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### Plan

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

### 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.

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

#### 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.

### Iran Adv- Harv-3:51

#### 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.

### China Gas- SCS, H20, pollution-4:30

#### Contention \_\_ is Chinese Gas:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Chinese economic collapse causes Asian and Middle East conflict- China will turn outwardly aggressive.

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

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

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

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

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

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

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

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

#### This causes the CCP to launch WMDs and kill billions to try to hold onto power

Renxin 05 Renxin, Journalist, 8-3-2K5 (San, “CCP Gambles Insanely to Avoid Death,” Epoch Times, www.theepochtimes.com/news/5-8-3/30931.html)

Since the Party’s life is “above all else,” it would not be surprising if the CCP resorts to the use of biological, chemical, and nuclear weapons in its attempt to postpone its life. The CCP, that disregards human life, would not hesitate to kill two hundred million Americans, coupled with seven or eight hundred million Chinese, to achieve its ends. The “speech,” free of all disguises, lets the public see the CCP for what it really is: with evil filling its every cell, the CCP intends to fight all of mankind in its desperate attempt to cling to life. And that is the theme of the “speech.” The theme is murderous and utterly evil. We did witness in China beggars who demanded money from people by threatening to stab themselves with knives or prick their throats on long nails. But we have never, until now, seen a rogue who blackmails the world to die with it by wielding biological, chemical, and nuclear weapons. Anyhow, the bloody confession affirmed the CCP’s bloodiness: a monstrous murderer, who has killed 80 million Chinese people, now plans to hold one billion people hostage and gamble with their lives. As the CCP is known to be a clique with a closed system, it is extraordinary for it to reveal its top secret on its own. One might ask: what is the CCP’s purpose to make public its gambling plan on its deathbed? The answer is: the “speech” would have the effect of killing three birds with one stone. Its intentions are the following: Expressing the CCP’s resolve that it “not be buried by either heaven or earth” (direct quote from the “speech”). But then, isn’t the CCP opposed to the universe if it claims not to be buried by heaven and earth? Feeling the urgent need to harden its image as a soft egg in the face of the Nine Commentaries. Preparing publicity for its final battle with mankind by threatening war and trumpeting violence. So, strictly speaking, what the CCP has leaked out is more of an attempt to clutch at straws to save its life rather than to launch a trial balloon. Of course, the way the “speech” was presented had been carefully prepared. It did not have a usual opening or ending, and the audience, time, place, and background related to the “speech” were all kept unidentified. One may speculate or imagine as one may, but never verify. The aim was obviously to create a mysterious setting. In short, the “speech” came out as something one finds difficult to tell whether it is false or true.

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

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

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

#### Participating in oil joint ventures boosts US-China energy coop, allowing them to learn from us and control air pollution and environmental degradation.

Wu, Brookings Visiting Fellow, 08 (Richard Weixing Hu, Advancing Sino-U.S. Energy Cooperation Amid Oil Price Hikes, March, http://www.brookings.edu/research/opinions/2008/03/energy-hu)

Fourth, both governments should encourage their energy companies to collaborate in jointly enlarging the global oil supply, and should support the transfer of energy technologies transfer. It would be good for both countries to avoid negative global competition for oil, politically. Commercially, energy companies from both countries could form joint ventures in extracting oil and other forms of energy, so that they could enlarge energy supply for global markets as well as for domestic markets. Both governments should avoid providing cover for their energy companies to compete in third countries. Actually, they have a common enemy in dissuading resource nationalism and market monopoly in the world energy market. U.S. companies also have a big role to play in helping China’s development of energy efficiency and green-energy technology. Given the growing size of its economy, China’s energy efficiency and environmentally sustainable use of energy means a big reduction of pollutants into air and a considerable contribution to the common course of global environmental protection.

