### T

**Interpretation - Energy production is limited to extraction**

Energici (provides business intelligence and decision support services to companies and investors active in the wind, solar, hydro, geothermal and bioenergy industries. Specializes in providing robust research, analysis and intelligence coverage of trends and developments) February 2012 “PRIMARY ENERGY PRODUCTION (MONTHLY)” http://www.energici.com/energy-profiles/by-country/europe-m-z/sweden/49-countries/north-america/usa/usa-geothermal/449-primary-energy-production

Definition : Primary Energy Production is the amount of energy converted from a primary energy source in its natural state, such as coal, gas, wind etc. that has not been subjected to any conversion or transformation process. The U.S. Energy Information Administration includes the following in U.S. primary energy production: coal production, waste coal supplied, and coal refuse recovery; crude oil and lease condensate production; natural gas plant liquids production; dry natural gas—excluding supplemental gaseous fuels—production; nuclear electricity net generation\*, conventional hydroelectricity\* (not hydro pumped storage), geothermal electricity\*, solar thermal and photovoltaic electricity\*, wind electricity\*, wood and wood-derived fuels consumption; biomass waste consumption and biofuels feedstock.

**Violation – they remove a restriction on imports, not on production**

**That’s a voter for predictable limits– There is an infinite number of restrictions the aff can lift, that are unpredictable in the literature base. Limiting to only existing ones ensures predictable research.**

### Neitzsche

The affirmative runs from the horror of existence – they do not confront suffering, and so mask it

Kain 7 (Philip J, Professor of philosophy at University of Santa Clara, "Nietzsche, Eternal Recurrence, and the Horror of Existence," the Journal of Nietzsche Studies, muse, AD: 7/2/09) jl

One might find all this unacceptable. After all, isn't it just obvious that we can change things, reduce suffering, improve existence, and make progress? Isn't it just obvious that modern science and technology have done so? Isn't it just absurd for Nietzsche to reject the possibility of significant change? Hasn't such change already occurred? Well, perhaps not. Even modern environmentalists might resist all this obviousness. They might respond in a rather Nietzschean vein that technology may have caused as many problems as it has solved. The advocate of the perfectible cosmos, on the other hand, would no doubt counter such Nietzschean pessimism by arguing that even if technology does cause some problems, the solution to those problems can only come from better technology. Honesty requires us to admit, however, that this is merely a hope, not something for which we already have evidence, not something that it is absurd to doubt—not at all something obvious. Further technology may or may not improve things. The widespread use of antibiotics seems to have done a miraculous job of improving our health and reducing suffering, but we are also discovering that such antibiotics give rise to even more powerful bacteria that are immune to those antibiotics. We have largely eliminated diseases like cholera, smallpox, malaria, and tuberculosis, but we have produced cancer and heart disease. We can cure syphilis and gonorrhea, but we now have AIDS. Even if we could show that it will be possible to continuously reduce suffering, it is very unlikely that we will ever eliminate it. If that is so, then it remains a real question whether it is not better to face suffering, use it as a discipline, perhaps even increase it, so as to toughen ourselves, rather than let it weaken us, allow it to dominate us, by continually hoping to overcome it. But whatever we think about the possibility of reducing suffering, the question may well become moot. Nietzsche tells a story: "Once upon a time, in some out of the way corner of that universe which is dispersed into numberless twinkling solar systems, there was a star upon which clever beasts invented knowing. That was the most arrogant and mendacious minute of 'world history,' but nevertheless, it was only a minute. After nature had drawn a few breaths, the star cooled and congealed, and the clever beasts had to die" (TL 1, 79). Whatever progress we might think we are making in reducing suffering, whatever change we think we are bringing about, it may all amount to nothing more than a brief and accidental moment in biological time, whose imminent disappearance will finally confirm the horror and meaninglessness of existence. The disagreement here is not so much about the quantity of suffering that we can expect to find in the world but, rather, its nature. For proponents of the designed cosmos, suffering is basically accidental. It is not fundamental or central to life. It is not a necessary part of the nature of things. It does not make up the essence of existence. We must develop virtue, and then we can basically expect to fit and be at home in the cosmos. For the proponents of a perfectible cosmos, suffering is neither essential nor unessential. The cosmos is neutral. We must work on it to reduce suffering. We must bring about our own fit. For Nietzsche, even if we can change this or that, even if we can reduce suffering here and there, what cannot be changed for human beings is that suffering is fundamental and central to life. The very nature of things, the very essence of existence, means suffering. Moreover, it means meaningless suffering—suffering for no reason at all. That cannot be changed—it can only be concealed. Nietzsche does not reject all forms of change. What he rejects is the sort of change necessary for a perfectible cosmos. He rejects the notion that science and technology can transform the essence of things—he rejects the notion that human effort can significantly reduce physical suffering. Instead, he only thinks it possible to build up the power necessary to construct meaning in a meaningless world and thus to conceal the horror of existence, which cannot be eliminated. We cannot prove the opposite view, and I do not think we can dismiss Nietzsche's view simply because it goes counter to the assumptions of [End Page 52] Christianity, science, liberalism, socialism, and so forth. And we certainly cannot dismiss this view if we hope to understand Nietzsche. At any rate, for Nietzsche, we cannot eliminate suffering; we can only seek to mask it.

**They spend their lives trying to create a perfect world, so that they can live satisfied lives; it is in the product, and not the process that they find value. This engenders hatred for life.**

Paul **Saurette**, PhD in political theory at John Hopkins U, **in 96** "I mistrust all systematizers and avoid them': Nietzshce, Arendt and the Crisis of the Will to Order in INternational Relations Theory." Millenium Journal of International Studies. Vol. 25 no. 1 page 3-6

The Will to Order and Politics-as-Making The Philosophical Foundation of the Will to Truth/Order •. I mistrust all systematizers and avoid them. A will to a system is a lack .of ! integrity."

