increased Chinese access to US drilling techniques and regulatory methods is critical.

Forbes, manager- Shale Gas Initiative at the World Resources Institute, 12 (Sarah, also the Senior Associate for the Climate and Energy Program at the World Resources Institute, HEARING BEFORE THE U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION: “CHINA’S GLOBAL QUEST FOR RESOURCES AND IMPLICATIONS FOR THE UNITED STATES; CHINA’S PROSPECTS FOR SHALE GAS AND IMPLICATIONS FOR THE U.S.,” January 26, http://pdf.wri.org/testimony/forbes\_testimony\_china\_shale\_gas\_2012-01-26.pdf)

Are there risks as well as opportunities for U.S. companies? From a global perspective, the oil and gas industry is integrated; companies work together on projects all over the world, owning shares in projects and hiring service providers as required for operations. Because of the variation in geology, most of what is needed to develop any oil or gas play is local “know-how,” not technology that is subject to patents. These unique features of the globalized industry result in less dependency on intellectual property protection and the risks of sharing technologies abroad as compared with other industries. For example, while the basic drilling and fracturing technologies needed for shale gas development are relatively uniform, the extraction methodologies depend most heavily on the site-specific geological features of the shale play being developed. Horizontal drilling first occurred in the United States in 1929 and fracing has been performed since 1949 39 . Geological factors that are unique to each well site (e.g., natural gas content, natural fractures of the rock, fracturing ability of the source rock) impact the staging of the fractures, the pressure of the hydraulic fracturing, and the fracturing fluid mixture. It is the experience gained from working many drill sites, in different basins and plays, which is the driving force behind U.S. shale gas development. Chinese companies currently possess the ability to drill wells horizontally and have some experience with fracing 40 , but operators and service providers in the United States currently have a clear global advantage based on the substantial experience with drilling and fracing shales to produce gas and the know-how to use these techniques effectively to maximize output 41 . This being said, the oil industry in China is a very domestic business (especially onshore) and has historically provided international companies with very limited access to onshore resources. Any international involvement typically comes from the creation of partnerships between Chinese companies and foreign companies, which is already happening with shale plays in China, as demonstrated by the PetroChina-Shell and CNOOC-BP JVs. A key question is whether the future shale gas industry in China will be modeled after the offshore oil industry (which includes more JVs) or the onshore oil and gas industry. Future cooperation between governments and businesses should not be limited to financial investments or knowledge sharing on operational practices. Although the United States currently stands as the only country with domestic experience in large-scale shale gas development, the experiences have not been all positive. U.S. regulatory structures, information flow, and enforcement capacities have generally not kept pace with the speed of development in shale formations. Stakeholders affected by U.S. shale gas development have not reached agreement on the risks associated with fracing, although experts agree that practices and regulations should be improved in order for the United States to develop its shale gas resources in an environmentally and socially responsible manner 42 . The growing understanding within state governments of both the level of environmental risks and how to manage them are valuable experiences for Chinese regulators and industrial entities to be aware of and take into account while pursuing and designing Chinese domestic development.

#### Investment in the U.S. solves – even if the U.S. is geographically distinct, it gives China the expertise to capitalize on shale quickly enough and to understand how to experiment with different geographical contexts

Yang 8/08/12 (Catherine, Senior-level Washington, D.C.-based business journalist and communications professional, with in-depth experience in China, technology, economics, and other policy issues. , “China Drills Into Shale Gas, Targeting Huge Reserves Amid Challenges” <http://news.nationalgeographic.com/news/energy/2012/08/120808-china-shale-gas/>)

Hills and water have shaped the story of Chongqing, in China's southwest. At the confluence of the Yangtze and Jialing rivers, the Sichuan Province city became China's first inland port open to foreign commerce in 1891. In the 1930s and '40s, Chongqing served as China's wartime capital, although the mountain ranges on all four sides provided less of a buffer than hoped against Japanese air raids. Now a new chapter in Chongqing's history is being written, as hydraulic fracturing rigs assembled this summer in this undulating landscape to drill into one of China's first shale gas exploration sites. (Related Pictures: "A Rare Look Inside China's Energy Machine") Technology to force natural gas from its underground source rock, shale, has transformed the energy picture of the United States in the past six years, and China—sitting on reserves some 50 percent larger than those of the U.S.—has taken note. Hydraulic fracturing, or fracking, is a made-in-the-U.S.A. process that China aims to import. (Related Interactive: "Breaking Fuel From the Rock") On June 9, state-owned oil giant Sinopec started drilling the first of nine planned shale gas wells in Chongqing, expecting by year's end to produce 11 billion to 18 billion cubic feet (300 to 500 million cubic meters) of natural gas—about the amount China consumes in a single day. It's a small start, but China's ambitions are large; by 2020, the nation's goal is for shale gas to provide 6 percent of its massive energy needs. (Related Quiz: "What You Don't Know About Natural Gas") Because natural gas generates electricity with half the carbon dioxide emissions of coal, China's primary power source, the hope is that shale development, if it is done in an environmentally sound manner, will help pave the way to a cleaner energy future for the world's number one greenhouse gas producer. "Clean, rapid shale gas development in China would reduce global emissions," says Julio Friedmann, chief energy technologist at the U.S. Department of Energy's Lawrence Livermore National Laboratory in California, which has been working with the Chinese on environmentally sound fracking practices. But challenges lie ahead in China's effort to replicate the U.S. shale gas revolution. Early indications are that China's shale geology is different. And above ground, China lacks the extensive pipeline network that has enabled the United States to so quickly bring its new natural gas bounty to market. A daunting issue is whether water-intensive energy development can flourish in China given the strains the nation already faces on water and irrigation-dependent agriculture. Even though there are more questions at this point than answers, China is determined to move ahead. "China now realizes it has incredible opportunity to find another major fuel source other than coal," says Albert Lin, chief executive of EmberClear, an Alberta, Canada-based energy project developer that is a partner of China's largest power producer, China Huaneng Group. Large Reserves, Uncertain Promise Shale gas now makes up 25 percent of the U.S. natural gas supply, less than a decade after Devon Energy and other independent U.S. companies paired high-volume hydraulic fracturing with horizontal drilling to force natural gas from fissures in the soft black rock layer a mile or more underground. Development started near Dallas-Fort Worth, but it has since spread across the country, from Wyoming to Pennsylvania. The process has stirred intense debate over local land, water, and air pollution issues, including the accidental leakage of the potent greenhouse gas methane. (Related: "Natural Gas Stirs Hope and Fear in Pennsylvania" and "Air Pollution From Fracked Wells Will Be Regulated") But the flood of new natural gas onto the U.S. energy market has been a key factor in displacing coal. Coal's share of U.S. electricity production has dropped from almost 50 percent to 34 percent in just three years. Largely as a result of that trend, the United States is on track for its energy-related carbon dioxide emissions in 2012 to be 11 percent lower than in 2005, the U.S. Energy Information Administration (EIA) projects. In China, where coal now generates 80 percent of electricity, there is great potential to curb greenhouse gas emissions by substituting natural gas. A preliminary EIA assessment of world shale reserves last year indicated that China has the world's largest "technically recoverable" resources—with an estimated 1,275 trillion cubic feet (36 trillion cubic meters). That's 20 percent of world resources, and far more than the 862 trillion cubic feet (24 trillion cubic meters) in estimated U.S. shale gas stores. (Related: "Can China Go Green?") But not all shale deposits are alike. The best targets are marine deposits, formed by millions of years of heat and pressure from dead organic material that mixed with mud at the bottom of ancient seas. The decay produces methane, the main component of natural gas. Experts say Sichuan Province and the Tarim Basin in Xinjiang Province in the northwest hold promising marine deposits. Five other areas identified by the EIA as potential shale plays in China, including Inner Mongolia's Ordos Basin and parts of northern China, are more likely to hold non-marine deposits, lacking the rich stores of organic material. Still, from initial drilling in the more promising regions, "we know there's [at least] 6 to 8 trillion cubic meters of recoverable shale gas and maybe more" in China, says Friedmann. (Related Quiz: "What You Don't Know About World Energy") Other attributes of China's shale might pose additional challenges. It's believed that many of the deposits are mixed with clay. Clay's pliable, bendable quality makes it more difficult to fracture or break than shale containing more brittle quartz. In addition, shale in Sichuan is 1.2 to 3.7 miles (2 to 6 kilometers) below ground. On the higher end, that's deeper than many of the U.S. deposits, and the mountainous terrain above ground increases the difficulty and cost of drilling. One of the top producing U.S. shale plays, Haynesville in east Texas and western Louisiana, has relatively deep deposits—1.9 to 2.5 miles (3 to 4 kilometers) below ground, notes Bruce Hill, senior geologist at the Clean Air Task Force, a Boston nonprofit that works to lessen fracking's environmental impact. The U.S. experience would suggest that deep fracking can be done, but China's geology has yet to be fully explored. "There is no cookbook for doing shale gas," says Edward Chow, senior fellow at the Center for Strategic and International Studies in Washington, D.C. China needs to do "a lot of experimentation and go through trial and error, examining different shales." Seeking Best Location As home to Asia's longest river, the Yangtze, and a network of existing natural gas pipelines, Sichuan is seen by outside experts as a logical place for China to launch its shale gas industry, especially compared to remote Tarim Basin, which lacks any of the vital infrastructure for producing or transporting gas. Still, the water demand of fracking—requiring millions of gallons—presents a serious concern, says David Fridley, a staff scientist at the U.S. Department of Energy's Lawrence Berkeley lab in California. China's per capita water availability is only a quarter of the world average, according to the World Bank. And Sichuan, which produces 10 percent of China's grain, uses a great deal of its water resources for agriculture. Other issues might also hamper development. The same geologic forces that formed Sichuan's steep mountains present sizeable seismic risk. It was in this region that a devastating earthquake killed 70,000 people in 2008; its epicenter was 215 miles (350 kilometers) northwest of Chongqing. Fracking has been linked with small earthquakes in England, and underground disposal of fracking wastewater has been traced to tremors in Ohio and Texas in the United States. (Related: "Tracing Links Between Fracking and Earthquakes" and "Report Links Energy Activities To Higher Quake Risk") Obtaining know-how also could be a stumbling block. "If they want to develop shale gas in five years, [China] has to partner with companies that really understand drilling and completion practices, says Friedmann. State-owned China National Offshore Oil Corporation (CNOOC) entered into a joint venture with U.S. shale gas leader Chesapeake Energy two years ago, in a move experts viewed as a bid to gain access to expertise. In January, Sinopec, China's number two oil company, purchased a one-third stake in several new ventures of industry pioneer Devon Energy for $900 million and commitment to cover $1.6 billion of future drilling costs. But it's unclear how much access to shale gas technology China will gain through those deals. Bo Kong, assistant research professor at the Johns Hopkins University School of Advanced International Relations in Washington, D.C., notes that the Chinese firms hold minority stakes in the companies, with U.S. partners restricting technology transfer. The head of Sinopec, Fu Chengyu, is seen as taking a more politically cautious approach to collaboration with U.S. energy firms after opposition from Washington in 2005 killed his bid, when he headed up CNOOC, to take over the former Unocal Oil Company. (Similar controversy over foreign control of strategic U.S. assets has erupted over CNOOC's $15.1 billion bid last month to buy Calgary, Canada-based Nexen, which has substantial oil and gas drilling operations in the U.S. Gulf of Mexico.) The smaller independent North American gas companies likely welcome Chinese investment, because their own finances have been pummeled by the low natural gas prices their own operations have wrought. But it will be deals with the big international oil companies on China's own turf that likely will bring shale gas expertise to the world's largest energy consumer, experts say. In March, Shell\* signed the first shale gas production-sharing agreement ever in China, with state-owned China National Petroleum Corporation (CNPC), also known as PetroChina. ExxonMobil, BP, Chevron, and the French company Total also have embarked on shale gas partnerships in China. In its 12th Five-Year Plan (2011-2015), China set the goal of producing 229.5 billion cubic feet (6.5 billion cubic meters) of shale gas by 2015; the United States produced about 30 times more shale gas in 2011. But while the U.S. shale gas revolution amounted to roughly a seven-fold increase in production in the past five years, China's aim is to ramp up shale production at least ten-fold between 2015 and 2020.

#### Chinese shale development key to displace their coal use—renewables cant be scaled up fast enough.

Hanger 12 (John, Special Counsel at the law firm Eckert Seamans, and former Secretary of the Pennsylvania Department of Environmental Protection and Commissioner of the Pennsylvania Public Utility Commission, “China Gets Cracking on Fracking: The Best Environmental News Of The Year?,” Aug 14, http://johnhanger.blogspot.com/2012/08/china-gets-cracking-on-fracking-good.html)

China sits on natural gas reserves that are estimated to be 50% higher than the massive gas reserves in the USA. http://news.nationalgeographic.com/news/energy/2012/08/120808-china-shale-gas/. Despite this gargantuan gas resource, coal provides China 80% of its electricity, compared to 34% in the USA, as of May 2012. Why the difference? The shale gas boom that is now more than 10 years long in the USA is just getting started in China and so the Chinese remain heavily reliant on coal to make electricity and for their total energy. Around the world, the basic energy choice is coal or gas. China is just the biggest example of this fundamental fact. China's reliance on coal means that its economic growth brings skyrocketing carbon emissions and other air pollution. Indeed, Chinese air quality is infamous around the world, and smog has been so thick that Beijing airport has been unable to land planes for short periods. As of 2011, China was responsible for 29% of the world's carbon emissions, while the US produced 16%, even though the US economy is still considerably bigger than China's. Moreover, US carbon emissions are declining to 1992 levels, but China's emissions skyrocket. Though China is building substantial new wind, solar, and nuclear generation, those investments are not enough to cut Chinese coal consumption, given economic growth that is still 7% in what some describe as an economic slowdown. Shale gas, however, could be big enough to actually displace significant amounts of coal in China. More gas in China means less mercury, soot. lead, smog, and carbon emissions. China's energy plans call for shale gas to provide 6% of its total energy as soon as 2020. If it achieves that goal, China will avoid more than 500 million tons of carbon pollution per year or about 1.5% of today's total carbon emissions.

#### Increasing demand for Chinese coal production causes water shortages which threaten economic collapse and political instability.

Schneider 11 (Keith, senior editor for Circle of Blue-a nonprofit focusing on resource shortages founded in 2000, Choke Point: China—Confronting Water Scarcity and Energy Demand in the World’s Largest Country, Feb 15, http://www.circleofblue.org/waternews/2011/world/choke-point-china%E2%80%94confronting-water-scarcity-and-energy-demand-in-the-world%E2%80%99s-largest-country/)