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

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

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

 says Friedmann. State-owned China National Offshore Oil Corporation (CNOOC) entered into a joint venture with U.S. shale gas leader Chesapeake Energy two years ago, in a move experts viewed as a bid to gain access to expertise. In January, Sinopec, China's number two oil company, purchased a one-third stake in several new ventures of industry pioneer Devon Energy for $900 million and commitment to cover $1.6 billion of future drilling costs. But it's unclear how much access to shale gas technology China will gain through those deals. Bo Kong, assistant research professor at the Johns Hopkins University School of Advanced International Relations in Washington, D.C., notes that the Chinese firms hold minority stakes in the companies, with U.S. partners restricting technology transfer. The head of Sinopec, Fu Chengyu, is seen as taking a more politically cautious approach to collaboration with U.S. energy firms after opposition from Washington in 2005 killed his bid, when he headed up CNOOC, to take over the former Unocal Oil Company. (Similar controversy over foreign control of strategic U.S. assets has erupted over CNOOC's $15.1 billion bid last month to buy Calgary, Canada-based Nexen, which has substantial oil and gas drilling operations in the U.S. Gulf of Mexico.) The smaller independent North American gas companies likely welcome Chinese investment, because their own finances have been pummeled by the low natural gas prices their own operations have wrought. But it will be deals with the big international oil companies on China's own turf that likely will bring shale gas expertise to the world's largest energy consumer, experts say. In March, Shell\* signed the first shale gas production-sharing agreement ever in China, with state-owned China National Petroleum Corporation (CNPC), also known as PetroChina. ExxonMobil, BP, Chevron, and the French company Total also have embarked on shale gas partnerships in China. In its 12th Five-Year Plan (2011-2015), China set the goal of producing 229.5 billion cubic feet (6.5 billion cubic meters) of shale gas by 2015; the United States produced about 30 times more shale gas in 2011. But while the U.S. shale gas revolution amounted to roughly a seven-fold increase in production in the past five years, China's aim is to ramp up shale production at least ten-fold between 2015 and 2020.

#### And, shale development key to Chinese energy security.

Downs 00 (Erica, China Fellow @ Brookings, CHINA’S ENERGY SECURITY ACTIVITIES, http://www.rand.org/content/dam/rand/pubs/monograph\_reports/MR1244/MR1244.ch3.pdf)

The Chinese government can also improve China’s energy security through development of the country’s natural gas industry. Greater use of natural gas in China has been hindered by the absence of a bureaucratic champion for gas, the remote location of China’s gas reserves, an inadequate pipeline infrastructure, lack of a well developed market, and insufficient funding. However, over the past few years, the Chinese government has expanded the role of natural gas in China’s energy structure, primarily as a result of concern over China’s growing dependency on oil imports and widespread environmental degradation caused by coal. Other reasons for the high priority placed on natural gas development include chronic energy shortages and imbalances, increasingly competitive prices for natural gas vis-à-vis coal, and greater competition among China’s stateowned oil companies for shares of the natural gas market—a result of industrial reform. Fertilizer and chemical plants currently consume most of China’s natural gas, but the government has targeted the urban industrial and residential sectors and the transportation sector for greater natural gas use. 74 The Chinese government has stepped up its efforts to develop domestic gas reserves. The participation of foreign oil companies in gas development projects is encouraged because of the technological and financial constraints faced by China’s oil companies and the government’s desire to bring reserves on line as quickly as possible. CNPC and Shell recently signed a letter of intent to develop the Changbei natural gas field at the border of northern China’s Shaanxi Province and the Inner Mongolia autonomous region. It is projected that after this US$3 billion project is completed in 2004, it will annually supply 105.9 tcf of gas to eastern China within 20 years. 75 The Chinese government has also approved a proposed natural gas pipeline from the Xinjiang autonomous region to Shanghai municipality. Construction is expected to begin in 2001 at an estimated cost of US$7.23 billion for the pipeline alone and an additional US$6 billion for gas exploration in Xinjiang. CNPC plans to be the dominant shareholder. Foreign participation in the project is welcome. However, according to a Chinese official, foreign investors will not be granted access to the project’s operations because of energy security concerns—possibly a fear of foreign control over China’s gas resources. 76

#### The impact is China-India energy wars.

Clement 12 (Nicholas, China and India Vie for Energy Security, May 25, http://www.2point6billion.com/news/2012/05/25/china-and-india-vie-for-energy-security-11177.html)