According to Nietzsche, the philosophical foundation of a society is the set of ideas which give meaning to the phenomenon of human existence within a given cultural framework. As one manifestation of the Will to Power, this will to , meaning fundamentally influences the social and political organisation of a particular community.5 Anything less than a profound historical interrogation of the most basic philosophical foundations of our civilization, then, misconceives the origins of values which we take to be intrinsic and natural. Nietzsche suggests, .therefore, that to understand the development of our modem conception of society and politics, we must reconsider the crucial influence of the Platonic formulation of Socratic thought. Nietzsche claims that pre-Socratic Greece based its philosophical justification of life on heroic myths which honoured tragedy and k competition. Life was understood as a contest in which both the joyful and ordered (Apollonian) and chaotic and suffering (Dionysian) aspects of life were accepted and .affirmed as inescapable aspects of human existence.6 However, this •incarnation of the will to power as tragedy weakened, and became unable to sustain meaning in Greek life. Greek myths no longer instilled the self-respect and self-control that had upheld the pre-Socratic social order. -Everywhere the : instincts were in anarchy; everywhere people were.but five steps from excess: the monstrum-in-animo was a universal danger’. No longer willing to accept the tragic hardness and self-mastery of pre-Socratic myth, Greek thought yielded to decadence, a search for a new social foundation which would soften the tragedy of life, while still giving meaning to existence. In this context, Socrates' thought became paramount. In the words of Nietzsche, Socrates saw behind his aristocratic Athenians; he grasped that his case, the idiosyncrasy of his case, was no longer exceptional. The same kind of degeneration was everywhere silently preparing itself: the old Athens was coming to an end—And Socrates understood that the world had need of him —his expedient, his cure and his personal art of self-preservation. Socrates realised that his search for an ultimate and eternal intellectual standard paralleled the widespread yearning for assurance and stability within society. His expedient, his cure? An alternative will to power. An alternate foundation that promised mastery and control not through acceptance of the tragic life, but through the disavowal of the instinctual, the contingent, and the problematic. In response to the failing power of its foundational myths, Greece tried to renounce the very experience that had given rise to tragedy by retreating/escaping into the Apollonian world promised by Socratic reason. In Nietzsche's words, '[rationality was divined as a saviour...it was their last expedient. The fanaticism with which the whole of Greek thought throws itself at rationality betrays a state of emergency: one was in peril, one had only one choice: either to perish, or be absurdly rational....'9 Thus, Socrates codified the wider fear of instability into an intellectual framework. The Socratic Will to Truth is characterised by the attempt to understand and order life rationally by renouncing the Dionysian elements of existence and privileging an idealised Apollonian order. As life is inescapably comprised of both order and disorder however, the promise of control through Socratic reason is only possible by creating a 'Real World\* of eternal and meaningful forms, in opposition to an 'Apparent World of transitory physical existence. Suffering and contingency is contained within the Apparent World, disparaged, devalued, and^ ignored in relation to the ideal order of the Real World. Essential to the Socratic Will to Truth, then, is the fundamental contradiction between the experience of Dionysian suffering in the Apparent World and the idealised order of the Real World. According to Nietzsche, this dichotomised model led to the emergence of a uniquely 'modern'10 understanding of life which could only view suffering as the result of the imperfection of the Apparent World. This outlook created a modern notion of responsibility in which the Dionysian elements of life could be understood only as a phenomenon for which someone, or something is to blame. Nietzsche terms this philosophically-induced condition *ressentiment*. and argues that it signalled a potential crisis of the Will to Truth by exposing the central contradiction of the Socratic resolution. This contradiction, however, was resolved historically through the aggressive universalisation of the Socratic ideal by Christianity. According to Nietzsche,' ascetic Christianity exacerbated the Socratic dichotomisation by employing the Apparent World as the responsible agent against which the ressentiment of life could be turned. Blame for suffering fell on individuals within the Apparent World, precisely because they did not live up to God, the Truth, and the Real World, As Nietzsche wrote, ‘I suffer: someone must be to blame for it’ thinks every sickly sheep. But his shepherd, the ascetic priest tells him: ‘Quite so my sheep! Someone must be to blame for it: but you yourself are this someone, you alone are to blame for yourself,-you alone are to blame for yourself '-This is brazen and.false enough: but one thing, is achieved by it, the direction of ressentiment is altered." Faced, with the collapse of the Socratic resolution and the prospect of meaninglessness, once again, 'one was in peril, one had only one choice: either to perish, or be absurdly rational.... '12 The genius of the ascetic ideal was that it preserved the meaning of the Socratic Will to Power as Will to Truth by extrapolating ad absurdiuin the Socratic division through the redirection of ressentiment against the Apparent World! Through this redirection, the Real World was transformed from a transcendental world of philosophical escape into a model towards which the Apparent World actively aspired, always blaming its contradictory experiences on its own imperfect knowledge and action. This subtle transformation of the relationship between the dichotomised worlds creates the .Will to Order as the defining characteristic of the modern Will to Truth. Unable to accept the Dionysian suffering inherent in the Apparent World, the ascetic ressentiment desperately searches for 'the hypnotic sense of nothingness, the repose of deepest. sleep, in short absence of suffering According to the ascetic model, however, this escape is possible only when the Apparent World perfectly duplicates the Real World. The Will to Order, then, is the aggressive need increasingly to order the Apparent World in line with the precepts of the moral-Truth of the Real World. The ressentiment of the Will to Order, therefore, generates two interrelated reactions. First, ressentiment engenders a need actively to mould the Apparent World in accordance with the dictates of the ideal Apollonian Real World. In order to achieve this," however, the ascetic ideal also asserts that a 'truer', more complete knowledge of the Real World must be established creating an ever-increasing Will-to Truth. This self-perpetuating movement creates an interpretative structure within which everything must be understood and ordered in relation to the ascetic Truth of the Real World. As Nietzsche suggests, [t]he ascetic ideal has a goal—this goal is so universal that all other interests of human existence seem, when compared with it, petty and narrow; it interprets epochs, nations, and men inexorably with a view to this one goal; it permits no other interpretation, no other goal; it rejects, denies, affirms and sanctions solely from the point of view of its interpretation.''1 The very structure of the Will to Truth ensures that theoretical investigation must be increasingly ordered, comprehensive, more True, and closer to the perfection of the ideal. At the same time, this understanding of intellectual theory ensures that it creates practices which attempt to impose increasing order in the Apparent World. With this critical transformation, the Will to Order becomes .the fundamental philosophical principle of modernity.

**The alternative is the demonic question – the ballot is an answer to the question “do you desire this innumerable times more” – do nothing in the case of the plan and vote neg to say yes**

**Nietzsche, ’87** (Friedrich Wilhelm, 1887, The Gay Science, “The greatest weight,” Aphorism 341)

What, if some day or night a demon were to steal after you into your loneliest loneliness and say to you: "This life as you now live it and have lived it, you will have to live once more and innumerable times more; and there will be nothing new in it, but every pain and every joy and every thought and sigh and everything unutterably small or great in your life will have to return to you, all in the same succession and sequence—even this spider and this moonlight between the trees, and even this moment and I myself. The eternal hourglass of existence is turned upside down again and again, and you with it, speck of dust!" Would you not throw yourself down and gnash your teeth and curse the demon who spoke thus? Or have you once experienced a tremendous moment when you would have answered him: "You are a god and never have I heard anything more divine." If this thought gained possession of you, it would **change you** as you are **or** perhaps **crush you**. The question in each and every thing, **"Do you desire this once more and innumerable times more?"** would lie upon your actions as the greatest weight. Or how well disposed would you have to become to yourself and to life to crave nothing more fervently than this ultimate eternal confirmation and seal?

### Elections

**1NC**

**Obama will win but it will be close and is reversible**

**Bouie, 9/10**/12 - staff writer at [The American Prospect](http://www.washingtonpost.com/blogs/plum-line/post/the-fundamentals-still-favor-obama/2012/09/10/d67db19e-fb6d-11e1-98c6-ec0a0a93f8eb_blog.html) (Jamelle, “The fundamentals still favor Obama,” Washington Post,[ht tp://www.washingtonpost.com/blogs/plum-line/post/the-fundamentals-still-favor-obama/2012/09/10/d67db19e-fb6d-11e1-98c6-ec0a0a93f8eb\_blog.html](http://www.washingtonpost.com/blogs/plum-line/post/the-fundamentals-still-favor-obama/2012/09/10/d67db19e-fb6d-11e1-98c6-ec0a0a93f8eb_blog.html)

Since the Democratic National Convention ended, there has been clear movement in the polls, and President Obama is winning. Nate Silver, who usually urges caution when reading poll results, made this point earlier today, when he [wondered if observers were understating the degree to which there’s been clear movement in the presidential race](http://fivethirtyeight.blogs.nytimes.com/2012/09/10/sept-9-call-it-as-you-see-it/):

[T]he polling movement that we have seen over the past three days represents the most substantial shift that we’ve seen in the race all year, with the polls moving toward Mr. Obama since his convention.

How far will Mr. Obama’s numbers rise, and how long will his bounce last? We don’t know that, of course. But the range of possible outcomes reads pretty favorably for him.

None of this is to say that Obama will win in November, but it’s increasingly clear that he’s winning. And while it may not seem like it — given the ups and downs of the campaign season — this has been true for most of the year. Yes, the race has been close since April, when Mitt Romney wrapped up the Republican presidential primary and consolidated the bulk of GOP voters. But since then, Obama has maintained a small but persistent lead over the former Massachusetts governor. Indeed, Romney has never held a lead in the averages calculated by [Pollster](http://elections.huffingtonpost.com/pollster/2012-general-election-romney-vs-obama#!mindate=2012-04-01&amp;smoothing=more&amp;hiddenpollsters=rasmussen,zogby-internet) or [Real Clear Politics](http://www.realclearpolitics.com/epolls/2012/president/us/general_election_romney_vs_obama-1171.html). It’s possible that this will change — Obama’s convention bounce could dissipate and voters could finally move to Romney — but given the contours of the race, that seems unlikely.

As [Greg has been pointing out](http://www.washingtonpost.com/blogs/plum-line/post/why-wont-obama-voters-break-up-with-him/2012/09/06/e4831e06-f84c-11e1-8398-0327ab83ab91_blog.html), it’s clear that the Romney campaign is governed by a crude economic determinism — “as long as the economy is bad, all we have to do is show up, and voters will reward us with the presidency.” Hence Romney pollster Neil Newhouse’s [declaration](http://www.mittromney.com/news/press/2012/09/memorandum-state-race1) that “the basic structure of the race hasn’t changed.” This is true, but not in a way that helps Romney. Simply put, the “basic structure of the race” still favors President Obama. The economy is poor and job creation is sluggish, but growth is on an upward trajectory, and according to most election models, this makes Obama a slight favorite for reelection. That the Romney campaign fails to see this explains everything from Romney’s refusal to provide policy detail to his team’s inexplicable decision to cede summer advertising to the Obama campaign.

