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### Plan

#### The United States Federal Government should exclude crude oil and natural gas production from Exon-Florio reviews.

### Iran Adv-

#### Removing restrictions on investment in US oil and gas production is the best way to get China to increase their support for Iran sanctions- that’s critical to effective international pressure.

Downs, China fellow at Brookings, 12 (Erica S. Downs is a fellow at the John L. Thorton China Center at The Brookings Institution, “Getting China to Turn on Iran,” July 19, http://nationalinterest.org/commentary/getting-china-turn-iran-7215)

Over the past decade, as the United States employed increasingly robust sanctions to gradually ratchet up the pressure on Iran to curb its nuclear ambitions, Washington has struggled with the question of how to elicit more cooperation from China, a major buyer of Iranian crude oil and no fan of sanctions, especially unilateral ones. On June 28, the Obama administration granted China an exemption from U.S. sanctions on the Central Bank of Iran (CBI) for significantly reducing its crude-oil purchases from the Islamic Republic. This suggests that one of the biggest carrots Washington can offer to China in exchange for greater support for the U.S. sanctions regimen is expanded opportunities for China’s national oil companies (NOCs) to invest in oil and natural-gas exploration and production in the United States. The greater the stakes that China’s NOCs have in the United States, the thinking goes, the greater the chance they will think twice about doing business in Iran.

The Chinese government responded to the new U.S. sanctions signed into law by President Obama on December 31, 2011, by saying Washington should not expect any cooperation from Beijing. Over the past six months, officials from China’s foreign ministry have repeatedly stated that China’s energy trade with—and investment in—Iran do not violate the various United Nations Security Council resolutions on Iran and that the new U.S. sanctions would not affect China-Iran energy relations. Despite Beijing’s implication that China would continue to import oil from Iran at 2011 levels (more than 550,000 barrels a day), the main Chinese buyer of Iranian crude oil, Sinopec, responded to the new U.S. sanctions by dramatically cutting its purchases from Iran by 25 percent in the first five months of 2012. At the end of every year, Chinese oil traders negotiate their supply contracts with National Iranian Oil Company (NIOC) for the following year. The commencement of their negotiations in late 2011 coincided with growing support in Washington, especially on Capitol Hill, for ratcheting up the pressure on Iran by subjecting foreign firms that do business with the CBI—the primary clearinghouse for Iranian oil transactions—to U.S. financial sanctions. When China’s oil traders sat down at the negotiating table with their Iranian counterparts, Iran’s increasing international isolation was palpable. Sinopec pushed for lower prices and a longer credit period, while NIOC insisted on higher prices and a shorter credit period. The two companies did not sign a new contract until late March 2012 (with Sinopec reportedly extracting some concessions, which have not been disclosed publicly), causing the plunge in China’s crude oil imports from Iran. Moreover, Sinopec recently revealed that it turned down offers to buy additional volumes of Iranian crude at discounted prices. After President Obama signed the new sanctions into law, there was some concern in Washington that the Chinese would undermine his tough policy by purchasing at a discount all of the crude that would otherwise have gone to European and Asian buyers in the absence of sanctions. Sinopec, however, had compelling reasons to decline the opportunity to increase its purchases from Iran; the company does not want to jeopardize its chance to expand in the United States, where it already has signed a deal to invest more than $2 billion in shale assets owned by Devon Energy and is looking to buy assets from Chesapeake Energy. The chair~~man~~ of Sinopec, Fu Chengyu, is acutely aware of how getting on the wrong side of politics in Washington can scuttle a deal; he was the chairman of China National Offshore Oil Corporation (CNOOC) when that company made its ill-fated bid for the U.S. oil company Unocal in 2005. Sinopec is not the only Chinese oil company with an incentive to choose the U.S. market over the Iranian one. Its domestic peers, CNOOC and China National Petroleum Corporation (CNPC), also find the United States to be an attractive investment destination. First, all three companies are eager to gain shale-gas technology and operational expertise through partnerships with U.S. firms. On paper, China has considerable shale-gas resources. The U.S. Energy Information Administration estimates that China’s technically recoverable shale-gas resources are 50 percent greater than those of the United States. But China’s NOCs lack the technology and operational expertise to develop them. Second, they want to expand reserves and production, and an increasing number of opportunities to do so are now in the United States, thanks to the boom in America’s unconventional oil and natural-gas production. Finally, the turmoil in Middle East and North Africa over the past two years has prompted China’s NOCs to seek less risky operating environments. Indeed, Sinopec’s domestic peers also are gravitating toward the United States and away from Iran. CNOOC, which has signed contracts committing it to invest $3.4 billion in Chesapeake Energy’s shale-gas assets in the United States, had a $15 billion contract suspended by the Iranians for lack of progress. China National Petroleum Corporation, which similarly had a $4.7 billion contract frozen by the Iranians for its failure to start work, also is looking for opportunities to partner with U.S. companies in shale-gas projects. Moreover, China’s NOCs have not “backfilled” any projects abandoned by European and Japanese oil companies after their home governments implemented tighter unilateral sanctions in 2010. It isn’t just China’s NOCs that seem to be backing away from Iran in a bid for access to the U.S. market. Consider the announcement made last year by the Chinese telecommunications firm Huawei Technologies that it was planning to scale back its operations in Iran. Although these operations complied with U.S. and European Union laws, there was at least a partial motivation to keep open prospects for doing business in the United States and Europe. The ability of the United States to secure additional Chinese cooperation may depend in part on the scale of the investments made by China’s NOCs in the United States. The more money these companies pump into the American market, the more likely they are to refrain from doing deals with Iran that might jeopardize those business prospects. Consequently, creating a more welcoming environment for Chinese investments just might have a geopolitical payoff in the form of greater Chinese compliance with Iran sanctions. Moreover, letting China’s NOCs take the lead in complying with—or at least not undercutting—U.S. sanctions on Iran is politically palatable to Beijing. Chinese officials can maintain their public opposition to U.S. sanctions while avoiding increased tensions with Washington over the Iranian nuclear issue. This dual stance is attributable to the business decisions made by China’s NOCs.

#### Allowing Chinese majority shares of US oil and gas production is critical garnering Chinese compliance on Iran. Only the signal of the plan solves Iran nuclearization.

Downs, Brookings China Fellow, October ‘12 (Erica, CHINA, IRAN AND THE NEXEN DEAL, OPTIONS POLITIQUES, http://www.irpp.org/po/archive/oct12/downs.pdf)

Meanwhile the expansion of the Chinese NOC footprint in the United States has coincided with the shrinking of their presence in Iran. CNOOC has pulled out of a $16-billion project to develop Iran’s North Pars natural gas ﬁ eld. The Iranians have frozen a $4.7-billion contract held by China National Petroleum Corporation (CNPC) for the development of Phase 11 of the South Pars natural gas ﬁ eld because of CNPC’s failure to start work. Sinopec is behind schedule in developing the Yadavaran oil ﬁ eld. Nor have China’s NOCs “backﬁlled” projects abandoned by European and Japanese oil companies after their home governments implemented tighter unilateral sanctions against Iran in 2010 and the Obama administration indicated that taking over such projects was a red line not to be crossed. It would be more than diplomatically awkward for Washington to lean on China over its projects in Iran and then block its attempts to compensate for the loss of those opportunities by investing in North America. While the Chinese oil majors’ waning enthusiasm for Iran is partially due to the country’s difﬁcult operating and investment climate, it almost certainly reﬂects their ambitions to expand here. One way for Washington — and Ottawa — to spur China’s NOCs to continue their retreat from Iran is to continue to welcome them into North America, not only as passive investors but also as owners. Rolling out the red carpet for China’s NOCs would not only generate much-needed capital for the development of North American oil and natural gas resources, but it may also pay the geopolitical dividend of increased Chinese compliance on the issue of Iran. The road to curbing Iran’s nuclear program may run through the headquarters of CNOOC, CNPC and Sinopec.

#### Iranian nuclearization makes nuclear war inevitable in the Middle East- even small conflicts could escalate to all out war.

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

Waltz writes that "policymakers and citizens in the Arab world, Europe, Israel, and the United States should take comfort from the fact that history has shown that where nuclear capabilities emerge, so, too, does stability." In fact, the historical record suggests that competition between a nuclear-armed Iran and its principal adversaries would likely follow the pattern known as "the stability-instability paradox," in which the supposed stability created by mutually assured destruction generates greater instability by making provocations, disputes, and conflict below the nuclear threshold seem safe. During the Cold War, for example, nuclear deterrence prevented large-scale conventional or nuclear war between the United States and the Soviet Union. At the same time, however, the superpowers experienced several direct crises and faced off in a series of bloody proxy wars in Korea, Vietnam, Afghanistan, Angola, Nicaragua, El Salvador, and elsewhere. A recent statistical analysis by the political scientist Michael Horowitz demonstrated that inexperienced nuclear powers tend to be more crisis-prone than other types of states, and research by another political scientist, Robert Rauchhaus, has found that nuclear states are more likely to engage in low-level militarized disputes with one another, even if they are less likely to engage in full-scale war. If deterrence operates the way Waltz expects it to, a nuclear-armed Iran might reduce the risk of a major conventional war among Middle Eastern states. But history suggests that Tehran's development of nuclear weapons would encourage Iranian adventurism, leading to more frequent and intense crises in the Middle East. Such crises would entail some inherent risk of a nuclear exchange resulting from a miscalculation, an accident, or an unauthorized use -- a risk that currently does not exist at all. The threat would be particularly high in the initial period after Iran joined the nuclear club. Once the superpowers reached rough nuclear parity during the Cold War, for example, the number of direct crises decreased, and the associated risks of nuclear escalation abated. But during the early years of the Cold War, the superpowers were involved in several crises, and on at least one occasion -- the 1962 Cuban missile crisis -- they came perilously close to nuclear war. Similarly, a stable deterrent relationship between Iran, on the one hand, and the United States and Israel, on the other, would likely emerge over time, but the initial crisis-prone years would be hair-raising. Although all sides would have a profound interest in not allowing events to spiral out of control, the residual risk of inadvertent escalation stemming from decades of distrust and hostility, the absence of direct lines of communication, and organizational mistakes would be nontrivial -- and the consequences of even a low-probability outcome could be devastating.

#### Iranian nuclearization causes regional and global arms racing.

Cirincione 06 (Joseph, Sr. Assoc. & Director @ the Non-Proliferation Project @ the Carnegie Endowment for International Peace, Summer, SAIS Review, “A New Non-Proliferation Strategy”)

The danger posed by the acquisition of nuclear weapons by Iran or North Korea is not that either country would be liable to use these weapons to attack the United States, the nations of Europe, or other countries. Iran, for example, would likely decide to build nuclear weapons only as a means to defend itself from the aggression of other nations. Iranian leaders, like the leaders of other states, would be deterred from using nuclear weapons in a first strike by the certainty of swift and massive retaliation. The danger is that certain actions may be viewed by Iran as a defensive move, however they would trigger dangerous reactions from other states in the region. A nuclear reaction chain could ripple through a region and across the globe, triggering weapon decisions in several, perhaps many, other states. Such developments could weaken Iran's security, not increase it. With these rapid developments and the collapse of existing norms could come increased regional tensions, possibly leading to regional wars and to nuclear catastrophe.3 Existing regional nuclear tensions already pose serious risks. The decades-long conflict between India and Pakistan has made South Asia the region most likely to witness the first use of nuclear weapons since World War II. An active missile race is under way between the two nations, even as India and China continue their rivalry. In Northeast Asia, North Korea's nuclear capabilities remain shrouded in uncertainty but presumably continue to advance. Miscalculation or misunderstanding could bring nuclear war to the Korean peninsula. In the Middle East, Iran's declared peaceful nuclear energy program, together with Israel's nuclear arsenal and the chemical weapons of other Middle Eastern states, adds grave volatility to an already conflict-prone region. If Iran were to decide at some later date to build nuclear weapons, Egypt, Saudi Arabia, or others might initiate or revive nuclear weapon programs. It is entirely possible that the Middle East could go from a region with one nuclear weapon state, to one with two, three, or five such states within a decade-compounded by the existing political and territorial disputes still unresolved.4

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

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

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

#### Sanctions work- evidence suggests they will bring Iran back to the negotiating table.

Kahl 12 (Colin, Senior Fellow at the Center for a New American Security, Not Time to Attack Iran, Foreign Affairs, 00157120, Mar/Apr2012, Vol. 91, Issue 2)

In making the case for preventive war as the least bad option, Kroenig dismisses any prospect of finding a diplomatic solution to the U.S.-Iranian standoff. He concludes that the Obama administration's dual-track policy of engagement and pressure has failed to arrest Iran's march toward a bomb, leaving Washington with no other choice but to bomb Iran. But this ignores the severe economic strain, isolation, and technical challenges that Iran is experiencing. After years of dismissing the economic effects of sanctions, senior Iranian officials now publicly complain about the intense pain the sanctions are producing. And facing the prospect of U.S. sanctions against Iran's central bank and European actions to halt Iranian oil imports, Tehran signaled in early January some willingness to return to the negotiating table. Washington must test this willingness and, in so doing, provide Iran with a clear strategic choice: address the concerns of the international community regarding its nuclear program and see its isolation lifted or stay on its current path and face substantially higher costs. In framing this choice, Washington must be able to assert that like-minded states are prepared to implement oil-related sanctions, and the Obama administration should continue to emphasize that all options, including military action, remain on the table.