The competitive relationship between China and India has become a defining feature of the strategic environment across emerging Asia. While both nations are currently not in direct conflict, there are several areas of strategic interest which could potentially be clashing points in the future. Energy security is one such point; and while escalation between China and India is unlikely, it is important to note that the energy policies of each nation are largely based on geopolitical considerations. First, it is important to recognize that energy cooperation between China and India over the past decade has been increasing. In January 2006, for example, both nations signed a memorandum of cooperation in the field of oil and natural gas which encouraged collaboration between their enterprises, including joint exploration and development of hydrocarbon resources. Escalations in global energy prices and political uncertainties in the Middle East, however, have resulted in both countries looking for long-term arrangements. As China and India are increasingly forced to rely on the global oil market to meet their energy demands, they are more susceptible to supply disruptions and price fluctuations. In response, both countries have partly followed geopolitical energy policies, based on notions of traditional security. Ultimately, what we see is the arrival of military and political planning in trying to solve the issue of natural resource shortages. Energy security is of utmost strategic importance to China and India if they hope to continue to expand their economies. Rapid growth rates in both countries have grown in tandem with increased demand for energy. By 2020, it is estimated that China and India combined will account for roughly one-third of the world’s GDP and, as such, will require vast amounts of energy to fuel their economies. As such, the competition for energy resources such as oil and natural gas will only become fiercer. An important aspect of energy security is maritime control in the Asia-Pacific oceans. The sea lines of communication that run through Asia effectively act as the vital arteries for both countries. Maritime security is thus of major national interest for both China and India, and is directly linked to their energy security. Recent military modernization within China has been focused towards upgrading its naval capabilities, and ultimately moving towards creating a strong and powerful blue-water navy. India’s drive for maritime dominance has resulted in its naval budget increasing from US$1.3 billion in 2001 to US$3.5 billion in 2006, with plans to further increase naval spending 40 percent by 2014. China’s thirst for oil has doubled over the last decade, and is only predicted to rise. Similarly, India relies on the energy shipped through maritime regions to fund its own industrialization. India continues to state its maritime goals in pure geopolitical terms, even explicitly acknowledging in their 2004 Maritime Doctrine that “control of the choke points would be useful as a bargaining chip in the international power game, where the currency of military power remains a stark reality.” Thus it is clear that energy security has been directly translated into a national security issue, which has both political and military implications. The geopolitical rivalry in Myanmar between China and India provides great insight into their adversarial energy relationship. In Myanmar, both Chinese and Indian geopolitical and geoeconomic interests collide, and as such, may become a point of contention between China and India. Myanmar holds vast strategic importance for both China and India due to its location and abundance of natural resources. It has vast reserves of natural gas, so for both China and India it is presented as a source of energy free from the geopolitical risks of the Middle East. There has thus been major competition between China and India for access to the market. India has signed a US$40 billion deal with Myanmar for the transfer of natural gas, and has also had frequent discussions about building a pipeline from Myanmar to India. However, China has increasingly gained the most from Myanmar’s available resources. In 2005, for example, Myanmar reneged on a deal with India, and instead signed a 30-year contract with China for the sale of 6.5 trillion cubic liters of natural gas. For China, Myanmar is also important as it provides a land route to the Indian Ocean that vital resources could be shipped through in place of the Strait of Malacca. The potential for the Malacca Strait to be blockaded by a rival is of great concern to China, since as much as 85 percent of China’s oil is shipped through the region. For India, Myanmar is also of a strategic importance due to its location. China is already on friendly terms with Pakistan and has been expanding its presence in the Indian Ocean, thus giving India a feeling of Chinese encirclement. India’s interest in Myanmar directly relates to the growing presence and influence of China in the region. China’s “string of pearls” strategy refers to attempts to negotiate basing rights along the sea route linking the Middle East with China, including creating strong diplomatic ties with important states in the region. Not only does this contain India’s naval projection of power, it also directly threatens India’s energy access and the regional balance of power. While military confrontation between China and India remains unlikely, it is important to recognize that China and India’s energy policies revolve around traditional ideas of security, which highlight military and political balancing. Their energy policies are largely based on geopolitical and security considerations, and not just with regards to the global oil market. As such, it is critical for there to be ongoing diplomatic engagement between China and India to avoid unnecessary or accidental escalation.

#### 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.

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### 2AC FDI Key

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).

### 2AC Forbes

#### Gelled propane solves.

McNally 2012

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Today, oil and gas companies use water for hydraulic fracturing because it is cheap, abundant (relatively) and safe (doesn’t explode). A typical frac job will require the use of about four million gallons of water, most of which will stay down hole, in the reservoir, permanently. The small percentage that flows back out of the well – called flowback water – must be treated and disposed of. If these companies chose to use gelled propane, then these wells would use less water and produce less wastewater. This is a universally positive change, and particularly good in areas like west and south Texas where water supply is limited. Additionally, fracking with water can sometimes cause formation damage, or damage to the reservoir, which can close flow pathways and prevent oil and gas from being produced. Using gelled propane would likely reduce formation damage during the fracking processes, which means better overall recovery, and a more profitable well.