By any measure, conventional and otherwise, China’s tireless advance to international economic prominence has been nothing less than astonishing. Over the last decade alone, 70 million new jobs emerged from an economy that this year, according to the World Bank and other authorities, generated the world’s largest markets for cars, steel, cement, glass, housing, energy, power plants, wind turbines, solar panels, highways, high-speed rail systems, airports, and other basic supplies and civic equipment to support a modern economy. Yet, like a tectonic fault line, underlying China’s new standing in the world is an increasingly fierce competition between energy and water that threatens to upend China’s progress. Simply put, according to Chinese authorities and government reports, China’s demand for energy, particularly for coal, is outpacing its freshwater supply. Students of Chinese history and geography, of course, understand that tight supplies of fresh water are nothing new in a nation where 80 percent of the rainfall and snowmelt occurs in the south, while just 20 percent of the moisture occurs in the mostly desert regions of the north and west. What’s new is that China’s surging economic growth is prompting the expanding industrial sector, which consumes 70 percent of the nation’s energy, to call on the government to tap new energy supplies, particularly the enormous reserves of coal in the dry north. The problem, say government officials, is that there is not enough water to mine, process, and consume those reserves, and still develop the modern cities and manufacturing centers that China envisions for the region. “Water shortage is the most important challenge to China right now, the biggest problem for future growth,” said Wang Yahua, deputy director of the Center for China Study at Tsinghua University in Beijing. “It’s a puzzle that the country has to solve.” The consequences of diminishing water reserves and rising energy demand have been a special focus of Circle of Blue’s attention for more than a year. In 2010, in our Choke Point: U.S. series, Circle of Blue found that rising energy demand and diminishing freshwater reserves are two trends moving in opposing direction across America. Moreover, the speed and force of the confrontation is occurring in the places where growth is highest and water resources are under the most stress—California, the Southwest, the Rocky Mountain West, and the Southeast. Modernization vs. Water Resources In December, we expanded our reporting to China. Circle of Blue—in collaboration with the China Environment Forum (CEF) at the Washington-based Woodrow Wilson International Center for Scholars—dispatched four teams of researchers and photographers to 10 Chinese provinces. Their assignment: to report on how the world’s largest nation and second-largest economy is achieving its swift modernization, despite scarce and declining reserves of clean fresh water. In essence, Circle of Blue and CEF completed a national tour of the extensive water circulatory system and vast energy production musculature that makes China go. The result of our reporting is Choke Point: China. In a dozen chapters—starting today and posted weekly online through April—Choke Point: China will report in text, photographs, and interactive graphics the powerful evidence of a potentially ruinous confrontation between growth, water, and fuel that is already visible across China and is virtually certain to grow more dire over the next decade. Choke Point: China, though, is not a narrative of doom. Rather, our journalists and photographers found a powerful narrative in two parts and never before told. The first important finding—left largely unsaid in and outside China—is how effectively the national and provincial governments enacted and enforced a range of water conservation and efficiency measures. Circle of Blue met the engineers, plant managers, and workers who operate China’s robust and often state-of-the-art energy and water installations. We interviewed the academics and government executives who oversee the globally significant water conservation policies and practices that have been essential to China’s new prosperity. Those policies, we found, sharply reduced waste, shifted water from agriculture to industry, and slowed the growth in national water consumption. Though China’s economy has grown almost eight-fold since the mid-1990s, water consumption has increased 15 percent, or 1 percent annually. China’s major cities, including Beijing, are retrofitting their sewage treatment systems to recycle wastewater for use in washing clothes, flushing toilets, and other grey-water applications. Here in Baotou, a desert city of 1.5 million in Inner Mongolia, the giant Baotou Iron and Steel Company plant, one of the world’s largest, produces 10 million metric tons of steel annually in a region that receives mere inches of rainfall a year. The plant—which is 49 square kilometers and employs 50,000 workers—recycles 98 percent of its water, a requirement of a 1997 law that prompted owners of industrial plants to conserve water. Three Trends Converging We also discovered a second vital narrative that most industrial executives and government authorities we interviewed were either not fully aware of or were reluctant to acknowledge: the tightening choke point between rising energy demand and declining freshwater reserves that forms the central story line of the next era of China’s unfolding development. Stripped to its essence, China’s globally significant choke point is caused by three converging trends:Production of coal has tripled since 2000 to 3.15 billion metric tons a year. Government analysts project that China’s energy companies will need to produce an additional billion metric tons of coal annually by 2020, representing a 30 percent increase. Fresh water needed for mining, processing, and consuming coal accounts for the largest share of industrial water use in China, or roughly 120 billion cubic meters a year, a fifth of all the water consumed nationally. Though national conservation policies have helped to limit increases, water consumption nevertheless has climbed to a record 599 billion cubic meters annually, which is 50 billion cubic meters (13 trillion gallons) more than in 2000. Over the next decade, according to government projections, China’s water consumption, driven in large part by increasing coal-fired power production, may reach 670 billion cubic meters annually — 71 billion cubic meters a year more than today. China’s total water resource, according to the National Bureau of Statistics, has dropped 13 percent since the start of the century. In other words China’s water supply is 350 billion cubic meters (93 trillion gallons) less than it was at the start of the century. That’s as much water lost to China each year as flows through the mouth of the Mississippi River in nine months. Chinese climatologists and hydrologists attribute much of the drop to climate change, which is disrupting patterns of rain and snowfall. “It’s just impossible, if you haven’t lived it or experienced it, to understand change in China over the past 25 years, and especially since 1992,” said Kang Wu, a senior fellow and China energy scholar at East-West Center in Hawaii. “It’s a new world. It’s a new country. The worry in China and in the rest of the world is can they sustain it? They want to double the size of the economy again in 10 years. How can they do that? It’s a paradox from an economic point of view. They need a resource balance to meet demand, short-term and long-term. If you look out 10, 20, 30 years, it just looks like it’s not possible.” Rapid GDP Growth Will Continue In interviews, national and provincial government leaders, as well as energy industry executives, said China has every intention of continuing its 10 percent annual economic growth. “We believe that this is possible and we can do this with new technology, new ways to use water and energy,” said Xiangkun Ren, who oversees the coal-to-liquids program for Shenhua Group, the largest coal company in the world. Xiangkun acknowledged that avoiding the looming choke point will not be easy. The tightening loop is already visible in the jammed rail lines, huge coal truck traffic jams, and buckling roads that Circle of Blue encountered in Inner Mongolia—the country’s largest coal producer—and which are responsible for transporting billions of tons of coal from existing mines to market. Energy prices are steadily rising, putting new inflationary pressure on the economy. Even as China has launched enormous new programs of solar, wind, hydro, and seawater-cooled nuclear power, all of which use much less fresh water, energy market conditions will get worse without new supplies of coal, the source of 70 percent of the nation’s energy. China’s economy and the new social contract with its citizens, who have come to expect rising incomes and improving opportunities, is at risk, say some authorities.

#### And, pollution from coal causes environmental protests that threaten CCP rule.

LeVine 12 (Steve, author of The Oil and the Glory, Foreign Policy contributor, CHINA The Cost of Coal , The Weekly Wrap -- Aug. 3, 2012, <http://oilandglory.foreignpolicy.com/posts/2012/08/03/the_weekly_wrap_aug_3_2012_part_i>)

China's moment of coal truth: A question that has vexed us for some time is when we will witness an inflection point in ordinary Chinese tolerance for the coal-borne pollution in their air. At that time, we have argued, we will likely also see a sharp turn away from coal consumption, and more use of cleaner natural gas -- Communist Party leaders will see to it for reasons of political survival. With this shift will come important knock-on events, including a materially smaller increase in projected global CO2 emissions. According to Bernstein Research, that tipping point may now be past. In a note to clients yesterday, Michael W. Parker and Alex Leung argue that the moment of truth became apparent to them in two pollution protests over the last month in the cities of Shifang and Qidong. In the former, violent July protests resulted in the scrapping of a planned metals plant; in the latter last week, the ax fell on a waste pipeline connected to a paper mill, again because of an agitated local citizenry. Their paper's title -- Who Are You Going to Believe: Me or Your Smog-Irritated, Burning, Weeping, Lying Eyes? -- is a reference to what the authors regard as a general outside blindness to a conspicuous new political day. One reason no one is noticing, they say, is the curse of history itself. The record of surging economies -- comparing China with, say Japan -- suggests that a burning aspiration for cleaner surroundings over economic betterment should reach critical mass in China only in about a decade. Yet, "the clear signal from Shifang and Qidong is that China has reached the point today, where the population is ready to take to the streets in protest of worsening environmental conditions," the two researchers write. They go on: Since we all agree that the Chinese government is focused on social harmony, the practical implication is that the government will do whatever is required to ensure that people aren't in the streets protesting not just food prices or lack of jobs, but also the environment. Few observers seem to classify the environment as the kind of issue that could excite the Chinese population into the street or the kind of issue that could result in changing political decision making and economic outcomes. And yet that is exactly what we are seeing.

#### Those pollution protests causes Chinese instability and CCP lashout

Nankivell 05 (Nathan, Senior Researcher @ Office of the Special Advisor Policy, Maritime Forces Pacific Headquarters, Canadian Department of National Defence, China's Pollution and the Threat to Domestic and Regional Stability, China Brief Vol: 5 Issue: 22, http://www.jamestown.org/programs/chinabrief/single/?tx\_ttnews%5Btt\_news%5D=3904&tx\_ttnews%5BbackPid%5D=195&no\_cache=1)

As the impact of pollution on human health becomes more obvious and widespread, it is leading to greater political mobilization and social unrest from those citizens who suffer the most. The latest statement from the October 2005 Central Committee meeting in Shanghai illustrates Beijing’s increasing concern regarding the correlation between unrest and pollution issues. There were more than 74,000 incidents of protest and unrest recorded in China in 2004, up from 58,000 the year before (Asia Times, November 16, 2004). While there are no clear statistics linking this number of protests, riots, and unrest specifically to pollution issues, the fact that pollution was one of four social problems linked to disharmony by the Central Committee implies that there is at least the perception of a strong correlation. For the CCP and neighboring states, social unrest must be viewed as a primary security concern for three reasons: it is creating greater political mobilization, it threatens to forge linkages with democracy movements, and demonstrations are proving more difficult to contain. These three factors have the potential to challenge the CCP’s total political control, thus potentially destabilizing a state with a huge military arsenal and a history of violent, internal conflict that cannot be downplayed or ignored. Protests are uniting a variety of actors throughout local communities. Pollution issues are indiscriminate. The effects, though not equally felt by each person within a community, impact rich and poor, farmers and businessmen, families and individuals alike. As local communities respond to pollution issues through united opposition, it is leaving Beijing with no easy target upon which to blame unrest, and no simple option for how to quell whole communities with a common grievance. Moreover, protests serve as a venue for the politically disaffected who are unhappy with the current state of governance, and may be open to considering alternative forms of political rule. Environmental experts like Elizabeth Economy note that protests afford an opportunity for the environmental movement to forge linkages with democracy advocates. She notes in her book, The River Runs Black, that several environmentalists argue that change is only possible through greater democratization and notes that the environmental and democracy movements united in Eastern Europe prior to the end of the Cold War. It is conceivable that in this way, environmentally-motivated protests might help to spread democracy and undermine CCP rule. A further key challenge is trying to contain protests once they begin. The steady introduction of new media like cell phones, email, and text messaging are preventing China’s authorities from silencing and hiding unrest. Moreover, the ability to send and receive information ensures that domestic and international observers will be made aware of unrest, making it far more difficult for local authorities to employ state-sanctioned force. The security ramifications of greater social unrest cannot be overlooked. Linkages between environmental and democracy advocates potentially challenge the Party’s monolithic control of power. In the past, similar challenges by Falun Gong and the Tiananmen protestors have been met by force and detainment. In an extreme situation, such as national water shortages, social unrest could generate widespread, coordinated action and political mobilization that would serve as a midwife to anti-CCP political challenges, create divisions within the Party over how to deal with the environment, or lead to a massive show of force. Any of these outcomes would mark an erosion or alteration to the CCP’s current power dynamic. And while many would treat political change in China, especially the implosion of the Party, as a welcome development, it must be noted that any slippage of the Party’s dominance would most likely be accompanied by a period of transitional violence. Though most violence would be directed toward dissident Chinese, a ripple effect would be felt in neighboring states through immigration, impediments to trade, and an increased military presence along the Chinese border. All of these situations would alter security assumptions in the region.

#### Miscalculations make conflicts escalate

Friedberg 2011

(July/August, Aaron L., professor of politics and international affairs at the Woodrow Wilson School at Princeton University, Hegemony with Chinese Characteristics, The National Interest, lexis)

Such fears of aggression are heightened by an awareness that anxiety over a lack of legitimacy at home can cause nondemocratic governments to try to deflect popular frustration and discontent toward external enemies. Some Western observers worry, for example, that if China’s economy falters its rulers will try to blame foreigners and even manufacture crises with Taiwan, Japan or the United States in order to rally their people and redirect the population’s anger. Whatever Beijing’s intent, such confrontations could easily spiral out of control. Democratic leaders are hardly immune to the temptation of foreign adventures. However, because the stakes for them are so much lower (being voted out of office rather than being overthrown and imprisoned, or worse), they are less likely to take extreme risks to retain their hold on power.

#### And, collapse of the CCP

#### Pollution causes CCP collapse and nuclear war

Yee and Storey 2002

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

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

Goes global

Plate 03

[Tom, Professor at UCLA, The Straights Times, “Neo-cons a bigger risk to Bush than Chin,” 6-28-2003]

But imagine a China disintegrating- on its own, without neo-conservative or Central Intelligence Agency prompting, much less outright military invasion because the economy (against all predictions) suddenly collapses. That would knock Asia into chaos. A massive flood of refugees would head for Indonesia and other places with poor border controls, which don’t’ want them and cant handle them; some in Japan might lick their lips at the prospect of World War II revisited and look to annex a slice of China. That would send Singapore and Malaysia- once occupied by Japan- into nervous breakdowns. Meanwhile, India might make a grab for Tibet, and Pakistan for Kashmir. Then you can say hello to World War III, Asia style. That’s why wise policy encourages Chinese stability, security and economic growth – the very direction the White House now seems to prefer.

#### Specifically, Chinese pollution causes nuclear war with Russia

Nankivell 05 (Nathan, Senior Researcher @ Office of the Special Advisor Policy, Maritime Forces Pacific Headquarters, Canadian Department of National Defence, China's Pollution and the Threat to Domestic and Regional Stability, China Brief Vol: 5 Issue: 22, http://www.jamestown.org/programs/chinabrief/single/?tx\_ttnews%5Btt\_news%5D=3904&tx\_ttnews%5BbackPid%5D=195&no\_cache=1)

In addition to the concerns already mentioned, pollution, if linked to a specific issue like water shortage, could have important geopolitical ramifications. China’s northern plains, home to hundreds of millions, face acute water shortages. Growing demand, a decade of drought, inefficient delivery methods, and increasing water pollution have reduced per capita water holdings to critical levels. Although Beijing hopes to relieve some of the pressures via the North-South Water Diversion project, it requires tens of billions of dollars and its completion is, at best, still several years away and, at worst, impossible. Yet just to the north lies one of the most under-populated areas in Asia, the Russian Far East. While there is little agreement among scholars about whether resource shortages lead to greater cooperation or conflict, either scenario encompasses security considerations. Russian politicians already allege possible Chinese territorial designs on the region. They note Russia’s falling population in the Far East, currently estimated at some 6 to 7 million, and argue that the growing Chinese population along the border, more than 80 million, may soon take over. While these concerns smack of inflated nationalism and scare tactics, there could be some truth to them. The method by which China might annex the territory can only be speculated upon, but would surely result in full-scale war between two powerful, nuclear-equipped nations.

#### The perception of slowdown risks Chinese lashout in asia and the middle east

Newmeyer 09 DR. JACQUELINE NEWMYER - LONG TERM STRATEGY GROUP- THE CENTER FOR NATIONAL POLICY “ECONOMIC CRISIS: IMPACT ON CHINESE MILITARY MODERNIZATION” APRIL 8, 2009, http://cnponline.org/index.php?ht=a/GetDocumentAction/i/12503

So I think either way, either because of the insecurity that is stoked by what’s happening inside China and perceptions about economic slowdown, and/or because of demonization issues and popular discourse, I think that there’s a real chance that the Chinese leadership could feel compelled, for reasons of state security, to take actions that appear more belligerent abroad. And that could have effects leading up to possibly even military conflict or the use of military force against outside actors in addition to whatever force is used inside China to maintain stability. So I think that would be a real, kind of operational test for the PLA, a modernized force now. So, in conclusion, what struck me in thinking about and preparing for this presentation was there was less divergence between the sort of steady state and the more dramatic impact of the economic downturn scenarios than I expected. Either way, I think there is a chance, or a likelihood, of increased friction between China and other external countries, particular countries, that would affected in the case of increased arm transfers, actors in the Middle East would be affected, possibly also the U.S., and in the case of more serious concern about internal unrest in China, I think China’s relations with the West, and with India, or with Japan would be implicated there. So I think contrary to our hopes which would be that the downturn would have the effect of causing China to turn inwards and reduce the chances for any kind of external problem, I think, in fact, there’s reason to think, and to worry, that the downturn would lead to a greater chance of conflict abroad for China.

### 1AC Russia

#### Advantage \_\_\_\_\_\_ is Russia –

#### Russian oil production is collapsing- additional foreign investment is critical to open up new fields and modernize Russian oil production. Key to prevent Russian economic collapse.

Weitz 1/29/13 (Richard, senior fellow and director of the Center for Political-Military Affairs at Hudson Institute. He analyzes mid- and long-term national and international political-military issues, including by employing scenario-based planning. His current areas of research include defense reform, counterterrorism, homeland security, and U.S. policies towards Europe, the former Soviet Union, Asia, and the Middle East, “Global Insights: Oil Sector a Challenge for Russia, Opportunity for U.S.” <http://www.worldpoliticsreview.com/articles/12672/global-insights-oil-sector-a-challenge-for-russia-opportunity-for-u-s>)

Though Russian oil production continues to rise and is currently approaching Soviet-era levels, forecasts predict it will soon peak and then decline, causing potential problems both for global oil importers and the Russian government’s budget. Averting this decline will require applying more-advanced production techniques to existing fields and exploiting new ones in the Arctic Ocean and elsewhere. Russia’s oil companies will be unable to accomplish this transformation on their own, however. To do so, they will need to secure greater foreign investment and partnerships offering more-advanced technologies and the exposure to better management skills. The benefits of increased foreign investment in the Russian oil sector would be felt by Russians, in terms of their everyday socio-economic conditions, as well as in U.S.-Russian relations, which would be widened and strengthened. Yet, foreign companies, especially those based in the United States, will continue to hold back from supporting the Russian oil sector until the Russian government creates a more benign environment for foreign investment. Last year, Russian oil production increased by an average of 100,000 barrels per day (bpd), to 10.4 million bpd, the highest total since the collapse of the Soviet Union. As Russia exports about half its production, the increase has helped keep oil prices down, with follow-on benefits for a global economy struggling to return to strong growth. These oil exports are also essential for the Russian economy, which derives more than half of its export income from oil, and the Russian government, which depends on oil and natural gas exports for about 40 percent of its budget revenue. In recent years, the government has used this hydrocarbon money to support investment, defense modernization, welfare and pension benefits, and other government programs. The problem for Moscow is that almost all of Russia’s current oil production comes from the giant West Siberian fields developed during the Soviet period. Production there has been declining during the past few years. While Russia has brought a few other smaller fields online in recent years, their production potential is much less and the costs of developing them are much higher. Russian oil production may continue to rise for a few more years, but without new fields entering operation, or the application of more-sophisticated production techniques to the existing fields, Russian oil production is expected to decline starting around 2015, with steady decreases after that. Production could fall to as low as 8 million bpd by 2020. The drop-off in exports could be even greater, as Russian domestic oil consumption continues to rise, almost equaling recent production increases. Last year, for instance, though production increased by 100,000 bpd, domestic consumption rose by 80,000 bpd. With Russians making little progress in conserving energy or using it more efficiently, the trend toward increased domestic consumption is likely to continue. Russia can most logically expand its production through two means: exploiting unconventional sources like oil sands or shale oil, and developing the potentially enormous oil and gas deposits located beneath Russia's continental Arctic shelf. Although development of these sources is just beginning, experts believe that Russia could produce enormous quantities of oil, and natural gas, from them. But Russia will be unable to exploit these “tight oil” and Arctic sources without outside help. Its companies lack the technologies and management skills to produce oil in such challenging locations, which combine remoteness with brutal climate conditions. Russia's limited experience with deepwater oil drilling further hampers its ability to exploit certain sources. As Thane Gustafson, the author of a new book on the Russian oil industry, has observed, “The next generation of Russian oil will have to come from places that are colder, deeper, more remote, geologically more complex and technologically far more demanding than anything Russian companies have tackled to date.” U.S.-based multinationals have the capital and technologies to help Russia exploit its Arctic riches. Meanwhile, the small and medium-sized American companies that revolutionized and revitalized U.S. oil production could bring the same technologies and management skills to Russia. To attract these companies, which could conceivably invest in other regions in Russia as well, the Russian government needs to create a more attractive investment climate. This would include legal, fiscal and regulatory reforms that establish a more competitive and transparent domestic market.

