## DA 1

##### Obama is winning but it will be very close and it’s reversible

**Blumenthal, 10/11/12 -** senior polling editor of the Huffington Post and the founding editor of Pollster.com (Mark, Huffington Post, “2012 Polls Show Romney Gaining, But Key Swing States Still Tip To Obama” <http://www.huffingtonpost.com/2012/10/11/2012-polls_n_1957189.html?utm_hp_ref=@pollster>)

With less than four weeks remaining in the race for president, a batch of new polls confirms that Republican nominee Mitt Romney has gained ground since last week's debate, but shows him continuing to lag behind President Barack Obama by narrow margins in some of the key swing states that will decide the election.

The polls also show that Romney has improved his image as a leader and increased enthusiasm among his supporters, while continuing to trail on some of voters' top issues.

Six new statewide polls were released early Thursday morning by two prominent polling partnerships. NBC News, The Wall Street Journal and Marist College reported new surveys of Florida, Ohio and Virginia, and CBS News, The New York Times and Quinnipiac University produced new polls of Colorado, Virginia and Wisconsin.

These new surveys are closely watched partly because they probe attitudes beyond the horserace and partly because, unlike many other state-level surveys, they use live interviewers to call voters over both landline and cellular phones. This is a critical factor, given that a third of adults have only wireless service and roughly half of adults receive all or almost all of their calls via cell phone.

Five of the six new polls showed single-digit gains for Romney, but while the margins were mostly close, Obama retained at least a nominal advantage in four of the six.

In Ohio, arguably the most crucial of the battleground states, Marist's poll gave Obama a six percentage point lead (51 to 45 percent). That is slightly better than a CNN/ORC International survey conducted earlier in the week that showed Obama leading by four and significantly better than a series of automated polls showing one-point margins favoring either candidate.

NBC News noted that the new Marist poll featured an 11-point party identification advantage for Democrats, up from a five-point advantage on its last survey, and suggested that early voting may account for the change. "One-in-five respondents (18 percent), said they have already voted," according to the NBC report, "and, of those, almost two-thirds (63 percent) said they voted for Obama."

The HuffPost Pollster tracking model, which combines data from all available polls, both statewide and national, to provide an estimate for each state, shows Obama holding a roughly three percentage point lead in Ohio.

Both Marist and Quinnipiac reported results for Virginia, but they differed on the candidates' standings. Quinnipiac gives Obama a five percentage point lead (51 to 46 percent), while Marist finds a one-point edge for Romney (48 to 47 percent). Three recent automated, recorded voice polls tended to agree more with the Marist result, showing findings ranging from a three-point Romney lead to a three-point deficit.

The HuffPost Pollster tracking model shows a virtual tie in Virginia (Romney 47.3 percent, Obama 47.2 percent, as of this writing).

In Florida, the Marist poll gives Obama a one-point edge (48 to 47 percent). Once again, that result falls in the middle of a range of results reported by other polls this week, although automated polls by Rasmussen Reports and We Ask America gave Romney a narrow edge.

The Pollster tracking model estimate for Florida combines all of this data to give Romney an advantage of just under one percentage point (47.9 to 47.3 percent).

Collectively, the data tell us that despite Romney's recent gains, the contests remain competitive in two critical states.

In Colorado, the Quinnipiac survey gives Romney a one point edge (48 to 47 percent). Once again, the new result falls in the middle of three other recent Colorado surveys ranging from a four-point Obama lead to a four-point deficit. The Pollster tracking model combines to give Romney an advantage of less than one percent (47.5 to 47.0 percent).

The numbers have been better for Obama in Wisconsin, where the new Quinnipiac survey gives him a three-point advantage (50 to 47 percent), a point better than the two-point Obama leads on two recent automated polls by Rasmussen Reports and the Democratic party affiliated firm Public Policy Polling (PPP).

The Pollster tracking model estimate for Wisconsin currently gives Obama a roughly three-point lead (49.3 to 46.1 percent).

##### Obama’s energy policies reflect a balance that will maximize Democratic turnout – deviations in either direction risk alienating key supporters

**Schnur, 4/9/**12 - director of the Jesse M. Unruh Institute of Politics at the University of Southern California (Dan, “The President, Gas Prices and the Pipeline”,

<http://campaignstops.blogs.nytimes.com/2012/04/09/the-president-gas-prices-and-the-keystone-pipeline/>)

Like every president seeking re-election, Barack Obama walks the fine line every day between the discordant goals of motivating his party’s strongest loyalists and reaching out to swing voters for their support. A few weeks ago, that pathway took him to a tiny town in Oklahoma, where, caught between the anti-drilling demands of the environmental community and the thirst for more affordable gasoline from unions, business owners and drivers, the president announced his support for building half of an oil pipeline.

The economic impact of rising energy prices in itself is considerable, but the psychological toll on voters is just as significant, as tens of millions of motorists are reminded by large signs on almost every street corner of the financial pain of filling their gas tanks. Obama and his political lieutenants are acutely aware that this growing frustration has the potential to complicate an election year that otherwise seems to be shifting in the incumbent’s favor.

As a result, Obama has been hitting the energy issue hard in recent weeks, at least as hard as a candidate can hit when forced to navigate between two almost mutually exclusive political priorities. The result is a president who talks forcefully of the benefits of wind and solar power while also boasting about the amount of oil the nation produces under his leadership.

There are times when this gets slightly uncomfortable. Obama recently called for increased exploration along the Atlantic Coast but stopped short of calling for expanded drilling in that region. This is the energy policy equivalent of admitting to an experiment with marijuana but not inhaling.

Where the issue becomes more tangible and therefore trickier for Obama is when the multiple choices become binary. The debate over the proposed XL Keystone Pipeline that would transport Canadian oil through the nation’s heartland to the Gulf of Mexico crystallizes the choices involved and forces a shades-of-gray conversation into starker hues of black and white.

Obama recognizes that the devoted environmentalists who represent a critical portion of the Democratic party base need some motivation to turn out for him in the fall. But he also understands that centrist voters who support him on a range of other domestic and foreign policy matters could be lured away by a Republican opponent who either promises relief at the gas pump or who can lay blame at the White House doorstep for those higher prices. Even more complicated is the role of organized labor, which has poured immense amounts of support into Obama’s re-election but also prioritizes the job-creation potential of the pipeline.

The result of these competing political and policy pressures brought Obama to Ripley, Okla., where he tried to satisfy the needs of these various audiences without alienating any of them. First, the president endorsed the southern portion of the Keystone project in order to relieve the glut of domestically drilled oil that is now unable to make it to refineries near the Gulf of Mexico in a timely manner. This had the effect of irritating his environmental allies but failed to mollify the project’s advocates, who pointed out that the review process that the president called for was already underway.

He then reiterated the administration’s antipathy toward the northern section of the pipeline, which would allow Canadian-drilled oil to be transported into this country. This provided some comfort to drilling opponents, but infuriated both the pro-oil forces and the Canadian government. The most likely outcome is that Canada will still build a pipeline, but rather one that goes westward to the Pacific Ocean north of the United States border and then ships Canadian oil to China instead of into this country.

Even in deep-blue California, where Obama wins hypothetical general election match ups against the Republican candidates by margins approaching voice vote, this is an issue that points to potential difficulties for the president’s re-election campaign. Californians who swooned for Obama in 2008, and who seem poised for a re-swoon this fall, told a recent USC Dornsife/LA Times statewide poll that they were dissatisfied with the president’s handling of the issue of the cost of gasoline by a 29-62 margin. California’s unemployment rate remains around 11 percent, but the state’s residents still give Obama positive marks on his work on job creation, the economy and taxes. They approve of his work on health care and by even larger margins on women’s health issues. But highway-dependent West Coasters, even while they advocate for broader use of solar, wind and other alternative energies, don’t like $4 per gallon gasoline and they will like paying $5 per gallon even less.

Obama won’t actually lose California in November, of course. Gas prices would have to hit $10 a gallon for Mitt Romney to win the state this fall. And the same poll shows that voters blame oil companies, rather than either the president or Congress, for those high prices. However, the dissatisfaction that emanates from even a heavily Democratic patch of electoral turf such as California carries much more significant consequences in Ohio, Florida and other swing states. For the time being, Obama is gambling that directing popular anger toward the oil companies — a convenient villain if there ever was one — will allow him to keep the price of gasoline from becoming a roadblock for his campaign.

But if gas prices keep rising and voter unhappiness continues to build, look for the administration to find a way to accelerate the review process that would allow the northern leg of Keystone to move forward more quickly. Obama has been careful not to come out in absolute opposition to the pipeline, but only to call for a more meticulous examination of its possible environmental impact. A more closely competitive election than what is now expected, though, could easily lead the president to decide that his administration’s review has been quite thorough enough and that the time for additional drilling has arrived.

An energy strategy that Obama now refers to as an “all of the above” approach is unlikely to turn into a “drill, baby drill” refrain between now and November. But maintaining a balance between dissatisfied but docile environmentalists on one hand and drivers whose unhappiness stops just short of violence on the other will be a key to his re-election. If his poll margins begin to narrow, a somewhat longer pipeline than the one he has already endorsed could become a very tempting insurance policy.

##### Small shifts can swing the election

Silver, 12 (Nate, 5/15, chief pollster for New York Times’ 538 election polling center. Regarded as top-level pollster based on distinct mathematical methods, http://fivethirtyeight.blogs.nytimes.com/2012/05/15/a-30000-foot-view-on-the-presidential-race/)

The last thing to remember is that when an election is quite close, it does not take very much to shift the race from one candidate being a 60/40 favorite to it being about even.

At the betting market Intrade, Mr. Obama’s odds of re-election have [consistently been around 60 percent](http://www.intrade.com/v4/markets/contract/?contractId=743474). While, on the one hand, it is good not to overreact to new data at this early stage of the race, it is also worth remembering that even a one-point shift in a president’s approval ratings, or a modest change in the economic forecasts, can move a president’s re-election odds at the margin.