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we meet-foreign investment is a restriction on production

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

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

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

We meet – 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 are a restriction on the quantity of oil and gas produced

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

However, the historical deal statistics likely understate the Chinese interest in US unconventional gas/liquids development as well as the interest of many US companies in the potential investment in their resources activities as a liquidity source, given the low current and expected gas price levels. The Chinese company oil and gas investments were further dominated by upstream transactions, with deals for upstream reserves and production accounting for 79% of the total deal value, and deals involving upstream acreage accounting for another 3%. Downstream transactions accounted for about 14% of the total reported value, with oilfield services deals accounting for another 3%.

#### ---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 “Tech K”

#### The role of the judge is that of a policymaker – the judge should 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.

#### No link – the affirmative doesn’t increase technological growth, usage, or thought-processes – external instances exist everywhere that the alternative can’t overcome through simple rejection

#### Permutation do both – prefer it over the alternative

#### A. Securitization DA – the CFIUS process defines investment through determinist frames of security that is the very definition of problem/solution thinking – without the plan, meditative inaction unites the alternative with right wing china bashers and fractures opposition to the pentagons militarist china policy

Bello & Mittal 2000

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

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

#### B. Life Affirmation DA --- Technology is inevitable and employing it in conjunction with meditative thought preserves our relation to being while making life better.

Heidegger 1955

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

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

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

Hayward 2006

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

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

#### Reject value to life claims – they’re self-fulfilling

Latour 1993

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

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

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

Bookchin 1995

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

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

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

Levinas & Nemo 1985

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

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

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

Zizek 1999

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

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

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

Faye 2009

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

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

#### Not using technology results in extinction – try or die for the aff

Monbiot 2009

George, columnist for The Guardian, has held visiting fellowships or professorships at the universities of Oxford (environmental policy), Bristol (philosophy), Keele (politics), Oxford Brookes (planning), and East London (environmental science, August 17, 2009, “Is there any point in fighting to stave off industrial apocalypse?,” http://www.guardian.co.uk/commentisfree/cif-green/2009/aug/17/environment-climate-change

I detect in your writings, and in the conversations we have had, an attraction towards – almost a yearning for – this apocalypse, a sense that you see it as a cleansing fire that will rid the world of a diseased society. If this is your view, I do not share it. I'm sure we can agree that the immediate consequences of collapse would be hideous: the breakdown of the systems that keep most of us alive; mass starvation; war. These alone surely give us sufficient reason to fight on, however faint our chances appear. But even if we were somehow able to put this out of our minds, I believe that what is likely to come out on the other side will be worse than our current settlement. Here are three observations: 1 Our species (unlike most of its members) is tough and resilient; 2 When civilisations collapse, psychopaths take over; 3 We seldom learn from others' mistakes. From the first observation, this follows: even if you are hardened to the fate of humans, you can surely see that our species will not become extinct without causing the extinction of almost all others. However hard we fall, we will recover sufficiently to land another hammer blow on the biosphere. We will continue to do so until there is so little left that even Homo sapiens can no longer survive. This is the ecological destiny of a species possessed of outstanding intelligence, opposable thumbs and an ability to interpret and exploit almost every possible resource – in the absence of political restraint. From the second and third observations, this follows: instead of gathering as free collectives of happy householders, survivors of this collapse will be subject to the will of people seeking to monopolise remaining resources. This will is likely to be imposed through violence. Political accountability will be a distant memory. The chances of conserving any resource in these circumstances are approximately zero. The human and ecological consequences of the first global collapse are likely to persist for many generations, perhaps for our species' remaining time on earth. To imagine that good could come of the involuntary failure of industrial civilisation is also to succumb to denial. The answer to your question – what will we learn from this collapse? – is nothing. This is why, despite everything, I fight on. I am not fighting to sustain economic growth. I am fighting to prevent both initial collapse and the repeated catastrophe that follows. However faint the hopes of engineering a soft landing – an ordered and structured downsizing of the global economy – might be, we must keep this possibility alive. Perhaps we are both in denial: I, because I think the fight is still worth having; you, because you think it isn't.