#### Solar power is unpopular - not seen as cost competitive

**Lifsher, 5 -** LA Times Staff Writer

(Marc, June 27, “Governor's Solar Plan Is Generating Opposition,” <http://articles.latimes.com/2005/jun/27/business/fi-solar27>, d/a 7-20-12, ads)

Gov. Arnold Schwarzenegger's plan to spend billions of dollars to put electricity-producing [solar panels](http://articles.latimes.com/2005/jun/27/business/fi-solar27) on a million California rooftops could be running into stormy weather. For the second year running, the governor is sponsoring legislation that would put photovoltaic solar systems at the head of the line for the bulk of state alternative energy [funding](http://articles.latimes.com/2005/jun/27/business/fi-solar27). For Schwarzenegger and his backers in the environmental community and the solar industry, a massive push to use abundant "free power" from the sun is an easy call. "Today, in California, where we are famous for the sun, we are going to put the positive benefits of that sun to good use," Schwarzenegger said in February, announcing his personal support for SB 1, the solar power bill. Schwarzenegger is thinking big: He wants to increase the state's total solar output from about 101 megawatts to 3,000 megawatts by 2018. That's enough nonpolluting power to run about 2.25 million homes and eliminate the need to build six large natural gas-fired generating plants. The governor isn't the only Hollywood star backing sun power. Actors Edward Norton and Ed Begley Jr., both well-known environmental activists, spoke at a recent media event in South Central Los Angeles in support of SB 1. But the bill, despite such high-profile backing and a bipartisan 30-5 vote in the state Senate, is facing potential difficulties in the Assembly. Opposition from business lobbies, utilities, unions and even consumer groups is setting the stage for what could be a close vote. The first hint of how the bill will fare in the Assembly is expected to come today when it faces its first hearing in the Assembly Utilities and Commerce Committee. Most of the complaints about the governor's solar program center on its estimated 10-year, $2-billion-to-$3-billion price tag. Much of that would be paid by power users in the form of surcharges imposed by the California Public Utilities Commission. Proponents estimate that the annual rate hike would be about $15 per residential customer. But business groups -- usually among Schwarzenegger's staunchest supporters -- complain that increases for large power users such as big-box retailers and industrial operations would be much higher -- a key point in a state that already has the highest electricity rates in the continental United States. The governor's solar plan is "so expensive that it's not cost-effective," said Joseph Lyons, an energy lobbyist for the California Manufacturers and Technology Assn. "Our members need rate relief, and this goes in the other direction," Lyons said. Southern California Edison Co., the state's second-largest investor-owned utility, is also skeptical, saying the governor's bill favors rooftop solar systems over what it says are more cost-effective centralized solar generating stations. Even fans of solar power -- who view photovoltaic panels as a crucial part of the state's alternative energy mix -- question the wisdom of earmarking the bulk of funding for one source, to the detriment of less-glamorous energy efficiency and conservation programs. "Solar is not even close to competitive," said Severin Borenstein, director of the University of California Energy Institute in Berkeley. He noted that solar power's long-run, average production cost of 25 cents to 30 cents per kilowatt hour, not including government subsidies or tax [credits](http://articles.latimes.com/2005/jun/27/business/fi-solar27), is much higher than the 5 cents to 9 cents for wind power and 6 cents to 7 cents for modern, natural-gas-fired generation plants. Even a leading energy consumer advocate, the Utility Reform Network, is critical of the governor's solar dream, contending it would drive up utility bills for some lower-income residential ratepayers. "It singles out one technology ... it's not giving us the biggest bang for the buck," said Michael Florio, an attorney for the group. Meanwhile, enthusiasm among home builders is lukewarm at best. They fear that a requirement that solar be offered as an option on most new homes beginning in 2010 would be unpopular with buyers.

#### Romney would support an Israeli strike on Iran

Robert W. Merry 8-1-2012; editor of The National Interest and the author of books on American history and foreign policyRomney Edges U.S. toward War with Iran <http://nationalinterest.org/commentary/romney-edges-us-toward-war-iran-7275>

The major newspapers all understood that GOP presidential candidate Mitt Romney’s expressions in Jerusalem last weekend were important, which is why they played the story on page one. But only the New York Times captured the subtle significance of what he said. The paper’s coverage, by Jodi Rudoren and Ashley Parker, reported that Romney sought to adhere to the code that says candidates shouldn’t criticize the president on foreign soil. “But,” they added, “there were subtle differences between what he said—and how he said it—and the positions of his opponent.” Most significantly, while Obama talks about stopping Iran from obtaining nuclear weapons, Israel insists Tehran should be prevented from having even the capacity to develop nuclear weapons. This means no nuclear development even for peaceful purposes. Romney embraced the Israeli language. In doing so, he nudged his nation closer to war with Iran. Based on Israeli prime minister Benjamin Netanyahu’s oft-repeated expressions, he clearly seems bent on attacking Iran to destroy or delay its nuclear program and, if possible, undermine the Iranian regime. And he wants America at his side when he does it. Obama has been seeking to dissuade Israel from contemplating such an assault in order to give the president’s austere sanctions regimen a chance to work. But what does he mean by “a chance to work?” If he means a complete capitulation by Iran, he’s dreaming, of course. History tells us that nations don’t respond to this kind of pressure by accepting humiliation. That’s the lesson of Pearl Harbor, as described in my commentary in these spaces. Many close observers of the Iran drama believe there may be an opportunity for a negotiated outcome that allows Iran to enrich uranium to a limited extent—say, 5 percent—for peaceful purposes. Iran insists, and most experts agree, that the Non-Proliferation Treaty allows such enrichment for energy production. In any event, numerous signatories to the NPT do in fact maintain limited enrichment programs for peaceful ends. Obama seems torn between pursuing such an outcome and embracing the Israeli position, which demands that Iran foreswear all enrichment and any peaceful nuclear development. In last spring’s Istanbul meeting between Iran and the so-called P5+1 group (the United States, Britain, France, China, Russia and Germany), there seemed to be a genuine interest on the part of those six nations to explore an outcome that would allow for some enrichment by Iran. Five weeks later in Baghdad, the P5+1 group seemed to backtrack and insist upon zero enrichment. Talks are ongoing but only among low-level technical people; any serious negotiations are on hold pending the election. Thus Obama has managed to maintain his flexibility during the delicate campaign period. But now we have Romney in Israel essentially telling the people there that they need fear no ambivalence on his part. If elected, he will embrace the Netanyahu position, which is designed to ensure the collapse of any negotiations attending anti-Iran sanctions, which Netanyahu already has labeled a failure. “We have to be honest,” he said over the weekend, during Romney’s visit, “and say that the sanctions and diplomacy so far have not set back the Iranian program by one iota.” That’s the view that Romney subtly embraced in Jerusalem.

#### Great power war

Trabanco 2009 – Independent researcher of geopolitical and military affairs (1/13/09, José Miguel Alonso Trabanco, “The Middle Eastern Powder Keg Can Explode at Anytime,” http://www.globalresearch.ca/index.php?context=va&aid=11762)

In case of an Israeli and/or American attack against Iran, Ahmadinejad's government will certainly respond. A possible countermeasure would be to fire Persian ballistic missiles against Israel and maybe even against American military bases in the regions. Teheran will unquestionably resort to its proxies like Hamas or Hezbollah (or even some of its Shiite allies it has in Lebanon or Saudi Arabia) to carry out attacks against Israel, America and their allies, effectively setting in flames a large portion of the Middle East. The ultimate weapon at Iranian disposal is to block the Strait of Hormuz. If such chokepoint is indeed asphyxiated, that would dramatically increase the price of oil, this a very threatening retaliation because it will bring **intense** financial and **economic havoc upon the West**, which is already facing significant trouble in those respects. In short, the necessary conditions for a major war in the Middle East are given. Such conflict could rapidly spiral out of control and thus a relatively minor clash could quickly and **dangerously escalate by engulfing the whole region** and perhaps even beyond. There are many key players: the Israelis, the Palestinians, the Arabs, the Persians and their respective allies and some **great powers could become involved** in one way or another (America, Russia, Europe, China). Therefore, any miscalculation by any of the main protagonists can trigger something no one can stop. Taking into consideration that the stakes are too high, perhaps it is not wise to be playing with fire right in the middle of a powder keg.