#### Second impact- Strikes-

#### Obama will strike Iran this year if diplomacy fails---economic and military constraints won’t deter

Hurst-The Associated Press 2/4/13

HEADLINE: Analysis: Economy, military shape US Iran strategy Lexis

President Barack Obama may have to decide this year whether to use military force to fulfill his vow to prevent Iran from being able to build nuclear weapons, foreign policy experts say. But America's economic and military realities argue intensely against attacking the Islamic republic and for muddling through by, perhaps, further tightening sanctions that have cut deeply into Tehran's economy. Americans are weary of war after more than a decade of military involvement in Iraq and Afghanistan. The U.S. economy, while recovering from the Great Recession, still is weak. The military could face deep cuts this year as Congress considers massive reductions in government spending. What's more, Iran is far stronger militarily than either Iraq or Afghanistan and would undoubtedly strike back by hitting Israel and attacking U.S. soldiers in neighboring Afghanistan. Also, Iran has put much of its nuclear program deep under ground, making it uncertain how much damage could be done by American airstrikes. Beyond that, the prime advocate for attacking Iran, Israeli Prime Minister Benjamin Netanyahu, just suffered a significant setback in elections and is in a weakened position. Even before the Israeli election, Obama had rebuffed Netanyahu's calls for an attack, saying there's still time for a diplomatic solution. But time is running out. Experts say Iran has uranium enriched to 20 percent, a level from which it can be converted to weapons-grade fairly quickly. The U.N. International Atomic Energy Agency says the Iranians are preparing to install faster centrifuges that would speed the process. "Many people think 2013 is the year of decision as to the question of whether to go to war or strike a conclusive deal to end Iran's nuclear ambitions," said Suzanne Maloney, senior fellow at the Brookings Institution's Saban Center for Middle East Policy. A new report by scholars at the Center for Strategic and International Studies think tank warns that "the current limited crisis ... may well escalate to a major conflict or a new form of Cold War." During Obama's first term, the U.S. and its allies imposed damaging economic sanctions on Tehran, but so far the leadership there has shown no willingness to talk seriously about altering a uranium enrichment program that could provide fuel for nuclear weapons. Iran denies it wants to build a bomb, insisting it is creating fuel for electricity-generating reactors and medical research. Iran has been reluctant to engage, refusing to set a location for a new round of talks that were to have taken place in January, until it announced it would meet on Feb. 25 in Kazakhstan with the U.S., Britain, France, Russia, China and Germany. That group is known as the P-5 + 1, short for the five permanent members of the U.N. Security Council and Germany. It has been trying to convince Iran to give up its nuclear activities. Israel, which Iran has vowed to wipe off the map, sees a nuclear-armed Iran as a threat to its existence and has threatened to unilaterally launch a first strike again Tehran's nuclear facilities. Such an attack would almost certainly draw the United States into another military conflict in the region. But Obama and most Americans have shown no appetite for another war, a fact shown by the president's reluctance to act militarily now and his refusal to involve U.S. forces in the Syrian civil war. Syria has proven a major distraction for Tehran. If President Bashar Assad is driven from power, Iran could lose its foothold in the Arab world. It uses Syria to funnel arms and money to the anti-Israeli Hezbollah organization that controls southern Lebanon along Israel's northern border and Hamas, the Palestinian faction that controls the Gaza Strip on the south. But Israel's Netanyahu is also distracted after last month's elections, which saw moderate politicians replace some right-wingers in parliament. "I think that Netanyahu has been sufficiently weakened so that he won't be able to successfully lobby the United States for a green light to attack," said Chris Dolan, a political scientist at Lebanon Valley College in Pennsylvania. Karim Sadjadpour, an Iran specialist at the Carnegie Endowment for International Peace, said Israeli pressure is no longer, if it ever was, driving Obama's decision-making. "Our policy toward Iran's nuclear program has been defined by Obama's red lines, not Netanyahu's, meaning that the U.S. isn't likely to use military force unless and until it's clear that Iran is taking active steps to weaponize its program," he said. He was referring to Netanyahu's U.N. speech in September in which he said Iran had already crossed the red line that required military action. Also, Obama realizes that Iran will have a new president after elections in June, a fact that possibly is causing Iran to drag its feet. The next president will replace hard-liner Mahmoud Ahmadinejad who denies the World War II Holocaust in which Hitler's Germany killed 6 million Jews. But in Iran, real power is in the hands of supreme leader Ayatollah Ali Khamenei. Students of Iran believe that Khamenei is undecided on using the country's nuclear fuel to build a nuclear weapon. He has said such a weapon was in conflict with Iran's Islamic foundations. Any future talks will hang on Iran's demand for specific guarantees about easing sanctions in return for dialing back its nuclear program. Sadjadpour said the outlines of a deal are clear to both sides. He said the unspoken U.S. position is: "You can have a nuclear program which includes uranium enrichment, but not a weapon. If you don't go for the bomb, we won't bomb you." But, he said, sanctions will not be eased without meaningful compromises. "The problem is that there remains a very large gap in our respective definitions of the word `meaningful.'" And that could be very dangerous, said Maloney, should there be a deal that goes bad. If that happens Obama "will be forced to put his money where his mouth is," meaning he would be forced to launch a military strike to make good on his vow to prevent Iran from obtaining a nuclear weapon.

#### And, tightening sanctions on Iranian oil staves off an Israeli strike on Iran.

National Journal 12 (Sara Sorcher, Insiders: New Sanctions on Iran Stave Off Need for Military Action, Jan 31, http://www.nationaljournal.com/nationalsecurity/insiders-new-sanctions-on-iran-stave-off-need-for-military-action-20120130)

Now that the European Union has agreed to impose a ban on oil purchases from Iran and the U.S. has signed new sanctions against its central bank into law, 60 percent of National Journal’s National Security Insiders said the tough measures are likely to isolate Iran and stave off the necessity of a military response. “Years — and even months — ago, no one imagined that the EU, racked by institutional and financial challenges, would take such a tough position,” one Insider said. “Iran has also miscalculated in thinking that the West would not dare threaten its oil exports and that its [Persian] Gulf rivals would not step into the breach if the West did.” Several Insiders said the West’s coordinated pressure is likely to succeed in preventing Iran from acquiring a nuclear weapon. “[Iranian President Mahmoud] Ahmadinejad could not risk a military conflict. But U.S. sanctions, standing alone, could also strengthen his political hold,” one said. “EU intervention was key. Now he risks political as well as economic isolation. Sanctions should now succeed.” Still, some Insiders advised that there are still more avenues to explore to tighten the economic noose around Tehran. “We have a better chance of forcing Iran to capitulate if we truly choke off Iran’s ability to sell oil,” one Insider said. Sanctions can only succeed if “wedded to vigorous and comprehensive diplomacy,” one Insider said. Another cautioned that outside pressure won’t be enough to force Iran to give up its nuclear program, stressing that momentum from street protests inside the country are needed for change to take effect: “More robust political opposition in Iran may be required to force an end to Iran’s determined effort to obtain nuclear weapons.” In Israel, where a flurry of media reports indicated some leaders were pushing to launch a preemptive strike on Iran’s nuclear sites, Prime Minister Benjamin Netanyahu insisted that even tougher measures are necessary to curb Tehran's nuclear program. Netanyahu's comments appeared inconsistent, though, coming days after he voiced support for the current raft of sanctions and said there are signs Iran is beginning to fold for the first time. “Sanctions may succeed in putting off an Israeli preemptive strike against Iran that would draw the U.S. into yet another military adventure with disastrous consequences,” one Insider said. Sanctions would prevent a military response, according to another Insider, “as long as Israel doesn’t act first.”

#### Israel strikes on Iran cause multiple scenarios for nuclear war, CBW use and terrorist attacks.

Russell 09 (James A. Russell, managing editor of Strategic Insights, the quarterly ejournal published by the Center for Contemporary Conflict at the Naval Postgraduate School, Spring 2009, Strategic Stability Reconsidered: Prospects for Escalation and Nuclear War in the Middle East, Security Studies Center)

Iran’s response to what would initially start as a sustained stand-off bombardment (Desert Fox Heavy) could take a number of different forms that might lead to escalation by the United States and Israel, surrounding states, and non-state actors. Once the strikes commenced, it is difficult to imagine Iran remaining in a Saddam-like quiescent mode and hunkering down to wait out the attacks. Iranian leaders have unequivocally stated that any attack on its nuclear sites will result in a wider war81 – a war that could involve regional states on both sides as well as non-state actors like Hamas and Hezbollah. While a wider regional war need not lead to escalation and nuclear use by either Israel or the United States, wartime circumstances and domestic political pressures could combine to shape decision-making in ways that present nuclear use as an option to achieve military and political objectives. For both the United States and Israel, Iranian or proxy use of chemical, biological or radiological weapons represent the most serious potential escalation triggers. For Israel, a sustained conventional bombardment of its urban centers by Hezbollah rockets in Southern Lebanon could also trigger an escalation spiral. Assessing relative probability of these scenarios is very difficult and beyond the scope of this article. Some scenarios for Iranian responses that could lead to escalation by the United States and Israel are: Terrorist-type asymmetric attacks on either the U.S. or Israeli homelands by Iran or its proxies using either conventional or unconventional (chemical, biological, or radiological) weapons. Escalation is more likely in response to the use of unconventional weapons in populated urban centers. The potential for use of nuclear retaliation against terrorist type attacks is problematic, unless of course the sponsoring country takes official responsibility for them, which seems highly unlikely. Asymmetric attacks by Iran or its proxies using unconventional weapons against U.S. military facilities in Iraq and the Gulf States (Kuwait, Bahrain, UAE, Qatar); • Long-range missile strikes by Iran attacking Israel and/or U.S. facilities in Iraq and the Gulf States: • Conventional missile strikes in and around the Israeli reactor at Dimona • Airbursts of chemical or radiological agents in Israeli urban areas; • Missile strikes using non-conventional weapons against US Gulf facilities such as Al Udeid in Qatar, Al Dhafra Air Base in the UAE, and the 5th Fleet Headquarters in Manama, Bahrain. Under all scenarios involving chemical/biological attacks on its forces, the United States has historically retained the right to respond with all means at its disposal even if the attacks come from a non-nuclear weapons state.82 • The involvement of non-state actors as part of ongoing hostilities between Iran, the United States, and Israel in which Hezbollah and/or Hamas became engaged presents an added dimension for conflict escalation. While tactically allied with Iran and each other, these groups have divergent interests and objectives that could affect their involvement (or non-involvement in a wider regional war) – particularly in ways that might prompt escalation by Israel and the United States. Hezbollah is widely believed to have stored thousands of short range Iranian-supplied rockets in southern Lebanon. Attacking Israel in successive fusillades of missiles over time could lead to domestic political demands on the Israeli military to immediately stop these external attacks – a mission that might require a wide area-denial capability provided by nuclear weapons and their associated PSI overpressures, particularly if its conventional ground operations in Gaza prove in the mid- to longterms as indecisive or strategic ambiguous as its 2006 operations in Lebanon. • Another source of uncertainty is the Iran Revolutionary Guard Corps (IRGC) – referred to here as “quasi-state” actor. The IRGC manages the regime’s nuclear, chemical and missile programs and is responsible for “extraterritorial” operations outside Iran. The IRGC is considered as instrument of the state and reports directly to Supreme Leader Ayatollah Khamenei. So far, the IRGC has apparently refrained from providing unconventional weapons to its surrogates. The IRGC also, however arms and funds various Shiite paramilitary groups in Iraq and Lebanon that have interests and objectives that may or may not directly reflect those of the Iranian supreme leader. Actions of these groups in a wartime environment are another source of strategic uncertainty that could shape crisis decision-making in unhelpful ways. • The most likely regional state to be drawn into a conflict on Iran’s side in a wider regional war is Syria, which is widely reported to have well developed missile and chemical warfare programs. Direct Syrian military involvement in an Israeli-U.S./Iranian war taking the form of missile strikes or chemical attacks on Israel could serve as another escalation trigger in a nuclear-use scenario, in particular if chemical or bio-chem weapons are used by the Syrians, technically crossing the WMD-chasm and triggering a retaliatory strike using any category of WMD including nuclear weapons. • The last – and perhaps most disturbing – of these near-term scenarios is the possible use by Iran of nuclear weapons in the event of conventional strikes by the United States and Israel. This scenario is built on the assumption of a U.S. and/or Israeli intelligence failure to detect Iranian possession of a nuclear device that had either been covertly built or acquired from another source. It is possible to foresee an Iranian “demonstration” use of a nuclear weapon in such a scenario in an attempt to stop an Israeli/U.S. conventional bombardment. A darker scenario would be a direct nuclear attack by Iran on Israel, also precipitated by conventional strikes, inducing a “use them or lose them” response. In turn, such a nuclear strike would almost certainly prompt an Israeli and U.S. massive response – a potential “Armageddon” scenario.