#### ---Russian economic decline results in nuclear conflict – political instability and loose nuclear weapons

Filger, 9 [Sheldon, correspondent for the Huffington Post, “Russian Economy Faces Disastrous Free Fall Contraction,” http://www.globaleconomiccrisis.com/blog/archives/356]

In Russia historically, economic health and political stability are intertwined to a degree that is rarely encountered in other major industrialized economies. It was the economic stagnation of the former Soviet Union that led to its political downfall. Similarly, Medvedev and Putin, both intimately acquainted with their nation’s history, are unquestionably alarmed at the prospect that Russia’s economic crisis will endanger the nation’s political stability, achieved at great cost after years of chaos following the demise of the Soviet Union. Already, strikes and protests are occurring among rank and file workers facing unemployment or non-payment of their salaries. Recent polling demonstrates that the once supreme popularity ratings of Putin and Medvedev are eroding rapidly. Beyond the political elites are the financial oligarchs, who have been forced to deleverage, even unloading their yachts and executive jets in a desperate attempt to raise cash. Should the Russian economy deteriorate to the point where economic collapse is not out of the question, the impact will go far beyond the obvious accelerant such an outcome would be for the Global Economic Crisis. There is a geopolitical dimension that is even more relevant then the economic context. Despite its economic vulnerabilities and perceived decline from superpower status, Russia remains one of only two nations on earth with a nuclear arsenal of sufficient scope and capability to destroy the world as we know it. For that reason, it is not only President Medvedev and Prime Minister Putin who will be lying awake at nights over the prospect that a national economic crisis can transform itself into a virulent and destabilizing social and political upheaval. It just may be possible that U.S. President Barack Obama’s national security team has already briefed him about the consequences of a major economic meltdown in Russia for the peace of the world. After all, the most recent national intelligence estimates put out by the U.S. intelligence community have already concluded that the Global Economic Crisis represents the greatest national security threat to the United States, due to its facilitating political instability in the world. During the years Boris Yeltsin ruled Russia, security forces responsible for guarding the nation’s nuclear arsenal went without pay for months at a time, leading to fears that desperate personnel would illicitly sell nuclear weapons to terrorist organizations. If the current economic crisis in Russia were to deteriorate much further, how secure would the Russian nuclear arsenal remain? It may be that the financial impact of the **Global Economic Crisis is its least dangerous consequence.**

#### ---Resultant civil instability results in regional conflict and arms transferring that magnifies the impact

Steven David, political scientist, FOREIGN AFFAIRS, January/February 1999, p. <http://www.foreignaffairs.org/19990101faessay955/steven-r-david/saving-america-from-the-coming-civil-wars.html>

If internal war does strike Russia, economic deterioration will be a prime cause. From 1989 to the present, the GDP has fallen by 50 percent. In a society where, ten years ago, unemployment scarcely existed, it reached 9.5 percent in 1997 with many economists declaring the true figure to be much higher. Twenty-two percent of Russians live below the official poverty line (earning less than $ 70 a month). Modern Russia can neither collect taxes (it gathers only half the revenue it is due) nor significantly cut spending. Reformers tout privatization as the country's cure-all, but in a land without well-defined property rights or contract law and where subsidies remain a way of life, the prospects for transition to an American-style capitalist economy look remote at best. As the massive devaluation of the ruble and the current political crisis show, Russia's condition is even worse than most analysts feared. If conditions get worse, even the stoic Russian people will soon run out of patience. A future conflict would quickly draw in Russia's military. In the Soviet days civilian rule kept the powerful armed forces in check. But with the Communist Party out of office, what little civilian control remains relies on an exceedingly fragile foundation -- personal friendships between government leaders and military commanders. Meanwhile, the morale of Russian soldiers has fallen to a dangerous low. Drastic cuts in spending mean inadequate pay, housing, and medical care. A new emphasis on domestic missions has created an ideological split between the old and new guard in the military leadership, increasing the risk that disgruntled generals may enter the political fray and feeding the resentment of soldiers who dislike being used as a national police force. Newly enhanced ties between military units and local authorities pose another danger. Soldiers grow ever more dependent on local governments for housing, food, and wages. Draftees serve closer to home, and new laws have increased local control over the armed forces. Were a conflict to emerge between a regional power and Moscow, it is not at all clear which side the military would support. Divining the military's allegiance is crucial, however, since the structure of the Russian Federation makes it virtually certain that regional conflicts will continue to erupt. Russia's 89 republics, krais, and oblasts grow ever more independent in a system that does little to keep them together. As the central government finds itself unable to force its will beyond Moscow (if even that far), power devolves to the periphery. With the economy collapsing, republics feel less and less incentive to pay taxes to Moscow when they receive so little in return. Three-quarters of them already have their own constitutions, nearly all of which make some claim to sovereignty. Strong ethnic bonds promoted by shortsighted Soviet policies may motivate non-Russians to secede from the Federation. Chechnya's successful revolt against Russian control inspired similar movements for autonomy and independence throughout the country. If these rebellions spread and Moscow responds with force, civil war is likely. Should Russia succumb to internal war, the consequences for the United States and Europe will be severe. A major power like Russia -- even though in decline -- does not suffer civil war quietly or alone. An embattled Russian Federation might provoke opportunistic attacks from enemies such as China. Massive flows of refugees would pour into central and western Europe. Armed struggles in Russia could easily spill into its neighbors. Damage from the fighting, particularly attacks on nuclear plants, would poison the environment of much of Europe and Asia. Within Russia, the consequences would be even worse. Just as the sheer brutality of the last Russian civil war laid the basis for the privations of Soviet communism, a second civil war might produce another horrific regime. Most alarming is the real possibility that the violent disintegration of Russia could lead to loss of control over its nuclear arsenal. No nuclear state has ever fallen victim to civil war, but even without a clear precedent the grim consequences can be foreseen. Russia retains some 20,000 nuclear weapons and the raw material for tens of thousands more, in scores of sites scattered throughout the country. So far, the government has managed to prevent the loss of any weapons or much material. If war erupts, however, Moscow's already weak grip on nuclear sites will slacken, making weapons and supplies available to a wide range of anti-American groups and states. Such dispersal of nuclear weapons represents the greatest physical threat America now faces. And it is hard to think of anything that would increase this threat more than the chaos that would follow a Russian civil war.

#### Investors will quickly invest in Russian oil production if the investment playing field is leveled.

Kostanian 8/9/12 (Utilizing a conglomerate of research analysts – \*Karen Kostanian, \*Anton Fedotov, \*Ivan Karachinsky, \*Hootan Yazhari,\*Laura Webster, “Russian oils 2020: The unconventional future” <https://www.usrbc.org/pics/File/member_news/2020_oil.pdf>)

In our launch of the Russia 2020 series we wrote that we expected the market will like “a stabilization if not an improv ement in the environment for private enterprise; tax incentives for oil produc tion; and cuts to the budget’s dependency on oil by taxing less cyclical sectors. This could be enough to keep the budgetbreakeven oil price at about US$100 and set the stage for a big uplift in the private sector and multinat ional investment. Our sense is the most definitive structural change to 2020 will be clarificatio n of the policy shift to stimulate greenfield oil production. Driving oil production is one agenda clearly in sync with President Putin’s geopolitical aims. While many are concerned that this role will largely be delivered by state entities, it is difficult to imagine that production gains will be adequate unless policies are pursued to encourage a degree of private sector and multinational involvement in t he sector. Expect multinationals, with their strategic interest in the sector; their quest for reserves; their technological advantages; and their deep pockets to quickly respond to any levelling of the playing field. We remain of the view that those themes have already started to play out yet our expectation that the market “will like” these prospective changes looks a somewhat heroic statement at present. Wi th so much scepticism about Russia’s policy outlook; with the market focused on the company negatives for taxes on gas vs. the budget positives; and with the long term nature of the impact of policy changes on corporate profits; we expect Russia’s public relations pendulum will need to shift some way before the market starts to view the Russian opportunity with the degree of enthusiasm that multinationals increasingly are. Before Russia can become a structurally more interesting investment opportunity, the country will not just need to properly incentivize investment in oil production – it will also at the same time need to wean the country’s high direct cyclical reliance on the oil price. This should be improved by planned increases in taxes on less cyclical sectors like domestic gas. We see low-hanging fruit of up to 5% of GDP in sustainable tax hikes and plenty more if politically painful decisions are made. While this means tax headwinds for gas, materials, and other less elastic sources of taxes, these changes are crucial to improving the long term sustainability of Russian finances.

#### ---And the U.S. example of CFIUS sets up Russia’s policy – the plan is critical to prevent backsliding against investment openness in Russia

Marchick and Slaughter 2008

David M. Marchick serves as managing director and global head of regulatory affairs for the Carlyle Group, Matthew J. Slaughter is associate dean of the MBA program and professor of international economics at the Tuck School of Business at Dartmouth. Global FDI Policy: Correcting a Protectionist Drift. CSR NO. 34, JUNE 2008 COUNCIL ON FOREIGN RELATIONS

Russia’s move to create a new foreign investment review process was formally launched in a May 2005 address to the Duma, in which Russian president Vladimir Putin called for a new law to protect “strategic industries.” It was given additional impetus by the high price of oil, which has allowed Russia to feel able to accept FDI only on its own terms. But the Russian government’s decision to adopt its own CFIUS-like process also reflected the debate in the United States over Dubai Ports World. Russian officials watched the congressional process that led to the passage of FINSA. They carefully studied U.S. and other countries’ laws, and over a two-year period developed two new foreign investment–related laws. The first—the so-called subsoil law—would restrict foreign ownership of mineral deposits, oil, and natural gas fields, and is still being considered by the Duma. The second—the so-called strategic industries law—has been approved, and creates a CFIUS like process through which government officials will review foreign investments in forty three strategic industries grouped in a number of broad sectors, including “special” and military equipment, aerospace, nuclear power, and natural monopolies. The strategic industries law creates a mandatory filing process for foreign acquisitions of Russian companies in these sectors, bans state-owned entities from acquiring controlling stakes in companies that have “strategic significance for the Russian Federation’s national security,” and contemplates a lengthy review period of between 90 and 180 days. Much like Exon-Florio, the law requires mitigation measures for transactions that trigger certain Russian security interests, as when the target company has access to classified information, trades in controlled goods and technologies, or has military products or recent government defense contracts. The law also takes into account a number of factors typically considered economic rather than national security considerations, including whether the target company has more than a 35 percent market share of a particular commodity. The law mandates confidential treatment of information provided to the government, except for “cases determined by the Russian Federation legislation,” which presumably means for issues resolved by a Russian court.

### 1AC Plan

#### New Plan

The United States Federal Government should substantially reduce foreign investment restrictions on crude oil and natural gas production in the United States.

## \*\*\*2AC

### \*\*\*Investment

### 2AC A2: Investment High

#### It’s not high – Haneman says its only 1% of total U.S. stock as a result of CFIUS review restrictions – the plan sends a signal of clarity critical to growth – and more evidence – investment is too low to solve the economy

Scissors and Payne 1/11/13 (Derek, Senior Research Fellow in Asia Economic Policy, and Dean Cheng is Research Fellow in Chinese Political and Security Affairs, \*Amy, research associate at the Heritage Foundation, “Morning Bell: Chinese Investment in the U.S. Shatters Records” <http://blog.heritage.org/2013/01/11/china-investment-in-the-us-2012/>)

China set a record with its investments around the world in 2012. And in the United States, China shattered its previous investment record. Before people start panicking, it’s important to know: This is not a bad thing. First, let’s put it in perspective. Chinese investment is still very, very small as compared to the size of the U.S. economy. At the national level, the stock of investment is barely $50 billion—which sounds large, but is negligible compared to a stock of American wealth of more than $60 trillion. No one’s “taking over” anything. In fact, more Chinese investment is a good thing. It creates jobs; it benefits companies, and it should be welcomed. It also gives us more leverage to push for a more open Chinese market, which continues to be a major problem. Globally, the U.S. can compete and win with China in terms of economic influence, but we have to be willing to play. We have to be willing to expand our trade and investment in both directions.

#### Lack of clarity will discourage future investment in lucrative areas like oil and gas – that’s AFP

### 2AC A2: Backlash

#### The turn is not unique – congress already backlashes to CFIUS now – it’s a question of whether or not that backlash translates into enforcement against Chinese investment – the plan solves the mechanism they use to restrict Chinese investment

#### **The aff solves congressional backlash – try or die**

Feng, JD-NYU, 09 (YIHENG, CONSEQUENCES OF THE CONGRESSIONAL POLITICIZATION OF FOREIGN DIRECT INVESTMENT ON NATIONAL SECURITY GROUNDS, http://www.law.nyu.edu/ecm\_dlv1/groups/public/@nyu\_law\_website\_\_journals\_\_journal\_of\_international\_law\_and\_politics/documents/documents/ecm\_pro\_064915.pdf)

To combat this threat, the United States government created a FDI review process under the Exon-Florio Amendment of the Omnibus Trade and Competitiveness Act of 1988 (“Exon-Florio”). 5 Exon-Florio and its primary regulatory apparatus, the Commission on Foreign Investment in the United States (“CFIUS”), has served for over two decades to identify problem transactions, mitigate their effects on national security, and provide the president with a means to intervene in FDI transactions. Unfortunately, Exon-Florio and CFIUS are imperfect tools. As recently illustrated by the downfall of two proposed transactions, CNOOC-Unocal and Dubai Ports World-P&O Steam Navigation, the Exon-Florio review process is far too susceptible to outside political forces in the form of overzealous congressional interference with CFIUS and its mission. Rather than address national security concerns, unrestricted political interference based on political games~~man~~ship and economic protectionism6 can result in a chilling effect on future investment opportunities. Political interference may ultimately be unavoidable, but the current system could be reformed so that it decreases the likelihood that Congress will interfere in FDI under the pretext of national security.

### \*\*\*Russia

### 2AC Accidents

#### Russian economic collapse causes accidental nuclear war

FORDEN 2001 (Geoffrey, senior research fellow at the Security Studies Program at MIT, Policy Analysis, May 3)

Because of that need, Russia’s continuing economic difficulties pose a clear and increasing danger to itself, the world at large, and the United States in particular. Russia no longer has the working fleet of early-warning satellites that reassured its leaders that they were not under attack during the most recent false alert—in 1995 when a scientific research rocket, launched from Norway was, for a short time, mistaken for a U.S. nuclear launch. With decaying satellites, the possibility exists that, if a false alert occurs again, Russia might launch its nuclear-tipped missiles.

#### Extinction

PR NEWSWIRE4-29-98

An 'accidental' nuclear attack would create a public health disaster of an unprecedented scale, according to more than 70 articles and speeches on the subject, cited by the authors and written by leading nuclear war experts, public health officials, international peace organizations, and legislators. Furthermore, retired General Lee Butler, Commander from 1991-1994 of all U.S. Strategic Forces under former Chairman of the Joint Chiefs of Staff, General Colin Powell, has warned that from his experience in many "war games" it is plausible that such an attack could provoke a nuclear counterattack that could trigger full-scale nuclear war with billions of casualties worldwide.

### 2AC Relations

#### ---Investment openness solves overall US/Russia relations

Weitz 1/29/13 (Richard, senior fellow and director of the Center for Political-Military Affairs at Hudson Institute. He analyzes mid- and long-term national and international political-military issues, including by employing scenario-based planning. His current areas of research include defense reform, counterterrorism, homeland security, and U.S. policies towards Europe, the former Soviet Union, Asia, and the Middle East, “Global Insights: Oil Sector a Challenge for Russia, Opportunity for U.S.” <http://www.worldpoliticsreview.com/articles/12672/global-insights-oil-sector-a-challenge-for-russia-opportunity-for-u-s>)

To attract these companies, which could conceivably invest in other regions in Russia as well, the Russian government needs to create a more attractive investment climate. This would include legal, fiscal and regulatory reforms that establish a more competitive and transparent domestic market. In particular, the reforms must give tax breaks for energy companies that invest in new fields and technologies; encourage restructuring of the Russian oil industry to make it more innovative; reduce corruption and bureaucracy; and insure that property rights are better protected. The United States would also benefit from a newly cooperative energy arrangement. In a recent paper, Rawi Abdelal of Harvard Business School and Tatiana Mitrova of the Moscow School of Management highlighted the fact that, despite their comprehensive bilateral relationship and the large role Russia and the United States play in global energy issues, the two countries cooperate very little in the hydrocarbon sector. In the view of Russians interviewed by the authors, this paucity of cooperation results from perceived impediments erected by the U.S. government. Similarly, Russian officials see the shale gas revolution as a conspiracy on the part of the United States to undermine Russia’s role in energy markets. Absent forward momentum, the Russia-U.S. energy relationship might even deteriorate. The United States could soon become a major energy exporter again, which would lead to direct energy sales competition between Russia and the United States for the first time in history. One major opportunity for enhanced partnership, as opposed to competition, is the deal reached last August between Exxon Mobil and Rosneft. The project has only recently begun the preliminary seismic surveys, technical assessments and environmental studies that would allow any substantial drilling to start. Bringing the project to fruition, and augmenting it with near-term cooperation on tight oil and other energy projects, is important for both sides. Concrete Russia-U.S. energy collaboration could help dispel mutual misconceptions and perhaps spur U.S. and Russian economic cooperation in other areas. That in turn could help to increase the number of stakeholders in both countries that share an interest in maintaining good relations. These kinds of private-sector ties, as much as political will in Washington and Moscow, will contribute to the health of bilateral ties moving forward.