##### Romney will label China a currency manipulator – causes trade wars

Mike Shedlock, 7-31-2012; registered investment advisor representative for SitkaPacific Capital Management, “Is global trade about to collapse? Where are oil prices headed? A chat with Mish Shedlock by James Stafford” http://energybulletin.net/stories/2012-07-31/global-trade-about-collapse-where-are-oil-prices-headed-chat-mish-shedlock

Oilprice.com: In regards to presidential elections, how do you think energy will fare under Obama and under Romney? Which sectors will benefit, and which will suffer? Mish: Mitt Romney has declared that if he’s elected he is going to label China a currency manipulator and increase tariffs on China across the board. That's something that I believe he might be able to do by mandate. If he's elected and he does follow through, I think the result will be a global trade war the likes of which we have not seen since the infamous Smoot-Hawley Tariff Act compounded problems during the Great Depression. Simply put, I think that global trade will collapse if Romney wins and he follows through on his campaign promises.

##### Sustainable cooperation with China key to solve several scenarios for extinction

**China Daily, 8** (Rikki N. Massand and Gazelle Emami, “U.S.-China relations at the world's fingertips,” 4-20-2008, http://www.chinadaily.com.cn/world/2008-04/20/content\_6629700.htm, JMP)

To frame the importance of this discussion and the topics that must be met, Siegal used the analogy of “the U.S. and China having their hands around each other’s necks and we’re both going over the waterfall.” After that comment a man in the audience then suggested that in that case both countries would have to look to the other for help and teamwork would be the only way to survive.

That theme resonated from coast to coast. At the University of California-Berkeley, speaker Sidney Rittenberg took a more intimate approach to U.S.-China relations. A man who lived in China for 35 years, Rittenberg has worked for the past two decades as an advisor to major corporations doing business in China such as AIG, Intel, Hughes Aircraft, Pricewaterhouse Coopers, and Ford. At the Bay Area gathering he emphasized respect and dignity through his own stories, and instead of categorizing the issues into right and wrong Rittenberg advocates looking at the bigger picture. For him the imperative for Americans is to learn to get along with the Chinese.

“We must -- we don't have a choice. **The crises that threaten the human race**, like weapons of mass destruction in the hands of terrorist groups, global warming, **none of the issues will get resolved unless we work with China**, Brazil, India and of course Europe and other countries. Really the central axis that holds the whole thing together is the U.S. and China," Rittenberg said.

# 2

#### 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.

**Wind power expansion would shift natural gas to transportation and massively reduce oil demand**

**TGCO** 20**10**; Texas Gulf Coast Online, Wind Power Plan Could Solve Oil Crisis http://www.texasgulfcoastonline.com/News/tabid/86/ctl/ArticleView/mid/466/articleId/106/Wind-Power-Plan-Could-Solve-Oil-Crisis.aspx

**If the United States takes advantage of the so-called "wind corridor**," stretching from the Canadian border to West Texas, **energy from wind turbines built there could supply 20 percent or more of the nation's power**. **Power from thousands of wind turbines that would line the corridor could be distributed throughout the country via electric power transmission lines and could fuel power plants in large population hubs. Fueling these plants with wind power would then free up the natural gas historically used to power them, and would mean that natural gas could replace foreign oil as fuel for motor vehicles**. **Using natural gas for transportation needs could replace one-third of the United States' imported oil** and would save more than $230 billion a year. As imports grow and world prices rise, the amount of money we send to foreign nations every year is soaring. At current oil prices, we will send $700 billion dollars out of the country this year alone. Projected over the next 10 years the cost will be $10 trillion. America uses a lot of oil, every day 85 million barrels of oil are produced around the world and 21 million of those are used here in the United States. That's 25% of the world's oil demand used by just 4% of the world's population. World oil production peaked in 2005. Despite growing demand and an unprecedented increase in prices, oil production has fallen over the last three years. Oil is getting more expensive to produce, harder to find and there just isn't enough of it to keep up with demand. The simple truth is that cheap and easy oil is gone. A 2005 Stanford University study found that **there is enough wind power worldwide to satisfy global demand 7 times over, even if only 20% of wind power could be captured**. Building wind facilities in the corridor that stretches from the Texas panhandle to North Dakota could produce 20% of the electricity for the United States at a cost of $1 trillion. It would take another $200 billion to build the capacity to transmit that energy to cities and towns. It's a one-time cost and compared to the $700 billion we spend on foreign oil every year, it's a bargain. **Building new wind generation facilities** and better utilizing our natural gas resources **can replace more than one-third of our foreign oil imports in 10 years**. The benefits for the Texas economy and real estate values on the coast are enormous - and the entire country will benefit from lower gas prices.

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

Michael **Schuman** 7-5-20**12** ; writes about Asia and global economic issues as a correspondent for TIME in Hong Kong. B.A. in Asian history and political science from the University of Pennsylvania and a master of international affairs from Columbia; “Why Vladimir Putin Needs Higher Oil Prices” http://business.time.com/2012/07/05/why-vladimir-putin-needs-higher-oil-prices/

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 19**99**;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

**I**f 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 **Russia**n 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.

# CP 1

#### The United States federal government should fully fund the construction of ten super chimneys.

**Super chimneys solve global warming through air convection and cloud formation**

**Pesochinsky, 08** (Michael, engineer. “How the super-chimney will cool the atmosphere” <http://www.superchimney.org/atmosphere.html>)

The super-chimney will cool the Earth atmosphere by facilitating the heat exchange, and this is the most important aspect of the super-chimney. If we think of Global Warming, we should understand that the phenomenon is caused not by the planet receiving more heat but rather by increasing the heat capacity of the atmosphere due to the greenhouse gases. Respectively, the super-chimney will change the amount of heat exhaled by the planet. It will accelerate the rate of the heat exchange in atmosphere, which will result in the reduction of the Earth atmosphere temperature. There are three cooling mechanisms for air: convection, conduction and radiation. Without getting into fine details, for our planet it means the following: the planet at large receives and looses energy only via radiation, thus radiation actually is deciding factor on how much heat the planet receives. As for the air processes within the atmosphere, convection and conduction are the two determinative powers. Normally, heat radiation comes from sun and then it is partially absorbed by the atmosphere while it travels through. Then the heat radiation is partially absorbed by the planet surface. The other part of heat radiation is reflected back into space. The reflected heat travels back through the atmosphere and naturally, part of it is again absorbed by the atmosphere. The super-chimney will facilitate air convection by bringing masses of warm air at high altitude, resulting in the warm air coming out of the super-chimney exit. When the heat from the air radiates out it will be already at high altitude thus the amount of energy reabsorbed by the atmosphere will be less, because there will be a thinner layer of air for heat to travel through. Therefore, more heat will be leaving the atmosphere, thus, reducing the atmosphere temperature. Additionally, as it was explained above, the super-chimney will create rain and clouds. Clouds will be reflecting some sunlight thus, additionally cooling the atmosphere by reducing the total amount of sun radiation received by the planet. According to the calculations, it will take 10 super-chimneys to offset the heat surplus in the Earth Atmosphere, which causes Global Warming. (See Attachment A: Calculations). The calculations do not take into account that the super-chimney will cause extensive cloud formations, which will increase the amount of sun radiation reflected back into space. Thus, we will need fewer than 10 super-chimneys to offset the effects of Global Warming.

# CP 2

**The 50 state governments and relevant subnational actors should establish energy financing banks to expand financing options for the production of wind power modeled on a Master Limited Partnership**

#### States should establish energy finance banks to do the plan – solves all the case and doesn’t require new spending

**Muro and Berlin, 9/12**/12 – \*senior fellow and policy director of the Metropolitan Policy Program at Brookings AND \*\* Senior Vice President for Policy and Planning, and General Counsel at the Coalition for Green Capital (Mark and Ken, “State Clean Energy Finance Banks: New Investment Facilities for Clean Energy Deployment”, <http://www.brookings.edu/~/media/research/files/papers/2012/9/12%20state%20energy%20investment%20muro/12%20state%20energy%20investment%20muro>)

Given these challenges, states that want to realize the benefits of clean energy deployment should consider a new approach to funding clean energy programs. Specifically, they should investigate the possibility of developing state clean energy finance banks that use limited public dollars and leverage private capital to provide a combination of low-interest rate funding that makes clean energy projects competitive and low-cost 100-percent up-front loans for energy efficiency projects.

Such an approach would address the deployment and diffusion challenges faced by clean energy

technologies while recognizing that federal and state appropriations, tax credits, and other incentives

and subsidies will be sharply diminished in the years ahead because of the budget crisis at all levels of

government. Likewise, the development of such finance entities would address the need for states to

develop a new paradigm for financing strong clean energy and energy efficiency projects as part of a

push to develop strong regional industries.

So-called “clean energy finance banks” or “green banks” are ideally suited to solve the present

problems because they offer a practical way for states to make available leveraged, low-cost financing

for project developers in their states. First, they can be developed out of existing state programs while

bringing into the enterprise the equivalent of substantial new resources given their ability to leverage

funds. Likewise, because the banks would provide debt financing, they would be repaid on their loans,

putting them in the position to borrow funds and to establish revolving loan funds that would provide

funds that could be reinvested without new sources of financing. Furthermore, clean energy finance

banks, if established as independent institutions, would be able to issue revenue bonds without the full

faith and credit of the state and without the restrictions facing states, which have limited borrowing

capacity. Finally, clean energy finance banks could efficiently seek large investors with patient, longterm capital who are seeking a long-term, conservative rate of return, such as pension fund investors.

#### It’s legitimate and politics is a net benefit

**Harvard Law Review, 6** – the author isn’t named but the qualifications are: John M. Olin Fellow in Law, Economics, and Business at Harvard Law School (119 Harv. L. Rev. 1855, “STATE COLLECTIVE ACTION\*”, April, lexis)

Consider now the reasons why states may act collectively. In the simplest terms, collective action may be more desirable than individual state action because it opens a panoply of otherwise unavailable policy choices and may be more desirable than federal action because it allocates power to a better-positioned actor. n12 These advantages may exist **[\*1859]** because regional organizations have better information, are better positioned to act on that information, or avoid duplicative costs or coordination problems. n13 Also, collective action may be desirable politically because it may make certain programs either more or less politically salient. n14 Similarly, political actors may want to act collectively because doing so spreads or diversifies political risk. n15 Lastly, collective action may provide opportunities for economies of scale or rent-seeking behavior that states cannot achieve independently. n16

Some brief examples of how states may act collectively illustrate the importance of the topic. n17 As in the stylized examples, states may act collectively to reduce pollution. Groups of states also could develop plans to use common reserves of natural resources, including oil fields or aquifers that cross state lines, or plans to allocate the use of rivers, lakes, forests, or other natural resources. They may also regulate wildlife that lives in multiple states, either to protect that wildlife or to use it for commercial purposes. States may take similar action to regulate or allocate energy or to develop interstate transit infrastructure, such as highways, rail lines, or regional airports. States may regulate the production or distribution of goods or create economic development organizations organized either geographically or by some other trait, such as agricultural or oil and gas production. They also may wish to regulate certain industries or set labor standards in common ways or may wish to regulate products commonly by adopting similar production standards or tort rules. As a final example - although one can imagine many other motivations for state collective action - states may collectivize to provide better social welfare or governmental insurance programs.