#### And, strikes don’t solve prolif and make escalation inevitable- Iran would face use-it-or-lose-it pressure, no hotlines exist, and Iran’s command-and-control weakness risks unauthorized escalation.

Kahl 12 (Colin, Senior Fellow at the Center for a New American Security, Not Time to Attack Iran, Foreign Affairs, 00157120, Mar/Apr2012, Vol. 91, Issue 2)

Kroenig's discussion of timing is not the only misleading part of his article; so is his contention that the United States could mitigate the "potentially devastating consequences" of a strike on Iran by carefully managing the escalation that would ensue. His picture of a clean, calibrated conflict is a mirage. Any war with Iran would be a messy and extraordinarily violent affair, with significant casualties and consequences. According to Kroenig, Iran would not respond to a strike with its "worst forms of retaliation, such as closing the Strait of Hormuz or launching missiles at southern Europe" unless its leaders felt that the regime's "very existence was threatened." To mitigate this risk, he claims, the United States could "make clear that it is interested only in destroying Iran's nuclear program, not in overthrowing the government." But Iranian leaders have staked their domestic legitimacy on resisting international pressure to halt the nuclear program, and so they would inevitably view an attack on that program as an attack on the regime itself. Decades of hostility and perceived U.S. efforts to undermine the regime would reinforce this perception. And when combined with the emphasis on anti-Americanism in the ideology of the supreme leader and his hard-line advisers, as well as their general ignorance about what drives U.S. decision-making, this perception means that there is little prospect that Iranian leaders would believe that a U.S. strike had limited aims. Assuming the worst about Washington's intentions, Tehran is likely to overreact to even a surgical strike against its nuclear facilities. Kroenig nevertheless believes that the United States could limit the prospects for escalation by warning Iran that crossing certain "redlines" would trigger a devastating U.S. counter-response. Ironically, Kroenig believes that a nuclear-armed Iran would be deeply irrational and prone to miscalculation yet somehow maintains that under the same leaders, Iran would make clear-eyed decisions in the immediate aftermath of a U.S. strike. But the two countries share no direct and reliable channels for communication, and the inevitable confusion brought on by a crisis would make signaling difficult and miscalculation likely. To make matters worse, in the heat of battle, Iran would face powerful incentives to escalate. In the event of a conflict, both sides would come under significant pressure to stop the fighting due to the impact on international oil markets. Since this would limit the time the Iranians would have to reestablish deterrence, they might choose to launch a quick, all-out response, without care for redlines. Iranian fears that the United States could successfully disrupt its command-and-control infrastructure or preemptively destroy its ballistic missile arsenal could also tempt Iran to launch as many missiles as possible early in the war And the decentralized nature of Iran's Islamic Revolutionary Guard Corps, especially its navy, raises the prospect of unauthorized responses that could rapidly expand the fighting in the crowded waters of the Persian Gulf. Controlling escalation would be no easier on the U.S. side. In the face of reprisals by Iranian proxies, "token missile strikes against U.S. bases and ships," or "the harassment of commercial and U.S. naval vessels," Kroenig says that Washington should turn the other cheek and constrain its own response to Iranian counterattacks. But this is much easier said than done. Just as Iran's likely expectation of a short war might encourage it to respond disproportionately early in the crisis, so the United States would also have incentives to move swiftly to destroy Iran's conventional forces and the infrastructure of the Revolutionary Guard Corps. And if the United States failed to do so, proxy attacks against U.S. civilian personnel in Lebanon or Iraq, the transfer of lethal rocket and portable air defense systems to Taliban fighters in Afghanistan, or missile strikes against U.S. facilities in the Gulf could cause significant U.S. casualties, creating irresistible political pressure in Washington to respond. Add to this the normal fog of war and the lack of reliable communications between the United States and Iran, and Washington would have a hard time determining whether Tehran's initial response to a strike was a one-off event or the prelude to a wider campaign. If it were the latter, a passive U.S. approach might motivate Iran to launch even more dangerous attacks -- and this is a risk Washington may choose not to take. The sum total of these dynamics would make staying within Kroenig's proscribed limits exceedingly difficult. Even if Iran did not escalate, purely defensive moves that would threaten U.S. personnel or international shipping in the Strait of Hormuz -- the maritime chokepoint through which nearly 20 percent of the world's traded oil passes -- would also create powerful incentives for Washington to preemptively target Iran's military. Of particular concern would be Iran's "anti-access/area-denial" capabilities, which are designed to prevent advanced navies from operating in the shallow waters of the Persian Gulf. These systems integrate coastal air defenses, shore-based long-range artillery and anti-ship cruise missiles, Kilo-class and midget submarines, remote-controlled boats and unmanned kamikaze aerial vehicles, and more than 1,000 small attack craft equipped with machine guns, multiple-launch rockets, anti-ship missiles, torpedoes, and rapid-mine-laying capabilities. The entire 120-mile-long strait sits along the Iranian coastline, within short reach of these systems. In the midst of a conflict, the threat to U.S. forces and the global economy posed by Iran's activating its air defenses, dispersing its missiles or naval forces, or moving its mines out of storage would be too great for the United States to ignore; the logic of preemption would compel Washington to escalate. Some analysts, including Afshin Molavi and Michael Singh, believe that the Iranians are unlikely to attempt to close the strait due to the damage it would inflict on their own economy. But Tehran's saber rattling has already intensified in response to the prospect of Western sanctions on its oil industry. In the immediate aftermath of a U.S. strike on Iran's nuclear program, Iranian leaders might perceive that holding the strait at risk would encourage international pressure on Washington to end the fighting, possibly deterring U.S. escalation. In reality, it would more likely have the opposite effect, encouraging aggressive U.S. efforts to protect commercial shipping. The U.S. Navy is capable of keeping the strait open, but the mere threat of closure could send oil prices soaring, dealing a heavy blow to the fragile global economy. The measures that Kroenig advocates to mitigate this threat, such as opening up the U.S. Strategic Petroleum Reserve and urging Saudi Arabia to boost oil production, would be unlikely to suffice, especially since most Saudi crude passes through the strait. Ultimately, if the United States and Iran go to war, there is no doubt that Washington will win in the narrow operational sense. Indeed, with the impressive array of U.S. naval and air forces already deployed in the Gulf, the United States could probably knock Iran's military capabilities back 20 years in a matter of weeks. But a U.S.-Iranian conflict would not be the clinical, tightly controlled, limited encounter that Kroenig predicts. SPILLOVER Keeping other states in the region out of the fight would also prove more difficult than Kroenig suggests. Iran would presume Israeli complicity in a U.S. raid and would seek to drag Israel into the conflict in order to undermine potential support for the U.S. war effort among key Arab regimes. And although it is true, as Kroenig notes, that Israel remained on the sidelines during the 1990-91 Gulf War, the threat posed by Iran's missiles and proxies today is considerably greater than that posed by Iraq two decades ago. If Iranian-allied Hezbollah responded to the fighting by firing rockets at Israeli cities, Israel could launch an all-out war against Lebanon. Syrian President Bashar al-Assad might also try to use the moment to divert attention from the uprising in his country, launching his own assault on the Jewish state. Either scenario, or their combination, could lead to a wider war in the Levant. Even in the Gulf, where U.S. partners are sometimes portrayed as passive, Iranian retaliation might draw Saudi Arabia and the United Arab Emirates into the conflict. The Saudis have taken a much more confrontational posture toward Iran in the past year, and Riyadh is unlikely to tolerate Iranian attacks against critical energy infrastructure. For its part, the UAE the most hawkish state in the Gulf, might respond to missiles raining down on U.S. forces at its Al Dhafra Air Base by attempting to seize Abu Musa, Greater Tunb, and Lesser Tunb, three disputed Gulf islands currently occupied by Iran. A strike could also set off wider destabilizing effects. Although Kroenig is right that some Arab leaders would privately applaud a U.S. strike, many on the Arab street would reject it. Both Islamist extremists and embattled elites could use this opportunity to transform the Arab Spring's populist anti-regime narrative into a decidedly anti-American one. This would rebound to Iran's advantage just at the moment when political developments in the region, chief among them the resurgence of nationalism in the Arab world and the upheaval in Syria, are significantly undermining Iran's influence. A U.S. strike could easily shift regional sympathies back in Tehran's favor by allowing Iran to play the victim and, through its retaliation, resuscitate its status as the champion of the region's anti-Western resistance. THE COST OF BUYING TIME Even if a U.S. strike went as well as Kroenig predicts, there is little guarantee that it would produce lasting results. Senior U.S. defense officials have repeatedly stated that an attack on Iran's nuclear facilities would stall Tehran's progress for only a few years. Kroenig argues that such a delay could become permanent. "Those countries whose nuclear facilities have been attacked -- most recently Iraq and Syria," he writes, "have proved unwilling or unable to restart their programs." In the case of Iraq, however, Saddam Hussein restarted his clandestine nuclear weapons program after the 1981 Israeli attack on the Osirak nuclear reactor, and it required the Gulf War and another decade of sanctions and intrusive inspections to eliminate it. Iran's program is also more advanced and dispersed than were Iraq's and Syria's, meaning it would be easier to reconstitute. A U.S. strike would damage key Iranian facilities, but it would do nothing to reverse the nuclear knowledge Iran has accumulated or its ability to eventually build new centrifuges. A U.S. attack would also likely rally domestic Iranian support around nuclear hard-liners, increasing the odds that Iran would emerge from a strike even more committed to building a bomb. Kroenig downplays the "rally round the flag" risks by noting that hard-liners are already firmly in power and suggesting that an attack might produce increased internal criticism of the regime. But the nuclear program remains an enormous source of national pride for the majority of Iranians. To the extent that there is internal dissent over the program, it is a discussion about whether the country should acquire nuclear weapons or simply pursue civilian nuclear technology. By demonstrating the vulnerability of a non-nuclear-armed Iran, a U.S. attack would provide ammunition to hard-liners who argue for acquiring a nuclear deterrent. Kroenig suggests that the United States should essentially ignore "Iran's domestic political tussles" when pursuing "its vital national security interest in preventing Tehran from developing nuclear weapons." But influencing Iranian opinion about the strategic desirability of nuclear weapons might ultimately offer the only enduring way of keeping the Islamic Republic on a peaceful nuclear path. Finally, if Iran did attempt to restart its nuclear program after an attack, it would be much more difficult for the United States to stop it. An assault would lead Iran to distance itself from the IAEA and perhaps to pull out of the Nuclear Non-proliferation Treaty altogether. Without inspectors on the ground, the international community would struggle to track or slow Tehran's efforts to rebuild its program.

#### Chinese support for sanctions is the best bet to prevent Israel from striking.

Wuthnow 12 (Joel, fellow at the China and the World Program at the Woodrow Wilson School at Princeton University, Will China Stop Iran?, March 05, http://thediplomat.com/2012/03/05/will-china-stop-iran/)

What might China be asked to do? During Vice President Xi Jinping’s visit to the U.S. in February, a bipartisan group of retired senior U.S. officials wrote an open letter to Xi calling on China to consider several options. These include reducing purchases of Iranian crude, increasing bilateral diplomatic pressure, and more actively enforcing the four current U.N. Security Council resolutions on the Iranian nuclear issue. Beijing might also “make its investments contingent on Tehran’s willingness to cooperate with the international community on its nuclear program.” Of course, it’s uncertain that any steps China takes to convince Iran to cooperate with the International Atomic Energy Agency, and with the international community at large, will be sufficient to dissuade Tel Aviv from taking action. But it’s a safe bet that if Beijing does nothing, the chances of a strike – and all the strife that would entail – may well be much worse.