### Oil

#### Oil prices will stabilize now – prices will stick above OPEC break-even levels without significant changes

Irina Rogovaya August 2012; writer for Oil and Gas Eurasia, Oil Price Changes: Everyone Wants Stability <http://www.oilandgaseurasia.com/articles/p/164/article/1875/>

According to the current base forecast for the Eurozone prepared by Oxford Economics, within the next two years oil prices will continue to drift lower, but not beyond the bounds of the “green” corridor for the world economy – $80-100 per barrel. This forecast coincides with the expectations of the World Bank (see Fig. 4). Meanwhile, S&P analysts presented three scenarios for the energy market in June. In the base scenario, oil will remain at $100 per barrel. S&P calculates that the likelihood of a stressful scenario in which the price of oil drops below $60 per barrel (the bottom in 2009) is 1:3. Analysts believe that given today’s state of economic and geopolitical affairs, strong political will would be needed to force the price of oil below $70-80 (the current level of effective production). So far, that will is nowhere to be seen. Recent events have shown that nobody is interested in the Eurozone breaking apart. And nobody wants a war in the Persian Gulf. Furthermore, nobody today intends to force the production of less valuable oil. At least that is what OPEC leaders promised during the recent summit. “Stability on the market should be at the center of our attention,” General Secretary Abdalla El-Badri said. Even Saudi Arabia, which consistently violates OPEC discipline in over-producing its quotas, announced at the beginning of July that it would review its margins to determine a higher price for Saudi supplies ordered on August contracts. Analysts noted that the average price of oil supplied to Europe and Asia had jumped (by $0.85 and $0.66 per barrel respectively), a fact which could be seen as proof that the collective members of the cartel will not let prices fall under $100 per barrel.

#### Individual-level solar power would significantly impact oil dependence

Dawn Allcot 9-8-2011; frequently covers energy efficiency, green living, and topics like LED lighting and whole home control systems for a number of technology trade magazines. Solar Power Reduces Our Dependency on Oil http://www.ecooutfitters.net/blog/2011/09/solar-power-reduces-our-dependency-on-oil/

Oil and the Middle East Unfortunately, one very significant aspect of U.S. life has not changed since the September 11 attacks, and that is our use of foreign oil. The entire Middle East is still a battlefield, yet we purchase one of our most crucial resources from this region. Statistics vary widely — some bloggers believe we purchase only 12 percent of our oil from the Middle East, while others guess the number is closer to 43 or even 50 percent. The U.S. Energy Administration published a table earlier this year that shows we import about 25 percent of our oil from the Middle East. Iraq is one of our country’s top ten crude oil sources. Are we entirely dependent on Middle Eastern oil? No. Is it significant to us? Absolutely. Any disruption in the supply of Middle Eastern oil, including war, tends to drive gas and home heating oil prices up. When gas prices go up, it costs more to transport our food supply and soon, grocery prices rise, too. (As an aside, this is just one reason eating locally grown food is a green and cost-effective practice.) Little Changes Make a Big Difference But there’s good news. The fact that our country’s so-called “dependence” on Middle Eastern oil isn’t as bad as many believe means small changes can make a big difference. Changes like using solar hot water heat instead of oil to heat your hot water, or using solar PV panels for radiant floor heating can make a big difference in reducing the amount of oil our country needs. With only 5 percent of the world’s population, we use 27 percent of the world’s oil. Solar energy is one solution to reduce our oil consumption and our ties to the Middle East. It’s also cleaner than oil, easier to access, constantly renewable, and so far, the price of solar power is not connected to world politics. The more you think about all these factors, the case for solar power keeps getting brighter and brighter.

#### Oil futures are overshot by speculation – lowering demand would set off a price collapse

Alexei Bayer 7-26-2012; Alexei Bayer is head of KAFAN FX Information Services. His monthly “Global Economy” column in Research has received an excellence award from the New York State Society of Certified Public Accountants for the past six years, 2004-2009 “Pop That Bubble Policies should aim at pushing oil prices down” http://www.advisorone.com/2012/07/26/pop-that-bubble?page=3

A Soft Market Demand for oil, then, is softening because the global economy is weakening and consumers are reducing their oil use on a more lasting basis, even as greater supply is coming on line, from projects begun before 2008 and from producers eager to protect their market shares. Oil prices are set by futures markets and therefore fluctuate with traders’ psychology, speculation and liquidity. That means oil prices tend to overshoot. Just as they rocketed prior to 2008 and again in early 2012, driven by rising demand as well as various political concerns and fears, so a softening demand could push oil even below its long-term inflation-adjusted equilibrium price range of around $20-40 per barrel.

#### High prices are key to the Russian economy and domestic stability

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But Vladimir Putin is not one of them. The economy that the Russian President has built not only runs on oil, but runs on oil priced extremely high. Falling oil prices means rising problems for Russia – both for the strength of its economic performance, and possibly, the strength of Putin himself. Despite the fact that Russia has been labeled one of the world’s most promising emerging markets, often mentioned in the same breath as China and India, the Russian economy is actually quite different from the others. While India gains growth benefits from an expanding population, Russia, like much of Europe, is aging; while economists fret over China’s excessive dependence on investment, Russia badly needs more of it. Most of all, Russia is little more than an oil state in disguise. The country is the largest producer of oil in the world (yes, bigger even than Saudi Arabia), and Russia’s dependence on crude has been increasing. About a decade ago, oil and gas accounted for less than half of Russia’s exports; in recent years, that share has risen to two-thirds. Most of all, oil provides more than half of the federal government’s revenues. What’s more, the economic model Putin has designed in Russia relies heavily not just on oil, but high oil prices. Oil lubricates the Russian economy by making possible the increases in government largesse that have fueled Russian consumption. Budget spending reached 23.6% of GDP in the first quarter of 2012, up from 15.2% four years earlier. What that means is Putin requires a higher oil price to meet his spending requirements today than he did just a few years ago. Research firm Capital Economics figures that the government budget balanced at an oil price of $55 a barrel in 2008, but that now it balances at close to $120. Oil prices today have fallen far below that, with Brent near $100 and U.S. crude less than $90. The farther oil prices fall, the more pressure is placed on Putin’s budget, and the harder it is for him to keep spreading oil wealth to the greater population through the government. With a large swath of the populace angered by his re-election to the nation’s presidency in March, and protests erupting on the streets of Moscow, Putin can ill-afford a significant blow to the economy, or his ability to use government resources to firm up his popularity. That’s why Putin hasn’t been scaling back even as oil prices fall. His government is earmarking $40 billion to support the economy, if necessary, over the next two years. He does have financial wiggle room, even with oil prices falling. Moscow has wisely stashed away petrodollars into a rainy day fund it can tap to fill its budget needs. But Putin doesn’t have the flexibility he used to have. The fund has shrunk, from almost 8% of GDP in 2008 to a touch more than 3% today. The package, says Capital Economics, simply highlights the weaknesses of Russia’s economy: This cuts to the heart of a problem we have highlighted before – namely that Russia is now much more dependent on high and rising oil prices than in the past… The fact that the share of ‘permanent’ spending (e.g. on salaries and pensions) has increased…creates additional problems should oil prices drop back (and is also a concern from the perspective of medium-term growth)…The present growth model looks unsustainable unless oil prices remain at or above $120pb.