# CP 3

**The United States federal government should expand eligibility for Master Limited Partnerships for the production of wind power that are diminishing as wind power improves in price and performance.**

#### Temporary, diminishing incentives are vital to inducing competition, technological innovation and ending subsidy dependence

**Jenkins, 12** – Director of Energy and Climate Policy at the Breakthrough Institute (Jesse, Congressional Testimony before the Senate Committee on Energy and Natural Resources, 5/22, <http://www.energy.senate.gov/public/index.cfm/files/serve?File_id=31b79a1a-83a0-4ae6-8c80-30fe754ad0ea>)

Recognizing that investment horizons, technology development cycles, and market conditions vary across advanced energy technology segments, precise policy mechanisms will likely differ from sector to sector. Yet whether through production or investment subsidies, consumer rebates, market-­‐creating regulations or standards, or other market incentives, we recommend that any advanced energy deployment subsidies meet the following policy design criteria. Reformed policies should:

1. ESTABLISH A COMPETITIVE MARKET. Deployment policies should create market opportunities for advanced clean energy technologies while fostering competition between technology firms.

2. DRIVE COST REDUCTIONS AND PERFORMANCE IMPROVEMENTS. Deployment policies should create market incentives and structures that demand and reward continual improvement in technology performance and cost.

3. PROVIDE TARGETED AND TEMPORARY SUPPORT FOR MATURING TECHNOLOGIES. Deployment policies must not operate in perpetuity, but rather should be terminated if technology segments either fail to improve in price and performance or become competitive without subsidy.

4. REDUCE SUBSIDY LEVELS IN RESPONSE TO CHANGING TECHNOLOGY COSTS. Deployment incentives should decline as technologies improve in price and performance to both conserve limited taxpayer and consumer resources and provide clear incentives for continued technology improvement.

5. AVOID TECHNOLOGY LOCK-OUT AND PROMOTE A DIVERSE ENERGY PORTFOLIO. Deployment incentives should be structured to create market opportunities for energy technologies at different levels of maturity, including new market entrants, to ensure that each has a chance to mature while allowing technologies of similar maturity levels to compete amongst themselves.

6. PROVIDE SUFFICIENT BUSINESS CERTAINTY. While deployment incentives should be temporary, they must still provide sufficient certainty to support key business decisions by private firms and investors.

7. MAXIMIZE THE IMPACT OF TAXPAYER RESOURCES AND PROVIDE READY ACCESS TO AFFORDABLE PRIVATE CAPITAL. Deployment incentives should be designed to avoid creating unnecessarily high transaction costs while opening up clean tech investment to broader private capital markets.

#### Conditioning new incentives on price competition solves the aff better and avoids our disads

**Hayward, 10** – resident scholar at the American Enterprise Institute (Steven, “Post-Partisan Power: How a Limited and Direct Approach to Energy Innovation Can Deliver Clean, Cheap Energy, Economic Productivity and National Prosperity”, October, <http://thebreakthrough.org/blog/Post-Partisan%20Power.pdf>)

The government has a long history of successfully driving innovation and price declines in emerging technologies by acting directly as a demanding customer to spur the early commercialization and largescale deployment of cutting-edge technologies. From radios and microchips to lasers and camera lenses, the federal government, in particular the DOD, has helped catalyze the improvement of countless innovative technologies and supported the emergence of vibrant American industries in the process. 67

Yet today’s mess of open-ended energy subsidies reward production of more of the same product, not innovation. The federal government showers subsidies across many energy options, from oil and coal to ethanol and wind power. None of these efforts, however, are designed or optimized to drive and reward innovation and ensure the prices of these technologies fall over time, making the subsidies effectively permanent. This must change.

Competitive Deployment Incentives

The current energy subsidy and deployment framework should be turned on its head. Government investments succeed not when they are blanket subsidies but rather when they are narrowly targeted to specific outcomes, such as developing computers to allow for rocket systems, building a communications network to survive a nuclear attack, or creating increasingly efficient and powerful jet engines. These public investments paid off handsomely in personal computers, the Internet, and gas turbines used in both commercial air travel as well as modern natural gas power plants. 68

In an era of expanding federal debt, across-the-board energy subsidy reform should be pursued. Incentives for energy technology deployment should be targeted and disciplined. Technologies should receive competitive deployment incentives only to the extent that they are becoming cheaper in unsubsidized terms over time.

The strategy that we propose would be aimed at low-carbon technologies that, at a minimum, satisfy the following criteria:

 The technology has been demonstrated and has proven technical feasibility at commercial scale;

 Is currently priced above normal market rates and is locked out of markets by more mature,

entrenched technology competitors;

 Has potential for significant and sustained cost and performance improvements during deployment

and scale-up;

#Has strong prospects for significant market penetration once the technology reaches competitive

prices.

Targeted and competitive deployment incentives could be created for various classes of energy technologies to ensure that each has a chance to mature. Incentive levels should fall at regular intervals, terminating if the technology class either fails to improve in price or reaches cost parity in the absence of any further incentives.

Structured in this manner, reformed national energy deployment incentives will not select winners and losers, nor will it create permanently subsidized industries. These public investments will instead provide opportunity for all emerging low-carbon energy technologies to demonstrate progress toward competitive costs while increasing the rate at which early-stage clean and affordable energy technologies are commercialized.

#### The CP prevents the collapse of the energy bubble – avoids economic collapse

**Swezey, 11** – project director for The Breakthrough Institute (Devon, “Clean Tech Sector Heading for a Major Crash” 7/11, <http://blacklistednews.com/?news_id=14600&print=1>)

The global clean energy industry is set for a major crash. The reason is simple. Clean energy is still much more expensive and less reliable than coal or gas, and in an era of heightened budget austerity the subsidies required to make clean energy artificially cheaper are becoming unsustainable.

Clean tech crashes are nothing new. The U.S. wind energy industry has collapsed three times before, first in the mid 1990s and most recently in 2002 and 2004 when Congress failed to extend the tax credit that made it profitable. But the impact and magnitude of the coming clean tech crash will far outstrip those of past years.

As part of its effort to combat the economic recession, the federal government pumped nearly $80 billion in direct investment and tax credits into the clean energy sector, catalyzing an unprecedented industry expansion. Solar energy, for example, grew 67% in the United States in 2010. The U.S. wind energy industry also experienced unprecedented growth as a result of the generous Section 1603 clean energy stimulus program. The industry grew by 40% and added 10 GW of new turbines in 2009. Yet many of the federal subsidies that have driven such rapid growth are set to expire in the next few years, and clean energy remains unable to compete without them.

The crash won't be limited to the United States. In many European countries, clean energy subsidies have become budget casualties as governments attempt to curb mounting deficits. Spain, Germany, France, Italy and the Czech Republic have all announced cuts to clean energy subsidies.

Such cuts are not universal, however. China, flush with cash, is bucking the trend, committing $760 billion over 10 years for clean energy projects. China is continuing to invest in low-carbon energy as a way of meeting its voracious energy demand, diversifying its electricity supply, and alleviating some of the negative health consequences of its reliance on fossil energy.

If U.S. and European clean energy markets collapse while investment continues to ramp up in China, the short-term consequences will likely be a migration of much of the industry to Asia. As we wrote in our 2009 report, "Rising Tigers, Sleeping Giant," this would have significant economic consequences for the United States, as the jobs, revenues and other benefits of clean tech growth accrue overseas.

In the long-term, however, clean energy must become much cheaper and more reliable if it is to widely displace fossil fuels on the scale of national economies and become a commercially viable industry.

Breaking the Boom-Bust Cycle

Why is the United States still locked in this self-perpetuating boom-bust cycle in clean energy? The problem, according to a new essay by energy experts David Victor and Kassia Yanosek in this week's Foreign Affairs, is that our system of clean energy subsidization is jury-rigged to support the deployment of only the least-risky and most mature clean energy technologies, while lacking clear incentives for continual innovation that could make clean energy competitive on cost with conventional energy sources. Rather, we should "invest in more innovative technologies that stand a better chance of competing with conventional energy sources over the long haul." According to Victor and Yanosek, nearly seven-eighths of global clean energy investment goes toward deploying existing technologies that aren't competitive without subsidy, while only a small share goes to encouraging innovation in existing technologies or developing new ones.

This must change. Rather than simply subsidize production of current technologies, we need a comprehensive energy innovation strategy to develop, manufacture, and deploy riskier but more promising clean energy technologies that may eventually compete with fossil energy at scale. Instead of rewarding companies for building the same product, we should reward companies who continuously improve designs and cut costs over time.

Such a federal strategy will require major federal investments, but of a different kind than the subsidies that have driven the clean tech industry in years past. For starters, we must dramatically ramp up funding for early-stage clean energy research and development. A growing bipartisan group of think tanks and business leaders have pushed an investment of at least $15 billion annually in energy R&D, up from its current $4 billion level.

Targeted funding is needed to solve technology challenges and ensure that innovative technologies can develop and improve. One key program that helps fulfill this need is ARPA-E, which funds a portfolio of innovative technology companies and helps connect them with private investors. But ARPA-E's budget has continually been under assault in budget negotiations, hampering its ability to catalyze innovation in the energy sector and limiting its impact.

We also need to invest in cutting-edge advanced manufacturing capabilities and shared technology infrastructure that would help U.S. companies cut costs and improve manufacturing processes. As the President's Council of Advisors on Science and Technology wrote in a report released last week, manufacturing is vital to innovation, "because of the synergies created by locating production processes and design processes near to each other." Furthermore, bringing down manufacturing costs, such as by supporting shared infrastructure for small firms, or offering financing for the adoption of innovative technologies in manufacturing, will be a key component of reducing the costs of new clean energy innovations.