### Investment

#### Contention 1- 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.

#### Scenario 1- 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.

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)

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

#### And, protectionism sparks great power conflict and exacerbates all global problems.

Patrick, Senior Fellow-CFR, 09 (Stewart, senior fellow and director of the Program on International Institutions and Global Governance at the Council on Foreign Relations, “Protecting Free Trade,” National Interest, March 13, 2009, http://nationalinterest.org/article/protecting-free-trade-3060?page=show)

President Obama has committed to working with U.S. trade partners to avoid "escalating protectionism." He is wise to do so. As never before, U.S. national security requires a commitment to open trade. President Obama and his foreign counterparts should reflect on the lessons of the 1930s-and the insights of Cordell Hull. The longest-serving secretary of state in American history (1933-1944), Hull helped guide the United States through the Depression and World War II. He also understood a fundamental truth: "When goods move, soldiers don't." In the 1930s, global recession had catastrophic political consequences-in part because policymakers took exactly the wrong approach. Starting with America's own Smoot Hawley Tariff of 1930, the world's major trading nations tried to insulate themselves by adopting inward looking protectionist and discriminatory policies. The result was a vicious, self-defeating cycle of tit-for-tat retaliation. As states took refuge in prohibitive tariffs, import quotas, export subsidies and competitive devaluations, international commerce devolved into a desperate competition for dwindling markets. Between 1929 and 1933, the value of world trade plummeted from $50 billion to $15 billion. Global economic activity went into a death spiral, exacerbating the depth and length of the Great Depression. The economic consequences of protectionism were bad enough. The political consequences were worse. As Hull recognized, global economic fragmentation lowered standards of living, drove unemployment higher and increased poverty-accentuating social upheaval and leaving destitute populations "easy prey to dictators and desperadoes." The rise of Nazism in Germany, fascism in Italy and militarism in Japan is impossible to divorce from the economic turmoil, which allowed demagogic leaders to mobilize support among alienated masses nursing nationalist grievances. Open economic warfare poisoned the diplomatic climate and exacerbated great power rivalries, raising, in Hull's view, "constant temptation to use force, or threat of force, to obtain what could have been got through normal processes of trade." Assistant Secretary William Clayton agreed: "Nations which act as enemies in the marketplace cannot long be friends at the council table." This is what makes growing protectionism and discrimination among the world's major trading powers today so alarming. In 2008 world trade declined for the first time since 1982. And despite their pledges, seventeen G-20 members have adopted significant trade restrictions. "Buy American" provisions in the U.S. stimulus package have been matched by similar measures elsewhere, with the EU ambassador to Washington declaring that "Nobody will take this lying down." Brussels has resumed export subsidies to EU dairy farmers and restricted imports from the United States and China. Meanwhile, India is threatening new tariffs on steel imports and cars; Russia has enacted some thirty new tariffs and export subsidies. In a sign of the global mood, WTO antidumping cases are up 40 percent since last year. Even less blatant forms of economic nationalism, such as banks restricting lending to "safer" domestic companies, risk shutting down global capital flows and exacerbating the current crisis. If unchecked, such economic nationalism could raise diplomatic tensions among the world's major powers. At particular risk are U.S. relations with China, Washington's most important bilateral interlocutor in the twenty-first century. China has called the "Buy American" provisions "poison"-not exactly how the Obama administration wants to start off the relationship. U.S. Treasury Secretary Timothy Geithner's ill-timed comments about China's currency "manipulation" and his promise of an "aggressive" U.S. response were not especially helpful either, nor is Congress' preoccupation with "unfair" Chinese trade and currency practices. For its part, Beijing has responded to the global slump by rolling back some of the liberalizing reforms introduced over the past thirty years. Such practices, including state subsidies, collide with the spirit and sometimes the law of open trade. The Obama administration must find common ground with Beijing on a coordinated response, or risk retaliatory protectionism that could severely damage both economies and escalate into political confrontation. A trade war is the last thing the United States needs, given that China holds $1 trillion of our debt and will be critical to solving flashpoints ranging from Iran to North Korea. In the 1930s, authoritarian great-power governments responded to the global downturn by adopting more nationalistic and aggressive policies. Today, the economic crisis may well fuel rising nationalism and regional assertiveness in emerging countries. Russia is a case in point. Although some predict that the economic crisis will temper Moscow's international ambitions, evidence for such geopolitical modesty is slim to date. Neither the collapse of its stock market nor the decline in oil prices has kept Russia from flexing its muscles from Ukraine to Kyrgyzstan. While some expect the economic crisis to challenge Putin's grip on power, there is no guarantee that Washington will find any successor regime less nationalistic and aggressive. Beyond generating great power antagonism, misguided protectionism could also exacerbate political upheaval in the developing world. As Director of National Intelligence Dennis Blair recently testified, the downturn has already aggravated political instability in a quarter of the world's nations. In many emerging countries, including important players like South Africa, Ukraine and Mexico, political stability rests on a precarious balance. Protectionist policies could well push developing economies and emerging market exporters over the edge. In Pakistan, a protracted economic crisis could precipitate the collapse of the regime and fragmentation of the state. No surprise, then, that President Obama is the first U.S. president to receive a daily economic intelligence briefing, distilling the security implications of the global crisis.

#### And, Unilateral FDI liberalization is key to prevent trade policy backsliding which dooms global economic recovery.

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.

#### Scenario 2- Economic Collapse:

#### 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 investment is low overall – more of it is critical to jobs and growth

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.

#### 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.

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)

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

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

Royal 2010

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

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

#### Investment is at anemic levels slowing down all macroeconomic indicators – absent the plans infusion of capital there will be a second depression

Papola 1/30/13 (John, Contributer at Forbes, “Think Consumption Is The 'Engine' Of Our Economy? Think Again.” <http://www.forbes.com/sites/beltway/2013/01/30/think-consumption-is-the-engine-of-our-economy-think-again/>)

Have you heard that the economy is like a car? It’s the most popular analogy in financial reporting and political discourse. The American people are repeatedly told by financial pundits and politicians that consumption is an “engine” that “drives” economic growth because it makes up 70% of GDP. One notable Nobel-winning economics pundit with a penchant for bizarre growth theories even recently noted that an economy can be “based on purchases of yachts, luxury cars, and the services of personal trainers and celebrity chefs.” Conversely, other economists including Nobel-winner Joseph Stiglitz claim that our economy is stuck in “first gear” due to inequality: too much income is concentrated among too few rich people who tend to save larger share of their income and thus have a lower “marginal propensity to consume”. The Keynesian message is clear: if you want to put the economic pedal to the metal, get out there and consume! Not so fast, Speed Racer. The systematic failure by Keynesian economists and pundits to distinguish between consuming and producing value is the single most damaging fallacy in popular economic thinking. This past Christmas, we produced a playful video called “Deck the Halls with Macro Follies” exploring the history of this popular myth. If the economy were a car, consumer preferences would surely be the steering wheel, but real savings and investment would be the engine that drives it forward. A History of Macro Follies The historical record on economic growth conflicts with this consumption doctrine. Economic growth (booms) and declines (bust) have always been led by changes in business and durable goods investment, while final consumer goods spending has been relatively stable through the business cycle. Booms and busts in financial markets, heavy industry and housing have always been leading indicators of recession and recovery. The dot-com boom and bust, the Great Depression and our current crisis all exhibit the pattern. For example, during our past two decades of booms and busts, investment collapsed first, bringing employment down with it. Consumption spending actually increased throughout the 2001 recession (financed, in part, by artificially easy credit) even as employment was falling along with investment. During our continuing crisis, consumption spending returned to its all-time high in 2011–yet investment to this day remains at decade lows, producing the worst recovery in growth and employment since the Great Depression. Labor force participation hasn’t been this low since the 1980s. But why? As John Stuart Mill put it two centuries ago, “the demand for commodities is not the demand for labor.” Consumer demand does not necessarily translate into increased employment. That’s because “consumers” don’t employ people. Businesses do. Since new hires are a risky and costly investment with unknown future returns, employers must rely on their expectations about the future and weigh those decision very carefully. As economic historian Robert Higgs’ pioneering work on the Great Depression suggests, increased uncertainty can depress job growth even in the face of booming consumption. As recent years have demonstrated, consumer demand that appears to be driven by temporary or unsustainable policies is unlikely to induce businesses to hire. The past several decades in America have been marked by a collapse of real savings encouraged by artificially easy credit from the Fed, along with explosive growth in government spending. All these combined to bring about a debt-fueled spending binge, with disastrous consequences. Increased investment drives economic growth, while retrenched investment leads to recession and reduced employment–and it always has. Those who blame our stagnation on a lack of consumer demand rely on a toxic brew of dubious data and dangerous theory. Before I Can Consume, I Must Produce for Others By definition, GDP is a summary of final sales for new goods and services and not of all economic activity. Raw materials, intermediate goods and labor costs, which comprise the bulk of business spending are not treated in GDP, but are rather rolled up in the final sale price of the “consumer” spending. Only capital equipment, net inventory changes and purchase of newly constructed homes constitute “investment” according to GDP. This framing of the data makes the “consumption drives the economy” a foregone conclusion. But this is circular reasoning. Where do these “consumers” get their money to spend? Before we can consume, we need to produce and earn a paycheck. And paychecks have to flow to productive — that is value-creating — behavior, or value is simply being transferred and destroyed. Our various demands as consumers are enabled by our supply as workers/producers for others. That’s the classical “Law of Markets”, often referred to as Say’s Law, in a nutshell. For employees, those paychecks are income, but for the employers, wages represent most business’ single largest expense. Yet GDP does not treat employee wages or materials as “investment spending” — even though any business owner regards salaries as the most important and largest investment that they make. Instead, employee wages appear in GDP data as consumption when income is spent on final goods like food, clothing, gadgets, and vacations. Moreover, since GDP is an accounting summary, it adds consumption and investment spending together. But this summarizing masks the fact that these two activities are actually in opposition in the short run. In order to invest more today, we have to save more and consume less. As a result, GDP in-and-of-itself reveals nothing about what grows an economy; at best, it demonstrates how large the economy is and whether it’s growing or shrinking. Digging below the surface of GDP reveals a structure of value-adding production far more complex than the simplistic analysis given by most media reports. According to government data, more than 70% of Americans earn their incomes from employment in domestic business. Yet the retail sector of our economy, for example, only contributed 6% of GDP. Bureau of Labor Statistics (BLS) data on employment show that only about 11% of employed Americans work in “sales and related occupations”. That leaves a great deal of economic activity and employment to the “business to business” sector, which composes most of the real economy. Most of the value-adding activities occurred between a vast structure of businesses and workers starting with raw materials and blueprints and coming together over months (sometimes years when R&D is included) before a final sale can be made. At each stage, the activity is funded not by current “consumer spending” but through a combination of new investment and savings such as each company’s reinvested earnings. The farther from a final good a business’s output is, the more it relies on credit markets and the more it is subject to distortions on the savings and investment side. And since employment is spread across this time structure with relatively few working in final retail stage, savings and investment changes have dramatic impacts on employment. Organic Growth My wife Lisa and I have personal experience with dynamics that the top-down Keynesian view ignores. Several years ago we launched a side-business designing, manufacturing and selling reusable all-in-one cloth diapers to moms interested in saving money and cutting down on trash. We called them “weehuggers”. To start the business, we got a small capital contribution from my brother-in-law in exchange for equity in the company. These savings were put to use buying the raw materials, designing the diaper prints, hiring sets of skilled people both to sew the diapers and to build the website. Designing, testing and producing the product and website took over a year. Almost none of that activity was included in GDP for that year, except through the “consumer spending” of people we paid. Throughout this stage, no “product” existed for others to demand or for us to sell and generate income. The time Lisa and I spent building the company was also a very real form of investment itself. This so-called “sweat equity” is just as much of an investment as a financial contribution. When we finally began selling our product to customers, the income generated was barely enough to cover the real costs. We re-invested all of it into new inventory for the business, keeping nothing for ourselves in the hopes of improving our approach. Consumption didn’t create our output. Investment did. After an additional year of persistent re-investment, we realized that we would need even more investment to make the business viable. Our costs were too high per diaper and our local production capacity was too low to keep up with demand. Moms loved weehuggers and we struggled to keep the product in stock. Yet we felt the competition didn’t permit us to raise our prices. The only way to make the business grow would have been to secure enough capital to invest in a major manufacturing facility with higher productivity equipment and division of labor. We chose instead to focus on a business where both of us, as former MTV Networks creatives, believed we could add more value: our new media company Emergent Order. Our recent video“Macro Follies” is just one of the fruits of that decision. We followed our passion, but we were also guided through market prices and profits toward the best way for us to create value for others. Don’t Put the Shopping Cart Before the Horse There is a fundamental illogic to the notion that an economy can be grown by encouraging consumption. When a person consumes, by definition, they use things up. The very process leaves us with less than before. Growing the availability of valuable goods and services for society by using them up is not just an impossibility—it’s an absurdity. Consumption is the goal, but it is production that is the means. For most of human history, ordinary people had to spend their lives growing food. Today, we have many billions more people on the planet. And yet food is cheaper, better and of greater variety than ever before. Still, almost nobody works in agriculture. We didn’t create this wealthy, amazing world… by eating. We did it by saving our seed corn, investing and ultimately inventing our way out of farming jobs. Thank heavens we did. There are important lessons for public policy that come from these classical insights. Any program which accelerates the consumption of value, or worse, the destruction of value, ultimately make our society poorer. Despite what Keynes and his modern followers claim, Wars, natural disasters, terrorist attacks, faked alien invasions, or programs that encourage us to destroy our used cars — all make us poorer. These schemes reduce the amount of valuable goods and services available for society. Some may consider unemployment benefits to be a necessary policy on humanitarian grounds, but they by no means “stimulate” the economy. The recipient, after all, is consuming without producing any value for others. Disincentives for people to be productive, which have exploded in recent years, not only reduce employment, but reduce output and growth as well. This last point used to be widely believed by economists–including the immensely popular and polarizing economist, Paul Krugman, whose own 2009 textbook blamed extended unemployment benefits as one of the main reasons for decades of European stagnation and high “structural” unemployment. Now, I fear that a decade of Keynesian macro follies may have brought Eurosclerosis to America. Savings and investment which enable increased productivity, greater specialization and trade are the true engines of economic growth. Increasing consumption is a result of that growth, never the cause of it. If we want sound and sustainable economic growth, each of us has to discover the most valuable ways to serve others and contribute to the supply of wealth before we can take from it. Much like everyone else, even Santa Claus must produce all year long before people get to enjoy their presents.