#### Russian economic collapse causes global nuclear war

Steven David, January/February 1999;Professor of International Relations and Associate Dean of Academic Affairs at the Johns Hopkins University, FOREIGN AFFAIRS, **,** http://www.foreignaffairs.org/19990101faessay955/steven-r-david/saving-america-from-the-coming-civilwars.html

If internal war does strike Russia, economic deterioration will be a prime cause. From 1989 to the present, the GDP has fallen by 50 percent. In a society where, ten years ago, unemployment scarcely existed, it reached 9.5 percent in 1997 with many economists declaring the true figure to be much higher. Twenty-two percent of Russians live below the official poverty line (earning less than $ 70 a month). Modern Russia can neither collect taxes (it gathers only half the revenue it is due) nor significantly cut spending. Reformers tout privatization as the country's cure-all, but in a land without well-defined property rights or contract law and where subsidies remain a way of life, the prospects for transition to an American-style capitalist economy look remote at best. As the massive devaluation of the ruble and the current political crisis show, Russia's condition is even worse than most analysts feared. If conditions get worse, even the stoic Russian people will soon run out of patience.  A future conflict would quickly draw in Russia's military. In the Soviet days civilian rule kept the powerful armed forces in check. But with the Communist Party out of office, what little civilian control remains relies on an exceedingly fragile foundation -- personal friendships between government leaders and military commanders. Meanwhile, the morale of Russian soldiers has fallen to a dangerous low. Drastic cuts in spending mean inadequate pay, housing, and medical care. A new emphasis on domestic missions has created an ideological split between the old and new guard in the military leadership, increasing the risk that disgruntled generals may enter the political fray and feeding the resentment of soldiers who dislike being used as a national police force. Newly enhanced ties between military units and local authorities pose another danger. Soldiers grow ever more dependent on local governments for housing, food, and wages. Draftees serve closer to home, and new laws have increased local control over the armed forces. Were a conflict to emerge between a regional power and Moscow, it is not at all clear which side the military would support.  Divining the military's allegiance is crucial, however, since the structure of the Russian Federation makes it virtually certain that regional conflicts will continue to erupt. Russia's 89 republics, krais, and oblasts grow ever more independent in a system that does little to keep them together. As the central government finds itself unable to force its will beyond Moscow (if even that far), power devolves to the periphery. With the economy collapsing, republics feel less and less incentive to pay taxes to Moscow when they receive so little in return. Three-quarters of them already have their own constitutions, nearly all of which make some claim to sovereignty. Strong ethnic bonds promoted by shortsighted Soviet policies may motivate non-Russians to secede from the Federation. Chechnya's successful revolt against Russian control inspired similar movements for autonomy and independence throughout the country. If these rebellions spread and Moscow responds with force, **civil war is likely**.  Should Russia succumb to internal war, the consequences for the United States and Europe will be severe. **A major power** like Russia -- even though in decline -- **does not suffer civil war quietly or alone**. An embattled Russian Federation might provoke **opportunistic attacks from enemies such as China.** Massive flows of refugees would pour into central and western Europe. Armed struggles in Russia could easily spill into its neighbors. Damage from the fighting, particularly attacks on nuclear plants, would poison the environment of much of Europe and Asia. Within Russia, the consequences would be even worse. Just as the sheer brutality of the last Russian civil war laid the basis for the privations of Soviet communism, a second civil war might produce another horrific regime.

### Trade

#### Alt cause – EU trade war

**AFP, 7/26/12** [Chinese solar makers warn of 'trade war' with EU, Agente France Press, <http://www.google.com/hostednews/afp/article/ALeqM5ivUmnuP4DxT_q7Gn5M0iqdwRSPnw?docId=CNG.f14afb390e7dda24acd026cad5111c4b.a71>]

BEIJING — Four leading solar cell manufacturers in China on Thursday warned a possible EU anti-dumping investigation could trigger a "trade war" and urged Beijing to step in to protect their interests.¶ German cell maker SolarWorld AG has reportedly requested the European Union to probe alleged dumping by Chinese firms, said a joint statement by Yingli Green Energy, Suntech Power Holdings Co., Trina Solar and Canadian Solar, which is headquartered in Canada but manufactures in China.¶ The move came on the heels of a US decision in May to slap hefty anti-dumping duties on Chinese solar cell makers, which Beijing blasted as "protectionist".¶ The companies called on the Chinese government to block the case by opening a dialogue with the European Union to prevent a trade war.¶ "China's photovoltaic industry will suffer a deadly blow if the EU follows the United States and launches an anti-dumping probe," said the statement.¶ More than 60 percent of China's $35.8-billion-worth solar shipments were exported to the EU last year while the country imported $7.5 billion of European solar equipments and raw materials, it said.¶ "Meanwhile, (a probe) would trigger a full scale trade war between China and Europe," it said, adding the country is a big market for European products ranging from cars, aircraft, machines and luxury goods.

#### The plan is a drop in the bucket relative to overall disputes

**Stokes and Hatchigian, 12** [U.S.-China Relations in an Election Year Taking the Long View in a Season of Heated Rhetoric, Jacob, Research Assistant at the Center for a New American Security (CNAS), where his research focuses on U.S. national security and defense policy. His writing has appeared in CNN.com, Politico, BusinessWeek, *The Baltimore Sun*, *The Guardian* and *The American Prospect*, among other publications, Senior Fellow at American Progress.¶ <http://webcache.googleusercontent.com/search?q=cache:QG6048mP53AJ:www.americanprogressaction.org/issues/2012/03/pdf/us_china_relations.pdf+&hl=en&gl=us>]

This report examines the 10 most debated challenges in the U.S.-China relation-¶ ship in the 2012 presidential and congressional campaign season, exploring¶ differences between progressive and conservative approaches to China. We¶ detail these 10 issues in the pages that follow, but briefly, here is a summation of the top challenges and the different approaches advocated by conservatives and¶ taken by progressives.¶ • Ensuring fair trade. The Obama administration’s policy of vigorous enforce-¶ ment and results-oriented dialogue beats conservatives’ refusal to invest in¶ American competitiveness at home; empty, antagonistic rhetoric toward China;¶ and highly inconsistent positions on trade cases. The Obama administration has¶ announced a new trade-enforcement unit and has brought more major trade¶ cases against China than any of its predecessors.¶ • Progress on currency. The Obama administration’s efforts, on its own and with¶ other nations, to pressure China to deal with its undervalued currency have¶ resulted in progress, though more remains to be done. The administration is keeping the pressure on. The conservative answer is both needlessly antago-¶ nistic and ineffective.¶ • China owning U.S. debt. China owning just more than 8 percent of our federal¶ debt is not leverage China can use without unacceptably harming its own interests.¶ Conservative hysterics and fearmongering about this complex issue is misplaced.¶ • Chinese direct investment. Chinese investment in our country can be a major¶ source of capital and jobs going forward. We should allow proven national ¶ 4 Center for American Progress Action Fund | U.S.-China Relations in an Election Year¶ security processes to weed out threats to our nation and avoid excessive¶ paranoia around Chinese purchases, lest we miss investment-led growth¶ opportunities. Conservatives should take heed.¶ • Championing human rights. The Obama administration has consistently called¶ China out on human rights, speaking privately and publicly with Chinese¶ leaders, meeting with the Dalai Lama twice, and giving our diplomats new¶ forums to engage fully with their Chinese counterparts and the Chinese peo-¶ ple to improve human rights and religious freedoms in China. Conservatives’¶ only answer is even more forceful browbeating of Chinese leaders—emotion-¶ ally satisfying, but not an effective tactic to make real change.¶ • America the Pacific power. Under the Obama administration new trade part-¶ nerships, defense arrangements, and serious connections with regional orga-¶ nizations all support deeper U.S. engagement in Asia. Extremist conservative¶ rhetoric claiming the administration is not investing adequately in defense in¶ Asia is nonsense.¶ • Addressing China’s military. China’s military has grown rapidly in recent years,¶ albeit from a very low base. While some technologies are worrisome, the¶ United States retains a huge advantage over China. The Obama administration¶ is responding to China’s military buildup but is not exaggerating the threat, in¶ contrast to conservative efforts to use the “China threat” to justify unsustain-¶ able increases in military spending.¶ • Supporting regional allies. Asian nations continue to turn to America to ensure¶ peace and security. The United States is meeting that need by strengthening rela-¶ tions with our Pacific friends and allies. Relationships with Japan, South Korea,¶ and Australia are rock-solid, and the United States joined with regional players¶ to push back on Chinese belligerence. Conservatives ignore this track record in¶ desperate attempts to tag the Obama administration as abandoning our allies.¶ • A friend to Taiwan. The Obama administration has sold unprecedentedly large¶ packages of arms to Taiwan, including major fighter upgrades, while also upping¶ outreach to the island in ways that will not destabilize cross-Strait relations.¶ Conservatives are left complaining that the current administration, like the Bush¶ administration before it, did not sell Taiwan the most advanced jet fighters.¶ The Obama¶ administration¶ is responding to¶ China’s military¶ buildup but is¶ not exaggerating¶ the threat, in¶ contrast to¶ conservative efforts¶ to use the “China¶ threat” to justify¶ unsustainable¶ increases in military¶ spending.¶ 5 Center for American Progress Action Fund | U.S.-China Relations in an Election Year¶ • Tackling cybersecurity. From the start the Obama administration has identi-¶ fied cybersecurity as an issue of grave concern and mounted a comprehensive¶ response. Conservatives who condemn the administration’s response do not¶ understand its scope; they also offer little in the way of new ideas for combat-¶ ing the threat.¶ In the pages that follow, we will present in more detail these 10 challenges along-¶ side the response of the Obama administration and the misplaced criticisms and¶ hostile rhetoric of many conservatives.