Lastly, the nation's hodgepodge of energy deployment subsidies is in dire need of reform. As Breakthrough and colleagues wrote in "Post-Partisan Power," we need an energy deployment regime that demands and rewards innovation, rather than just supporting more of the same. Brookings' Mark Muro (a co-author or PPP) expands, "targeted and competitive deployment incentives could be created for various classes of energy technologies that would ensure that each has a chance to mature even as each is challenged to innovate and locate price declines." Rather than create permanently subsidized industries, such investments would "provide the opportunity for opportunity for all emerging low-carbon energy technologies to demonstrate progress toward competitive costs," while speeding commercialization.

It is clear that the current budgetary environment in the United States presents challenges to the viability of the fast-growing clean energy industry. But it also presents an opportunity. By repurposing existing clean energy policies and investing in clean energy innovation, the United States can be the first country to make clean energy cheap and reliable, a distinction that is sure to bring major economic benefits in a multi-trillion dollar energy market.

#### Competitiveness prevents great power war

**Baru 9** - Visiting Professor at the Lee Kuan Yew School of Public Policy in Singapore (Sanjaya, “Year of the power shift?,” http://www.india-seminar.com/2009/593/593\_sanjaya\_baru.htm

**T**here is no doubt that economics alone will not determine the balance of global power, but there is no doubt either that economics has come to matter for more.

The management of the economy, and of the treasury, has been a vital aspect of statecraft from time immemorial. Kautilya’s *Arthashastra* says, ‘From the strength of the treasury the army is born. …men without wealth do not attain their objectives even after hundreds of trials… Only through wealth can material gains be acquired, as elephants (wild) can be captured only by elephants (tamed)… A state with depleted resources, even if acquired, becomes only a liability.’4 Hence, economic policies and performance do have strategic consequences.5

In the modern era, the idea that strong economic performance is the foundation of power was argued most persuasively by historian Paul Kennedy. ‘Victory (in war),’ Kennedy claimed, ‘has repeatedly gone to the side with more flourishing productive base.’6 Drawing attention to the interrelationships between economic wealth, technological innovation, and the ability of states to efficiently mobilize economic and technological resources for power projection and national defence, Kennedy argued that nations that were able to better combine military and economic strength scored over others.

‘The fact remains,’ Kennedy argued, ‘that all of the major shifts in the world’s *military-power* balance have followed alterations in the *productive* balances; and further, that the rising and falling of the various empires and states in the international system has been confirmed by the outcomes of the major Great Power wars, where victory has always gone to the side with the greatest material resources.’7

**I**n Kennedy’s view the geopolitical consequences of an economic crisis or even decline would be transmitted through a nation’s inability to find adequate financial resources to simultaneously sustain economic growth and military power – the classic ‘guns vs butter’ dilemma.

Apart from such fiscal disempowerment of the state, economic under-performance would also reduce a nation’s attraction as a market, a source of capital and technology, and as a ‘knowledge power’. As power shifted from Europe to America, so did the knowledge base of the global economy. As China’s power rises, so does its profile as a ‘knowledge economy’.

Impressed by such arguments the China Academy of Social Sciences developed the concept of Comprehensive National Power (CNP) to get China’s political and military leadership to focus more clearly on economic and technological performance than on military power alone in its quest for Great Power status.8

While China’s impressive economic performance and the consequent rise in China’s global profile has forced strategic analysts to acknowledge this link, the recovery of the US economy in the 1990s had reduced the appeal of the Kennedy thesis in Washington DC. We must expect a revival of interest in Kennedy’s arguments in the current context.

**A** historian of power who took Kennedy seriously, Niall Ferguson, has helped keep the focus on the geopolitical implications of economic performance. In his masterly survey of the role of finance in the projection of state power, Ferguson defines the ‘square of power’ as the tax bureaucracy, the parliament, the national debt and the central bank. These four institutions of ‘fiscal empowerment’ of the state enable nations to project power by mobilizing and deploying financial resources to that end.9

Ferguson shows how vital sound economic management is to strategic policy and national power. More recently, Ferguson has been drawing a parallel between the role of debt and financial crises in the decline of the Ottoman and Soviet empires and that of the United States of America. In an early comment on the present financial crisis, Ferguson wrote:

‘We are indeed living through a global shift in the balance of power very similar to that which occurred in the 1870s. This is the story of how an over-extended empire sought to cope with an external debt crisis by selling off revenue streams to foreign investors. The empire that suffered these setbacks in the 1870s was the Ottoman empire. Today it is the US… It remains to be seen how quickly today’s financial shift will be followed by a comparable geopolitical shift in favour of the new export and energy empires of the east. Suffice to say that the historical analogy does not bode well for America’s quasi-imperial network of bases and allies across the Middle East and Asia. Debtor empires sooner or later have to do more than just sell shares to satisfy their creditors*. …*as in the 1870s the balance of financial power is shifting. Then, the move was from the ancient Oriental empires (not only the Ottoman but also the Persian and Chinese) to Western Europe. Today the shift is from the US – and other western financial centres – to the autocracies of the Middle East and East Asia.’10

An economic or financial crisis may not trigger the decline of an empire. It can certainly speed up a process already underway. In the case of the Soviet Union the financial crunch caused by the Afghan war came on top of years of economic under-performance and the loss of political legitimacy of the Soviet state. In a democratic society like the United States the political legitimacy of the state is constantly renewed through periodic elections. Thus, the election of Barack Obama may serve to renew the legitimacy of the state and by doing so enable the state to undertake measures that restore health to the economy. This the Soviet state was unable to do under Gorbachev even though he repudiated the Brezhnev legacy and distanced himself from it.

Hence, one must not become an economic determinist and historic parallels need not always be relevant. Politics can intervene and offer solutions. Political economy and politics, in the form of Keynesian economics and the ‘New Deal’, did intervene to influence the geopolitical implications of the Great Depression. Whether they will do so once again in today’s America remains to be seen.

# 1nc – solvency

#### Governments don’t have ready access to information necessary to direct energy markets

**Gordon, 8** - professor emeritus of mineral economics at the Pennsylvania State University (Richard, “The Case against Government Intervention in Energy Markets Revisited Once Again” CATO Policy Analysis, 12/1, <http://www.cato.org/pubs/pas/pa-628.pdf>)

A key aspect of the modern economic theory of intervention is skepticism about whether governments in fact have the ability and desire to remedy market failures and increase efficiency. As a result, theories of government failure have proliferated. Columbia economist Jagdish Bhagwati has neatly summed up the standard uses of market-failure arguments as the “puppet government approach.” 91 The old-fashioned textbook government possesses far more prescience and acceptance of economic principles than do actual governments. Real governments lack the competence and the motivation to increase efficiency. Moreover, intervention is expensive to design and operate properly. Thus, the inefficiencies must be great for regulation to be desirable.

A remarkable article by Ronald Coase, “The Problem of Social Cost,” is the critical source of the last point and a much more modern appraisal of intervention. 92 In the essay, Coase dealt with a much-discussed but badly dated analysis of “externalities” by A.C. Pigou, a longtime professor of economics at Cambridge University. Externalities are the incidental effects of economic actions on people who are not directly involved. These can be harmful, as with pollution and noise, or beneficial, as with pollination of plants by bees.

Coase emphasized two defects of Pigou’s analysis. First, Pigou presumed that government intervention always was needed, but Coase provided numerous examples of how cures to externality problems were secured privately. Second, Pigou asserted that, when confronting positive externalities (where by definition the costs to society were lower than the costs to the private producers or consumer), a subsidy to the producer or consumer was appropriate. Conversely, negative externalities should be taxed. Coase showed that this also was wrong; subsidizing the abatement of a detrimental externality would produce the same result as a Pigouvian tax. Coase’s insights proved remarkably impervious to criticism. Two potential problems, however, are evident. First, Coase tacitly assumes that the beneficiaries of the tax are not so different from the beneficiaries of the subsidy that demands shift. Second, an implicit further condition of optimum externality response is that the response should ensure that only firms whose total social value exceeds their total social costs should survive. The correct social policy requires additional measures to attain this goal. 93

Coase is well aware that the choice of policy response affects the welfare of those involved. By example, he shows that those harmed by the externality are not always the ones whom it is appropriate to compensate. In some cases, these victims knowingly moved near an existing externality-producing entity, about which the newcomer should have been aware.

Coase moves so tersely through the arguments that many commentators overlooked or misunderstood his discussion of why private action may not resolve the externality problem. 94 Coase argued that when a large number of people are involved, the transaction costs associated with providing for a remedy could prove to be so steep that private action would be difficult to implement. However, he presented two objections to the presumption that such high transaction costs justified government action. First, with sufficiently high transaction costs, even if the government can act more cheaply than private groups, the total costs of intervention will still exceed the benefits. High enough transaction costs can be a barrier to both private and public externality remedies. Second, even if this is not true, a public solution is not necessarily preferable to a private solution. Given the limitations of governments, the inefficiencies of a private solution may be less than those of a public one. In a follow-up article, “The Lighthouse in Economics,” Coase showed that the traditional assertion that lighthouses were a clear example of a good that had to be supplied by government was historically invalid. In the United Kingdom, the government took over lighthouses only after a private association successfully established a system of lighthouses. 95

George Stigler observed that Coase’s analysis applied to all market failures. 96 Stigler stressed that with low enough transaction costs, market failures could all be overcome privately. Coase’s caveats about the implications of high transactions also apply to all interventions.

While Coase seems never to have made the links explicit, these arguments are closely related to another celebrated contribution to the literature—Paul Samuelson’s 1954 analysis of the justification of government action. 97 Samuelson employed the concept of “publicness,” in which a good could not be made available exclusively to individuals; if one person received it, everyone did. Everyone in society then would benefit from the private consumption of a public good. Private solutions, however, would fail to adequately recognize all of these benefits. Thus, the government should provide the goods.

Coase’s analysis can be restated as indicating that it is only when publicness was involved that government intervention to address externalities might be justified. Coase can then be credited with creating a different and superior theory of government action: it is only when transaction costs are high (but not by a degree to render action unprofitable)that government intervention might be desirable.