#### And, the plan is a quick injection of capital which is 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.

#### And, the US should clarify that energy production does not undermine national security-- explicitly exempting specific industries from CFIUS review is key.

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

What does this all mean for Exon-Florio? Almost since its enactment, numerous critics have raised the need, in one way or another, to narrow the scope of CFIUS review and to make it more transparent and accessible to concerned parties. 152 One student of Exon-Florio recently suggested that CFIUS define “national security” by explicitly specifying, among other things, exempt industries and protected technologies. 153 Sixteen years earlier, another had argued that “more detailed criteria in the regulations on the meaning of ‘national security’ and sample hypotheticals illustrative of ‘threats’ to national security, could help guide investors.”154 Confusion about the definition of national security is not limited to parties outside the black-box of CFIUS. A Government Accounting Office (GAO) report released in September of 2005 indicates that there is disagreement within CFIUS itself. 155 The Department of the Treasury takes a “narrow” definition, considering “a U.S. company’s possession of export controlled technologies or items, classified contracts, and critical technology; or specific derogatory intelligence on the foreign company.” 156 The Departments of Defense, Justice, and Homeland Security, on the other hand, take a broader view, examining such factors as the effects of foreign control on “critical infrastructure” and a decrease in the number of domestic businesses engaged in defense-critical industries. 157 The report suggests that the possible negative impact of Exon-Florio review on trade policy is a greater factor in Treasury considerations than it is for the other mentioned departments. 158 In its conclusions, the report states that “In light of the differing views within [CFIUS] regarding the extent of authority provided by Exon-Florio, the Congress should consider amending Exon-Florio by more clearly emphasizing the factors that should be considered in determining potential harm to national security.” 159 Possibly recognizing that it is a function of Congress, not the GAO, to make any amendments, the report does not comment on the form they should take. 160 CNOOC-Unocal might offer some guidance. The traditional view of national security as dependant on domestic control of technologies and resources alone seems increasingly anachronistic. Exon-Florio should be updated to reflect a world where security threats may arise from a failure to properly integrate national interests with the global economy. To that end, any definition of national security should incorporate a definition of “energy security,” and do so in a form that clearly indicates what degree of national control over production, distribution, and physical energy reserves is necessary or desirable (taking into account that any policy which seeks to isolate the United States and other global players from global energy markets might result in a greater risk of supply disruption).

#### Trade could be bad but this particular protectionism is worse

Bello & Mittal 2000

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

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

#### 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

#### Conclusive global data proves global trade increases individual prosperity, life expectancy, education and political freedom.

Leeson 2010

Peter T.,BB&T Professor for the Study of Capitalism at the Mercatus Center, George Mason University, Two Cheers for Capitalism? http://www.peterleeson.com/Two\_Cheers\_for\_Capitalism.pdf

**The data are clear**: countries that became more capitalist became much wealthier. The average country that became more capitalist over the last 25 years saw its GDP per capita (PPP) rise from about $7600 to nearly $11,800—a 43 percent increase. If rapidly rising wealth deserves cheering, so does capitalism. What about longevity? All the money in the world doesn’t mean anything if you’re not alive to spend it on things that improve your life. Figure 2.2 charts the movement of average life expectancy at birth in countries that became more capitalist over the last quarter century at five year intervals. **Growing capitalism is** **clearly associated with growing life expectancy**. In the average country that became more capitalist over the last 25 years, the average citizen gained nearly half a decade in life expectancy. If longer life for the average person deserves cheering, so does capitalism. Man doesn’t live by bread alone. Education not only allows him to live the “life of the mind,” but also to build his human capital. Both of these things give individuals more power to shape their identity and their destiny—to live life as they see fit. How has the spread of capitalism world-wide affected education? Figure 2.3 illustrates this relationship by plotting average years of schooling in the total population (citizens age 25 and over) in countries that became more capitalist for the years 1980 through 1995 at five-year intervals. (Data were unavailable for the years 2000 and 2005). In the average country that became more capitalist, the average number of years of schooling in the population rose from 4.7 to just over 6. If more education for the average citizen deserves cheering, so does capitalism. Economic freedom and the economic benefits it brings are one thing. But what about political freedom? How has democracy fared in countries that have become more capitalist over the last quarter century? Consider Figure 2.4, which illustrates the growth of democracy in countries that became more capitalist over the last 20 years at five-year intervals between 1980 and 2000. (Data were unavailable for 2005). The discerning reader will have now detected a pattern: the growth of capitalism has unequivocally led to improved development …MARKED HERE FINSISHED IN 1AR

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### 2AC T

we meet-foreign investment is a restriction on production not an export restriction

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 – the plan reduces restrictions that block, delay, and alter foreign investment on energy production

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

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

#### **Mitigation measures delay and alter deals even if they’re not blocked**

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

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

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

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

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

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

We’re not an export

#### ---C/I

#### Restrictions mean qualification on production

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

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

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

Google Dictionary

qual·i·fi·ca·tion

noun /ˌkwäləfəˈkāSHən/

qualifications, plural

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

- only one qualification required—fabulous sense of humor

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

- an opportunity for student teachers to share experiences before qualification

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

- the five-year residency qualification for presidential candidates

#### ---Their interpretation is bad

#### A. Over limits – Their interpretation only allows drill baby drill affirmatives – kills affirmative ground because status quo production is sky high – plan innovation is necessary to circumvent this and produce non-stale debate

#### B. Capital key – Future oil and gas production depends on foreign capital – that’s Ellis – it’s intrinsically tied to extraction which proves its core aff ground

#### Reasonability first – predictability and debatable interpretations first – limits for limits sake is a race to the bottom and kills affirmative ground

### 2AC Politics (add D)

Gay rights kills the DA

Demirjian 2-7 (Karoun, Obama’s push for gay rights in immigration reform prompts GOP opposition, http://www.lasvegassun.com/news/2013/feb/07/obamas-push-gay-rights-immigration-reform-couple-p/)

When President Barack Obama unveiled his blueprint for immigration reform last week, he largely endorsed the Senate’s approach, with a slight twist: Under Obama’s plan, same-sex couples would be entitled to the same immigration rights as heterosexual couples. The difference caught many social conservatives off-guard, some of whom are now openly wondering why, just when the stars were aligning for comprehensive immigration reform, Obama would throw a monkey wrench into the mix. “He is basically pandering to the community,” said Tibi Ellis, a conservative Nevada lobbyist and advocate for immigration reform. “The argument is not about gender, marriage, or anything. The argument is about how do we revise our current immigration system.”   Since the 2012 election, the immigration reform movement has unprecedented support, thanks to Latino voter turnout. The growing cohort pays close attention to where lawmakers stand on immigration — and in 2012, overwhelmingly supported liberal Democrats over conservative Republicans. Republican lawmakers such as Nevada Sen. Dean Heller, who in the past had exclusively favored enforcement as a solution to illegal immigration, are now vocal in their support for a pathway to citizenship for immigrants who entered the country, unauthorized, as children. Even House Majority Leader Eric Cantor is on board.   But those same Republicans are not leaping to endorse the idea of extending immigration benefits to same-sex couples. “It’s interesting,” Heller said when asked about the provision, adding that he was looking forward to a detailed discussion on many specific points of the immigration reform bill as it was drafted. Where Heller is non-committal, other Republicans say the same-sex marriage provision would be a deal-breaker. “Which is more important, LGBT or border security?” Sen. John McCain, one of four Republican members of a bipartisan group of Senators who unveiled their own immigration framework last week, at a Politico breakfast. “If you’re going to load (immigration reform) up with social issues, that is the best way to derail it, in my view.” Republicans working toward an immigration framework do not seem amenable to the idea either. “I would hope that if the president does try to insert himself (into the immigration discussion), he does so with the purpose of trying to reach a bipartisan solution,” said Republican Rep. Mario Diaz-Balart, who is working with the House bipartisan group on immigration. “I’ve yet to see anything that the president has put forward that has been, frankly, constructive.” The idea that Obama, who oversaw the end of the military’s Don’t Ask Don’t Tell policy, and declared himself to be in favor of legalizing gay marriage in the run-up to the 2012 campaign, is relatively unsurprising.   In the past several months, the Department of Homeland Security has also taken steps to recognize same-sex couples as “family relationships” when determining whether to deport or use administrative discretion in deportation cases. Obama’s immigration would make same-sex relationships equal to heterosexual relationships for family-based visas as well.   But social conservatives who have resisted legalizing gay marriage say giving legal recognition to same-sex couples in the immigration context would be just as incendiary. Several conservative, pro-immigration religious groups — which have sway with social conservatives in Congress — object to Obama’s inclusion of same-sex couples as beneficiaries under immigration reform law.   “It’s like adding fuel to a fire. Immigration itself can be divisive and emotional; you add another national issue that is equally emotional and divisive and it’s a combustible mix,” said Kevin Appleby, director of immigration and refugee policy for the U.S. Conference of Catholic Bishops, one of several religious groups that sent a letter to the White House declaring their opposition last week. “We want an immigration bill, and this will make it harder if not impossible to get an immigration bill.” For conservatives, there’s also a constituent factor to consider: While most registered voters now favor legalizing same-sex marriage, the majority of registered Republican voters still do not.

#### Won’t pass – conservative budget opposition and electoral incentives

Porter 2/5/13 (Eduardo, staffwriter for the New York Times, “Immigration Reform Issue: The Effect on the Budget” <http://www.nytimes.com/2013/02/06/business/immigration-reform-issue-the-effect-on-the-budget.html?pagewanted=all>)

Today, the economy is not growing much. Unemployment remains stubbornly high. Yet President Obama thinks the stellar alignment may be better than six years ago. He is proposing a wholesale change to the same flawed immigration laws. He trusts that Republicans, who lost the Hispanic vote by an enormous margin in November, cannot afford to further alienate Hispanics by voting against their top priority. Despite the strong case for an overhaul, however, changing our immigration laws may be tougher than the president appears to believe. While we may have overcome some of the obstacles of 2007, reform will probably face deep-seated opposition from many Americans — including most conservative Republicans — to what they will view as a potentially large expansion of welfare. President Obama’s proposal is based on principles similar to those of the 2007 attempt: a path to citizenship for millions of illegal immigrants in the country, a legal channel for future immigrant workers and their families, and a plan to better enforce the nation’s borders and immigration laws. Yet immigration reform today means something quite different than it did in 2007. Notably, the elements needed to stop the flow of illegal immigrants north are much less important to the enterprise. The Obama administration has already spent huge amounts of money on border enforcement. Today, border policing costs about $18 billion a year — nearly 50 percent more than it did in 2006. And deportations have soared. What’s more, illegal immigration has slowed to a trickle, as Mexico has grown more robustly than the United States. The illegal immigrant population has even been shrinking in the last few years. And it may continue to do so as the Mexican population of prime migration-age people stops growing. Also, many employers have already gotten some of what they wanted: the number of workers entering the United States on temporary visas for low-end jobs in agriculture and other industries has increased sharply. “The discussion is in a different environment,” said Gordon H. Hanson, an expert on the economics of immigration at the University of California, San Diego. “The flow of new immigrants is not the story anymore.” This might help the cause of reform in some ways. It could allow the discussion about work visas to focus on the highly educated workers coveted by technology companies and pre-empt the kind of argument between business and labor over visas for cheap immigrant workers that sank reform in 2007. The A.F.L.-C.I.O., for instance, has heartily embraced President Obama’s plan. But what supporters of an overhaul of immigration law seem to be overlooking is that these very changes could also make it more difficult to build a coalition across the political divide. If reform is mainly about granting citizenship to 11 million mostly poor illegal immigrants with relatively little education, it is going to land squarely in the cross hairs of our epic battle about taxes, entitlements and the role of government in society. It’s hard to say with precision what impact offering citizenship would have on the budget, but the chances are good that it would cost the government money. Half to three-quarters of illegal immigrants pay taxes, according to studies reviewed in a 2007 report by the Congressional Budget Office. And they are relatively inexpensive, compared with Americans of similar incomes. Their children can attend public schools at government expense — putting a burden on state and local budgets. But they are barred from receiving federal benefits like the earned-income tax credit, food stamps and Medicaid. Only their American-born children can get those. Government revenue might not change much with legalization. Most illegal immigrants who don’t pay taxes probably work in the cash economy — as nannies or gardeners — where tax compliance among citizens is low. Costs, of course, would increase. Once they became citizens, immigrants would be entitled to the same array of government benefits as other Americans. For Social Security and Medicare alone, offering citizenship to illegal immigrants would mean losing a subsidy worth several billion dollars a year in payroll taxes from immigrants who can’t collect benefits in old age. The White House and other backers of reform have made much of a 2007 Congressional Budget Office analysis concluding that the failed immigration overhaul would have increased government revenue by $48 billion over a decade while adding only $23 billion to direct spending on entitlements and other programs. But the report also said that including the costs of carrying out the new law would actually increase the budget deficit by $18 billion over the decade and several billion a year after that. What’s more, it noted that most of the expected new tax revenue came from new immigrant workers, not from the newly legalized population. Our history suggests we could have much to gain by turning illegal immigrants into citizens and putting an end to unauthorized immigration. The last time we permitted illegal immigrants to legalize, in 1986, incomes jumped for those who took advantage of the opportunity. Their children became more proficient in English and completed more years of school — becoming more productive and paying more taxes over their lifetimes. But the same history underscores how immigration sets off fears about further sharing of government resources. Ten years after the immigration reform of 1986, reeling from some public anger, Congress passed a law barring legal immigrants from means-tested government services. The same issue is likely again to be a major flash point. Professor Hanson pointed to “the older white man who sees his entitlements at risk because of the demands placed by legalization on our fiscal resources.” Conservative Republicans set on cutting government spending share those concerns. And for all their reasons to reach out to Hispanics, they might not find making illegal immigrants legal politically advantageous. On Tuesday, Republicans in the House argued against granting citizenship to illegal immigrants at all. Hispanics are more liberal than the general population on economic matters, polls suggest, and more supportive of Big Government initiatives. Granting them citizenship would give them the vote. As Steven A. Camarota, director of research at the Center for Immigration Studies, an advocacy group in Washington that favors more limits on immigration, said, “They will see legalization as a voter-registration drive for Democrats.”