#### Nuclear war

Allison and Blackwill,10/30/11 – \* director of the Belfer Center for Science and International Affairs at Harvard’s Kennedy School AND \*\* Henry A. Kissinger senior fellow for U.S. foreign policy at the Council on Foreign Relations (Graham and Robert, “10 reasons why Russia still matters,” Politico, <http://www.politico.com/news/stories/1011/67178.html>

That central point is that Russia matters a great deal to a U.S. government seeking to defend and advance its national interests. Prime Minister Vladimir Putin’s decision to return next year as president makes it all the more critical for Washington to manage its relationship with Russia through coherent, realistic policies. No one denies that Russia is a dangerous, difficult, often disappointing state to do business with. We should not overlook its many human rights and legal failures. Nonetheless, Russia is a player whose choices affect our vital interests in nuclear security and energy. It is key to supplying 100,000 U.S. troops fighting in Afghanistan and preventing Iran from acquiring nuclear weapons. Ten realities require U.S. policymakers to advance our nation’s interests by engaging and working with Moscow. First, Russia remains the only nation that can erase the United States from the map in 30 minutes. As every president since John F. Kennedy has recognized, Russia’s cooperation is critical to averting nuclear war. Second, Russia is our most consequential partner in preventing nuclear terrorism. Through a combination of more than $11 billion in U.S. aid, provided through the Nunn-Lugar Cooperative Threat Reduction program, and impressive Russian professionalism, two decades after the collapse of the “evil empire,” not one nuclear weapon has been found loose. Third, Russia plays an essential role in preventing the proliferation of nuclear weapons and missile-delivery systems. As Washington seeks to stop Iran’s drive toward nuclear weapons, Russian choices to sell or withhold sensitive technologies are the difference between failure and the possibility of success. Fourth, Russian support in sharing intelligence and cooperating in operations remains essential to the U.S. war to destroy Al Qaeda and combat other transnational terrorist groups. Fifth, Russia provides a vital supply line to 100,000 U.S. troops fighting in Afghanistan. As U.S. relations with Pakistan have deteriorated, the Russian lifeline has grown ever more important and now accounts for half all daily deliveries. Sixth, Russia is the world’s largest oil producer and second largest gas producer. Over the past decade, Russia has added more oil and gas exports to world energy markets than any other nation. Most major energy transport routes from Eurasia start in Russia or cross its nine time zones. As citizens of a country that imports two of every three of the 20 million barrels of oil that fuel U.S. cars daily, Americans feel Russia’s impact at our gas pumps. Seventh, Moscow is an important player in today’s international system. It is no accident that Russia is one of the five veto-wielding, permanent members of the U.N. Security Council, as well as a member of the G-8 and G-20. A Moscow more closely aligned with U.S. goals would be significant in the balance of power to shape an environment in which China can emerge as a global power without overturning the existing order. Eighth, Russia is the largest country on Earth by land area, abutting China on the East, Poland in the West and the United States across the Arctic. This territory provides transit corridors for supplies to global markets whose stability is vital to the U.S. economy. Ninth, Russia’s brainpower is reflected in the fact that it has won more Nobel Prizes for science than all of Asia, places first in most math competitions and dominates the world chess masters list. The only way U.S. astronauts can now travel to and from the International Space Station is to hitch a ride on Russian rockets. The co-founder of the most advanced digital company in the world, Google, is Russian-born Sergei Brin. Tenth, Russia’s potential as a spoiler is difficult to exaggerate. Consider what a Russian president intent on frustrating U.S. international objectives could do — from stopping the supply flow to Afghanistan to selling S-300 air defense missiles to Tehran to joining China in preventing U.N. Security Council resolutions. So next time you hear a policymaker dismissing Russia with rhetoric about “who cares?” ask them to identify nations that matter more to U.S. success, or failure, in advancing our national interests.

### \*\*\*Offcase

### 2AC T

#### ---we meet-foreign investment restrictions are a type of restriction 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.

#### ---We meet – FDI restrictions explicitly ban production- Ralls proves

Voss 12 (CJ Attorney at Stoel Rives LLP) September 24, 2012 "Energy Law Alert: CFIUS Intervenes in Chinese-Owned Wind Project" http://www.stoel.com/showalert.aspx?Show=9813)

On July 25, 2012, CFIUS issued an Order Establishing Interim Mitigation Measures requiring Ralls to cease further construction and operation of the Oregon Projects, remove all stockpiled or stored items from the Oregon Project sites, and cease access to the sites except to the extent required to remove stored or stockpiled property. In an amended order, dated August 2, 2012, CFIUS modified its prior order, adding further restrictions on Ralls's activities, including a prohibition on the sale or transfer of the Oregon Projects to any third party for the purpose of installing any Sany products and restrictions on the sale or transfer of the equity or assets of the Oregon Projects.

#### ---FDI restrictions via Mitigation agreements are access restrictions.

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

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

#### ---Counter-interpretation—restrictions include limiting conditions

Plummer 29 J., Court Justice, MAX ZLOZOWER, Respondent, v. SAM LINDENBAUM et al., Appellants Civ. No. 3724COURT OF APPEAL OF CALIFORNIA, THIRD APPELLATE DISTRICT100 Cal. App. 766; 281 P. 102; 1929 Cal. App. LEXIS 404September 26, 1929, Decided, lexis

The word "restriction," when used in connection with the grant of interest in real property, is construed as being the legal equivalent of "condition." Either term may be used to denote a limitation upon the full and unqualified enjoyment of the right or estate granted. The words "terms" and "conditions" are often used synonymously when relating to legal rights. "Conditions and restrictions" are that which limits or modifies the existence or character of something; a restriction or qualification. It is a restriction or limitation modifying or destroying the original act with which it is connected, or defeating, terminating or enlarging an estate granted; something which defeats or qualifies an estate; a modus or quality annexed by him that hath an estate, or interest or right to the same, whereby an estate may be either defeated, enlarged, or created upon an uncertain event; a quality annexed to land whereby an estate may be defeated; a qualification or restriction annexed to a deed or device, by virtue of which an estate is made to vest, to be enlarged or defeated upon the happening or not happening of a particular event, or the performance or nonperformance of a particular act.

#### ---These limiting conditions are de-facto prohibitions – they set the bar too high

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)

As Figure 4 (see Appendix) shows, jobs associated with foreign investment grew rapidly between 1985 and 2000 but have since dropped by 10 percent. While data are not yet available for 2005 and 2006, non-official data suggests that 2006 was a record year for overall merger and acquisition activity and there was strong growth of foreign acquisitions of U.S. companies in the United States, although foreign investment levels remain well below levels in 2000. Despite the apparent increase in foreign investment in 2006, one has to ask whether the overall level of foreign investment in the United States would not have been even greater in the absence of the uncertainty created by the Dubai Ports controversy. Indeed, as Figure 3 shows, merger and acquisition activity globally and between U.S. companies has grown much faster than the growth rate of foreign acquisitions of U.S. companies. Anecdotal evidence among investment bankers and CFIUS attorneys suggests that a number of significant foreign acquisitions did not go forward in 2006 due to concerns about CFIUS. These transactions did not go forward either because the foreign investor did not want to go through the CFIUS process or because of concerns that conditions imposed by CFIUS would have put them at a competitive disadvantage vis-à-vis their American competitors.

### 2AC Courts CP

#### A. Nullifying a law is the same thing as reducing a restriction.

Duchossois Indus. v. United States, 2010-1 U.S. Tax Cas. (CCH) P50,344 2010

In Kohler, the taxpayer purchased $ 19.5 million in Mexican pesos for debt in the amount of $ 11.1 million. The pesos had the same restrictions 2 as the restrictions imposed in the instant case; e.g., requiring that the pesos be used only to purchase Mexican goods and services, prohibiting guaranteed dividends, and prohibiting transfer of stock to any Mexican citizen or company for a period of ten years. These restrictions were specifically discussed in Kohler as lowering the value of the pesos that were disbursed in that case, just as in the instant case. "A dollar restricted to being used to purchase the currency of a country in the throes of a financial crisis is worth less than a dollar." Id. at 1035-37. Addressing the government's assessment in Kohler, the Seventh Circuit rejected the government expert's opinion that the stock restrictions had no economic cost or adverse impact. Consequently, the tax assessment in Kohler was "without any foundation whatsoever" and therefore the assessment was "naked." FOOTNOTES 2 The court agrees with plaintiff that the government's avoidance of the word "restrictions" [\*7] in its brief in opposition to plaintiff's motion for summary judgment, and its substitution of the word "conditions," constitutes a transparent attempt to minimize the impact of these restrictions to justify its position that they do not decrease the value of the pesos or the stock involved. As plaintiff points out, both the Seventh Circuit and the Fifth Circuit in GM Trading Corp. v. Commissioner, 121 F.3d 977 (5th Cir. 1997) describe these very same "conditions" as "restrictions." Indeed, the government's expert, Dr. Cragg, referred to them as "restrictions." Of course, a rose is a rose by any other name, and it is the impact of these conditions or restrictions that devalues the pesos and lowers the value of the stock.

#### B. the Court can “reduce restrictions”- contextual evidence

Shim 96 (Yumee, Mountain States Legal Foundation v. Glickman: When a Tree Falls in the Forest, is Anything Left (Of) Standing?, Fall, 1996, 15 Temp. Envtl. L. & Tech. J. 277)

Specifically, plaintiffs alleged that the implementation of the Guidelines would drive up the price of available timber, which would damage their economic well-being as well as the "quality of life of lumber-dependent communities." Additionally, plaintiffs claimed that the Guidelines were environmentally unsound because they would increase the risk of disease and wildfire. Finally, plaintiffs "argued that a favorable ruling by [the] Court [would] redress their injuries because striking down the Guidelines [would] reduce restrictions on timber harvesting, do less damage to the environment, and force the agency to comply with the procedural commands of NFMA and NEPA ...." Id.

#### 2. Permute- do both- Court action provides political cover.

Zotnick, law prof- RWU, 04

David M. Zlotnick, associate professor of law at the Roger Williams University School of Law, visiting professor of law at Washington College, Spring 2004, Roger Williams University Law Review, 9 Roger Williams U. L. Rev. 645, p. 684

On the federal level, the time has come to listen to the voices of reason. In a democracy that claims much of its strength from the power of an independent judiciary, we must heed the moment when its judges proclaim that democratically made laws are nevertheless morally flawed. While by rule and role, many judges feel compelled to restrain their voices, even small efforts may matter. Like the "Whos" of "Whoville" in the Dr. Suess classic, n196 sometimes all it takes is one more voice. Now that the Justices of the Supreme Court are weighing in more forcefully, these voices of conscience may be heard above the din of political posturing. Perhaps, too, these judicial voices will provide political cover to a courageous politician of either party willing to take on this issue. n197 Until that day, however, sentencing under the dual mandatory minimum and Guidelines regimes continues with prosecutors essentially serving as both partisan and judge. To federal judges, chosen for their experience and judgment, this makes a travesty of the justice they have sworn to uphold.

#### CP Links to Politics

Treanor and Sperling, 1993 (William Michael, Associate Professor of Law @ Fordham University, and Gene B., Deputy Assistant to the President for Economic Policy, December, Prospective Overruling and the Revival of "unconstitutional" Statutes, 93 Colum. L. Rev. 1902, Columbia Law Review)

**A judicial decision invalidating a statute** also **skews the political dynamic because**, as a result of that decision, **proponents and opponents of the statute will attach different levels of symbolic importance to its repeal**. Similarly, they will attach different levels of symbolic importance to the passage of new statutes that are also unconstitutional under the invalidating decision. Again, **the skewing favors the proponents of the invalidated statute. The proponents,** having lost in the courts**, place a premium on** legislative endorsement of their position**: the legislature alone can provide a statement in favor of their views by an official governmental actor**. **Opponents of a statute will attach less symbolic value to what the legislature does.** For them, the effect of legislative endorsement will only be cumulative, since the courts have already embraced their position. This difference in symbolic importance for the two sides can alter the political process so that it produces a result inconsistent with majority wishes. **A legislator will incur the enmity of those who support an "unconstitutional" bill by working for its repeal or opposing similar legislation; she is unlikely to win offsetting support from the bill's opponents**. The fate of an Arkansas statute that required public schools to allocate as much time to the teaching of creation science as to evolution illustrates this phenomenon. Although understood to be unconstitutional, the statute was passed by the legislature almost without discussion. 64 The President Pro Tempore of the Senate explained, "It was meaningless, just a piece of junk, so why not vote for it." 65 Had opponents of the bill attached as much importance to blocking it as proponents did to ensuring its passage, the Senator would not have made that statement. But because the statute's symbolic importance was different for the two camps, he voted in favor of the bill.

#### Congress is key to investment

Rosen and Hanemann 2011

Daniel H. Rosen is Founder and China Practice leader of the Rhodium Group and adjuct professor at Columbia University, Thilo Hanemann is Research Director at the Rhodium Group, AN AMERICAN OPEN DOOR?, May 2011, http://asiasociety.org/files/pdf/AnAmericanOpenDoor\_FINAL.pdf

Though the annual numbers are doubling, there is a growing perception in China that the United States is not enthusiastic about Chinese investment. Washington must recapture the high ground on this topic by pointing to the healthy growth in those investment flows to date and by making clear that U.S. policy will remain accommodative. A bipartisan congressional–executive statement is needed to send an unequivocal message of support for increased investment from China. It is especially important that the U.S. Congress plays a positive role in this messaging given its oversight role and recent activism on foreign investment.

#### 5. Turn- Delay-

#### A. the CP will be appealed which delays the final decision

Rosenberg, Law Prof- Chicago, 1991 (Gerald, The Hollow Hope, pg. 87)

The judiciary, like other large political institutions, is afflicted with many bureaucratic problems. However, as proponents of the Constrained Court view argue, the constraints imposed by the structure and process of the legal bureaucracy make courts a **singularly ineffective** institution in producing significant social reform. Among these constraints is the inability to respond quickly. The time between the initiation of a suit, the exhaustion of all appeals, and the issuance of a final decree can be years. This is no less the case when judges act in good faith. Delay is built into the judicial system and it serves to limit[s] the effectiveness of courts. Delay occurs for many reasons. One is overloaded court dockets. During the 1950s and 1960s, the Fifth Circuit, responsible for most of the South, had the nation's most congested dockets (Note 1963, 101). Appeals to that court were naturally delayed. Second, the judicial system allows for many appeals and will bend over backwards to hear a claim.21 Numerous appeals can serve as a tactic to delay final decision. Another reason for delay is the complicated nature of many civil rights suits. Questions of whether the suit is properly a class action, whether local remedies have been exhausted, or whether a different court is the more appropriate forum can keep cases bouncing around lower courts for years. Even if a lower court enjoins certain actions as discriminatory, it may stay the injunction pending appeal. Fourth, higher courts rarely order action. Normally, they remand to the lower court and order it to act. The time involved here, even assuming good faith, can add up. Finally, if a final order does not have a direct effect, if the discrimination is not remedied, the plaintiff's only judicial remedy is to return to court and re-start the process.

#### B. that results in investment uncertainty – the key internal link to all our advantages

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

#### 7. CP will be rolled back.

Pacelle, poli sci prof-Missouri, 02 (Richard, poli sci prof and legal studies coordinator at the univ of Missouri at St. Louis The Role of the Supreme Court in American Politics: The Least Dangerous Branch?, p92)

Even if the Supreme Court was to carve out some sphere of power for itself, there would be significant limitations. Any Court decision has to be enforced, but enforcement power is the province of the president and the executive branch. Thus, the Court is at their mercy. If the president does not like the decision, he does not have to enforce it. Indeed, history books report that Andrew Jackson, upset at the Worcester v. Georgia (1832) decision, growled that “John Marshall made his decision, now let him enforce it.” There was concern that Dwight Eisenhower would not bsack the Brown decision when the Southern states resisted. Ultimately, though quite reluctantly, Eisenhower sent troops to Little Rock to support the decision. What if the Court’s decision requires active policy intervention and the allocation of resources to help carry out the directives? If the courts determine that prisons are overcrowded or schools are substandard, will the legislature, which has the taxing and spending power, be willing to raise and spend money to correct the problem? It took a decade before serious legislative support for the Brown decision was provided. Title VI of the Civil Rights Act of 1964 empowered the government to cut off federal funds to school districts that did not comply with the desegregation directive (Halpern 1995, 30—59). The bottom line is the adage “the Court lacks the sword and the purse”—it lacks the ability to enforce its decisions and the power over the resources to do so. This places a limitation on the justices. If they stray too far from the acceptable boundaries set by Congress or the president, they risk a negative response from the branches with the real power. If the Court can safely be ignored by the other branches and the public, the cost is its institutional legitimacy.

### 2AC K

#### Only the permutation solves --- Technology is inevitable and employing it in conjunction with meditative thought preserves our relation to being while making life better. \*Star this card\* as it assumes their turns.

Heidegger 1955

Martin, Discourse on Thinking, Martin Heidegger: Philosophical and Political Writings pg 94

Let us give it a trial. For all of us, the arrangements, devices, and machinery of technology are to a greater or lesser extent indispensable. It would be foolish to attack technology blindly. It would be shortsighted to condemn it as the work of the devil. We depend on technical devices; they even challenge us to ever greater advances. But suddenly and unaware we find ourselves so firmly shackled to these technical devices that we fall into bondage to them. Still we can act otherwise. We can use technical devices, and yet with proper use also keep ourselves so free of them, that we may let go of them at any time. We can use technical devices as they ought to be used, and also let them alone as something which does not affect our inner and real core. We can affirm the unavoidable use of technical devices, and also deny them the right to dominate us, and so to warp, confuse, and lay waste our nature. But will not saying both yes and no this way to technical devices make our relation to technology ambivalent and insecure? On the contrary! Our relation to technology will become wonderfully simple and relaxed. We let technical devices enter our daily life, and at the same time leave them outside, that is, let them alone, as things which are nothing absolute but remain dependent upon something higher. I would call this comportment toward technology which expresses “yes” and at the same time “no,” by an old word, *releasement toward things*.