The advantage of Coase’s approach is that it leads to a consideration of critical problems that the Samuelson analysis ignores. First, considerable evidence exists that politicians have motivations far different from attaining an efficient supply of public goods. 98 Second, the Coase problem of attaining an optimum is formidable. Governments often lack the competence to identify and optimally correct inefficiencies. Both these difficulties are extensively reviewed in the economics literature, but the bad-motivation argument is stressed more than the limited-ability concern. 99

The adoption of inappropriate objectives is the subject of a very rich literature that examines the motivations of political actors. The starting point is Schumpeter’s observation that, in a democracy, political actors are primarily engaged in a competition for votes. 100 As numerous subsequent observers have noted, one key way to secure votes is to legislate an (economically) inefficient policy—in which a few beneficiaries each receive gains large enough for them to note—by creating losses for many others that are too small for any to notice. 101

Some observers, notably Harvard economist Joseph Kalt, have examined the proposition that, in some cases, action arises only from an ideological preference for intervention by legislators whose constituents lack significant interest in an issue. 102 Kalt and collaborators have found statistical support for this proposition. 103 A simpler possibility is that politicians instinctively believe that if a problem arises which receives extensive attention, they can—and should—intervene. The problem of determining and satisfying demands for public goods is more loosely treated in the literature. Economists Ludwig von Mises, F. A. Hayek, and Ronald Coase have all argued that, among other things, governments cannot readily secure the information needed for efficient intervention. 104

Coase’s treatment is far less extensive, but also far more general, than those of Mises or Hayek. Their extended writings on socialist calculation, nevertheless, should have made clear the difficulties of optimally devising plans for any kind of government spending. The debate was started by an assertion by Mises that a socialist state could not be efficient because it lacked information about the demands for commodities. 105 In the most celebrated response, Oscar Lange 106 replied that this problem could be resolved by establishing planning boards to measure demands and set prices appropriate for those demands. Hayek answered Lange by noting that this was a much more cumbersome approach than an unregulated marketplace. 107 Mises asserted that the solution would break down for producers’ goods because of concentration of ownership in state monopolies.

#### Government financial intervention causes corruption, dependency, price instability and distorts private investment away from more promising solutions – turns the case

**Loris and Spencer, 11** - Nicolas D. Loris is a Policy Analyst and Jack Spencer is Research Fellow in Nuclear Energy in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation (“Obama's Department of Energy Should Not Be the Green Banker”, 10/11, <http://www.thecuttingedgenews.com/index.php?article=52893pageid=16pagename=Opinion>)

Although the status of many loan guarantees is either conditional or recently closed, the first loans granted by DOE illustrate some of the problems with the program. The solar company Solyndra received one of the first stimulus loan guarantees—a $535 million loan. During a visit to the plant in 2010, President Obama said, “Companies like Solyndra are leading the way toward a brighter and more prosperous future.” In 2010, Solyndra closed one of its facilities and canceled its initial public offering. In August 2011Solyndra filed for Chapter 11 bankruptcy and laid off its 1,100 workers. The company is now under criminal and congressional investigations into how it secured the loan guarantee, and Solyndra owes the taxpayers $527 million.

Solyndra is not the only “green” company having financial troubles. First Wind Holdings, another loan guarantee recipient, withdrew its initial public offering. In these instances, the reason for providing financing was unclear because they were not economically viable endeavors. When the government makes decisions best left to the market, it increases the opportunity for and likelihood of crony capitalism, corruption, and waste.

Loan guarantees artificially make even dubious projects appear more attractive and lower the risk of private investment. For instance, private investors sunk $1.1 billion into Solyndra. Much of the private financing came after the Department of Energy announced Solyndra was one of 16 companies eligible for a loan guarantee in 2007. Private investors look at loan guarantees as a way to substantially reduce their risk. Even if a project seems to be a loser but has a huge upside (especially if complemented with other policies like a federal clean energy standard), private companies can invest a smaller amount if the government will back the loan. If the project fails, they still lose money, but the risk was worth it. Without the loan guarantee, these projects would probably not have been pursued, and that is why they fail.

Subsidizing Winners

In other cases, private financing was available so there was no need for preferential financing. For instance, Nordic Windpower received private funding in 2007, two years before the company received its loan guarantee. Google invested $100 million in Shepherds Flat Wind Farm. Although that investment was made after the loan guarantee, Google determined it to be a worthwhile investment. If that is the case, then the project should not need a loan guarantee.

Even if a project with a federally backed loan is successful, attributing the project’s success to the loan guarantee is a huge assumption. Venture capitalists and other investors, who have much more expertise and knowledge than government bureaucrats in making investment decisions, are in a better position to determine which ideas and businesses have the most potential. Without the loan guarantee, projects with the least promise would either not attract investment or simply fail, freeing capital for risky, but more promising ventures. In contrast, a government loan guarantee program ensures that the public pays for the failures while the private sector reaps the benefits of any successes.

Loan Guarantees Distort the Market

Proponents of loan guarantees who argue that these programs come at minimal cost and are not subsidies ignore the fact that CEDA loans cause the same harm as direct government subsidies by distorting normal market forces and encouraging dependence on the government. By subsidizing a portion of the actual cost of a project through a loan guarantee, the government is allocating resources away from more-valued uses to less-valued uses. In essence, these guarantees and loans direct labor and capital away from more competitive projects.

Pull Quote: CEDA loans cause the same harm as direct government subsidies by distorting normal market forces and encouraging dependence on the government.

A loan guarantee program signals to the energy producer that the project does not need to be competitive. Rather, the green bank simply has to like it. This reduces the incentive for the energy investor or business to manage risk, innovate, and increase efficiency, and it crowds out other innovative energy projects that do not receive loan guarantees. While a loan guarantee or a below-market loan may be good for the near-term interests of the individual recipient, it is not good for taxpayers or long-term competitiveness.

Loan guarantees also encourage more government dependence. If the government moves to more actively subsidizing clean energy technology through CEDA, investors will wait to determine who the government winners will be before they spend more of their own money on innovative ideas, expanding their businesses, or hiring more employees. As Darryl Siry, former head of marketing at Tesla Motors (a loan guarantee recipient), said, “The existence of an 800-pound gorilla putting massive capital behind select start-ups is sucking the air away from the rest of the venture-capital ecosystem…. Being anointed by DOE has become everything for companies looking to move ahead.”

#### The plan creates a clean energy bubble that props up an industry – it will collapse and turn the case

**Tracinski, 12** – editor at Real Clear Politics (Robert, “The Global Warming Bubble”, 3/6, <http://www.realclearmarkets.com/articles/2012/03/06/the_global_warming_bubble_99552.html>)

The failure of the solar panel maker Solyndra has been followed by the bankruptcies of a variety of other government-subsidized green energy firms, such as Beacon Energy, which makes an energy storage device needed to smooth out the energy production of erratic "renewable" sources, and battery maker Ener1.

But maybe we're just not subsidizing green power enough, because surely you've heard--probably from Tom Friedman--that China is beating us to the future with its support for green energy. But China's solar energy firms are also heading into a slump and laying off workers. Part of the reason for the solar slump in China is that they were counting on generous subsidies for their product from the West, particularly Europe. In effect, the Chinese were manufacturing solar panels in order to cash in on subsidies from Western taxpayers. But now the subsidies are drying up.

That leads us to the most interesting of these stories. Germany is phasing out its solar subsidies, but the economically revealing part is why they are eliminating the subsidies. As Bjorn Lomborg explains:

"Subsidizing green technology is affordable only if it is done in tiny, tokenistic amounts. Using the government's generous subsidies, Germans installed 7.5 gigawatts of photovoltaic capacity last year, more than double what the government had deemed 'acceptable.' It is estimated that this increase alone will lead to a $260 hike in the average consumer's annual power bill."

At the end of last year, I wrote (in my own newsletter) about the marginal economics of the welfare state. Many welfare-state policies seem to work so long as they are implemented on a small scale but fail when they are expanded to cover a larger portion of the population. The Medicare program, for example, takes advantage of the fact that it can dictate lower prices for medical services, because it only needs to pay the marginal costs (the relatively low cost of treating one additional patient in an existing hospital), while non-Medicare patients are billed at higher rates to cover big capital expenditures (the cost of building the hospital in the first place). But if the government starts paying for all health care, it suddenly has to pay a lot more to fund those capital expenditures.

Something similar applies to green technology. It can be sustained only as a token or showpiece designed to distract attention from all of the coal, natural gas, and nuclear power stations that actually keep the lights on. The Chevy Volt, for example, is openly billed by GM as a "loss leader": they're losing money on it for the sake of all of the good "green" PR they hope to get. But the moment you try to use these technologies to generate a noticeable portion of a nation's electricity, the costs rise to ruinous levels.

Thus, as Lomborg explains:

"Solar power is at least four times more costly than energy produced by fossil fuels. It also has the distinct disadvantage of not working at night, when much electricity is consumed.

"In the words of the German Association of Physicists, 'solar energy cannot replace any additional power plants.' On short, overcast winter days, Germany's 1.1 million solar-power systems can generate no electricity at all. The country is then forced to import considerable amounts of electricity from nuclear power plants in France and the Czech Republic."

The same applies to wind energy, too, for the same reason. Just as the sun doesn't shine consistently every day, so the wind does not blow consistently. The natural fluctuation of wind power means that every megawatt of wind power requires an equal amount of conventional, fossil-fuel-powered generation to prevent power dips on the electric grid. Which is to say that solar panels and windmills are really just ornaments. They are monuments to greener-than-thou environmental vanity.

That these forms of renewable energy are capable of generating only minimal amounts of power is no accident. Ten years ago, I published an article by Jack Wakeland which examined the growth of "renewable energy" and concluded that every time an "alternative" power source grew large enough to produce energy on a truly industrial scale, environmentalists turned against it, as they have done with hydro-electric dams, geothermal plants, and even wind farms. So the fact that green energy is capable of generating only a small fraction of the power needed to fuel an industrial civilization is no accident. In effect, the inability to generate industrial-scale power is what makes green energy green.