#### No political capital –

#### A. nominations

Thurlow 2/5/13 (Tom, staffwriter, “Obama’s Political Capital” <http://www.redstate.com/tfthurlow/2013/02/05/obamas-political-capital/>)

But this further confirms my suspicion that President Obama’s brains are the most over-rated to occupy the Oval Office in generations. Take his recent nominations, which are a mess. Last week’s Senate hearings on Senator Hagel’s confirmation as defense secretary were a disaster. Senator McCain pressed Senator Hagel to confirm or deny Hagel’s earlier statement that the Surge in Iraq was “the greatest foreign policy blunder since the Vietnam War.” Senator Ted Cruz pointed out that Senator Hegal, during an interview with the Al Jazeera English network in 2009 had agreed with a questioner who said that the United States appeared and acted like the world’s bully. As Paul Mirengoff at the Powerline Blog wrote, “if he were a Broadway play, Hagel would close after one performance.” There were also a number of past anti-Semitic, or at least anti-Israel statements about which Senator Hagel was questioned. About the only thing about the hearing that was reassuring to those who take national defense seriously was that Hagel bumbled so much he sounded like he may have dementia. Let’s face it, a demented defense secretary may not be as bad as an anti-American defense secretary who is purposefully soft on defense and unconcerned about looming problems with Iran’s nuclear program. Senator Lindsey Graham has threatened a hold on the Hagel nomination, and he should. Not only is a defense secretary an important policy position, but as has been pointed out by Republican critics that in any given foreign crisis, the defense secretary will be one of the few advisors in the room, advising the president. Next up: a nomination battle for a Treasury secretary nominee, Jacob Lew, who has never worked in a bank except as an attorney for Citibank, and has held many different government jobs, most recently President Obama’s chief of staff. Definitely a financial industry lightweight. Lew has also been accused of misleading the public on deficits. About the only thing that stands out about Jacob Lew as Treasury secretary is the fact that his signature — which will appear on all of our currency – looks like a bunch of circles. Oddly enough, it doesn’t appear as if Lew has had any medical training. After that, brace yourself for President Obama’s nominee for director of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), Todd Jones. Jones is the current acting director of ATF and has been criticized by a local Democratic FBI office director as being politically well-connected but incompetent and soft on gun and violent crime prosecutions. Past presidents have had difficult times in their second terms, but the difficulty is usually with big proposals. President George W. Bush unsuccessfully tried to pass privatization of Social Security and immigration reform in his second term. President Reagan spent his second term solidifying his victory in the Cold War and simplified the tax code, lowering the top marginal tax rate to 28%. Meanwhile, President Obama is trying to get Charles Hagel approved as defense secretary, Jacob Lew at Treasury secretary, and Todd Jones as ATF director, not grand plans by any means. President Obama may get these nominees approved by a majority of senators. But the question is: why is he fighting these particular battles? He could have easily found better qualified nominees for these positions and fought bigger battles on some substantive legislative proposals. Why spend what remaining political capital he has on these problematic appointments? I have a theory, and here goes. As liberal as he is, President Obama prefers to settle scores with his political adversaries even more than getting big liberal proposals passed. There were some clues dropped in the recent campaign. In one speech President Obama told his audience, who booed after Gov. Romney was mentioned, “don’t boo … voting is the best revenge.” This follows a slip he made a couple years earlier when he encouraged Latinos to punish their “enemies,” and when he warned African Americans that a Republican take-over of Congress would mean “hand-to-hand combat up here on Capitol Hill.” These Freudian slips and others show the resentment that President Obama feels towards anyone who opposes him. Opposing ideas are not to be argued against; their proponents are to be personally defeated and the victory noted. Somewhere in his brain the president is keeping score, and he relishes announcing to his opponents, as he did in his first term, “I won.” It is a pettiness that may work out well for the conservative cause. After all, the best way to block any future liberal proposals is to not have them proposed in the first place. The Hagel, Lew and Jones nominations, and the spending of President Obama’s political capital needed to advance these nominations, may be just the ticket to stall any future liberal proposals.

#### B. A123 exemption triggers the link

McConnell 1/30/13 (William, Washington bureau chief, has covered a range of issues critical to the deal community, including antitrust, financial reform and corporate accounting, “CFIUS approval of A123 Systems deal draws critics” <http://www.thedeal.com/content/regulatory/cfius-approval-of-a123-systems-deal-draws-critics.php>)

A number of Washington lawmakers on Tuesday criticized national security regulators for allowing China's Wanxiang Group to acquire bankrupt car battery maker A123 Systems Inc. Wanxiang said it was informed late Monday by the Committee on Foreign Investment in the United States that it may proceed with the transaction. Lawmakers on both sides of the aisle have raised concerns about the sale, which they complained would transfer technology developed with subsidies from U.S. taxpayers to China. A123 filed for bankruptcy in October after having received roughly $130 million in stimulus money from the U.S. Department of Energy to fund its research. Wanxiang's $257 million bid bested one from Milwaukee-based Johnson Controls Inc. Wanxiang tried to blunt criticism of the deal by excluding A123's defense contracts, which were sold separately to Navitas Systems for $2.25 million. There's no avenue for reversing the CFIUS approval, although the outcome might fuel support among lawmakers for legislation that would hamstring companies that have received federal subsidiaries from selling themselves to foreign buyers. Still unknown is whether CFIUS imposed any conditions on the deal to mitigate possible national security threats. Two of the most prominent Capitol Hill critics of the transaction., Sens. John Thune, R-S.D., and Chuck Grassley, R-Iowa, demanded that CFIUS brief them on the decision. "We don't have any answers on whether U.S. national security concerns are protected. The only thing that's clear is a foreign-owned company will benefit from the millions of dollars given to A123 through the president's stimulus package. That's troubling," Grassley said in a statement. Kaye Scholer LLP partner Farhad Jalinous, who represents clients before CFIUS, said the agency almost certainly imposed some conditions. Federal law requires that CFIUS report to Congress on its review but it will not make a public report on the transaction. Wanxiang is under no obligation to make the details public, unless the bankruptcy court requires it. Rep. Marsha Blackburn, R-Tenn., who has written legislation that would require companies receiving research funding from the Department of Energy to report when they are being acquired by a "nonallied" foreign nation, criticized CFIUS's approval. "Just eight days ago, President Obama stated in his inaugural address that 'we cannot cede to other nations the technology that will power new jobs and new industries.' I could not agree more, which is why it disturbs me that the administration would approve the sale of A123 to Wanxiang," Blackburn said. "What's changed in the last week? Actions speak louder than words and this is a clear-cut example of a time when President Obama needs to step in and protect our national security interests. We cannot afford to have technology that is used in our drones and Navy SEAL delivery systems end up in the hands of the Chinese government. Especially as this administration has a new Asia pivot defense policy which will put our special forces units in China's backyard." Other opposing lawmakers have included Sens. Debbie Stabenow and Carl Levin, both Michigan Democrats, who said separating the company's business into military and nonmilitary components might not be feasible.

#### Plan 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.”

Strikes kill Obama’s political capital

Hulsman-Aspen Institute-3/9/12

<https://www.aspeninstitute.it/aspenia-online/article/coming-iranian-shock-american-election>

The coming Iranian shock to the American election

If the next few weeks do see such an attack, doubtless its outcome and aftermath will mark a dramatic turn in the presidential race. There is little doubt in my mind that Obama - with Florida a dead heat at present and utterly dependent on Jewish-American voter turnout there - would gulp hard but stand by Israel in its hour of peril (a stance that would have profound and highly negative consequences for US policy in the region). As such, America could be easily and unwillingly ensnared in conflict following such a strike, as several high-level war games in Washington have illustrated. The standard response would be to think such a bolt from the blue would favor the occupant of the White House, as a traditional rally-round-the-flag sentiment would sweep Obama back into office. But I am not at all sure this follows. Instead, a war-weary public, resentful of having been dragged into a third Middle East conflict (the US just extricating itself from dreary Iraq and Afghanistan), seeing the price of oil skyrocket following Iranian efforts to mine, disrupt, or merely threaten the Strait of Hormuz, and viewing the obvious wreckage of broader American policy in the region, could quickly turn on the White House, angrily demanding as the economic bill comes due (one which could well send an enfeebled West into serious recession following the oil shock, particularly in Europe) why no one defused this foreign policy grenade years ago. I think this is a swan that could well bite the current President.

#### No vote on immigration reform until August – even then its just the Senate

Julie Pace and Erica Werner (writers for the Associated Press) January 25, 2013 “White House, senators starting push on immigration” http://www.keyc.tv/story/20707198/white-house-senators-starting-push-on-immigration

The proposals will commence what is sure to be a contentious and emotional debate following 2012 election results that saw Latino voters turn out in large numbers to re-elect Obama - a signal to many Republican leaders that the party needs to change its posture on immigration.¶ The aim of the Senate group is to draft an immigration bill by March and pass legislation in the Senate by August, said the aide, who was not authorized to discuss private deliberations and requested anonymity. The Republican-controlled House would also need to pass the legislation before it went to the White House for the president's signature.

#### 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.

#### The plan is guidance not legislation

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

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

#### That means no link

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

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

#### CFIUS is the whipping boy – not Obama

The Hill 1-29 (Sale of stimulus-backed energy firm approved despite GOP concerns, <http://thehill.com/blogs/e2-wire/e2-wire/279819-a123-sale-approve-despite-gop-national-security-concerns>)

Chinese firm Wanxiang America has been given the go-ahead to buy a U.S. clean-energy firm despite Republican concerns that the sale could harm national security, the company announced Tuesday. The Committee on Foreign Investment in the United States (CFIUS) approved Wanxiang America’s purchase of A123 Systems’ automotive, energy storage and commercial operations for $256.6 million. “The future is bright for A123. It is a company with exceptional talent and potential, and Wanxiang America is committed to its long-term success and the continuance of its U.S. operations,” Pin Ni, president of Wanxiang America, said in a statement. CFIUS, an interagency panel led by the Treasury Department, has the power to negate deals with foreign firms if they harm national security. Some GOP lawmakers worried that was the case with the bid for Waltham, Mass.-based A123, and they lobbied CFIUS to block the transaction.

#### Political capital not key to the agenda

Klein 12 (Ezra, citing George Edwards, the director of the Center of Presidential studies at Texas A and M is the editor of Wonkblog and a columnist at the Washington Post, as well as a contributor to MSNBC and Bloomberg. “THE UNPERSUADED” <http://www.newyorker.com/reporting/2012/03/19/120319fa_fact_klein?currentPage=5>)

The Obama Administration was taken by surprise when congressional Republicans turned against the individual mandate in health-care reform; it was the Republicans, after all, who had championed the idea, in 1993, as an alternative to the Clinton initiative. During the next decade, dozens of Senate Republicans co-sponsored health-care plans that included a mandate. Mitt Romney, of course, passed one when he was governor of Massachusetts. In 2007, when Senator Jim DeMint, of South Carolina—now a favorite of the Tea Party—endorsed Romney for President, he cited his health-care plan as a reason for doing so. Senator Orrin Hatch, of Utah, who supported the mandate before he opposed it, shrugs off his party’s change of heart. “We were fighting Hillarycare,” he has said, of the Republicans’ original position. In other words, Clinton polarized Republicans against one health-care proposal, and then Obama turned them against another. Representative Jim Cooper, a Democrat from Tennessee, takes Lee’s thesis even further. “**The more high-profile the communication effort, the less likely it is to succeed**,” he says. “In education reform, I think Obama has done brilliantly, largely because it’s out of the press. But on higher-profile things, like deficit reduction, he’s had a much tougher time.” Edwards’s work suggests that Presidential persuasion isn’t effective with the public. Lee’s work suggests that Presidential persuasion might actually have an ***anti-persuasive effect*** on the opposing party in Congress. And, because our system of government usually requires at least some members of the opposition to work with the President if anything is to get done, that suggests that the President’s attempts at persuasion might have the ***perverse effect of making it harder for him to govern.***

**US not key- Latin America doesn’t want cooperation over democracy.**

**Hakim 10-22-08** (Peter, What Latin America can Expect from the Next US President, Inter-American Dialogue, http://www.thedialogue.org/page.cfm?pageID=32&pubID=1626)

And, sadly, that may not matter much to Latin America any more. Most Latin American countries are no longer looking to the US for leadership or across-the-board engagement. On some issues, most of the region’s governments would like the US to reduce its engagement. They believe they can manage on their own. Brazil and other Latin American countries ably responded to two recent conflicts in region –the domestic clash in Bolivia and the flare up several months ago between Ecuador, Colombia and Venezuela–. There are few Latin American governments seeking greater US involvement on such issues as democracy promotion or even social development; these are challenges they feel they know how to deal with, without US help. Still, there are areas where many countries would welcome greater engagement –cooperation on trade and economic matters (despite the US financial debacle), for example, or in efforts to battle criminal organisations–. The next Administration in Washington will do best if it is selective in how, where and on what issues it engages in Latin America. To accommodate changes in the region, in the US and across the world, the new President will need a more restrained and considered approach to its policies in Latin America and the Caribbean.