#### ---Problem/Solution framing is empirically successful --- Cold war arms control efforts prove you don’t need to reject Cartesian dualisms for successful policy implementation.

Hayward 2006

Steven F., previously the F.K. Weyerhaeuser Fellow at AEI, The Fate of the Earth in the Balance, SOCIETY AND CULTURE, http://www.aei.org/outlook/society-and-culture/the-fate-of-the-earth-in-the-balance/

Is Gore’s high-level metaphysical analysis necessary in the first place? Do we really have to resolve or unwind the problem of Platonic idealism and Cartesian dualism to address the problem of climate change? The example of the previous case in point--the arms race--suggests an answer. The arms race did not require a revolution in human consciousness or a transformation of national and global political institutions to bring about rapid and favorable changes. The kind of grandiose, pretentious thinking exemplified in Fate of the Earth played little or no role in these shifts. The problem turned out to be much simpler. The acute problem of the superpower arms race was mostly a moral problem--not a metaphysical problem--arising from the character of the irreconcilable regimes. As was frequently pointed out, the United States never worried about British or French nuclear weapons. Once the United States and the Soviet Union were able to establish a level of trust and common interest, unwinding the arms race became a relatively easy matter. Nuclear weapons and the threat of nuclear proliferation in unsavory regimes (Iran, North Korea) is still around today, but the acute existential threat of the arms race has receded substantially. In the early 1980s, The Fate of the Earth became the Bible for the nuclear freeze movement--the simplistic idea brought to you by the same people who thought Ronald Reagan was a simpleton. To his credit, then representative and later senator Gore opposed the nuclear freeze. Nowadays Gore has started to call for an immediate freeze on greenhouse-gas emissions, which he must know is unrealistic. His explanation in a recent speech shows that he missed entirely the lesson from that earlier episode: An immediate freeze [on CO2 emissions] has the virtue of being clear, simple, and easy to understand. It can attract support across partisan lines as a logical starting point for the more difficult work that lies ahead. I remember a quarter century ago when I was the author of a complex nuclear arms control plan to deal with the then rampant arms race between our country and the former Soviet Union. At the time, I was strongly opposed to the nuclear freeze movement, which I saw as simplistic and naive. But, three-quarters of the American people supported it--and as I look back on those years I see more clearly now that the outpouring of public support for that very simple and clear mandate changed the political landscape and made it possible for more detailed and sophisticated proposals to eventually be adopted.[38] The irony of this statement is that since the moral and political differences between the United States and the Soviet Union could not be resolved diplomatically, the way to move relations forward was to convert relations into a technical problem (i.e., negotiations over the number and specifications of weapons systems). Gore remained firmly within the technocratic arms-control community throughout this period, even as Schell and others tried to moralize the arms-control problem with the nuclear freeze proposal. But the moral confusion (some critics said the premise of moral equivalence) of the freeze idea made it a sideshow at best and a hindrance at worst. On the contrary, President Reagan’s resistance to the freeze, as well as the conventions of the arms-control process to which Gore held, were crucial to his strategy for changing the dynamic of the arms race. Having been an arms-control technocrat in the 1980s, Gore today wants to turn the primarily technical and economic problems of climate change into a moral problem. Gore’s argument that climate change is a moral problem and not a political problem is not serious, since the leading prescriptions for treating the problem all require massive applications of political power on a global scale. Skeptics and cynics might dismiss Gore’s metaphysical speculations as mere intellectual preening, as many critics did with Fate of the Earth in the 1980s. But such an approach to environmental issues may be an obstacle to many practical, incremental steps that can be taken to solve real climate-policy problems. Once one grasps the Heideggerian character of the Gore approach to thinking about environmental problems, the hesitance about nuclear power comes into better focus. Gore and others in his mold dislike large-scale technologies because they are intrinsic to mankind’s mastery of nature that is driving our supposed alienation from nature. This same premise also explains the frequently hostile reaction of many environmentalists to suggestions that adaptation to climate change should be a part of any serious climate policy, even though many leading climate scientists and the Intergovernmental Panel on Climate Change have embraced adaptation. The suggestion that technologies for climate modification might be developed, which would be the climate policy equivalent of Reagan’s Strategic Defense Initiative, are greeted contemptuously for the same reason.

#### ---Their value to life claims are self-fulfilling --- Being is always already at hand; only the alternative’s neurotic concern for the power of technology distracts us from this fact, makes loss of being possible.

Latour 1993

Bruno, We Have Never Been modern, transl. Catherine Porter, pg 66-67

Who has forgotten Being? No one, no one ever has, otherwise Nature would be truly available as a pure `stock'. Look around you: scientific objects are circulating simultaneously as subjects objects and discourse. Networks are full of Being. As for machines, they are laden with subjects and collectives. How could a being lose its difference, its incompleteness, its mark, its trace of Being? This is never in anyone's power; otherwise we should have to imagine that we have truly been modern, we should be taken in by the upper half of the modern Constitution. Has someone, however, actually forgotten Being? Yes: anyone who really thinks that Being has really been forgotten. As Levi-Strauss says, ,the barbarian is first and foremost the man who believes in barbarism.' (Levi-Strauss, [1952] 1987, p. 12). Those who have failed to undertake empirical studies of sciences, technologies, law, politics, economics, religion or fiction have lost the traces of Being that are distributed everywhere among beings. If, scorning empiricism, you opt out of the exact sciences, then the human sciences, then traditional philosophy, then the sciences of language, and you hunker down in your forest - then you will indeed feel a tragic loss. But what is missing is you yourself, not the world! Heidegger's epigones have converted that glaring weakness into a strength. `We don't know anything empirical, but that doesn't matter, since your world is empty of Being. We are keeping the little flame of Being safe from everything, and you, who have all the rest, have nothing.' On the contrary: we have everything, since we have Being, and beings, and we have never lost track of the difference between Being and beings. We are carrying out the impossible project undertaken by Heidegger, who believed what the modern Constitution said about itself without understanding that what is at issue there is only half of a larger mechanism which has never abandoned the old anthropological matrix. No one can forget Being, since there has never been a modern world, or, by the same token,, metaphysics. We have always remained pre-Socratic,, pre-Cartesian, pre-Kantian, pre-Nietzschean. No radical revolution can separate us from these pasts, so there is no need for reactionary counter¬revolutions to lead us back to what has never been abandoned. Yes, Heraclitus is a surer guide than Heidegger: `Sinai gar kai entautha theous.'

#### ---The alternative ends in atrocity --- Calls to ‘let being be’ displace personal responsibility and are ultimately unable to differentiate between gas chambers and toaster ovens.

Bookchin 1995

Murray, Founder of the Institute for Social Ecology and Former Professor @ Ramapo College, Re Re-Enchanting Humanity: A Defense of the Human Spirit Against Antihumanism, Misanthropy, Mysticism and Primitivism, pg. 168-170

Heidegger's views on technology are part of a larger weltanschauung which is too multicolored to discuss here, and demands a degree of inter¬pretive effort we must forgo for the present in the context of a criticism of technophobia. Suffice it to say that there is a good deal of primitivistic animism in Heidegger's treatment of the 'revealing' that occurs when techne is a 'clearing' for the 'expression' of a crafted material - not unlike the Eskimo sculptor who believes (quite wrongly, I may add) that he is 'bringing out' a hidden form that lies in the walrus ivory he is carving. But this issue must be seen more as a matter of metaphysics than of a spir¬itually charged technique. Thus, when Heidegger praises a windmill, in contrast to the 'challenge' to a tract of land from which the ‘hauling out of coal and ore' is subjected, he is not being 'ecological'. Heidegger is concerned with a windmill, not as an ecological technology, but more metaphysically with the notion that 'its sails do indeed turn in the wind; they are left entirely to the wind's blowing'. The windmill 'does not unlock energy from the air currents, in order to store it'.31 Like man in relation to Being, it is a medium for the 'realization' of wind, not an artifact for acquiring power. Basically, this interpretation of a technological interrelationship reflects a regression - socially and psychologically as well as metaphysically – into quietism. Heidegger advances a message of passivity or passivity conceived as a human activity, an endeavor to let things be and 'disclose' themselves. 'Letting things be' would be little more than a trite Maoist and Buddhist precept were it not that Heidegger as a National Socialist became all too ideologically engaged, rather than 'letting things be', when he was busily undoing 'intellectualism,' democracy, and techno-logical intervention into the 'world'. Considering the time, the place, and the abstract way in which Heidegger treated humanity's 'Fall' into technological ‘inauthenticity’ – a ‘Fall’ that he, like Ellul, regarded as inevitable, albeit a metaphysical, nightmare - it is not hard to see why he could trivialize the Holocaust, when he deigned to notice it at all, as part of a techno-industrial ‘condition’. 'Agriculture is now a motorized (motorsierte) food industry, in essence the same as the manufacturing of corpses in the gas chambers and extermination camps,' he coldly observed, 'the same as the blockade and starvation of the countryside, the same as the production of the hydrogen bombs.’32 In placing the industrial means by which many Jews were killed before the ideological ends that guided their Nazi exterminators, Heidegger essentially displaces the barbarism of a specific state apparatus, of which he was a part, by the technical proficiency he can attribute to the world at large! These immensely revealing offhanded remarks, drawn from a speech he gave in Bremen m 1949, are beneath contempt. But they point to a way of thinking that gave an autonomy to technique that has fearful moral consequences which we are living with these days in the name of the sacred, a phraseology that Heidegger would find very congenial were he alive today. Indeed, technophobia, followed to its logical and crudely primitivistic conclusions, finally devolves into a dark reactionism – and a paralyzing quietism. For if our confrontation with civilization turns on passivity before a ‘disclosing of Being’, a mere ‘dwelling’ on the earth, and a ‘letting things be’, to use Heidegger’s verbiage – much of which has slipped into deep ecology’s vocabulary as well – the choice between supporting barbarism and enlightened humanism has no ethical foundations to sustain it. Freed of values grounded in objectivity, we are lost in a quasi-religious antihumanism, a spirituality that can with the same equanimity hear the cry of a bird and ignore the anguish of six million once-living people who were put to death by the National Socialist state.

#### ---The alternative fails --- Ontological questioning causes paralysis in the face of oppression.

**Levinas & Nemo 1985**

Emmanuel, professor of philosophy, and Philippe, professor of new philosophy, Ethics and Infinity, pg. 6-7

Are we not in need of still more precautions? Must we not step back from this question to raise another, to recognize the obvious circularity of ask­ing what isthe “What is . .?“ question? It seems to beg the question. Is our new suspicion, then, that Heidegger begs the question of metaphysics when he asks “What is poetry?” or “What is thinking?”? Yet his thought is insistently anti-metaphysical. Why, then, does he retain the metaphysical question par excellence? Aware of just such an objection, he pro­poses, against the vicious circle of the *petitio principi,* an alternative, productive circularity: hermeneutic questioning. To ask “What is. . .?“ does not partake of onto-theo-logy if one acknowledges (1) that the answer can never be fixed absolutely, but calls essen­tially, endlessly, for additional “What is . . .?“ ques­tions. Dialectical refinement here replaces vicious circularity. Further, beyond the openmindedness called for by dialectical refinement, hermeneutic questioning (2) insists on avoiding subjective impositions, on avoid­ing reading into rather than harkening to things. One must harken to the things themselves, ultimately to being, in a careful attunement to what is. But do the refinement and care of the herme­neutic question — which succeed in avoiding onto­theo-logy succeed in avoiding all viciousness? Certainly they convert a simple fallacy into a produc­tive inquiry, they open a path for thought. But is it not the case that however much refinement and care one brings to bear, to ask what something is leads to asking what something else is, and so on and so forth, ad infinitum*?* What is disturbing in this is not so much the infinity of interpretive depth, which has the virtue of escaping onto-theo-logy and remaining true to the way things are, to the phenomena, the coming to be and passing away of being. Rather, the problem lies in the influence the endlessly open horizon of such thinking exerts on the way of such thought. That is, the problem lies in what seems to be the very virtue of hermeneutic thought, namely, the doggedness of the “What is . . .?“ question, in its inability to escape itself, to escape being and essence.

#### ---Prioritizing ontology is bad --- Human situatedness within Being means our relationships are always incomplete and the search for ‘Authenticity’ requires a false distancing which makes it indistinguishable from Nazism.

Zizek 1999

Slavoj, Distinguished Fashion Expert for Abercrombie and Fitch Quarterly, Senior Researcher in the Department of Philosophy at the University of Ljubljana, Slovenia and Codirector of the Center for Humanities at Birkbeck College, University of London, “The Ticklish Subject: The Absent Centre of Political Ontology” pg. 14-15

One can see the ideological trap that caught Heidegger: when he criticizes Nazi racism on behalf of the true ‘inner greatness’ of the Nazi movement, he repeats the elementary ideological gesture of maintaining an inner distance towards the ideological text – of claiming that there is something more beneath it, a non-ideological kernel: ideology exerts its hold over us by means of this very insistence that the Cause we adhere to is not ‘merely’ ideological. So where is the trap? When the disappointed Heidegger turns away from active engagement in the Nazi movement, he does so because the Nazi movement did not maintain the level of its ‘inner greatness’, but legitimized itself with inadequate (racial) ideology. In other ords, hat he expected from it was that it should legitimize itself through direct awareness of its ‘inner greatness’. And the problem lies in this very expectation that a political movement that will directly refer to its historico-ontological foundaiton is possible. This expectation, however, is in itself profoundly metaphysical, in so far as it fails to recognize the gap separating the direct ideological legitimization of a movement from its ‘inner greatness’ (its historico-ontological essence) its constitutive, a positive condiiton of its ‘functioning’. To use the terms of the late Heidegger, ontological insight necessarily entails ontic blindness and error, and vice versa – that is to say, in order to be ‘effecitve’ at the ontic level, one must disregard the ontological horizon of one’s activity. (In this sense, Heidegger emphasizes that ‘science doesn’t think’ and that, far from being is limitation, this inability is the very motor of scientific progress.) In other words, what Heidegger seems unable to endorse is a concrete political engagement that would accept its necessary, constitutive blindness – as if the moment we acknowledge the gap separating the awareness of the ontological horizon from ontic engagement, any ontic engagement is depreciated, loses its authentic dignity.

#### ---The alternative’s rejection of human progress results in Nazi resurgence and human extinction.

Faye 2009

Emmanuel, Associate Professor at the University Paris Ouest–Nanterre La Défense, translated into English by Michael B. Smith, Professor Emeritus of French and Philosophy at Berry College and translator of numerous philosophical works into English, *Heidegger, the introduction of Nazism into philosophy in light of the unpublished seminars of 1933-1935*, pg. 322

The völkisch and fundamentally racist principles Heidegger's Gesamtausgabe transmits strive toward the goal of the eradication of all the intellectual and human progress to which philosophy has contributed. They are therefore as destructive and dangerous to current thought as the Nazi movement was to the physical existence of the exterminated peoples. Indeed, what can be the result of granting a future to a doctrine whose author desired to become the "spiritual Fuhrer" of Nazism, other than to pave the way to the same perdition? In that respect, we now know that Martin Heidegger, in his unpublished seminar on Hegel and the state, meant to make the Nazi domination last beyond the next hundred years. If his writings continue to proliferate without our being able to stop this intrusion of Nazism into human education, how can we not expect them to lead to yet another translation into facts and acts, from which this time humanity might not be able to recover? Today more than ever, it is philosophy's task to work to protect humanity and alert men's minds; failing this, Hitlerism and Nazism will continue to germinate through Heidegger's writings at the risk of spawning new attempts at the complete destruction of thought and the extermination of humankind.