But what that means is that green energy is doomed as an economic proposition. It has all of the hallmarks of an economic bubble. As with the Internet, housing, and higher-education bubbles, green energy is fiercely believed in, not just as an investment but as a superior lifestyle and a positive social good. And as with housing and education, it is propped up by government tax breaks, loan guarantees, and massive subsidies, all of which support a growing edifice of economically unproductive activity. But this artificial stimulation eventually expands the industry beyond the point where it can be sustained, either economically or politically, and the bubble bursts.

# Warming

**Wind power is not quick**

**Rising CO2 is key to rice yields—this solves famine, fresh water availability, and biodiversity**

**IDSO 2010** (Unclear which ones, but they are all esteemed scientists with PhDs, “Rice Production and the Looming Water Crisis,” May 19, http://www.co2science.org/articles/V13/N20/B2.php)

Shimono et al. write that "by 2050, the world's population will have increased by about 37%, from the current level of 6.7 billion to an estimated 9.2 billion (UN, 2009), with a corresponding increase in global food demand." They also state that "about 0.6 billion Mg of rice is produced annually from an area of 1.5 million km2, making rice one of the most important crops for supporting human life," especially, as noted by Pritchard and Amthor (2005), since it supplies the planet's human population with an estimated 20% of their energy needs (on a caloric basis) and 14% of their protein requirements (on a weight basis). Within this context, the six scientists further note that "rice production depends heavily on water availability," stating that "irrigated lowlands account for 55% of the total area of harvested rice and typically produce two to three times the crop yield of rice grown under non-irrigated conditions (IRRI, 2002)." And because the demand for ever greater quantities of water will continue to rise, due to our need to adequately feed our growing numbers, they conclude that "efficient use of water will thus be essential for future rice production." What was done In an attempt to determine how the agricultural enterprise may be impacted in this regard by the ongoing rise in the air's CO2 content, the Japanese researchers conducted a two-year free-air CO2 enrichment or FACE study in fields at Shizukuishi, Iwate (Japan) to learn how elevated CO2 may reduce crop water use via its impact on the leaf stomatal conductance (gs) of three varieties of rice (Oryza sativa L.): early-maturing Kirara397, intermediate-maturing Akitakomachi, and latest-maturing Hitomebore. What was learned In response to the 53% increase in daytime atmospheric CO2 concentration employed in their experiments, Shimono et al. report that "the reduction in gs due to elevated CO2 was similar across measurements, averaging around 20% in the morning, 24% around noon and 23% in the afternoon across all growth stages." And they add that "there was no significant CO2 x cultivar interaction." What it means With the concomitant increase in grain yield that also results from atmospheric CO2 enrichment (see Rice in the Plant Growth Data section of our website), it should be apparent to all that a continuation of the historical and still-ongoing rise in the air's CO2 content will play a major role in enabling us to meet our food needs at the mid-point of the current century, without having to lay claim to all of the planet's remaining fresh water resources and much of its undeveloped land and thereby driving many of the species with which we share the terrestrial biosphere to extinction for lack of land and water to meet their needs, as is also explained in greater detail in several of the items we have archived under the heading of Food in our Subject Index.

**Solves Asian famine**

**IDSO 2004** (Sherwood, Craig, Keith, Carbon Science Magazine, Jan 13. “Atmospheric CO2 Enrichment: Boosting Rice Yields of Asia.” http://www.co2science.org/articles/N2/B2.php)

“On the basis of both area and tonnage harvested,” according to the authors, “Oryza sativa L. (rice) is the most important crop in Asia, providing a significant proportion of the people’s dietary needs (Alexandratos, 1995).” Hence, they say that “in view of the expected growth in Asia’s population, there is a need to determine how the predicted increase in the levels of atmospheric CO2 will affect rice yield.” What was done In order to determine the interactive effects of elevated CO2 and nitrogen (N) availability on the grain yield of rice crops grown under temperate flooded paddy conditions, Kim et al. grew rice crops from the seedling stage to maturity at atmospheric CO2 concentrations of ambient and ambient plus 200 ppm using FACE technology and three levels of applied nitrogen – low (LN, 4 v N M-2), medium (MN, 8 and 9 g N m-2), and high (HN, 15 g N m-2) – for three cropping seasons (1998-2000) What was learned The authors report that “the yield response to elevated CO2 in crops supplied with MN (+14.6$) or HN (+15.2%) was about twice that of crops supplied with LN (+7.4%), “confirming the importance of N availability to the response of rice to atmospheric CO2 enrichment previously determined by Kim et al. (2001) and Kobaysahi et al. (2001). What it means In terms of the more common increase in CO2 concentration used to express plant responses to atmospheric CO2 enrichment, i.e., 300ppm, the results of Kim et al. suggest we could likely expect something on the order of a 22% increase in rice yields for the MN treatment, which they say is “similar to that recommended to local farmers.” Such a yield increase courtesy of the ongoing rise in the air’s CO2 content would go a long way towards helping the people of Asia meet the future dietary needs of their expanding population.

**The impact is billions of deaths, war, and poverty**

**CANTRELL 2002** (Ronals, General Director of the International Rice Research Institute, Economic Perspectives, May http://usinfo.state.gov/journals/ites/0502/ijee/rice.htm)

What's so special about rice production? Put simply, no other economic activity feeds so many people, supports so many families, is so crucial to the development of so many nations, and has more impact on so much of our environment. Rice production feeds almost half the planet each day, provides most of the main income for millions of poor rural households, can topple governments, and covers 11 percent of the earth's arable area. But there is something else about rice that many may see as even more impressive and important. That is the enormous success we have had in using rice to improve the lives of world's poor and deprived. By providing rice farmers with options and new technologies -- and so helping them boost production -- extraordinary things have been achieved. In much of Asia, plentiful, cheap rice has been the propelling force behind the region's economic, political, and social stability. Rice has kept the continent nourished, employed, and peaceful. THE ASIAN MIRACLE The true Asian miracle hasn't been stunning economic development; it's been keeping people fed and societies stable. This vast continent grows -- and eats -- more than 90 percent of all the world's rice on more than 250 million tiny farms, with most Asians eating rice two or three times a day. Half of every harvest never even leaves the farm: it feeds the family that planted it. Hundreds of millions of poor people spend half to three-fourths of their incomes on rice -- and nothing else. For these people, rice anchors their precarious lives.

**Nuke war**

**KNIGHT RIDDER 2000** (“Top administration officials warn stakes for U.S. are high in Asian conflicts”, 3-11)

Few if any experts think China and Taiwan, North Korea and South Korea, or India and Pakistan are spoiling to fight. But even a minor miscalculation by any of them could destabilize Asia, jolt the global economy and even start a nuclear war. India, Pakistan and China all have nuclear weapons, and North Korea may have a few, too. Asia lacks the kinds of organizations, negotiations and diplomatic relationships that helped keep an uneasy peace for five decades in Cold War Europe. "Nowhere else on Earth are the stakes as high and relationships so fragile," said Bates Gill, director of northeast Asian policy studies at the Brookings Institution, a Washington think tank. "We see the convergence of great power interest overlaid with lingering confrontations with no institutionalized security mechanism in place. There are elements for potential disaster."

#### Warming’s irreversible

**Solomon et al ‘10** Susan Solomon et. Al, Chemical Sciences Division, Earth System Research Laboratory, National Oceanic and Atmospheric Administration, Ph.D. in Climotology University of California, Berkeley, Nobel Peace Prize Winner, Chairman of the IPCC, Gian-Kasper Plattner, Deputy Head, Director of Science, Technical Support Unit Working Group I, Intergovernmental Panel on Climate Change Affiliated Scientist, Climate and Environmental Physics, Physics Institute, University of Bern, Switzerland, John S. Daniel, research scientist at the National Oceanic and Atmospheric Administration (NOAA), Ph.D. in physics from the University of Michigan, Ann Arbor, Todd J. Sanford, Cooperative Institute for Research in Environmental Science, University of Colorado Daniel M. Murphy, Chemical Sciences Division, Earth System Research Laboratory, National Oceanic and Atmospheric Administration, Boulder Gian-Kasper Plattner, Deputy Head, Director of Science, Technical Support Unit Working Group I, Intergovernmental Panel on Climate Change, Affiliated Scientist, Climate and Environmental Physics, Physics Institute, University of Bern, Switzerland Reto Knutti, Institute for Atmospheric and Climate Science, Eidgenössiche Technische Hochschule Zurich and Pierre Friedlingstein, Chair, Mathematical Modelling of Climate Systems, member of the Science Steering Committee of the Analysis Integration and Modeling of the Earth System (AIMES) programme of IGBP and of the Global Carbon Project (GCP) of the Earth System Science Partnership (ESSP) (Proceedings of the National Academy of the Sciences of the United States of America, "Persistence of climate changes due to a range of greenhouse gases", October 26, 2010 Vol 107.43: 18354-18359)