**2. Alt causes:**

**A) Corruption prevents democracy.**

**Puddington 07** (Arch, director of research at Freedom House, THE PUSHBACK AGAINST DEMOCRACY, Journal of Democracy. Baltimore: Apr 2007. Vol. 18, Iss. 2)

Latin America. Despite the prevalence of some alarming trends, the past year was marked by an impressive number of fair and competitive elections in relatively new democracies and societies experiencing social turbulence. In Latin America alone, successful elections were conducted in Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, and Peru. The winning candidates included leftist populists, conservatives, and candidates with moderately left-of-center platforms. Still, most of these countries suffer from serious domestic problems that, in many cases, have weakened the fabric of their democratic institutions. Many of them are plagued by disturbingly high rates of violent crime, economic instability, massive inequality, and endemic corruption. Under these circumstances, conducting competitive elections- with a relatively level playing field in which opposition parties are free to campaign, and with guarantees for minority participation-is a worthy achievement. Democracy will remain incomplete and therefore vulnerable, however, if governments fail to curb corruption, strengthen the rule of law, and protect the rights of minorities and the indigenous. Indeed, there is already a disturbing tendency in Latin America for parties or political movements to refuse to accept the results of elections that are generally deemed fair. This trend was evident in this year's developments in Bolivia and Mexico, both countries with serious divisions between those of European descent and indigenous peoples

### 2AC CP

#### ---Conditionality is illegitimate and a voting issue. Time constraints and the no risk nature of conditionality undermine 2AC strategy. Independently, conditionality undermines the value of debate by causing superficial exploration of competing policy options.

#### Agent CPs are bad

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

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

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

#### Voting issue

#### 1. Permute- do the counterplan-

#### 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.

#### 3. 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.

#### 4. Congress key to Chinese investment – hostility perception.

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-

#### 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.

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

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

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

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

#### 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 Consumption (S)

#### The role of the judge is that of a policymaker – the role of the ballot is to weigh the costs and benefits of simulated government action

#### A. Predictability – the resolution begs for federal government action – only way for the affirmative to understand the role of the judge

#### B. Fairness – checks multiple negative critical frameworks

#### Voting issue for fairness

#### Abdication of simulated policy enactment makes political change impossible – policy focus key

Stevenson 2009

Ruth, PhD, senior lecturer and independent consultant – Graduate School of the Environment @ Centre for Alternative Technology, “Discourse, power, and energy conflicts: understanding Welsh renewable energy planning policy,” *Environment and Planning C: Government and Policy*, Volume 27, pg. 512-526

It could be argued that this result arose from the lack of expertise of the convenors of the TAN 8 in consensual decision making. Indeed, there is now more research and advice on popular participation in policy issues at a community level (eg Kaner et al, 1996; Ostrom, 1995; Paddison, 1999). However, for policy making the state remains the vehicle through which policy goals must be achieved (Rydin, 2003) and it is through the state that global issues such as climate change and sustainable development must be legislated for, and to some extent enacted. It is therefore through this structure that any consensual decision making must be tested. This research indicates that the policy process cannot actually overcome contradictions and conflict. Instead, encompassing them may well be a more fruitful way forward than attempts at consensus. Foucault reinforces the notion that the `field of power' can prove to be positive both for individuals and for the state by allowing both to act (Darier, 1996; Foucault, 1979). Rydin (2003) suggests that actors can be involved in policy making but through `deliberative' policy making rather than aiming for consensus: ``the key to success here is not consensus but building a position based on divergent positions'' (page 69). Deliberative policy making for Rydin involves: particular dialogic mechanisms such as speakers being explicit about their values, understandings, and activities: the need to move back and forth between memories (historical) and aspirations (future); moving between general and the particular; and the adoption of role taking (sometimes someone else's role). There is much to be trialed and tested in these deliberative models, however, a strong state is still required as part of the equation if we are to work in the interests of global equity, at least until the messages about climate change and sustainable development are strong enough to filter through to the local level. It is at the policy level that the usefulness of these various new techniques of deliberative policy making must be tested, and at the heart of this must be an understanding of the power rationalities at work in the process.

#### Permutation do both – the net benefit is the affirmative – collective structures can’t be changed in time to resolve our extinction scenarios rooted in the idea of consumption – that’s an independent ethical reason to vote aff

#### There's no link to the critique - the 1AC doesn't speak to the production of fossil fuels, just the problems inherent in the CFIUS review process – we don’t need to defend whether its good or bad, just that trade and allowing China in our investment processes is good

#### \*\*\*The alternative fractures the left --- it unites right wing china bashes with the alternative which cedes the political and results in war with China and xenophobic racism – it’s the status quo that creates the problems the critique discuss, not the affirmative – that’s the 1AC Bello evidence – remember the plan reduces a neoliberal market mechanism that resolves international inequality that their Byrne and Toly evidence is talking about

Bello & Mittal 2000

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

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

#### The alternative locks workers in the forced choice between accepting structural inequality and hating their foreign counterparts – only the plan solves racist tendencies in international trade- this also internal link turns their Pan arguments because we see China as monolithic

Hart-Landsberg & Burkett 2006

Martin, Professor of Economics and Director of the Political Economy Program at Lewis and Clark College, Paul, professor of economics at Indiana State University, China and the Dynamics of Transnational Accumulation: Causes and Consequences of Global Restructuring, Historical Materialism, volume 14:3 (3–43)

Although China’s National Bureau of Statistics has concluded, based on survey research, that only 5 per cent of the country’s population can currently be considered middle-class, the government is conﬁdent that its economic policies will raise this to 45 per cent by 2020. However, such a prediction ﬂies in the face of the lived experiences of Chinese working people. As a Hong Kong Confederation of Trade Unions report explains, ‘globalisation’ has left Chinese workers: isolated in a global equation in which job insecurity and poverty award employers with the upper hand in what has become known as the race to the bottom. Workers in developed countries are told that they must accept lower wages and ﬂexible working conditions to stop their bosses moving production abroad. Meanwhile, workers in SOEs in China are told they must accept a decline in conditions and welfare or be replaced by migrant workers from the countryside. And migrant workers, especially in the coastal Special Economic Zones, are told that they must accept wage arrears and lax health and safety or the boss will move to a more investor-friendly environment further inland.

#### ---No Link --- No government should have nuclear weapons. That does not mean saying new proliferation bad is mutually exclusive with criticism of existing nuclear weapon states.

#### ---The risk of nuclear war outlined in our <> evidence outweighs nuclear equality.

Ford 2011

Christopher A., Senior Fellow and Director of the Center for Technology and Global Security at Hudson Institute, Haves and Have-nots: "Unfairness" in Nuclear Weapons Possession, http://www.hudson.org/index.cfm?fuseaction=publication\_details&id=9108

Given the entanglement of nuclear weapons issues with quasi-existential questions potentially affecting the survival of millions or perhaps even billions of people, moreover, it stands to reason that an "unfair" outcome that nonetheless staves off such horrors is a perfectly good solution. On this scale, one might say, non-catastrophe entirely trumps accusations of "unfairness." Questions of stability are far more important than issues of asymmetric distribution.

#### ---The alternative is worse --- Critique of nuclear proliferation reifies national structure; legitimizing nuclear acquisition and use organized around hegemonic racial signifiers.

Biswas 2001

Shampa, Professor of political science at Whitman College, Alternatives, 'Nuclear apartheid' as political position: race as a postcolonial resource?, Vol. 26 Nbr. 4

As persuasive as the nuclear-apartheid argument may be at pointing to one set of global exclusions, its complicity in the production of boundaries that help sustain a whole other set of exclusions also makes it suspect. It is precisely the resonances of the concept of apartheid, and the strong visceral response it generates, that gives it the ability to bound and erase much more effectively. In one bold move, the nuclear-apartheid argument announces the place of nuclear weaponry as the arbiter of global power and status, and how its inaccessibility or unavailability to a racialized Third World relegates it forever to the dustheap of history. It thus makes it possible for "Indians" to imagine themselves as a "community of resistance." However, with that same stroke, the nuclear-apartheid position creates and sustains yet another racialized hierarchy, bringing into being an India that is exclusionary and oppressive**.** And it is precisely the boldness of this racial signifier that carries with it the ability to erase, mask, and exclude much more effectively. In the hands of the BJP, the "nuclear apartheid" position becomes dangerous--because the very boldness of this racial signifier makes it possible for the BJP to effect closure on its hegemonic vision of the Hindu/Indian nation. Hence, this article has argued, in taking seriously the racialized exclusions revealed by the use of the "nuclear apartheid" position at the international level, one must simultaneously reveal another set of racialized exclusions effected by the BJP in consolidating its hold on state power. I have argued that comprehending the force and effect of the invocation of "race" through the nuclear-apartheid position means to understand this mutually constitutive co-construction of racialized domestic and international hierarchical orders. However, if there is one lesson to be learned from Indian nuclearization, it is that any vision of substantive peace at the international level must incorporate normative claims of justice.

#### The alt can’t solve the prolif K or the Pan K – your evidence only speaks to Scrase consumption measures that hurt the third world, not crisis-based political discourse

#### Free Trade is good –

#### A. Anti-markets – The removal of neoliberal forces like the CFIUS review process solves markets that are devoted to undermining the periphery and are historically distinct from the system described in their evidence.

De Landa 1998

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

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

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

#### \*\*\*Solves their turns --- Interdependence creates an ethic of mutual recognition and respect between competitors that doesn’t require the instrumentalization of all life – this prevents the violence that is descriptive of their impact – that’s our Bahdwar and Palmer evidence

Badhwar 2007

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

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

#### The alternative fails --- Collective structures are responsible for an overwhelming majority of consumption.

Jensen 2009

Derrick, activist and the author of many books, most recently What We Leave Behind and Songs of the Dead, Forget Shorter Showers, Orion Magazine, http://www.orionmagazine.org/index.php/articles/article/4801/

WOULD ANY SANE PERSON think dumpster diving would have stopped Hitler, or that composting would have ended slavery or brought about the eight-hour workday, or that chopping wood and carrying water would have gotten people out of Tsarist prisons, or that dancing naked around a fire would have helped put in place the Voting Rights Act of 1957 or the Civil Rights Act of 1964? Then why now, with all the world at stake, do so many people retreat into these entirely personal “solutions”? Part of the problem is that we’ve been victims of a campaign of systematic misdirection. Consumer culture and the capitalist mindset have taught us to substitute acts of personal consumption (or enlightenment) for organized political resistance. An Inconvenient Truth helped raise consciousness about global warming. But did you notice that all of the solutions presented had to do with personal consumption—changing light bulbs, inflating tires, driving half as much—and had nothing to do with shifting power away from corporations, or stopping the growth economy that is destroying the planet? Even if every person in the United States did everything the movie suggested, U.S. carbon emissions would fall by only 22 percent. Scientific consensus is that emissions must be reduced by at least 75 percent worldwide. Or let’s talk water. We so often hear that the world is running out of water. People are dying from lack of water. Rivers are dewatered from lack of water. Because of this we need to take shorter showers. See the disconnect? Because I take showers, I’m responsible for drawing down aquifers? Well, no. More than 90 percent of the water used by humans is used by agriculture and industry. The remaining 10 percent is split between municipalities and actual living breathing individual humans. Collectively, municipal golf courses use as much water as municipal human beings. People (both human people and fish people) aren’t dying because the world is running out of water. They’re dying because the water is being stolen. Or let’s talk energy. Kirkpatrick Sale summarized it well: “For the past 15 years the story has been the same every year: individual consumption—residential, by private car, and so on—is never more than about a quarter of all consumption; the vast majority is commercial, industrial, corporate, by agribusiness and government [he forgot military]. So, even if we all took up cycling and wood stoves it would have a negligible impact on energy use, global warming and atmospheric pollution.” Or let’s talk waste. In 2005, per-capita municipal waste production (basically everything that’s put out at the curb) in the U.S. was about 1,660 pounds. Let’s say you’re a die-hard simple-living activist, and you reduce this to zero. You recycle everything. You bring cloth bags shopping. You fix your toaster. Your toes poke out of old tennis shoes. You’re not done yet, though. Since municipal waste includes not just residential waste, but also waste from government offices and businesses, you march to those offices, waste reduction pamphlets in hand, and convince them to cut down on their waste enough to eliminate your share of it. Uh, I’ve got some bad news. Municipal waste accounts for only 3 percent of total waste production in the United States. I want to be clear. I’m not saying we shouldn’t live simply. I live reasonably simply myself, but I don’t pretend that not buying much (or not driving much, or not having kids) is a powerful political act, or that it’s deeply revolutionary. It’s not. Personal change doesn’t equal social change.