### 2AC Immigration – GR

#### Won’t pass---and gun control and budget takes out the link

Altman 3/20 [Alex Altman, Washington correspondent for TIME, “Four Hurdles That Could Block Immigration Reform,” http://swampland.time.com/2013/03/20/four-hurdles-that-could-block-immigration-reform/]

The next few months offer the best chance in a generation for the two parties to solve a problem that has bedeviled Congress like few others. Both sides agree the U.S. immigration system is broken. Both would seem to gain from a deal that clears a pathway out of legal oblivion for the nation’s 11 million illegal immigrants. Support is building for a landmark pact. But while negotiations are progressing in both the House and Senate, an agreement is a long way off. As the talks grow more detailed, obstacles to a deal may begin to emerge:¶ Problem #1: The Gang of Eight¶ The first snag lurks in the Senate, where the so-called Gang of Eight has huddled privately since the election in hopes of hammering out a bill. Members have crafted a set of measures that would create a pathway to citizenship for the nation’s estimated 11 million undocumented immigrants within about 13 years while requiring them to register with federal authorities, pay back taxes and fines, learn English and undergo background checks. The deal, both sides agree, would also beef up border security and determine how the future flow of immigrants will be regulated to match the needs of the economy.¶ The Gang’s closed conclaves have been marked by Vatican-style secrecy, often a sign of progress in a town where silence is rare. The Gang’s members – Republicans Marco Rubio, Lindsey Graham, John McCain and Jeff Flake, and Democrats Chuck Schumer, Dick Durbin, Bob Menendez and Michael Bennet – have, by all accounts, developed a rapport. “You can tell by the tone of their voices,” says an elected Democrat briefed on the progress of the private talks.¶ But the broad themes are the easy part. The full bill will stretch to hundreds of pages, each peppered with detailed provisions that could spike it. Members bring clashing political imperatives and ideologies to the talks. Rubio, for example, is trying to repair the GOP’s tattered image with Hispanic voters without sparking a backlash among the movement conservatives he’d need in a presidential bid. Graham, who faces a probable primary challenge in 2014, has a habit of basking in the bipartisan spotlight before bolting when negotiations intensify. The measure of the Gang of Eight’s success isn’t whether they are aligned at the start of their talks. It’s whether they are all aligned at the end.¶ Problem #2: The Lobbyists¶ A few years ago, an impasse between the leaders of the Chamber of Commerce and the AFL-CIO helped scupper an immigration-reform bill backed by President George W. Bush. At that time, business and labor could not agree on how many visas to grant low skilled workers who make the construction, agriculture and hotel and restaurant industries hum. The Chamber wanted cheap labor, but didn’t want workers to stay; unions were concerned about protecting citizens’ jobs. Soon after, reform collapsed.¶ This time the two groups have nurtured an unlikely alliance. “There has been a sea change,” says a labor source close to the discussions. Nudged by Graham and Schumer, the two lobbies released a set of shared principles, including one stating that Americans should get “first crack” at available jobs and that businesses should have the flexibility to hire to meet the demands of the market. But history could repeat itself again. The two sides call for a new federal agency charged with setting visa levels, but they have yet to agree on who’s eligible or how the new bureau will work. The issue of future flow has been a stubborn sticking point before. And it is as easy to imagine conservatives balking at efforts to create a new government agency as it is to foresee unions drawing a line at a small number of foreign workers.¶ Problem #3: House Republicans¶ Even if Senate negotiators can come up with a package to get 60 votes in the upper chamber, “the question continues to be, how does it get through the House?” says Frank Sharry, an expert on immigration reform. As in the Senate, a bipartisan cluster of eight representatives from across the ideological spectrum have been secretly meeting for months. Congressman Luis Gutierrez, an Illinois Democrat who has long been a leader on immigration reform, is full of praise for the new tack taken by his Republican counterparts. But, he acknowledges, “You still have to put those votes on the board, and that’s going to be a real, real test in the House of Representatives.”¶ For their part, Republicans say the party’s old dogma, which held that illegal immigrants should self-deport and then go to the back of the line, is not viable policy. Even many immigration hard-liners say they want to help shape comprehensive reform. “It’s time for us to belly up to the bar,” says Ted Poe, the Texas Republican who chairs the House immigration reform caucus. But for conservatives, amnesty remains a dirty word. “A bill that’s basically amnesty, that says you’re here and you’re going to be a citizen — those two things are not going to come out of this conservative House,” says Poe. Even citizenship is charged enough that Republican Senator Rand Paul, who gave a speech March 19 backing a path to legalization for undocumented immigrants, avoided using the term. Many House Republicans, including several in the Judiciary Committee through which a bill must pass, have a long history of antipathy to amnesty, and only a grassroots rebellion to fear as next year’s primaries approach.¶ Then there is the reality that even if Republicans were to be widely supportive of amnesty, very few of those new citizens are likely to abandon the Democratic Party anytime soon. “Republicans face a choice: do they ditch their principles and go all out in a failing attempt to outpander Democrats?” asks Rosemary Jenks, director of government relations at NumbersUSA, which advocates for lower immigration levels. “It’s becoming very clear to Republicans in Congress that this is not going to get them the Hispanic vote.”¶ Problem #4: The Democrats¶ Little discussed but also looming is the possibility that Democrats drag their feet on reform. Liberals will balk if the path to citizenship is too long or too onerous, or if enforcement provisions are too rigid. Many conservatives also suspect that Democratic power brokers, despite their daily hammering of Republicans to get moving on immigration reform, would privately prefer to keep the issue as a cudgel than actually pass a law. Barack Obama “wants to make a bill come out of the Senate that is so far out there that it would never pass, so that he can blame us for not being compassionate and use the issue to take back the House in 2014,” says a House Republican. Even some liberals see this as a plausible scenario. “There’s always a lingering doubt in my mind,” admits one House Democrat. Obama knows that putting his fingerprints on the deal is an easy way to kill it; when a draft of his proposal leaked in the press, he called Republican negotiators individually to apologize. But if negotiations in Congress bog down, he may not be so hands off.¶ By all accounts, negotiators are making genuine progress toward a landmark deal that builds on a foundation laid during its last fumbled attempts. But lawmakers still have to thread a bill through a thicket of obstacles in a bitterly divided Congress. Sources close to the negotiations say they expect both chambers to introduce legislation in early April, giving Congress several months to haggle out a pact before members scatter for their summer recess. It sounds like plenty of time, but it’s not. Immigration will have to jockey for attention this spring with gun control, budgets and a potential grand bargain on tax and entitlement reform. Meanwhile, the human cost of the political stalemate is high. Each day, 1,400 undocumented immigrants are deported.

#### Nexen deal triggers the link

Reuters 2/12/13 (“CNOOC-Nexen Deal Wins US Approval, Its Last Hurdle” <http://www.cnbc.com/id/100454779>)

U.S. regulators have approved the $15.1 billion takeover of Canadian oil and gas company Nexen by China's state-owned CNOOC, removing the final obstacle to the Asian country's largest-ever foreign takeover. The deal to buy Calgary, Alberta-based Nexen had already passed regulatory muster in Canada and Europe. But approval from the Committee on Foreign Investment in the United States (CFIUS) was also needed because Nexen has U.S. interests. Nexen said on Tuesday that CFIUS had given the green light and that it expects the deal to close the week of Feb. 25, seven months after China's top offshore oil and gas producer made its bid of $27.50 a share. (Read More: Why the Nexen-CNOOC Deal Will Spur More Energy Deals) The Nexen statement did not indicate whether CFIUS had imposed conditions on the approval, and company officials were not available for comment. Nexen's shares climbed 2 percent to just below the offer price on Tuesday, closing at $27.43, their highest level since CNOOC made its bid for Nexen on July 23 last year. The U.S. approval came even though widespread distrust of U.S. investments by Chinese companies has lingered since CNOOC's 2005 attempt to buy Unocal for $18.5 billion, a deal that foundered on U.S. national security concerns. Late last month, CFIUS cleared a bid by the U.S. unit of China's Wanxiang Group to buy bankrupt A123 Systems, a maker of electric car batteries, although some lawmakers warned the deal would lead to the transfer of sensitive technology developed with U.S. government funding. CNOOC's success in navigating the CFIUS approval process "is likely to be viewed as a positive development," said Joshua Zive, senior counsel at Bracewell & Guiliani, a Washington law and lobbying firm. "That, in the current climate, is a moment of significance." But a U.S. legislator said he planned to introduce legislation to block any future transactions that, like the Nexen deal, involve the transfer of royalty-free leases. "Chinese government-owned oil corporations should not be allowed to drill for American oil in the Gulf of Mexico without paying a dime in royalties to U.S. taxpayers," said Representative Edward Markey, the ranking Democrat of the House Natural Resources Committee. (Read More: Canada OK's Foreign Energy Takeovers, Slams Door On More) Senator John Hoeven, a Republican from North Dakota, said the CFIUS approval did not surprise him. But he was disappointed the Obama administration has not moved to secure Canadian oil supplies by approving TransCanada's Keystone XL pipeline. "It shows that time doesn't stand still," he said in an interview, noting that Canadian oil resources will go to other parts of the world if the United States keeps dragging its heels on pipelines. "We've got to move on projects like Keystone." The Canadian government declined to comment on the U.S. approval. "That's a U.S. decision," Energy Minister Joe Oliver told reporters. "That company will, I'm sure, conduct themselves as good corporate citizens in Canada." Oil Sands Reserves The Nexen acquisition gives CNOOC new offshore production in the North Sea, the Gulf of Mexico and off western Africa, as well as producing properties in the Middle East and Canada. In Canada, CNOOC gains control of Nexen's Long Lake oil sands project in the oil-rich province of Alberta, as well as billions of barrels of reserves in the world's third-largest crude storehouse. Canada approved the takeover late last year even though some members of the governing Conservative Party had misgivings about China's human rights record. But the federal government also insisted that CNOOC-Nexen was the last deal of its kind that it would approve, drawing a line in the sand against state-controlled companies taking majority stakes in Alberta's strategic oil sands. U.S. approvals took longer as legislators examined whether the deal would threaten U.S. national security. The United States has traditionally been more wary than Canada of Chinese investment, prompting some speculation that Washington might want Nexen to dispose of the U.S. assets.

#### So does sequestration

Continetti 3-15 (Matthew, ditor in chief of the Washington Free Beacon. Prior to joining the Beacon, he was opinion editor of the Weekly Standard, “The Obama Quagmire,” <http://freebeacon.com/the-obama-quagmire/>)

Robert Reich, the left-wing economist, predicted as much. “There is a puzzle here,” he said during a Jan. 6 discussion of Hagel on ”This Week.” “With all the fights that the president has coming up, why is he doing this? I mean, there are a lot of other people he could be putting up, but why is he expending political capital in this way? I don’t understand.” Credit Reich for prescience and good judgment—if only in this particular case. Actually, also credit him for predicting that Obama’s sequester strategy would fail. “The White House apparently believes the best way to strengthen its hand in the upcoming ‘sequester’ showdown with Republicans is to tell Americans how awful the spending cuts will be, and blame Republicans for them,” Reich wrote on Feb. 25. “It won’t work.” And it didn’t work. The White House’s hyperbolic sequester approach backfired. Many of the claims made by administration officials were exposed as false. And some of the actions those officials took—such as releasing illegal immigrants in detention and closing the White House to tours—were clumsy and harmful.¶ The situation is beginning to resemble the start of the most recent second term. I remember a dinner I had with a columnist friend before the August 2005 recess. My gloomy friend noted that Bush had lost his momentum and probably could not get it back. Don’t worry, I told him. Bush is going to regain the initiative after winning passage of the Central America Free Trade Agreement and the bankruptcy reform bill. Then he’ll stabilize Iraq. All will be well.¶ Shows you what I know. Bush’s second term went horribly. It gave us Speaker Nancy Pelosi and President Obama. His mistake, in retrospect, was in not surging troops to Iraq and adopting a counterinsurgency strategy after winning reelection. He, too, fell for the mandate myth. He fell for a flawed political strategy of deemphasizing the war and turning to Social Security and immigration reform.¶ I no longer predict the future (see above). But it seems to me quite possible that, four years from now, as Obama addresses high-dollar donors to whatever Organizing for Action becomes after he leaves office, the president will look back on the first months of 2013 and say: Mistakes were made.

#### No spillover

Judson Berger 3-4, 2013, “Recurring budget crises could put squeeze on Obama's second-term priorities,” Fox News, <http://www.foxnews.com/politics/2013/03/04/recurring-budget-crises-could-put-squeeze-on-obama-second-term-priorities/#ixzz2OknXmt3G>

Rep. Luis Gutierrez, D-Ill., a vocal advocate for immigration reform, voiced confidence Monday that the administration and Congress could handle the busy agenda. ¶ "The spirit of bipartisan cooperation that is keeping the immigration issue moving forward has not been poisoned by the sequester and budget stalemate, so far," he said in a statement. "The two sets of issues seem to exist in parallel universes where I can disagree with my Republican colleagues strenuously on budget matters, but still work with them effectively to eventually reach an immigration compromise. ... I remain extremely optimistic that immigration reform is going to happen this year." ¶ Immigration reform efforts are still marching along despite the budget drama. Obama met last week on the issue with Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., who both are part of a bipartisan group crafting legislation.

#### The plan is treasury 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.

#### Political capital not key and push increases opposition

Cook 2/21/13 (Charlie, Editor and Publisher of The Cook Political Report, and political analyst for National Journal, where he writes two weekly columns . He also writes a regular column for Washington Quarterly, published by the Center for Strategic and International Studies, and is a political analyst for NBC News. Widely regarded as one of the nation's leading authorities on U.S. elections and political trends, Cook has appeared on the ABC, CBS and NBC evening news programs, as well as on Good Morning America, “Why Obama Should Sit Down and Keep Quiet” <http://www.nationaljournal.com/columns/cook-report/why-obama-should-sit-down-and-keep-quiet-20130221>)

Sometimes, silence really is golden. In politics, taking the path of highest visibility isn’t always the smartest way to do things. This week presented two good examples of that principle being violated, one by a Democrat and the other by a Republican. As we watch President Obama stumping for comprehensive immigration reform, the question arises: Does his high-visibility association with this issue make reform more or less likely to happen? The challenge of achieving comprehensive immigration legislation is not in winning the votes of House and Senate Democrats; it’s in getting enough Republican votes to pass it in the House and to avoid a filibuster in the Senate. Even after the party’s election debacle in November, and the role of Latino and Asian voters in bringing it about, persuading enough House Republicans and at least five GOP senators to support comprehensive immigration reform is going to be a heavy lift for party leaders, who clearly understand the importance of getting this issue off the table. Every time Obama takes a public stand on immigration, he makes it that much more difficult for Republican members of Congress to support it. Keep in mind that 94 percent of House Republicans are in districts Mitt Romney carried and that 34 of 45 GOP senators represent states Obama lost. As a result, most congressional Republicans are far more afraid of losing a primary to a more conservative challenger than a general election to a Democrat. It is a lot easier for them to support an immigration bill that has broad-based support in the business and farming communities (and that also happens to be supported by Obama and the Democratic leadership) than to back a bill so popularly identified with the other side. If the president really cares about enacting immigration reform, he will get off the campaign trail, depoliticize it, and keep as quiet about it as he can.

Plans popular

Orol 12 (Rob, senior writer for The Deal magazine and The Daily Deal newspaper, covering the activist hedge fund industry as well as other topics, including the S.E.C. and Capitol Hill. Orol is the author of the 'Over the Hedge' column, contributor to the 'Rules of the Road' weekly column, and is also a commentator on BBC World Television, CNBC TV, Business News Network and National Public Radio, “Cnooc's big deal for Nexen seen succeeding,” MarketWatch August 16, 2012, lexis)

Lobbyists hired early Also greasing the wheels, Cnooc hired Hill+Knowlton, a prominent lobbying firm in both Ottawa and Washington, to lobby on the Nexen deal. Regulatory observers don't believe the U.K. government will raise any objections to the deal. Fournier noted that North Sea oil production is declining, a situation that is driving the British to attract capital there. He noted that in 2010 a consortium of Chinese firms purchased three U.K. electricity networks with no regulatory opposition, indicating that this deal will also likely pass regulatory muster. “The British are pretty desperate to get new capital invested in the North Sea,” he said. For Clayton, the difference between Unocal and Nexen and between 2005 and 2012 is the economy. “Today's economic context is much more conducive to this type of foreign investment winning support in Washington, even in a politically sensitive sector like oil and gas, than was the case in 2005,” he said. “North American oil production is growing more quickly than any other part of the world and companies from all over the world want in on that action.”

#### Winners win

Dickerson 1/18/13 (John, Slate, Go for the Throat!, www.slate.com/articles/news\_and\_politics/politics/2013/01/barack\_obama\_s\_second\_inaugural\_address\_the\_president\_should\_declare\_war.single.html)

On Monday, President Obama will preside over the grand reopening of his administration. It would be altogether fitting if he stepped to the microphone, looked down the mall, and let out a sigh: so many people expecting so much from a government that appears capable of so little. A second inaugural suggests new beginnings, but this one is being bookended by dead-end debates. Gridlock over the fiscal cliff preceded it and gridlock over the debt limit, sequester, and budget will follow. After the election, the same people are in power in all the branches of government and they don't get along. There's no indication that the president's clashes with House Republicans will end soon. Inaugural speeches are supposed to be huge and stirring. Presidents haul our heroes onstage, from George Washington to Martin Luther King Jr. George W. Bush brought the Liberty Bell. They use history to make greatness and achievements seem like something you can just take down from the shelf. Americans are not stuck in the rut of the day. But this might be too much for Obama’s second inaugural address: After the last four years, how do you call the nation and its elected representatives to common action while standing on the steps of a building where collective action goes to die? That bipartisan bag of tricks has been tried and it didn’t work. People don’t believe it. Congress' approval rating is 14 percent, the lowest in history. In a December Gallup poll, 77 percent of those asked said the way Washington works is doing “serious harm” to the country. The challenge for President Obama’s speech is the challenge of his second term: how to be great when the environment stinks. Enhancing the president’s legacy requires something more than simply the clever application of predictable stratagems. Washington’s partisan rancor, the size of the problems facing government, and the limited amount of time before Obama is a lame duck all point to a single conclusion: The president who came into office speaking in lofty terms about bipartisanship and cooperation can only cement his legacy if he destroys the GOP. If he wants to transform American politics, he must go for the throat. President Obama could, of course, resign himself to tending to the achievements of his first term. He'd make sure health care reform is implemented, nurse the economy back to health, and put the military on a new footing after two wars. But he's more ambitious than that. He ran for president as a one-term senator with no executive experience. In his first term, he pushed for the biggest overhaul of health care possible because, as he told his aides, he wanted to make history. He may already have made it. There's no question that he is already a president of consequence. But there's no sign he's content to ride out the second half of the game in the Barcalounger. He is approaching gun control, climate change, and immigration with wide and excited eyes. He's not going for caretaker. How should the president proceed then, if he wants to be bold? The Barack Obama of the first administration might have approached the task by finding some Republicans to deal with and then start agreeing to some of their demands in hope that he would win some of their votes. It's the traditional approach. Perhaps he could add a good deal more schmoozing with lawmakers, too. That's the old way. He has abandoned that. He doesn't think it will work and he doesn't have the time. As Obama explained in his last press conference, he thinks the Republicans are dead set on opposing him. They cannot be unchained by schmoozing. Even if Obama were wrong about Republican intransigence, other constraints will limit the chance for cooperation. Republican lawmakers worried about primary challenges in 2014 are not going to be willing partners. He probably has at most 18 months before people start dropping the lame-duck label in close proximity to his name. Obama’s only remaining option is to pulverize. Whether he succeeds in passing legislation or not, given his ambitions, his goal should be to delegitimize his opponents. Through a series of clarifying fights over controversial issues, he can force Republicans to either side with their coalition's most extreme elements or cause a rift in the party that will leave it, at least temporarily, in disarray.