Carbon dioxide, methane, nitrous oxide, and other greenhouse gases increased over the course of the 20th century due to human activities. The human-caused increases in these gases are the primary forcing that accounts for much of the global warming of the past fifty years, with carbon dioxide being the most important single radiative forcing agent (1). Recent studies have shown that the human-caused warming linked to carbon dioxide is nearly irreversible for more than 1,000 y, even if emissions of the gas were to cease entirely (2–5). The importance of the ocean in taking up heat and slowing the response of the climate system to radiative forcing changes has been noted in many studies (e.g., refs. 6 and 7). The key role of the ocean’s thermal lag has also been highlighted by recent approaches to proposed metrics for comparing the warming of different greenhouse gases (8, 9). Among the observations attesting to the importance of these effects are those showing that climate changes caused by transient volcanic aerosol loading persist for more than 5 y (7, 10), and a portion can be expected to last more than a century in the ocean (11–13); clearly these signals persist far longer than the radiative forcing decay timescale of about 12–18 mo for the volcanic aerosol (14, 15). Thus the observed climate response to volcanic events suggests that some persistence of climate change should be expected even for quite short-lived radiative forcing perturbations. It follows that the climate changes induced by short-lived anthropogenic greenhouse gases such as methane or hydrofluorocarbons (HFCs) may not decrease in concert with decreases in concentration if the anthropogenic emissions of those gases were to be eliminated. In this paper, our primary goal is to show how different processes and timescales contribute to determining how long the climate changes due to various greenhouse gases could be expected to remain if anthropogenic emissions were to cease. Advances in modeling have led to improved AtmosphereOcean General Circulation Models (AOGCMs) as well as to Earth Models of Intermediate Complexity (EMICs). Although a detailed representation of the climate system changes on regional scales can only be provided by AOGCMs, the simpler EMICs have been shown to be useful, particularly to examine phenomena on a global average basis. In this work, we use the Bern 2.5CC EMIC (see Materials and Methods and SI Text), which has been extensively intercompared to other EMICs and to complex AOGCMs (3, 4). It should be noted that, although the Bern 2.5CC EMIC includes a representation of the surface and deep ocean, it does not include processes such as ice sheet losses or changes in the Earth’s albedo linked to evolution of vegetation. However, it is noteworthy that this EMIC, although parameterized and simplified, includes 14 levels in the ocean; further, its global ocean heat uptake and climate sensitivity are near the mean of available complex models, and its computed timescales for uptake of tracers into the ocean have been shown to compare well to observations (16). A recent study (17) explored the response of one AOGCM to a sudden stop of all forcing, and the Bern 2.5CC EMIC shows broad similarities in computed warming to that study (see Fig. S1), although there are also differences in detail. The climate sensitivity (which characterizes the long-term absolute warming response to a doubling of atmospheric carbon dioxide concentrations) is 3 °C for the model used here. Our results should be considered illustrative and exploratory rather than fully quantitative given the limitations of the EMIC and the uncertainties in climate sensitivity. Results One Illustrative Scenario to 2050. In the absence of mitigation policy, concentrations of the three major greenhouse gases, carbon dioxide, methane, and nitrous oxide can be expected to increase in this century. If emissions were to cease, anthropogenic CO2 would be removed from the atmosphere by a series of processes operating at different timescales (18). Over timescales of decades, both the land and upper ocean are important sinks. Over centuries to millennia, deep oceanic processes become dominant and are controlled by relatively well-understood physics and chemistry that provide broad consistency across models (see, for example, Fig. S2 showing how the removal of a pulse of carbon compares across a range of models). About 20% of the emitted anthropogenic carbon **remains in the atmosphere for** many **thousands of years** (with a range across models including the Bern 2.5CC model being about 19 4% at year 1000 after a pulse emission; see ref. 19), until much slower weathering processes affect the carbonate balance in the ocean (e.g., ref. 18). Models with stronger carbon/climate feedbacks than the one considered here could display larger and more persistent warmings due to both CO2 and non-CO2 greenhouse gases, through reduced land and ocean uptake of carbon in a warmer world. Here our focus is not on the strength of carbon/climate feedbacks that can lead to differences in the carbon concentration decay, but rather on the factors that control the climate response to a given decay. The removal processes of other anthropogenic gases including methane and nitrous oxide are much more simply described by exponential decay constants of about 10 and 114 y, respectively (1), due mainly to known chemical reactions in the atmosphere. In this illustrative study, we do not include the feedback of changes in methane upon its own lifetime (20). We also do not account for potential interactions between CO2 and other gases, such as the production of carbon dioxide from methane oxidation (21), or changes to the carbon cycle through, e.g., methane/ozone chemistry (22). Fig. 1 shows the computed future global warming contributions for carbon dioxide, methane, and nitrous oxide for a midrange scenario (23) of projected future anthropogenic emissions of these gases to 2050. Radiative forcings for all three of these gases, and their spectral overlaps, are represented in this work using the expressions assessed in ref. 24. In 2050, the anthropogenic emissions are stopped entirely for illustration purposes. The figure shows nearly irreversible warming for at least 1,000 y due to the imposed carbon dioxide increases, as in previous work. **All published studies to date**, which use multiple EMICs and one AOGCM, show largely irreversible warming due to future carbon dioxide increases (to within about 0.5 °C) on a timescale of at least 1,000 y (3–5, 25, 26). Fig. 1 shows that the calculated future warmings due to anthropogenic CH4 and N2O also persist notably longer than the lifetimes of these gases. The figure illustrates that emissions of key non-CO2 greenhouse gases such as CH4 or N2O could lead to warming that both temporarily exceeds a given stabilization target (e.g., 2 °C as proposed by the G8 group of nations and in the Copenhagen goals) and remains present longer than the gas lifetimes even if emissions were to cease. A number of recent studies have underscored the important point that reductions of non-CO2 greenhouse gas emissions are an approach that can indeed reverse some past climate changes (e.g., ref. 27). Understanding how quickly such reversal could happen and why is an important policy and science question. Fig. 1 implies that the use of policy measures to reduce emissions of short-lived gases will be less effective as a rapid climate mitigation strategy than would be thought if based only upon the gas lifetime. Fig. 2 illustrates the factors influencing the warming contributions of each gas for the test case in Fig. 1 in more detail, by showing normalized values (relative to one at their peaks) of the warming along with the radiative forcings and concentrations of CO2 , N2O, and CH4 . For example, about two-thirds of the calculated warming due to N2O is still present 114 y (one atmospheric lifetime) after emissions are halted, despite the fact that its excess concentration and associated radiative forcing at that time has dropped to about one-third of the peak value.

#### No extinction – empirically denied

**Carter 11–** Robert, PhD, Adjuct Research Fellow, James Cook University, Craig Idso, PhD, Chairman at the Center for the Study of Carbon Dioxide and Global Change, Fred Singer, PhD, President of the Science and Environmental Policy Project, Susan Crockford, evolutionary biologist with a specialty in skeletal taxonomy , paleozoology and vertebrate evolution, Joseph D’Aleo, 30 years of experience in professional meteorology, former college professor of Meteorology at Lyndon State College, Indur Goklany, independent scholar, author, and co-editor of the Electronic Journal of Sustainable Development, Sherwood Idso, President of the Center for the Study of Carbon Dioxide and Global Change, Research Physicist with the US Department of Agriculture, Adjunct Professor in the Departments of Geology, Botany, and Microbiology at Arizona State University, Bachelor of Physics, Master of Science, and Doctor of Philosophy, all from the University of Minnesota, Madhav Khandekar, former research scientist from Environment Canada and is an expert reviewer for the IPCC 2007 Climate Change Panel, Anthony Lupo, Department Chair and Professor of Atmospheric Science at the University of Missouri, Willie Soon, astrophysicist at the Solar and Stellar Physics Division of the Harvard-Smithsonian Center for Astrophysics, Mitch Taylor (Canada) (March 8th, “[Surviving](file:///C:\Users\Marc\Desktop\Surviving) the Unpreceented Climate Change of the IPCC” <http://www.nipccreport.org/articles/2011/mar/8mar2011a5.html>) Jacome

On the other hand, they indicate that some biologists and climatologists have pointed out that "many of the predicted increases in climate have happened before, in terms of both magnitude and rate of change (e.g. Royer, 2008; Zachos *et al*., 2008), and yet biotic communities have remained remarkably resilient (Mayle and Power, 2008) and in some cases thrived (Svenning and Condit, 2008)." But they report that those who mention these things are often "placed in the 'climate-change denier' category," although the purpose for pointing out these facts is simply to present "a sound scientific basis for understanding biotic responses to the magnitudes and rates of climate change predicted for the future through using the vast data resource that we can exploit in fossil records." Going on to do just that, Willis *et al*. focus on "intervals in time in the fossil record when atmospheric CO2 concentrations increased up to 1200 ppm, temperatures in mid- to high-latitudes increased by greater than 4°C within 60 years, and sea levels rose by up to 3 m higher than present," describing studies of past biotic responses that indicate "the scale and impact of the magnitude and rate of such climate changes on biodiversity." And what emerges from those studies, as they describe it, "is evidence for rapid community turnover, migrations, development of novel ecosystems and thresholds from one stable ecosystem state to another." And, most importantly in this regard, they report "there is very little evidence for broad-scale extinctions due to a warming world." In concluding, the Norwegian, Swedish and UK researchers say that "based on such evidence we urge some caution in assuming broad-scale extinctions of species will occur due solely to climate changes of the magnitude and rate predicted for the next century," reiterating that "the fossil record indicates remarkable biotic resilience to wide amplitude fluctuations in climate.

#### There are multiple Feedbacks:

#### Second is M screw – co2 solves methane emissions which cause warming

**Carter 1-10 –** Robert, PhD, Adjuct Research Fellow, James Cook University, Craig Idso, PhD, Chairman at the Center for the Study of Carbon Dioxide and Global Change, Fred Singer, PhD, President of the Science and Environmental Policy Project, Susan Crockford, evolutionary biologist with a specialty in skeletal taxonomy , paleozoology and vertebrate evolution, Joseph D’Aleo, 30 years of experience in professional meteorology, former college professor of Meteorology at Lyndon State College, Indur Goklany, independent scholar, author, and co-editor of the Electronic Journal of Sustainable Development, Sherwood Idso, President of the Center for the Study of Carbon Dioxide and Global Change, Research Physicist with the US Department of Agriculture, Adjunct Professor in the Departments of Geology, Botany, and Microbiology at Arizona State University, Bachelor of Physics, Master of Science, and Doctor of Philosophy, all from the University of Minnesota, Madhav Khandekar, former research scientist from Environment Canada and is an expert reviewer for the IPCC 2007 Climate Change Panel, Anthony Lupo, Department Chair and Professor of Atmospheric Science at the University of Missouri, Willie Soon, astrophysicist at the Solar and Stellar Physics Division of the Harvard-Smithsonian Center for Astrophysics, Mitch Taylor (Canada) (January 2012, “Environmental Stresses and Plant Methane Emissions”http://www.nipccreport.org/articles/2012/jan/10jan2012a4.html) Jacome

Concluding from a review of the scientific literature that "aerobic CH4 [methane] emissions from plants may be affected by O2 stress or any other stress leading to ROS [reactive oxygen species] production," authors Wang *et al*. (2009) sought to determine whether physical injury would also affect CH4 emissions from plants. Their work revealed that "physical injury (cutting) stimulated CH4 emissions from fresh twigs of *Artemisia* species under aerobic conditions," and that "more cutting resulted in more CH4 emissions," as did hypoxia in both cut and uncut *Artemisia frigida* twigs.