#### Technological growth is sustainable

Meltzer 2009

Allan, Professor of Political Economy at Carnegie Mellon University’s School of Business, Visiting Scholar at the American Enterprise Institute, First Recipient of the AEI Irving Kristol Award, and Chairman of the International Financial Institution Advisory Commission, March 12, “Why Capitalism?” 2008-2009 Bradley Lecture Series, http://www.aei.org/publications/pubID.29525,filter.all/pub\_detail.asp

Newspaper headlines during the peak of the housing-credit crisis called it "the end of capitalism" or the end of American capitalism. As often, they greatly overstated and misstated by projecting a serious, temporary decline as a permanent loss of wealth. Capitalist systems have weathered many more serious problems. Capitalism as a guiding system for economic activity has spread over the centuries to now encompass most of the world's economies. This spread occurred despite almost continuous hostility from many intellectuals and, in recent decades, military threat from avowedly Communist countries. Capitalist systems are neither rigid nor identical. They differ, change, and adapt. Their common feature is that the means of production are mainly owned by individuals; economic activity takes place in markets, and individuals are free to choose to greater or lesser degree what they do, where they work, and how they allocate their income and wealth. Capitalism is an institutional arrangement for producing goods and services. The success of this arrangement requires a legal foundation based on the rule of law that protects rights to property and in the first instance aligns rewards to values produced. It provides incentives to participants to act in ways that produce desired outcomes. Like any system, it has successes and failures. It is the only system that increases both growth and freedom.

### 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.

#### 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

No solvency –

#### the President has the authority to determine the scope of CFIUS national security reviews.

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

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

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

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

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

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

### 2AC politics

#### Won’t pass – partisan districts means no house GOP or conservative democrat support

The Economist 2/2/13 (**Dated based off Print Version, accessed 2/1/13**, “Washington learns a new language” <http://www.economist.com/news/united-states/21571178-leap-forward-towards-more-sensible-system-many-more-steps-will-be>)

Republicans fear that Mr Obama is not serious about reforms, wanting to preserve immigration as a cudgel with which to beat them. Democrats insist that Mr Obama wants immigration reform for his legacy, and believes the electoral mathematics of 21st century America make a deal possible. Yet not every politician is worried about the same electorate. Those seeking national office have incentives to be pragmatic, as do many senators facing statewide elections. But members of Congress who hail from highly partisan districts, or who face primary contests decided by diehard party activists, may have every reason to dig in and oppose reform. John Cornyn, a senior Republican senator from Texas who may face a primary challenge in 2014, has already told reporters that Texas primary voters “probably” cannot stomach talk of citizenship for lawbreakers. Democrats from conservative states have been almost as cautious. From the House of Representatives, the Republican Speaker, John Boehner, has warned Mr Obama not to drag the immigration debate “to the left”—an expression of the pain facing his members. Mr Obama faces his own dilemma. Immigration can only be fixed with his active support. But if he claims reform plans loudly as his own, Republicans will run a mile. Reforms have not been as close for a while. But that does not mean they will happen

#### A123 exemption triggers the link – plan doesn’t cause the scenario

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.

#### Oil production high – non uniques the link

Bloomberg 1/9/13 (“Fracking Pushes US Oil Production to Highest in 20 years”, <http://www.washingtonpost.com/business/fracking-pushes-us-oil-production-to-highest-in-20-years/2013/01/10/196b0e58-5a9f-11e2-b8b2-0d18a64c8dfa_story.html>)

Jan. 9 (Bloomberg) -- U.S. oil production exceeded 7 million barrels a day for the first time since March 1993 as improved drilling techniques boosted exploration across the country and reinforced a shift toward energy independence. The Energy Department reported today that weekly average output rose to 7.002 million barrels a day in the week ended Jan. 4, a 1.16 million-barrel increase from the same week last year. The country met 83 percent of its energy needs in the first nine months of 2012, on pace to be the highest annual rate since 1991, department data show. Production grew by the fastest pace in U.S. history last year and will accelerate in 2013 as horizontal drilling and hydraulic fracturing, or fracking, unlocks crude trapped in formations such as North Dakota’s Bakken shale. The state boosted production 40 percent last year through October, Energy Department data show. Texas was up 23 percent, and Utah rose 11 percent. “I don’t think anyone expected the magnitude of the change in just one year,” said Andy Lipow, president of Lipow Oil Associates LLC, a Houston-based consulting firm. “It’s extraordinary.” Oil declined 5 cents to settle at $93.10 a barrel today the New York Mercantile Exchange. The fuel declined 7.1 percent last year as stockpiles swelled by 9.2 percent. Inventories advanced to 361.3 million barrels last week, the Energy Department said today.