#### Timeframe is more than 10 years

Navarrette 2-19 – Ruben Navarrette, CNN Contributor, February 19th, 2013, "Guest worker issue may kill immigration reform" [www.cnn.com/2013/02/19/opinion/navarrette-immigration-reform/index.html](http://www.cnn.com/2013/02/19/opinion/navarrette-immigration-reform/index.html)

How long? The undocumented could immediately apply for a special protective status to avoid deportation, but it would take them about eight years to get legal permanent residency (a green card) and another four or five years to become a U.S. citizen.

#### **Obama will XO immigration reforms**

Lillis 2-16 – Mike Lillis, February 16th, 2013, "Dems: Obama can act unilaterally on immigration reform" thehill.com/blogs/regwatch/administration/283583-dems-recognize-that-obama-can-act-unilaterally-on-immigration-reform

President Obama can – and will – take steps on immigration reform in the event Congress doesn't reach a comprehensive deal this year, according to several House Democratic leaders.¶ While the Democrats are hoping Congress will preclude any executive action by enacting reforms legislatively, they say the administration has the tools to move unilaterally if the bipartisan talks on Capitol Hill break down. Furthermore, they say, **Obama stands poised to use them.**¶ **"I don't think the president will be hands off on immigration for any moment in time**," Rep. Xavier Becerra (D-Calif.), the head of the House Democratic Caucus, told reporters this week. "**He's ready to move forward if we're not**."¶ Rep. Joseph Crowley (N.Y.), vice chairman of the Democratic Caucus, echoed that message, saying Obama is "not just beating the drum," for immigration reform, "he's actually the drum major."¶ "There are limitations as to what he can do with executive order," Crowley said Wednesday, "but he did say that if Congress continued to fail to act that he would take steps and measures to enact common-sense executive orders to move this country forward."¶ Rep. Raul Grijalva (D-Ariz.), who heads the Congressional Progressive Caucus, said there are "plenty" of executive steps Obama could take if Congress fails to pass a reform package. "The huge one," Grijalva said, is "**the waiving of deportation**" in order to keep families together.¶ "Four million of the undocumented [immigrants] are people who overstayed their visas to stay with family," he said Friday. "So that would be, I think, an area in which … there's a great deal of executive authority that he could deal with."¶ The administration **could also waive visa caps**, Grijalva said, to ensure that industries like agriculture have ample access to low-skilled labor.¶ "Everybody's for getting the smart and the talented in, but there's also a labor flow issue," he said.

#### **Economic decline turns the DA**

Parnes and Sink 3/20/13 (\*Amie, the Hills White House Correspondent, \*Justin, staffwriter for the hill, “Obama honeymoon may be over” <http://thehill.com/homenews/administration/289179-obama-honeymoon-may-be-over>)

“There may be some typical second-term honeymoon fade happening,” said Martin Sweet, an assistant visiting professor of political science at Northwestern University. “Honeymoon periods for incumbents are a bit more ephemeral.” But like most other presidents, Sweet added, “Obama’s fate is tied to the economy.” “Continuing economic progress would ultimately strengthen the president but if we are hit with a double-dip recession, then Obama’s numbers will crater,” he said. The White House disputes any notion that Obama has lost any political capital in recent weeks. “The president set out an ambitious agenda and he’s doing big things that are not easy, from immigration to gun control,” the senior administration official said. “Those are policies you can’t rack up easily, and no one here is naive about that.” The White House is aware that the clock is ticking to push its hefty agenda, but the official added, “The clock is not ticking because of president’s political capital. The clock is ticking because there’s a timetable in achieving all of this. [Lawmakers] are not going to sign on because the president’s popular.”

#### No impact

Mearsheimer 2011

John J., R. Wendell Harrison Distinguished Service Professor of Political Science at the University of Chicago, The National Interest, Imperial by Design, lexis

One year later, Charles Krauthammer emphasized in "The Unipolar Moment" that the United States had emerged from the Cold War as by far the most powerful country on the planet.2 He urged American leaders not to be reticent about using that power "to lead a unipolar world, unashamedly laying down the rules of world order and being prepared to enforce them." Krauthammer's advice fit neatly with Fukuyama's vision of the future: the United States should take the lead in bringing democracy to less developed countries the world over. After all, that shouldn't be an especially difficult task given that America had awesome power and the cunning of history on its side. U.S. grand strategy has followed this basic prescription for the past twenty years, mainly because most policy makers inside the Beltway have agreed with the thrust of Fukuyama's and Krauthammer's early analyses. The results, however, have been disastrous. The United States has been at war for a startling two out of every three years since 1989, and there is no end in sight. As anyone with a rudimentary knowledge of world events knows, countries that continuously fight wars invariably build powerful national-security bureaucracies that undermine civil liberties and make it difficult to hold leaders accountable for their behavior; and they invariably end up adopting ruthless policies normally associated with brutal dictators. The Founding Fathers understood this problem, as is clear from James Madison's observation that "no nation can preserve its freedom in the midst of continual warfare." Washington's pursuit of policies like assassination, rendition and torture over the past decade, not to mention the weakening of the rule of law at home, shows that their fears were justified. To make matters worse, the United States is now engaged in protracted wars in Afghanistan and Iraq that have so far cost well over a trillion dollars and resulted in around forty-seven thousand American casualties. The pain and suffering inflicted on Iraq has been enormous. Since the war began in March 2003, more than one hundred thousand Iraqi civilians have been killed, roughly 2 million Iraqis have left the country and 1.7 million more have been internally displaced. Moreover, the American military is not going to win either one of these conflicts, despite all the phony talk about how the "surge" has worked in Iraq and how a similar strategy can produce another miracle in Afghanistan. We may well be stuck in both quagmires for years to come, in fruitless pursuit of victory. The United States has also been unable to solve three other major foreign-policy problems. Washington has worked overtime-with no success-to shut down Iran's uranium-enrichment capability for fear that it might lead to Tehran acquiring nuclear weapons. And the United States, unable to prevent North Korea from acquiring nuclear weapons in the first place, now seems incapable of compelling Pyongyang to give them up. Finally, every post-Cold War administration has tried and failed to settle the Israeli-Palestinian conflict; all indicators are that this problem will deteriorate further as the West Bank and Gaza are incorporated into a Greater Israel. The unpleasant truth is that the United States is in a world of trouble today on the foreign-policy front, and this state of affairs is only likely to get worse in the next few years, as Afghanistan and Iraq unravel and the blame game escalates to poisonous levels. Thus, it is hardly surprising that a recent Chicago Council on Global Affairs survey found that "looking forward 50 years, only 33 percent of Americans think the United States will continue to be the world's leading power." Clearly, the heady days of the early 1990s have given way to a pronounced pessimism.

## \*\*\*1AR

### \*\*\*Topicality

#### We meet---CFIUS reviews your investment, your guilty until proven innocent, THERE IS NO compliance on the part of the producer, when the fg says Chinese workers cannot come to drill that is the end of the discussion, proven by a ralls wind case

Voss, their author, 12 (CJ Attorney at Stoel Rives LLP) September 24, 2012 "Energy Law Alert: CFIUS Intervenes in Chinese-Owned Wind Project" http://www.stoel.com/showalert.aspx?Show=9813)

On September 12 a U.S. wind project development company, Ralls Corporation ("Ralls"), owned by two Chinese nationals, filed suit against the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency U.S. government body charged with assessing the potential national security effects of foreign acquisitions of U.S. businesses. The Ralls complaint alleged that CFIUS exceeded its authority by blocking Ralls's investment in and development of a proposed 40-megawatt wind project in Oregon, through its acquisition of four Oregon limited liability companies (the "Oregon Projects"). Ralls subsequently filed a motion requesting that the U.S. District Court for the District of Columbia issue a temporary restraining order ("TRO") to permit Ralls to resume construction of the Oregon Projects so that Ralls could benefit from approximately $25 million in federal investment tax credits. On September 19, Ralls withdrew its motion for a TRO following an agreement with CFIUS regarding the resumption of preliminary construction activities. The CFIUS order to which the lawsuit responds marks an unprecedented intervention by the U.S. government in renewable energy project development, which, since its inception, has benefitted from substantial investment by foreign investors.

#### \*---Mitigation measures are substantial restrictions on production

Mandel 7-17 (Jenny, Reporter for EnergyWire, a daily publication covering the unconventional oil and gas sectors, Previous positions with E&E include editing Land Letter and writing news and feature stories for Greenwire, ClimateWire, and other news outlets, “Will U.S. shale technology make the leap across the Pacific?,” EnergyWire: Tuesday, July 17, 2012, http://www.eenews.net/public/energywire/2012/07/17/1)

Modes of tech transfer Despite the challenges, the allure of a massive new domestic energy source has the Chinese government and private and state-owned companies moving cautiously toward development. Today, virtually all of the key intellectual property behind shale gas extraction lies with North American companies, and one of the first steps the Chinese have taken is to pour money into U.S. and Canadian ventures where those technologies are in use. In 2010 and 2011, China National Offshore Oil Corp. (CNOOC) paid $2.3 billion for partial stakes in plays by Chesapeake Energy Corp. in Texas, Wyoming and Colorado. Earlier this year, Sinopec bought into Oklahoma City-based Devon Energy Corp.'s holdings across Louisiana, Mississippi, Colorado, Ohio and Michigan in a $2.5 billion deal. Chinese companies have also aggressively pursued investment deals in Canadian shale projects. But Johns Hopkins' Kong said attempts by Chinese companies to negotiate North American on-the-job training have been blocked. The deal with Chesapeake, for example, limited the interaction of CNOOC personnel with sensitive technologies by restricting the company's right to send workers into gas fields, Kong said. "The Chinese companies have agreed deliberately not to send their oil workers to American gas fields and not to participate in boardroom decisions," Kong said. "The Chinese companies have agreed to this long-term, slow, gradual approach to gaining know-how in the North American energy sector." The caution stems mostly from a political firestorm that broke out when, in 2005, CNOOC tried to buy Unocal Corp. in an $18.5 billion deal that was eventually withdrawn in the face of opposition from Congress. Since then, there has been a general awareness among Chinese players of the need to move slowly and avoid raising red flags (E&ENews PM, Aug. 2, 2005).

#### That means limits in FDI are an access limitation

Exxon Mobile no date (“Risk factors,” http://www.exxonmobil.com/Corporate/safety\_climate\_mgmt\_risk.aspx)

Access limitations. A number of countries limit access to their oil and gas resources, or may place resources off-limits from development altogether. Restrictions on foreign investment in the oil and gas sector tend to increase in times of high commodity prices, when national governments may have less need of outside sources of private capital. Many countries also restrict the import or export of certain products based on point of origin.

### 1AR-Extra-Topicality

#### ---Most Chinese international investments are in the energy production phase.

Ernst&Young 11 (Fueling the dragon: China’s investment in the global oil and gas market, http://www.ey.com/Publication/vwLUAssets/Chinas\_investment\_in\_the\_global-oil\_and\_gas\_market/$FILE/China%20TL%20brochure%20v4.pdf)

However, the historical deal statistics likely understate the Chinese interest in US unconventional gas/liquids development as well as the interest of many US companies in the potential investment in their resources activities as a liquidity source, given the low current and expected gas price levels. The Chinese company oil and gas investments were further dominated by upstream transactions, with deals for upstream reserves and production accounting for 79% of the total deal value, and deals involving upstream acreage accounting for another 3%. Downstream transactions accounted for about

### 1AR-C/I-Limiting Condition

#### \*---This is the middle ground—their attempt to distinguish is arbitrary and not based in the law

LVM Institute 96, Ludwig Von Mises Institute Original Book by Ludwig Von Mises, Austrian Economist in 1940, fourth edition copyright Bettina B. Greaves, Human Action, http://mises.org/pdf/humanaction/pdf/ha\_29.pdf

Restriction of production means that the government either forbids or makes more difficult or more expensive the production, transportation, or distribution of definite articles, or the application of definite modes of production, transportation, or distribution. The authority thus eliminates some of the means available for the satisfaction of human wants. The effect of its interference is that people are prevented from using their knowledge and abilities, their labor and their material means of production in the way in which they would earn the highest returns and satisfy their needs as much as possible. Such interference makes people poorer and less satisfied.

This is the crux of the matter. All the subtlety and hair-splitting wasted in the effort to invalidate this fundamental thesis are vain. On the unhampered market there prevails an irresistible tendency to employ every factor of production for the best possible satisfaction of the most urgent needs of the consumers. If the government interferes with this process, it can only impair satisfaction; it can never improve it.

The correctness of this thesis has been proved in an excellent and irrefutable manner with regard to the historically most important class of government interference with production, the barriers to international trade. In this field the teaching of the classical economists, especially those of Ricardo, are final and settle the issue forever. All that a tariff can achieve is to divert production from those locations in which the output per unit of input is higher to locations in which it is lower. It does not increase production; it curtails it.

#### \*---CFIUS reviews are de-facto prohibitions because companies will abandon the deal before its rejected

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.”

#### ---Feasibility determines energy production, so barriers are restrictions

Phil et al 12

Erik Phil and Filip Johnsson, Division of Energy Technology, Chalmers University of Technolog, and Duncan Kushnir and Bjorn Sanden, Division of Environmental Systems Analysis, Chalmers University of Technology, August 2012,Material constraints for concentrating solar thermal powerEnergy Volume 44, Issue 1, August 2012, Pages 944–954

The available solar flux on land is several thousand times higher than today's anthropogenic primary energy conversion and is thereby the dominant potential source for renewable energy. The global solar market has been rapidly growing for the past decade, but is still dwarfed when compared to conventional fossil fuel power. So far, the main barrier to large-scale deployment of solar power has been higher costs of electricity, because of relatively small volumes and less historical investments in technology development than presently dominant power generation technologies. Through development and continued strong growth, as solar technologies progress down the learning-curve, the cost per kWh of solar electricity is projected to reach parity with peaking power in main markets by about 2020–2030 [1], [2], [3] and [4].

So far, photovoltaic (PV) technologies have the largest share of the solar power market, but there is at present a relatively steady share of concentrating solar thermal power (CSP, also sometimes referred to as Solar Thermal Power, STP). CSP has undergone expansion from about 400 MW installed capacity in the early 2000s, to about 1.3 GW in 2011, with another 2.3 GW under construction and 32 GW in planning. The technology is today in commercial scale deployment in Spain, USA, Australia, Egypt and India [5], [6] and [7].

CSP plants use reflective surfaces to concentrate sunlight, providing heat for a thermodynamic cycle, such as a steam turbine. The physical principle is thus very different from photovoltaic panels, which use the photons in sunlight to excite electrons and create currents in solid state matter. These differences mean that CSP will differ significantly from PV regarding properties such as environmental impact and material constraints.

With projected strong growth in view, it is of interest to identify and quantify barriers to large-scale solar power deployment, other than cost as mentioned above. One such barrier is restrictions in either the reserves (extractable resources at a given cost) or annual supply of materials needed for solar power conversion devices. Such restrictions can imply increased raw material costs as the technologies grow, or even set absolute limits to how much that can be built. The recent study on CSP by the EASAC [2] has pinpointed a need to investigate the limits and potential bottlenecks and manufacturing constraints for CSP production.

#### ---Context is key

Haneman 59 J.A.D. is a justice of the Superior Court of New Jersey, Appellate Division. “Russell S. Bertrand et al. v. Donald T. Jones et al.,” 58 NJ Super. 273; 156 A.2d 161; 1959 N.J. Super, Lexis

HN4 In ascertaining the meaning of the word "restrictions" as here employed, it must be considered in context with the entire clause in which it appears. It is to be noted that the exception concerns restrictions "which have been complied with." Plainly, this connotes a representation of compliance by the vendor with any restrictions upon the permitted uses of the subject property. The conclusion that "restrictions" refer solely to a limitation of the manner in which the vendor may [\*\*\*14] use his own lands is strengthened by the further provision found in said clause that the conveyance is "subject to the effect, [\*\*167] if any, of municipal zoning laws." Municipal zoning laws affect the use of property.¶ HN5 A familiar maxim to aid in the construction of contracts is noscitur a sociis. Simply stated, this means that a word is known from its associates. Words of general and specific import take color from each other when associated together, and thus the word of general significance is modified by its associates of restricted sense. 3 Corbin on Contracts, § 552, p. 110; cf. Ford Motor Co. v. New Jersey Department of Labor and Industry, 5 N.J. 494 (1950). The [\*284] word "restrictions," therefore, should be construed as being used in the same limited fashion as "zoning."

#### ---Only contextual definition

Paul Crampton, Partner at Osler, Hoskin & Harcourt LLP, J.D., June 2009, MAJOR CHANGES TO THE COMPETITION ACT (CANADA) AND THE COMPETITION BUREAU'S ENFORCEMENT POLICIES, 8-5 Antitrust Src. 5

OUTPUT RESTRICTIONS. Paragraph 45(1)(c) applies to all agreements "to fix, maintain, control, prevent, lessen or eliminate the production or supply of the product." In the Bureau's view, in addition to garden-variety output agreements, this language captures agreements that reduce the quantity of products supplied to specific customers or groups of customers as well as agreements to permanently or temporarily close manufacturing facilities. n31

The Draft CC Guidelines are not particularly helpful regarding agreements that typically would not be considered to constitute hard-core cartel conduct but which could raise issues under this provision, such as standard-setting agreements and JV agreements that place restrictions on the production or supply of products to be produced by the JV.