#### Cooperation is ineffective – internal constraints block common action

**Xinbo, 12** [Wu Xinbo is Professor at the Center for American Studies, Fudan University, Forging Sino–US Partnership in the Twenty-First Century: opportunities and challenges, Journal of Contemporary China, p. UM libraries, preview available at <http://www.tandfonline.com/doi/abs/10.1080/10670564.2011.647429#preview>]

Whether China and the US can forge a genuine partnership depends on their capability to overcome bilateral differences and expand their cooperation in areas of common interests, while the latter will be even more essential given the fact that the Sino–US relationship is still growing. However, common interests do notnecessarily guarantee common actions**.** In fact, efforts to forge a Sino–US partnership are confronted with a series of challenges arising from both sides.¶ On the US side, one problem lies in the lack of experience in working with a rising power like China. Since moving to the center of the world stage following World War II, the United States has accumulated experience in dealing with rising powers like the Soviet Union, Japan and Germany. While the containment strategy proved successful in coping with Soviet expansion during the Cold War, the alliance strategy worked well to secure Japanese and German acceptance of US leadership when both countries reemerged as major economic powers in the 1960s. China, however, is different from those rising countries. Unlike the Soviet Union, it is not pursuing an antagonistic relationship with the US, nor is it, like Japan and Germany, following US leadership in international affairs as a small brother. For Washington, Beijing is neither a complete enemy nor a sheer friend. Both competitive and cooperative dimensions exist in Sino–US relations. The competitive factors may not lead to strategic confrontation if well managed, yet confrontation may happen if not well managed. Meanwhile, the cooperative factors may not automatically lead to cooperation, as it requires such serious efforts as hard bargaining, skillful trade-offs and the demonstration of a spirit of respect and equality. Given its cultural and historical background, the United States lacks such sophistication to deal with a country like China. Although the US has learned a lot since the mid-1990s about how to deal with a rising China, it still has a long way to go to enrich experiences, improve skills and adjust mentality.¶ Another outstanding challenge originating on the US side is the constraint of its domestic politics. While US democracy may arguably provide a good example for internal good governance, its foreign policy lacks continuity and credibility due to political cycles coming out of election politics and the interplay of interest group politics.[28](http://www.tandfonline.com.proxy.library.emory.edu/doi/full/10.1080/10670564.2011.647429#FN0028) China policy in particular has fallen victim to internal politics from time to time. While Chinese leaders always emphasize the need to adopt strategic and long-term perspective on bilateral relations, US leaders, driven by political cycles, invariably pay more attention to tactical and short-term gains in interactions with China. It is true that China's domestic politics also increasingly works to affect its handling of relations with the US, but such impact is largely manageable and has caused much less volatility than US domestic politics does to bilateral ties. It is the volatility in US China policy that frustrates Chinese efforts and desires to secure a steady development of relations with the US. It also undermines endeavors to build mutual trust between the leaderships in both countries. ¶ On the Chinese side, a series of political, economic and security factors constrain its capability to extend the cooperation that the US expects. Politically, China appears more sympathetic with some authoritarian regimes that the US may find less tolerable, and Beijing may resist Washington's efforts to exert pressure on them through the United Nations. As a result, China is often accused of protecting those ‘rogue’ or ‘repressive’ regimes. Economically, although China now ranks as the second largest world economy, it is still a developing country in terms of per capital GDP and overall level of social–economic development, hence China refuses to shoulder international responsibilities that it views beyond its capacity, and the US may perceive China as unwilling to live up to its major power status. On the security front, given the differences in respective geopolitical interests between China and the US in the Asia–Pacific, Beijing's approach to some regional issues, such as the Korean peninsula issue, differs from that of the US. Such differences highlight bilateral competition rather than cooperation in the region.¶ Mutual trust holds the key to partnership-building. However, the lack of mutual trust is an outstanding feature of current Sino–US relations. This should be attributed not only to the real differences in respective national interests, but also to misperceptions that each possesses toward the other. A primary US misperception is that China aspires to undermine its position in the Asia–Pacific. China, on the other hand, always suspects that the US intends to contain it. Both sides are aware of the other's major concerns and try to assure each other. For instance, in both joint statements of 2009 and 2011, the United States reiterated that ‘it welcomes a strong, prosperous, and successful China that plays a greater role in world affairs’, while China suggested that it ‘welcomes the United States as an Asia–Pacific nation that contributes to peace, stability and prosperity in the region’. In spite of these assurances, however, those misperceptions remain strong, and both sides continue to try to find supporting evidence from the other's words and deeds.¶ Finally, some conceptual gaps between two countries also complicate their efforts to forge partnership in world affairs. What is China's international identity and responsibility? How to deal with the issue of sovereignty in the era of globalization and information? How strictly should the principle of non-interference in a sovereign country's internal affairs be abided by? How should foreign aid be best provided? What should a preferred international order looks like? And so on. Such differences will affect both the objectives the two countries seek to advance and the means they employ.

#### US China relations are deeply institutionalized – no risk of collapse

**Shambaugh, 11** [David, Professor and Director of the China Policy Program at George Washington University, and a nonresident Senior Fellow at the Brookings Institution in Washington, D.C, “Stabilizing and Strengthening Sino-American Relations”, http://chinausfocus.com/foreign-policy/stabilizing-and-strengthening-sino-american-relations/]

The Third Round of the U.S.-China Strategic and Economic Dialogue (S&ED) was held in Washington, D.C. on May 9-10, 2011. The main result of the meetings is that the world’s most important bilateral relationship is now more stable and stronger, although still fragile and in need of further strengthening in several areas. The S&ED continues the trend begun by President Hu Jintao’s January 2011 state visit to Washington, which served to arrest the year-long downward slide in relations. As a result of these two sets of high-level U.S.-China interactions, the deterioration has been halted, a new atmosphere of partnership started, and mutual understanding improved. While 2010 was the worst year for U.S.-China relations in many years, 2011 is shaping up to be much better.¶ The outcome of the S&ED can be measured on three principal levels.¶ The first implication is the depth of institutionalization of the U.S.-China relationship. This is seen in the unprecedentedly high-level and deep nature of the two government’s delegations. More than a dozen cabinet level officials and agency heads on each side participated—representing well more than half of each government’s institutions. Neither nation has anywhere near such an extensive bureaucratic set of exchanges with another nation. For the first time, this time both delegations included senior military officers—who inaugurated the Strategic Security Dialogue (SSD) under the strategic track of the S&ED. In this context, the two sides discussed the sensitive issues of cyber security and maritime security. At the very top, the two delegations were again led by the U.S. Secretaries of State and Treasury and State Councilor Dai Bingguo and Executive Vice Premier Wang Qishan. In addition, a large number of other minister/cabinet level officials participated. The character of the two delegations represents the deep institutionalization that the Sino-American relationship has now achieved, and this is a strong stabilizing force.¶ The second implication of the S&ED is breadth of the exchanges. The S&ED produced a remarkable 48 point list of “outcomes.” Unlike last year’s document or those produced at the past two presidential summits, this one was not so much aspirational as substantive. The document is a remarkable testimony to the extremely diverse nature of the U.S-China relationship today, and it reveals the fact that there is hardly any issue in international affairs and the world today that is not on the U.S.-China agenda. The two sides had separate discussions on virtually every major region of the world; on several key “hot spot” issues like Iran and North Korea. They addressed pressing global challenges like climate change, terrorism, disaster relief, ocean and atmospheric issues, nuclear nonproliferation, weapons transfers and demining, and energy security. They addressed a range of bilateral issues human rights: clean energy, agriculture, science and technology exchanges, people-to-people exchanges, law enforcement, anti-corruption work, customs and coast guard cooperation, marine and fishery science cooperation, and announced a new governor-level forum. Several new inter-governmental protocols were prepared for future signing in the area of health sciences, supply chain security and trade facilitation, law enforcement, and ecology.¶ These were the outcomes on the so-called “strategic track.” The “economic track” did not put out a similar document—but judging from the press briefings given by both sides, the economic discussions were equally wide-ranging and thorough-going. Both Vice Premier Wang Qishan and Secretary of Treasury Geithner noted how the subject of broad macro economic management and rebalancing of each nation’s economy was discussed in depth. Additionally issues, such as Chinese currency appreciation, U.S. export controls, and foreign direct investment were high on the agenda.¶ The third implication of the S&ED is the potential to sustain cooperation in the months ahead. As noted above, the relationship has sailed through very rough waters over the past year—and, before the S&ED, could be described as being in a state of “fragile stability.” The S&ED definitely served to strengthen the stability, and thereby overcome some of the fragility in the relationship. While this is encouraging, analysts all note that there still exists substantial mistrust on both sides and a number of nettlesome issues over which the two governments find themselves far apart. Yet, to bridge these differences requires intensive and candid dialogue—which is what this year’s S&ED did achieve.