#### Hagel nomination and hearing killed Obama’s political capital

Avlon 1/31/13 (John, senior columnist for Newsweek and The Daily Beast, and the host of Beast TV. He is a CNN contributor regularly appearing on the show Erin Burnett Out Front at 7 p.m. EST. He won the National Society of Newspaper Columnists’ award for best online column in 2012. “Hagel’s Confirmation Hearings Contentious and Partisan” <http://www.thedailybeast.com/articles/2013/01/31/hagel-s-confirmation-hearings-contentious-and-partisan.html>)

The contentious Senate hearing for Secretary of Defense nominee Chuck Hagel divided starkly along partisan lines, with Republicans attacking their former colleague with the pitchfork zeal of heretic hunters. Hagel’s calm recitation of consensus catechism on issues ranging from Iran to Israel to nuclear weapons didn’t seem to make any impression on his conservative critics. This was personal. John McCain repeatedly interrupted his “old friend” and fellow Vietnam Vet with palpable anger, his fury directed at Hagel’s opposition to the Iraq War and the 2007 troop surge. The core offense appeared to be Hagel’s contention that the invasion of Iraq was the worst foreign policy “disaster” since Vietnam – a parallel that infuriates McCain. Oklahoma Senator Jim Inhofe, a Republican, reinforced his reputation as possibly the worst U.S. Senator with bear-baiting questions like this: “Why do you think that the Iranian foreign ministry so strongly supports your nomination for Secretary of Defense?” Alabama Senator Jeff Sessions doggedly focused on a report by the anti-nuke group Global Zero, which advocates the elimination of nuclear weapons. The report was co-authored by Hagel, four generals and a number of ambassadors. The organization itself has hundreds of international leaders who have signed on to its recommendations, including Reagan’s Secretary of Defense Frank Carlucci, Carter National Security Advisor Zbignew Brezinksi, 9/11 Commission Co-Chair Lee Hamilton and General Anthony Zinni. Sessions and other Republican senators kept cherry-picking phrases from the report and ignoring substantive subtlety, despite Hagel’s repeated assurance and demonstrated record in opposing unilateral disarmament and support for modernizing the U.S. nuclear program. This clarification by the authors might help calm any genuine concerns, if they exist. It made me wonder what Sessions would have said to Ronald Reagan, who advocated for nuclear disarmament more than 150 times, according to his aide Martin Anderson, in statements like this: “I believe we’ve come to the point that we must go at the matter of realistically reducing… if not totally eliminating, nuclear weapons—the threat to the world.” This is not an ironic aside so much as it cuts to the core controversy about the Hagel nomination. A Democratic President nominating a Republican to his cabinet is usually seen as bipartisan outreach. But not this time. The reason, I think, is threefold. First, it reflects the polarization afflicting the Republican party and its intolerance of dissent. Hagel is a small-government conservative but a committed internationalist who is wary of unilateral American over-extension, views that extend from his experience as a twice-wounded enlisted infantryman in Vietnam. Second, it reflects the tortured legacy of the Iraq War and the contradictions it creates for conservatives who feel compelled to defend that war of choice, predicated on flawed intelligence presented to the American people. Hagel earned the enduring anger of the neo-conservative crowd by openly criticizing the Bush administration for its prosecution of the Iraq war and subsequently opposing the Surge. Defenders of the Bush administration now often try to delink the decision to invade from the decision to double down with the surge as a way of reclaiming the high ground. It is now clear that Hagel was right at least on this count: the invasion of Iraq was an ideologically driven overreach that proved a costly distraction from Afghanistan in terms of both blood and treasure while further destabilizing the region. History, as Hagel noted, will be the ultimate judge. Third, it reflects the deep animus that still exists for President Obama on the part of some conservatives–so much so that any Republican who consents to serve with him is seen as a traitor to the tribe, a dynamic also seen in the GOP’s primary rejection of Utah governor and former Obama China Ambassador Jon Huntsman, despite being arguably the most fiscally conservative candidate in the 2012 pack. By consenting to serve with President Obama–and therefore creating bipartisan cover for the Democrat’s defense strategy–Hagel has committed an unpardonable sin.

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

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

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

#### Foreign investment in oil and gas is popular

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

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

#### Winners win

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

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

#### 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.

#### 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.***