#### ---Individual local strategies fail to adapt to the inevitability of global concerns and guarantees a world dominated by violence.

Monbiot 2004

George, journalist, academic, and political and environmental activist, Manifesto for a New World Order, p. 11-13

The quest for global solutions is difficult and divisive. Some members of this movement are deeply suspicious of all institutional power at the global level, fearing that it could never be held to account by the world’s people. Others are concerned that a single set of universal prescriptions would threaten the diversity of dissent. A smaller faction has argued that all political programmes are oppressive: our task should not be to replace one form of power with another, but to replace all power with a magical essence called ‘anti-power’. But most of the members of this movement are coming to recognize that if we propose solutions which can be effected only at the local or the national level, we remove ourselves from any meaningful role in solving precisely those problems which most concern us. Issues such as cli­mate change, international debt, nuclear proliferation, war, peace and the balance of trade between nations can be addressed only globally or internationally. Without global measures and global institutions, it is impossible to see how we might distribute wealth from rich nations to poor ones, tax the mobile rich and their even more mobile money, control the shipment of toxic waste, sustain the ban on landmines, prevent the use of nuclear weapons, broker peace between nations or prevent powerful states from forcing weaker ones to trade on their terms. If we were to work only at the local level, we would leave these, the most critical of issues, for other people to tackle. Global governance will take place whether we participate in it or not. Indeed, it must take place if the issues which concern us are not to be resolved by the brute force of the powerful. That the international institutions have been designed or captured by the dictatorship of vested interests is not an argument against the existence of international institutions, but a reason for overthrowing them and re­placing them with our own. It is an argument for a global political system which holds power to account. In the absence of an effective global politics, moreover, local solutions will always be undermined by communities of interest which do not share our vision. We might, for example, manage to persuade the people of the street in which we live to give up their cars in the hope of preventing climate change, but unless everyone, in all communities, either shares our politics or is bound by the same rules, we simply open new road space into which the neighbouring communities can expand. We might declare our neighbour­hood nuclear-free, but unless we are simultaneously work­ing, at the international level, for the abandonment of nuclear weapons, we can do nothing to prevent ourselves and everyone else from being threatened by people who are not as nice as we are. We would deprive ourselves, in other words, of the power of restraint. By first rebuilding the global politics, we establish the political space in which our local alternatives can flourish. If, by contrast, we were to leave the governance of the necessary global institutions to others, then those institutions will pick off our local, even our national, solutions one by one. There is little point in devising an alternative economic policy for your nation, as Luis Inacio ‘Lula’ da Silva, now president of Brazil, once advocated, if the International Monetary Fund and the financial speculators have not first been overthrown. There is little point in fighting to protect a coral reef from local pollution, if nothing has been done to prevent climate change from destroying the conditions it requires for its survival.

## \*\*\*1AR

### Politics

#### ---C/I-Reducing restrictions should be measured by legal effect-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.

### T

#### 4. Restrictions on foreign investment are access restrictions on production of oil

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.

#### 5. The plan is directly tied to oil and gas production-Capital is intrinsically tied to future increases

Houston Chronicle 1/4/12 International players jump at U.S. shale Simone Sebastian

<http://www.chron.com/business/article/International-players-jump-at-U-S-shale-2439490.php>

Energy companies are funneling billions of dollars into the booming business of U.S. shale drilling. They are investing euros, yuan and krone, too. Chinese corporation Sinopec and French company Total this week became the latest in a string of foreign firms to announce big bets on the resurgence of U.S. fossil fuel production. International energy companies are signing billion-dollar deals with U.S. firms to reap the financial benefits of their oil fields and siphon knowledge from their experience in extracting petroleum from dense shale rock to carry the skills overseas. In return, they are ponying up the funds to get more wells drilled, so the oil and natural gas bounty trapped deep below can get to market quickly. "The big motivation for (U.S.companies) wanting to find a partner is finding someone with big pockets," said Scott Hanold, energy research analyst for RBC Capital Markets. "They are just money men at the end of the day." Total signed its second shale compact with Oklahoma-based natural gas producer Chesapeake Energy last week to secure acreage in Ohio's burgeoning Utica shale. The French energy giant got 25 percent interest in a 619,000-acre joint venture with Chesapeake and Houston-based EnerVest. In exchange, it forked over $700 million cash along with a promise to fund 60 percent, or about $1.63 billion, of the group's drilling and well completion costs in the Utica. The companies plan to have 25 rigs operating by 2014. China's Sinopec International Petroleum Exploration & Production Corp. muscled its way into U.S. shale with a $2.2 billion investment in oil fields owned by Oklahoma-based energy company Devon, announced Tuesday. The Chinese corporation gains one-third interest in Devon's 1.2 million acres in the Utica shale, the Michigan Basin, the Mississippian in Oklahoma, the Tuscaloosa marine shale in Louisiana and the Niobrara in Wyoming. Sinopec will pay $900 million cash when the deal closes, expected in 2012's first quarter, and cover 70 percent of Devon's drilling costs, about $1.6 billion.

#### CFIUS reviews are a prohibition.

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)

If an investigation is undertaken, it must be completed within 45 days after the initial determination to investigate. CFIUS concludes action under Exon-Florio only if it has determined that a proposed transaction raises no unresolved national security concerns (with or without mitigation measures). Otherwise, CFIUS will refer the transaction to the President with a recommendation that it be suspended or prohibited. The President must make a determination relating to the transaction within 15 days after CFIUS has made its recommendation.

### OV K

Finishes trade card at bottom of 1ac

the average number of years of schooling in the population rose from 4.7 to just over 6. If more education for the average citizen deserves cheering, so does capitalism. Economic freedom and the economic benefits it brings are one thing. But what about political freedom? How has democracy fared in countries that have become more capitalist over the last quarter century? Consider Figure 2.4, which illustrates the growth of democracy in countries that became more capitalist over the last 20 years at five-year intervals between 1980 and 2000. (Data were unavailable for 2005). The discerning reader will have now detected a pattern: the growth of capitalism has unequivocally led to improved development in countries that became more capitalist. Political freedom is no exception. Countries that became more capitalist over the last 20 years became dramatically more democratic. On a 0-10 scale, where 10 represents “total democracy” or “complete political freedom,” the average country that became more capitalist rose from a democracy level of 3.8 to 6.4—a 68 percent increase. If growing political freedom and democracy deserves cheering, so does capitalism.

#### Try or die for FDI—it solves war

Lee and Mitchell 2010

Hoon, Dept of Political Science – Texas Tech, and Sarah, Dept of Political Science – University of Iowa, Foreign Direct Investment and Territorial Disputes http://www.saramitchell.org/leemitchell2010.pdf

Theoretical arguments relating FDI to interstate conflict can be categorized into three broad perspectives. The first perspective asserts that FDI provides more information to states about their opponents’ capabilities and resolve, which creates situations where states can prevent militarized conflicts by mitigating asymmetries of privately held information in dyadic bargaining. For example, Gartzke, Li, and Boehmer (2001) and Gartzke and Li (2003) argue that economic interdependence promotes peace by allowing states to engage in costly signaling and reducing the need to resort to military contests. In their argument, trade and foreign investment function as a medium for information exchange, dissipating private information, one of the key elements producing conflict according to the bargaining model of war (Fearon 1995). In this view, FDI facilitates states’ bargaining to reach an acceptable agreement through peaceful means, reducing their need to resort to militarized strategies of conflict management. A second theoretical position asserts that foreign direct investment (FDI) increases the opportunity costs of conflict and thus encourages more peaceful foreign policies. Similar arguments were posited in much of the earlier work on trade and conflict. For example, Russett and Oneal (2001: 141) suggest that “foreign investment and the globalization of production, like trade, should increase the incentive for peace. Investment creates similar networks of shared interest and communication. Military conflict raises the risk that foreign investment will be expropriated or destroyed.” Focusing on the increasing amount of foreign direct investment for the last thirty years, Souva (2002) and Souva and Prins (2006) argue that since FDI enhances a nation’s wealth through the inflows of financial and human capital, state leaders do not want to disrupt this investment through conflict. This is consistent with the welfare effects argument that FDI improves capital stock and technology (Johnson 1970). Rosecrance and Thompson (2003) also argue that FDI produces vulnerability interdependence that is costly to break, and thus FDI constrains a state from resorting to militarized conflict due to the expected heavy opportunity costs of violence. Simmons (2006) makes a similar argument about the high opportunity costs for trade that are generated by ongoing border disputes. She finds that border disputes reduce contiguous countries’ bilateral trade. A third theoretical perspective treats FDI as a mechanism for states to peacefully extract wealth from other countries, as opposed to extraction of resources through military conquest. Brooks (1999) argues that foreign direct investment modifies the willingness of states to engage in conflict with other states. He suggests, “In general, as a state is increasingly able to rely on multinational corporations to secure needed external resources and supplies, the overall willingness of that state to engage in conquest should decrease” (Brooks 1999: 666). Rosecrance (1999) asserts that nations choose one of two paths for promoting domestic wealth: territorial aggrandizement or commercial transactions. States focused on political-military interests emphasize territorial aggrandizement and pursue aggressive foreign policies. In contrast, states focused on commercial interests emphasize exchange and pursue more peaceful foreign policies. As states focus on exchange, they become more economically dependent on international commerce in terms of both trade and foreign investment. Souva (2002) and Souva and Prins (2006) also argue that FDI typically takes the form of fixed assets in other countries and thus is regarded a form of “extracting” wealth from other states. Considering that conquest is a way of extracting resources from a territory, FDI provides an alternative peaceful tool for the extraction of resources and enables the local population to benefit as well (Souva 2002: 12).

### 1ar: econ predictions

#### Human action makes predictions possible --- We can deduce value and the probability through observation that avoids essentialist views of the subject.

Caplan 2001

Bryan, assistant professor of economics at George Mason University, PROBABILITY, COMMON SENSE, AND REALISM: A REPLY TO HÜLSMANN AND BLOCK, THE QUARTERLY JOURNAL OF AUSTRIAN ECONOMICS VOL. 4, NO. 2 (SUMMER 2001): 69–86, https://mises.org/journals/qjae/pdf/qjae4\_2\_6.pdf

But how can these claims about probability be reconciled with realism? Hülsmann (1999, p. 12) makes the fair point that university professors spend far more time explicitly calculating probabilities than businessmen (though, contrary to Hülsmann, even moderately sophisticated **businessmen habitually compute** expected present discounted values **using elementary probability theory**). To this, I respond that a probability assessment is exactly analogous to a willingness-to-pay. People may be unable to articulate, for example, that “I would be willing to pay $200 per month in additional rent to live in a safer neighborhood.” They might even nonsensically assert that “You can’t put a price on safety.” But in acting, they **implicitly make** such **trade-offs**. Similarly, people may be unable to articulate that “I believe the probability of being murdered in my neighborhood is .001 percent per year,” **and** they might evasively respond, “I just don’t know.” **But in acting, they implicitly set probabilities**. If they thought the probability of being murdered was 90 percent per year, they would move; conversely, if they thought the probability was 0 percent, they would stop wasting time on ordinary precautions. In short, just as demand theory does not commit us to the view that the typical person explicitly ponders, “How much Gouda cheese would I buy if the price were a penny per pound?” probability theory does not commit us to the view that the typical person explicitly ponders, “What is the probability that I have an evil twin?”

#### Additionally, Nobel prize winning studies confirm the possibility of economic prediction in the face of uncertainty and essentialist models.

Caldwell 2004

Bruce, Ph.D., Hayek’s Challenge: an Intellectual Biography of F.A. Hayek University of Chicago Press p. 330

Experimental economists like **Vernon Smith**, the other **Nobel Prize winner** in 2002, who focus on market experiments rather than on individual choice, have reached equally startling results: "In many experimental markets, poorly informed, error prone, and uncomprehending human agents interact through the trading rules to produce social algorithms which demonstrably **approximate the wealth maximizing outcomes traditionally thought to require complete information and cognitively rational actors**" (Smith 1994,118). When taken together, these diverse arguments seem to me to lend support to Robbins's contention that economic reasoning **does not depend** on real agents having **perfect foresight** or being able to exhibit **perfect rationality**. They support his idea that these assumptions are expository devices used in simple models, not fundamental assumptions. Their usage allows the models to capture the results of certain constraints that operate in a world of scarcity and that allow (typically market-level) predictions to be made.9