**Trade wars won’t escalate to real conflict, let alone protectionism**

**Ikenson, 09** associate director for the Center for Trade Policy Studies at the Cato Institute (Daniel, “A Protectionism Fling: Why Tariff Hikes and Other Trade Barriers Will Be Short-Lived,” 3/12, http://www.freetrade.org/pubs/FTBs/FTB-037.html

A Little Perspective, Please

Although some governments will dabble in some degree of protectionism, the combination of a sturdy rules-based system of trade and the economic self interest in being open to participation in the global economy will limit the risk of a protectionist pandemic. According to recent estimates from the International Food Policy Research Institute, if all WTO members were to raise all of their applied tariffs to the maximum bound rates, the average global rate of duty would double and the value of global trade would decline by 7.7 percent over five years.8 That would be a substantial decline relative to the 5.5 percent annual rate of trade growth experienced this decade.9

But, to put that 7.7 percent decline in historical perspective, the value of global trade declined by 66 percent between 1929 and 1934, a period mostly in the wake of Smoot Hawley's passage in 1930.10 So the potential downside today from what Bergsten calls "legal protectionism" is actually not that "massive," even if all WTO members raised all of their tariffs to the highest permissible rates.

If most developing countries raised their tariffs to their bound rates, there would be an adverse impact on the countries that raise barriers and on their most important trade partners. But most developing countries that have room to backslide (i.e., not China) are not major importers, and thus the impact on global trade flows would not be that significant. OECD countries and China account for the top twothirds of global import value.11 Backsliding from India, Indonesia, and Argentina (who collectively account for 2.4 percent of global imports) is not going to be the spark that ignites a global trade war. Nevertheless, governments are keenly aware of the events that transpired in the 1930s, and have made various pledges to avoid protectionist measures in combating the current economic situation.

In the United States, after President Obama publicly registered his concern that the "Buy American" provision in the American Recovery and Reinvestment Act might be perceived as protectionist or could incite a trade war, Congress agreed to revise the legislation to stipulate that the Buy American provision "be applied in a manner consistent with United States obligations under international agreements." In early February, China's vice commerce minister, Jiang Zengwei, announced that China would not include "Buy China" provisions in its own $586 billion stimulus bill.12

But even more promising than pledges to avoid trade provocations are actions taken to reduce existing trade barriers. In an effort to "reduce business operating costs, attract and retain foreign investment, raise business productivity, and provide consumers a greater variety and better quality of goods and services at competitive prices," the Mexican government initiated a plan in January to unilaterally reduce tariffs on about 70 percent of the items on its tariff schedule. Those 8,000 items, comprising 20 different industrial sectors, accounted for about half of all Mexican import value in 2007. When the final phase of the plan is implemented on January 1, 2013, the average industrial tariff rate in Mexico will have fallen from 10.4 percent to 4.3 percent.13

And Mexico is not alone. In February, the Brazilian government suspended tariffs entirely on some capital goods imports and reduced to 2 percent duties on a wide variety of machinery and other capital equipment, and on communications and information technology products.14 That decision came on the heels of late-January decision in Brazil to scrap plans for an import licensing program that would have affected 60 percent of the county's imports.15

Meanwhile, on February 27, a new free trade agreement was signed between Australia, New Zealand, and the 10 member countries of the Association of Southeast Asian Nations to reduce and ultimately eliminate tariffs on 96 percent of all goods by 2020.

While the media and members of the trade policy community fixate on how various protectionist measures around the world might foreshadow a plunge into the abyss, there is plenty of evidence that governments remain interested in removing barriers to trade. Despite the occasional temptation to indulge discredited policies, there is a growing body of institutional knowledge that when people are free to engage in commerce with one another as they choose, regardless of the nationality or location of the other parties, they can leverage that freedom to accomplish economic outcomes far more impressive than when governments attempt to limit choices through policy constraints.

### Solar Industry

#### No impact – the ruling wont stymie the industry – disruptions are at best temporary

**Woody, 12** [Todd, Solar Installers Caught In Cross Fire Of Escalating China Trade War, Forbes Staff, <http://www.forbes.com/sites/toddwoody/2012/05/18/solar-installers-caught-in-cross-fire-of-escalating-china-trade-war/>]

Will the booming U.S. solar installation industry become collateral damage in the growing solar trade war with China?¶ On Thursday, the U.S. Commerce Department issued a [preliminary decision levying steep tariffs](http://ia.ita.doc.gov/download/factsheets/factsheet-prc-solar-cells-ad-prelim-20120517.pdf) against Chinese solar manufacturers, finding they illegally dumped cheap photovoltaic cells on the American market. But the companies that install those solar panels on residential and commercial rooftops – and which have benefited from a 75% plunge in photovoltaic prices in recent years – are split over the impact of the tariffs on their burgeoning business.¶ “I don’t think this ruling will stymie the industry,” says Danny Kennedy, president of Sungevity, an [Oakland](http://www.forbes.com/places/ca/oakland/), Calif.-based residential solar installer that has rapidly expanded to the other states and countries over the past two years. “Lower cost affordable solar is the goal here and while this is unfortunate trade politicking I don’t think the sky is falling.”¶ Sungevity obtains panels from China’s Suntech and other suppliers. “It’s not a big proportion; it’s a mix,” Kennedy says of his Chinese supply chain. “This is a market where you have supply-demand imbalance and we’re confident that cost curve will continue to come down.”¶ Susan Wise, a spokeswoman for another big solar installer, [San Francisco](http://www.forbes.com/places/ca/san-francisco/)-based SunRun, was less optimistic. “If finalized, this decision would move us backward in the effort to make solar affordable for Americans,” Wise said in an e-mail. “It would make prices higher at the exact moment when solar power is starting to become competitive with fossil fuels in more markets.”¶ Like most U.S. solar installers, Silicon Valley’s SolarCity uses Chinese-made photovoltaic panels. “Artificial cost increases designed to help a handful of companies at the expense of thousands of others in all fifty states simply don’t make sense,” Jonathan Bass, a SolarCity spokesman, said in an e-mail, noting his company employs 1,800 workers in a dozen states. “We make American-made panels available to any customer that prefers them.”¶ The solar trade war, which flared after the U.S. subsidiary of Germany’s SolarWorld filed an unfair trade complaint with the federal government, is far from over and a final decision is not expected until Nov. 23. SolarWorld and six other companies argued that the Chinese government unfairly subsidizes its domestic industry with cheap loans from state banks, favorable real estate deals and other incentives.¶ On Thursday, the Commerce Department hit Suntech, one of China’s biggest photovoltaic cell makers with a 31.22% tariff and found that Trina, Yingli and other Chinese manufacturers that have captured a significant share of the U.S. market should pay a 31.18% tariff. In 2011, Chinese companies exported $3.1 billion of solar cells to the U.S., according to the Commerce Department, which concluded that those manufacturers sold their products in the U.S. “for less than fair value.”¶ While SolarWorld and its allies hailed the tariffs as creating a more level playing field for the industry, some Chinese manufacturers characterized the Commerce Department as out of touch with the realities of the global solar market.¶ “As a global company with global supply chains and manufacturing facilities in three countries, including the United States, we are providing our U.S. customers with hundreds of megawatts of quality solar products that are not subject to these tariffs,” Andrew Beebe, Suntech’s San Francisco-based chief commercial officer, said in a statement Thursday.¶ Shayle Kann, vice president of research at GTM Research, says he expects other Chinese solar manufacturers to build factories overseas to avoid the tariffs.¶ “We think there will be some short-term disruption in the supply chain in the U.S. as installers figure out what they can and cannot procure, and as suppliers determine their strategies to deal with the tariffs,” Kann said an e-mail from China, where he is attending a solar trade show. “So while there may be a near-term impact on demand, we continue to anticipate substantial growth in the U.S. market this year and moving forward. We’re currently forecasting 75% installation growth in 2012, down from 109% in 2011.”