### 1ar---over limit

They have no coherent interpretation of what a prohibition is, its

Google dictionary 13

“A law or regulation forbidding something.”

#### No energy is prohibited---

No OCS restrictions

Kathleen Gramp and Jeff LaFave, CBO Budget Analysis Division, August 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/08-09-12\_Oil-and-Gas\_Leasing.pdf

Other than the temporary ban on leasing in the eastern Gulf of Mexico, there currently are no statutory restrictions on OCS leasing. Decisions about leasing are made administratively—in consultation with industry and the states—for five-year periods. Leases cannot be offered for areas that are not included in a five-year plan, but the available regions may change whenever a new plan is adopted. The next plan is expected to go into effect in August 2012 and will extend for five years unless a future Administration chooses to restart the process before that plan expires.

#### No prohibition for solar on public lands---just administrative hurdle

DOE ‘12

Obama Administration Releases Roadmap for Solar Energy Development on Public Lands

http://energy.gov/articles/obama-administration-releases-roadmap-solar-energy-development-public-lands

Today’s announcement builds on the historic progress made in fostering renewable energy development on public lands. When President Obama took office, there were no solar projects permitted on public lands; since 2009, Interior has approved 17 utility-scale solar energy projects that, when built, will produce nearly 5,900 megawatts of energy—enough to power approximately 1.8 million American homes. Thanks to steps already taken by this administration, renewable energy from sources like wind and solar have doubled since the President took office.

#### Not a prohibition

Donnelly-Shores 12 Patrick is a writer at the Berkeley Energy and Resource Collaborative. “OFFSHORE WIND FARMS MAKE POLITICAL HEADWAY IN U.S.,” Feb 16, http://berc.berkeley.edu/offshore-wind-makes-political-headway-in-us/

First, in the most dramatic new renewable energy policy announcement of the year, the Bureau of Ocean Energy Management (BOEM) announced that it had certified an Environmental Impact Statement (EIS) as revealing “no significant environmental or socioeconomic impacts” associated with developing offshore wind farms, paving the way for a set of Wind Energy Areas (WEAs)off of the mid-Atlantic Coast. The WEAs (a map of which can be seen here, courtesy of the Christian Science Monitor) are located off the shores of southern New Jersey, Delaware, Maryland, and Virginia, and would be over a half million acres in total size.¶ The BOEM’s announcement means that future leasing of wind power sites in the area will be informed and streamlined by the existing EIS. While any specific developments within the area will require their own environmental assessments, the process will move along much quicker as a result of this decision. They hope to have wind farm development commencing in the area as soon as the end of 2012.

### \*\*\*K

### A2: Environement

#### ---Critiquing technological advances are regressive and doom the environment to catastrophe --- It’s impossible to solve environmental problems without using instrumental rationality.

Bronner 2004

Stephen Eric, Professor of Political Science at Rutgers University, Reclaiming the Enlightenment: Toward a Politics of Radical Engagement, pg. 160

Critics of the Enlightenment may have correctly emphasized the price of progress, the costs of alienation and reification, and the dangers posed by technology and scientific expertise for nature and a democratic society. Even so, this does not justify romantic attempts to roll back technology. They conflate far too easily with ideological justifications for rolling back the in­terventionist state and progressive legislation for cleaning up the environ­ment. Such a stance also pits the Enlightenment against environmentalism: technology, instrumental rationality, and progress are often seen as inimical to preserving the planet. Nevertheless, this is to misconstrue the problem. Technology is crucial for dealing with the ecological devastation brought about by modernity. A redirection of technology will undoubtedly have to take place: but seeking to confront the decay of the environment without it is like using an umbrella to defend against a hurricane. Institutional action informed by instrumental rationality and guided by scientific specialists is unavoidable. Investigations are necessary into the ways government can in­fluence ecologically sound production, provide subsidies or tax-benefits for particular industries, fund particular forms of knowledge creation, and make “risks” a matter of public debate. It is completely correct to note that: “neither controversial social issues nor cultural concerns can be settled sim­ply by scientific fiat, particularly in a world where experts usually disagree and where science can be compromised by institutional sponsors. No labo­ratory can dictate what industrial practices are tolerable or what degree of industrialization is permissible. These questions transcend the crude cate­gories of technical criteria and slide-rule measurements.”7

### A2: Alt

#### ---The affirmative is a prerequisite to the critique --- Only pragmatic political action that prevents nuclear war allows space for metaphysical investigation.

Santoni 1985

Ronald, Maria Theresa Barney Chair Emeritus of Philosophy at Denison University, “Nuclear War: Philosophical Perspectives” pg. 156-157

To be sure, Fox sees the need for our undergoing “certain fundamental changes” in our “thinking, beliefs, attitudes, values” and Zimmerman calls for a “paradigm shift” in our thinking about ourselves, other, and the Earth.  But it is not clear that what either offers as suggestions for what we can, must, or should do in the face of a runaway arms race are sufficient to “wind down” the arms race before it leads to omnicide.  In spite of the importance of Fox’s analysis and reminders it is not clear that “admitting our (nuclear) fear and anxiety” to ourselves and “identifying the mechanisms that dull or mask our emotional and other responses” represent much more than examples of basic, often. stated principles of psychotherapy. Being aware of the psychological maneuvers that keep us numb to nuclear reality may well be the road to transcending them but it must only be a “first step” (as Fox acknowledges), during which we Simultaneously act to eliminate nuclear threats, break our complicity with the ams race, get rid of arsenals of genocidal weaponry, and create conditions for international goodwill, mutual trust, and creative interdependence.  Similarly, in respect to Zimmerman: in spite of the challenging Heideggerian insights he brings out regarding what motivates the arms race, many questions may be raised about his prescribed “solutions.”  Given our need for a paradigm shift in our (distorted) understanding of ourselves and the rest of being, are we merely left “to prepare for a possible shift in our self-understanding? (italics mine)?  Is this all we can do?  Is it necessarily the case that such a shift “cannot come as a result of our own will?” – and work – but only from “a destiny outside our control?”  Does this mean we leave to God the matter of bringing about a paradigm shift?  Granted our fears and the importance of not being controlled by fears, as well as our “anthropocentric leanings,” should we be as cautious as Zimmerman suggests about out disposition “to want to do something” or “to act decisively in the face of the current threat?”  In spite of the importance of our taking on the anxiety of our finitude and our present limitation, does it follow that “we should be willing for the worst (i.e. an all-out nuclear war) to occur”?  Zimmerman wrongly, I contend, equates “resistance” with “denial” when he says that “as long as we resist and deny the possibility of nuclear war, that possibility will persist and grow stronger.”  He also wrongly perceives “resistance” as presupposing a clinging to the “order of things that now prevails.” Resistance connotes opposing, and striving to defeat a prevailing state of affairs that would allow or encourage the “worst to occur.”  I submit, against Zimmerman, that we should not, in any sense, be willing for nuclear war or omnicide to occur.  (This is not to suggest that we should be numb to the possibility of its occurrence.)  Despite Zimmerman’s elaborations and refinements his Heideggerian notion of “letting beings be” continues to be too permissive in this regard.  In my judgment, an individual’s decision not to act against and resist his or her government’s preparations for nuclear holocaust is, as I have argued elsewhere, to be an early accomplice to the most horrendous crime against life imaginable – its annihilation.  The Nuremburg tradition calls not only for a new way of thinking, a “new internationalism” in which we all become co-nurturers of the whole planet, but for resolute actions that will sever our complicity with nuclear criminality and the genocidal arms race, and work to achieve a future which we can no longer assume. We must not only “come face to face with the unthinkable in image and thought” (Fox) but must act now - with a “new consciousness” and conscience - to prevent the unthinkable, by cleansing the earth of nuclear weaponry. Only when that is achieved will ultimate violence be removed as the final arbiter of our planet’s fate.

### A2: Ontology

#### ---Nuclear war outweighs ontological damnation --- Alienation isn’t an excuse for species extermination.

Zimmerman 1994

Michael E., Professor of Philosophy at Tulane, Contesting Earth's Future: Radical Ecology and Postmodernity, pg 119-120

Heidegger asserted that human self-assertion, combined with the eclipse of being, threatens the relation between being and human Dasein. Loss of this relation would be even more dangerous than a nuclear war that might "bring about the complete annihilation of humanity and the destruction of the earth." This controversial claim is comparable to the Christian teaching that it is better to forfeit the world than to lose one's soul by losing one's relation to God. Heidegger apparently thought along these lines: it is possible that after a nuclear war, life might once again emerge, but it is far less likely that there will ever again occur an ontological clearing through which such life could manifest itself. Further, since modernity's one-dimensional disclosure of entities virtually denies them any "being" at all, the loss of humanity's openness for being is already occurring. Modernity's background mood is horror in the face of nihilism, which is consistent with the aim of providing material "happiness" for everyone by reducing nature to pure energy. The unleashing of vast quantities of energy in nuclear war would be equivalent to modernity's slow-motion destruction of nature: unbounded destruction would equal limitless consumption. If humanity avoided nuclear war only to survive as contented clever animals, Heidegger believed we would exist in a state of ontological damnation: hell on earth, masquerading as material paradise. Deep ecologist might agree that a world of material human comfort purchased at the price of everything wild would not be a world worth living in, for in killing wild nature, people would be as good as dead. But most of them could not agree that the loss of humanity's relation to being would be worse than nuclear omnicide, for it is wrong to suppose that the lives of millions of extinct and unknown species are somehow lessened because they were never "disclosed" by humanity.

#### Free trade is the most ethical economic system --- It fosters ethical connections based on equality and mutual respect by treating each subject as a rational individual; minimizing oppression and violence.

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 accessed 9-25-07

I pointed out earlier that it is a mistake to think that market norms see individuals as mere means to business ends. I now want to argue more strongly that the opposite is implicit in the idea of the fairness ethic and, indeed, that free markets and liberty rights are ultimately justified by the recognition that people are free, self-responsible agents, entitled to pursue their own ends, and deserving of respect as ends in themselves. It is at least partly this recognition that prevents me from even thinking of filching a bag of chips from the vendor’s cart, and the vendor from calling me names for giving him soiled dollar bills. This exchange of the moral good of mutual respect for each other as ends forms the matrix for the exchange both of commodities and of other goods in reciprocal, voluntary relationships. Just as the goods particular to friendship, such as affection and companionship, “are not merely used but cherished and appreciated…..[as] expressions of shared understandings, affections, and commitments” (Anderson: 151), so the moral good of mutual respect common to all types of reciprocal relationships is not merely used but cherished and appreciated as an expression of shared interests, understandings, and commitments. Such mutual respect in market exchanges relates us as equals, and stands in stark contrast to exchange relations based on hierarchy or status, such as those between lord and servant. The vendor sells his wares for the same price to visiting lords and local plebes alike, and can tell both alike to take ’em or leave ’em. There may well be a dignity and self-respect attached to a person’s hereditary station in life, as some communitarians and conservatives nostalgic for the feudal past tell us.[43] But a dignity grounded in an individual’s hereditary station is, by definition, not portable, and must be left behind should an individual’s overlord oust him from his station. Nor is the dignity of those in a lowly station equal to the dignity of those in an elevated station. By contrast, a dignity grounded in our nature as free and self-responsible agents, all equally free to pursue our own plans, equally free to enter or leave relationships, goes with us wherever we go, and relates us to each other as equals. But a general recognition of and respect for this dignity requires an economic and political system that enables people to realize their nature as free and self-responsible agents. Even if the beggar and the alms-giver both believe that, as a human being, the beggar is worth no less than anyone else, it is hard for either of them to genuinely feel this so long as the beggar acts like a beggar, and it is hard for the beggar to act otherwise so long as he is a beggar. It is not surprising, then, that it is only with the increased opportunities created by market societies and the rule of law that the idea of the fundamental equality of persons qua persons – an idea praised alike by Mencius, Buddhists, Stoics, and Christians – became firmly established.[44] It is instructive to note that David Hume and Adam Smith celebrated the rise of commerce not only for bringing prosperity to the many, but also for promoting the rule of law, liberty, and good character.[45] Unlike the later romantics of feudalism, both Hume and Smith saw dependency as creating servility.[46] The new commercial society broke down the old feudal hierarchies of power that had kept the many dependent on the few, diffusing power by diffusing freedom and wealth and promoting the rule of law. The increased economic opportunities and security offered by the cities freed people of the need to stay in their clans or with their feudal lords for sustenance or protection.[47] By enabling them to strike out on their own and make their own lives, commercial society made it possible for them to earn the pride that comes from independence and self-reliance; by breaking the shackles of inherited status, the market order made it possible for people to see themselves as equals and ends in themselves.

#### Markets require empathy which enables ethical relationships and exchange.

Palmer 2007

Tom G., Open Societies, Global Markets, and the Bourgeois Virtues, http://www.cato.org/pub\_display.php?pub\_id=8229

Markets are not merely founded on respect for justice, however. They are also founded on the ability of humans to take into account, not only their own desires, but the desires of others, to put themselves in the places of others. A restaurateur who didn't care what his diners wanted would not be in business long. If the guests are made sick by the food, they won't come back. If the food fails to please them, they won't come back. He will be out of business. Markets provide incentives for participants to put themselves in the position of others, to consider what their desires are, and to try to see things as they see them. As Thomas Haskell notes, in his explanation of the relationship between "capitalism" (i.e., free enterprise) and humanitarianism, although "Conscience and promise keeping emerged in human history, of course, long before capitalism... it was not until the eighteenth century, in Western Europe, England, and North America, that societies first appeared whose economic systems depended on the expectation that most people, most of the time, were sufficiently conscience-ridden (and certain of retribution) that they could be trusted to keep their promises."11 Markets are the alternative to violence, to oppression, to war. Markets make us social. Markets make us peaceful. Markets make us free. As Henri Pirenne noted in his classic study Medieval Cities: Their Origins and the Revival of Trade, "just as agrarian civilization had made of the peasant a man whose normal state was servitude, trade made of the merchant a man whose normal condition was liberty."12 An enterprise culture makes traders of all of us. Markets remind us that other people matter, too, not only those in our immediate family or social group, at first because we learn we can benefit when we exchange, but later in other ways, as well, as we meet them, interact with them, make friends with them.13 Enterprise is often accused of promoting greed. Free enterprise neither promotes nor dampens selfishness or greed. It makes it possible for the most altruistic, as well as the most selfish, to advance their purposes in peace. Those who dedicate their lives to helping others exchange in markets to advance their purposes, no less than those whose goal is to increase their store of wealth. Some of the latter even accumulate wealth for the purpose of increasing their ability to help others. George Soros, Bill Gates, and Sir John Templeton are examples of the latter; they have earned great sums of wealth, which has increased their ability to help others through their vast charitable activities

### A2: Predictions

#### ---We solve your turns --- Affirming prediction reclaims the future for the forces of pragmatic political change and sparks ideas on how to overcome problematic futurisms.

Kurasawa 2004

Fuyuki, Constellation, v. 11, no. 4, “Cautionary Tales,” Blackwell

As we float in a mood of post-millennial angst, the future appears to be out of favor. Mere mention of the idea of farsightedness – of trying to analyze what may occur in our wake in order to better understand how to live in the here and now – conjures up images of fortune-telling crystal balls and doomsday prophets, or of eccentric pundits equipped with data-crunching supercomputers spewing forth fanciful prognostications. The future, then, has seemingly become the province of mystics and scientists, a realm into which the rest of us rarely venture. This curious situation goes back to a founding paradox of early modernity, which sought to replace pagan divination and Judeo-Christian eschatology with its own rational system of apprehending time. Thus came into being the philosophy of history, according to which human destiny unfolds teleologically by following a knowable and meaningful set of chronological laws leading to a final state of perfection; Condorcet, Kant, Hegel, and Marx, to name but a few, are the children of this kind of historicism that expresses an unwavering faith in the Enlightenment’s credo of inherent progress over time. Yet in our post-metaphysical age, where the idea of discovering universal and stable temporal laws has become untenable, the philosophy of history lies in ruins. What has stepped into the breach is a variety of sciences of governance of the future, ranging from social futurism to risk management. By developing sophisticated modeling techniques, prognosticators aim to convert the future into a series of predictable outcomes extrapolated from present-day trends, or a set of possibilities to be assessed and managed according to their comparative degrees of risk and reward.1 Although commendable in their advocacy of farsightedness, these scientistic forms of knowledge are hampered by the fact that their longing for surefire predictive models have inevitably come up short. If historicism and scientistic governance offer rather unappealing paradigms for contemplating the future, a turn to the conventional political forecasts of the post-Cold War world order hardly offers more succor. Entering the fray, one is rapidly submerged by Fukuyama’s “end of history,” Huntington’s “clash of civilizations,” Kaplan’s “coming anarchy,” or perhaps most distressing of all, the so-called ‘Bush Doctrine’ of unilateral pre-emption. For the Left, this array of unpalatable scenarios merely prolongs the sense of hope betrayed and utopias crushed that followed the collapse of the socialist experiment. Under such circumstances, is it any wonder that many progressive thinkers dread an unwelcomed future, preferring to avert their gazes from it while eyeing foresight with equal doses of suspicion and contempt? But neither evasion nor fatalism will do. Some authors have grasped this, reviving hope in large-scale socio-political transformation by sketching out utopian pictures of an alternative world order. Endeavors like these are essential, for they spark ideas about possible and desirable futures that transcend the existing state of affairs and undermine the flawed prognoses of the post-Cold War world order; what ought to be and the Blochian ‘Not-Yet’ remain powerful figures of critique of what is, and inspire us to contemplate how social life could be organized differently. Nevertheless, my aim in this paper is to pursue a different tack by exploring how a dystopian imaginary can lay the foundations for a constructive engagement with the future.