#### The Solar industry is strong now despite tariffs – adaption solves and no competitiveness internal

**Alic, 12** [July 16th, Jen, Oil Prices.Com, US Solar Companies can compete Despite Chinese Subsidies, <http://www.valuewalk.com/2012/07/us-solar-companies-can-compete-despite-chinese-subsidies/>]

The US solar industry is undergoing some serious growing pains, with bankruptcies and mergers a necessary part of that process; meanwhile, competition from Chinese solar panels has many believing that American solar simply cannot compete. Not so.¶ Solar’s track record is certainly not inspiring: The past couple of years have seen a number of high-profile bankruptcies, including Solyndra, Q-Cells, Evergreen Solar and Abound Solar. At the same [time](http://www.valuewalk.com/2012/07/us-solar-companies-can-compete-despite-chinese-subsidies/), while Chinese solar companies have managed to avoid bankruptcy, they are in trouble and are posting sharp losses, and debts are not government-owned as most might think. Perhaps the Chinese government will bail these heavily subsidized solar companies out, but not necessarily as such a move would further imbalance the solar market.¶ While solar installers have benefitted from the market, US solar manufacturers have taken a hit, with solar panel prices falling by some 47% over last year due to global oversupply.¶ Quite simply, competition means that solar companies will have be a bit more innovative in reducing costs and improving efficiency.¶ Not all solar companies are going under: [First Solar](http://investor.firstsolar.com/secfiling.cfm?filingID=1274494-12-22&CIK=1274494), Inc. (NASDAQ:FSLR)is doing fine. First Solar has net debt, indeed, but it stands to have a positive cash flow for the next two years. Two other companies, SunPower and Trina Solar, are also projecting a return to profitability for 2013. By 2014, First Solar will be restructured into a utility-focused [company](http://www.valuewalk.com/2012/07/us-solar-companies-can-compete-despite-chinese-subsidies/), giving up the rooftop solar market. This is how it is adapting and changing with the market.¶ Solar companies will not be successful until they give up on markets in which their only recourse for competing is through government subsidies. This mindset is what is weeding out the future solar winners from the losers.¶ [General Electric](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=newssearch&cd=1&ved=0CDYQqQIwAA&url=http://www.technologyreview.com/news/428449/ges-solar-setback-reflects-a-new-technology/&ei=T7f9T7DpJ8fBrQGdz92LCQ&usg=AFQjCNHN9MznNo7ittGO35DBJUxjuW1Oq) Company ([NYSE](http://www.valuewalk.com/2012/07/us-solar-companies-can-compete-despite-chinese-subsidies/):GE) was hoping to produce thin-film solar panels which are less bulky and more efficient than conventional solar panels. GE was hoping to be able to produce these panels at a low enough price as to be attractive to the average homeowner. However, those plans have been delayed (not scrapped) because of the falling price of thin-film panels to the point that GE cannot cover the cost of producing them. Still, GE is not ready to throw in the towel. Instead, it’s planning to improve its technology in order to increase production efficiency to rival its Chinese competitors. It’s called innovation and it is essential for competition-subsidies or no.¶ Things are not as bad as they seem. According to a recent [report](http://www.greentechmedia.com/research/ussmi/) from GTM Research and the solar Energy Industries Association, the first quarter of 2012 was one of its best in terms of installation (506 mw to [power](http://www.valuewalk.com/2012/07/us-solar-companies-can-compete-despite-chinese-subsidies/) over 350,000 homes). Furthermore, installed solar power is forecast to increase 75% in 2012, adding another 3.3 gigawatts of solar power to the current 4.4 gigawatts already installed across the country. But the rooftop installation market will not be forging solar’s future in the US. The future will be in solar power installation by big utility companies. While this category saw installation decline sharply in late 2011, the scale and scope of these projects is vast and construction time-consuming, so quarterly figures are not as relevant.¶ There are also alternatives to subsidies that solar power could latch on to. The Solar Renewable Energy Certificates ([SREC](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=newssearch&cd=1&ved=0CDIQqQIwAA&url=http://www.dailyrecord.com/article/20120626/NJOPINION03/306240002/Solar-energy-investment-boosts-New-Jersey-s-economy&ei=w7X9T6-KMoG26wG0rsT7Bg&usg=AF)) program grants anyone who installs solar access to the state market to sell credits for every 1,000 kilowatt-hour of electricity generated. This is currently on offer in New Jersey, and other states are considering similar programs.¶ Slapping harsh tariffs on Chinese solar panels was the result of some heavy-handed lobbying led most relentlessly by German-owned SolarWorld AG (ETR:SWV), which is now planning to file an anti-dumping case against Chinese firms in the European market.¶ According to SolarWorld, the company will [pursue](http://www.bloomberg.com/news/2012-07-03/solarworld-plans-china-anti-dumping-case-with-eu-peers.html) ”anti-subsidy” and “anti-dumping” cases against Chinese solar panel manufacturers in Europe in cooperation with a coalition of European manufacturers.¶ This is a rather rich move coming from a company that has itself been built on government subsidies.¶ It also comes on the heels of a decision by the US Commerce Department in May to impose a 31% tariff on the main Chinese manufacturers of solar panels in the US-a move led by petitioning efforts from SolarWorld’s US branches.¶ China is not entirely to blame for the global oversupply, of course. All manufacturers continued to produce massive quantities of solar panels despite overstocked inventories.¶ What most fail to understand, however, is that the US wants (and needs) Chinese clean-energy cash in order to make its clean-energy ambitions a reality-especially at a time when federal subsidies are dwindling.¶ More important than the solar panel dumping debate is what China can do for the US clean energy industry through cash investments-and China is aggressively pursuing this avenue with the American blessing. China invested $264 million last year in renewable-energy deals in the US. Beijing-based [GSR Ventures](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=newssearch&cd=1&ved=0CCsQqQIwAA&url=http://www.sacbee.com/2012/07/09/4619742/protean-electric-announces-84.html&ei=hLX9T6WyBumz6wHZjszSBg&usg=AFQjCNFhVGW9aF-XYNOLpJskI4bhWQd70g&sig2=8wE9), from its offices in Silicon Valley, helped [fund](http://www.valuewalk.com/2012/07/us-solar-companies-can-compete-despite-chinese-subsidies/) electric battery manufacturer Boston-Power Inc’s move into China. Meanwhile, San Francisco has come up with the [ChinaSF](http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=newssearch&cd=1&ved=0CC4QqQIwAA&url=http://www.sfgate.com/business/bottomline/article/Chinese-bank-looks-to-finance-to-major-SF-projects-3665212.php&ei=ULX9T7HdO-jr6wHsnr3qCg&usg=AFQjCNFoK) program, whose ultimate goal is to lure Chinese [investment](http://www.valuewalk.com/2012/07/us-solar-companies-can-compete-despite-chinese-subsidies/) in clean energy.¶ In the end, it will be Chinese cash and American access to (massive) Chinese consumers for clean-energy products that saves the industry and allows it to gain a competitive edge over fossil fuels.¶ As such, slapping tariffs on Chinese solar panels for “dumping” is tantamount to biting the hand that will feed the US clean-energy industry. And as for US solar panel manufacturers, well, competition means finding ways to survive in the real market, beyond subsidies that were never intended to last forever. Solar companies must adapt or shut down.