In discussing their findings, and those of previous studies that suggest, in their words, "that a variety of environmental stresses stimulate CH4 emission from a wide variety of plant species," Wang *et al*. concluded that "global change processes, including climate change, depletion of stratospheric ozone, increasing ground-level ozone, spread of plant pests, and land-use changes, could cause more stress in plants on a global scale, potentially stimulating more CH4 emission globally," while further concluding that "the role of stress in plant CH4 production in the global CH4 cycle could be important in a changing world."

Several things "could" be important in this regard, but the ongoing rise in the air's CO2 content is hard at work *countering* stress-induced CH4 emissions. Environmental stresses of all types do indeed generate highly-reactive oxygenated compounds that damage plants, but atmospheric CO2 enrichment typically boosts the production of antioxidant enzymes that *scavenge* and *detoxify* those highly-reactive oxygenated compounds. Thus, it can be appreciated that the historical rise in the air's CO2 content should have gradually been *alleviating* the level of stress experienced by Earth's plants; and this phenomenon should have been gradually *reducing* the rate at which the planet's vegetation releases CH4 to the atmosphere. In addition, it should have been doing it at *an accelerating rate* commensurate with the accelerating rate of the upward trend in the air's CO2 content.

Wang *et al*.'s way of thinking therefore suggests that the air's CH4 concentration should be *rising ever faster*, as "global change processes" lead to more plant stress, more ROS production in plants, and more CH4 emissions from Earth's vegetation, whereas a conflicting hypothesis suggests that the air's CH4 concentration should be *rising ever slower*, as higher concentrations of atmospheric CO2 lead to less plant stress, more antioxidants that scavenge and detoxify ROS in plants, and less CH4 emissions from Earth's vegetation.

So which view is winning? A quick glance at the atmosphere's recent methane history - shown below - provides the answer.

*Figure 1. Trace gas mole fractions of methane (CH4) as measured at Mauna Loa, Hawaii. Adapted from Schnell and Dlugokencky (2008).*

As can be seen from this figure, the rate of increase in atmospheric methane abundance has steadily declined since the late 1980s, with near-zero increase from 1999 through the end of the record. Is the ongoing rise in the air's CO2 content responsible for knocking its biggest greenhouse-gas competitor (other than water vapor) entirely out of the picture with respect to *future* global warming? Or, will further increases in CO2 emissions actually cause the atmosphere's methane concentration to *decline* and thereby begin to counteract its (CO2's) *own* warming effect. Only time will tell.

#### Third are Natural Aerosols

**Carter 11**, Robert, PhD, Adjuct Research Fellow, James Cook University, Craig Idso, PhD, Chairman at the Center for the Study of Carbon Dioxide and Global Change, Fred Singer, PhD, President of the Science and Environmental Policy Project, Susan Crockford, evolutionary biologist with a specialty in skeletal taxonomy , paleozoology and vertebrate evolution, Joseph D’Aleo, 30 years of experience in professional meteorology, former college professor of Meteorology at Lyndon State College, Indur Goklany, independent scholar, author, and co-editor of the Electronic Journal of Sustainable Development, Sherwood Idso, President of the Center for the Study of Carbon Dioxide and Global Change, Research Physicist with the US Department of Agriculture, Adjunct Professor in the Departments of Geology, Botany, and Microbiology at Arizona State University, Bachelor of Physics, Master of Science, and Doctor of Philosophy, all from the University of Minnesota, Madhav Khandekar, former research scientist from Environment Canada and is an expert reviewer for the IPCC 2007 Climate Change Panel, Anthony Lupo, Department Chair and Professor of Atmospheric Science at the University of Missouri, Willie Soon, astrophysicist at the Solar and Stellar Physics Division of the Harvard-Smithsonian Center for Astrophysics, Mitch Taylor (Canada) [“Climate Change Reconsidered 2011 Interim Report,” September, Science and Environmental Policy Project, Center for the Study of Carbon Dioxide and Global Change, Published by The Heartland Institute]

In a contemporaneous study of aerosols, Carslaw et al. (2010) write, ―the natural environment is a major source of atmospheric aerosols, including dust, secondary organic material from terrestrial biogenic emissions, carbonaceous particles from wildfires, and sulphate from marine phytoplankton dimethyl sulphide emissions.‖ These aerosols ―have a significant effect on many components of the Earth system, such as the atmospheric radiative balance and photosynthetically available radiation entering the biosphere, the supply of nutrients to the ocean, and the albedo of snow and ice. With this background in mind, the authors reviewed ―the impact of these natural systems on atmospheric aerosols based on observations and models, including the potential for long term changes in emissions and feedbacks on climate.‖ Based on their review, the seven scientists report, ―the number of drivers of change is very large and the various systems are strongly coupled,‖ noting ―there have therefore been very few studies that integrate the various effects to estimate climate feedback factors.‖ However, they add, ―available observations and model studies suggest that the regional radiative perturbations are potentially several watts per square meter due to changes in these natural aerosol emissions in a future climate,‖ which is **equivalent to the magnitude of climate forcing projected** to result from increases in greenhouse gases but typically of the opposite sign.

**Feedbacks happen:**

#### Feedbacks are the only thing that matter – co2’s effect itself is small – negative feedbacks outweigh

**De Freitas 11** – associate professor in the school of environment at the University of Auckland, (Chris, 1-4 http://www.nzherald.co.nz/nz/news/article.cfm?c\_id=1&objectid=10697845)

The degree of warming directly caused by the extra carbon dioxide is, by itself, relatively small. This is not controversial. What is controversial is whether this initial change will trigger further climate changes that would be large or damaging. Debate focuses on climate feedbacks that may or may not suppress, perpetuate or amplify an initial change caused by increasing concentrations of greenhouse gases. A doubling of carbon dioxide, by itself, adds only about one degree Celsius to greenhouse warming. Computer climate models project more warming because the modellers build in feedbacks from water vapour and clouds that amplify the initial change. These are the so called positive feedbacks. For example, higher temperature would mean more evaporation globally, which in turn means more heat-trapping water vapour is put into the atmosphere leading to even higher temperatures. On the other hand, negative feedbacks might prevail. For example, more water vapour in the atmosphere could lead to greater cloud cover. Clouds reflect the heat from the Sun and cool the Earth, offsetting the initial rise in global temperature. The role of negative feedback processes are played down by global warming alarmists, whereas sceptics point to the four-billion-year-old global climate record that shows runaway global cooling or warming has never occurred because negative feedbacks regulate the global climate system. It is important to consider the above in the proper context. Change is a constant feature of climate, even through recent human history. During the Medieval Warm Period, from 900 to 1200AD, the Vikings sailed in Arctic waters that by 1700 had turned to permanent sea ice, and farmed in Greenland soil in a climate that soon became too cold for agriculture. The Medieval Warm Period was followed by the Little Ice Age which ended around 1850. It in turn was followed by another warm period. The hottest year since 1850 was 1998. In the nine years since 2002 average annual global temperature has not risen. Most people are surprised to hear that no one has uncovered any empirical real-world evidence that humans are causing dangerous global warming. Finding this evidence is crucial, since scientific issues are resolved by observations that support a theory or hypothesis. They are not resolved by ballot.

**No Middle East war**

**a.) Its hyperbole – no one would risk escalation**

**Ferguson 06 –** Professor of History at Harvard University, Senior Research Fellow of Jesus College, Oxford, and Senior Fellow of the Hoover Institution, Stanford(Niall, LA Times, July 24)

Could today's quarrel between Israelis and Hezbollah over Lebanon produce World War III? That's what Republican Newt Gingrich, the former speaker of the House, called it last week, echoing earlier fighting talk by Dan Gillerman, Israel's ambassador to the United Nations. Such language can — for now, at least — safely be dismissed as hyperbole. This crisis is not going to trigger another world war. Indeed, I do not expect it to produce even another Middle East war worthy of comparison with those of June 1967 or October 1973. In 1967, Israel fought four of its Arab neighbors — Egypt, Syria, Jordan and Iraq. In 1973, Egypt and Syria attacked Israel. Such combinations are very hard to imagine today. Nor does it seem likely that Syria and Iran will escalate their involvement in the crisis beyond continuing their support for Hezbollah. Neither is in a position to risk a full-scale military confrontation with Israel, given the risk that this might precipitate an American military reaction. Crucially, Washington's consistent support for Israel is not matched by any great power support for Israel's neighbors. During the Cold War, by contrast, the risk was that a Middle East war could spill over into a superpower conflict. Henry Kissinger, secretary of State in the twilight of the Nixon presidency, first heard the news of an Arab-Israeli war at 6:15 a.m. on Oct. 6, 1973. Half an hour later, he was on the phone to the Soviet ambassador in Washington, Anatoly Dobrynin. Two weeks later, Kissinger flew to Moscow to meet the Soviet leader, Leonid Brezhnev. The stakes were high indeed. At one point during the 1973 crisis, as Brezhnev vainly tried to resist Kissinger's efforts to squeeze him out of the diplomatic loop, the White House issued DEFCON 3, putting American strategic nuclear forces on high alert. It is hard to imagine anything like that today. In any case, this war may soon be over. Most wars Israel has fought have been short, lasting a matter of days or weeks (six days in '67, three weeks in '73). Some Israeli sources say this one could be finished in a matter of days. That, at any rate, is clearly the assumption being made in Washington.

Secretary of State Condoleezza Rice has been in no hurry to get to the scene (she is due to arrive in Israel today). Nor has she scheduled any visits to Arab capitals. Compare this leisurely response to the frenetic shuttle diplomacy of the Kissinger era. While striving to secure a settlement between Israel and Syria, Rice's predecessor traveled 24,230 miles in just 34 days.

And yet there are other forms that an escalation of the Middle East conflict could conceivably take. A war between states may not be in the cards, much less a superpower conflict. What we must fear, however, is a spate of civil wars -- to be precise, ethnic conflicts -- across the region.

**Heenan evidence cites reasons why Israeli nuclear facilities are resilient despite instability**

**No Risk of nuclear terror**

**Mearsheimer 11,**January, John J., Wendell Harrison Distinguished Service Professor of Political Science at the University of Chicago. He is on the Advisory Council of The National Interest, “Imperial by Design,”http://nationalinterest.org/article/imperial-by-design-4576?page=3,

The fact is that states have strong incentives to distrust terrorist groups, in part because they might turn on them someday, but also because countries cannot control what terrorist organizations do, and they may do something that gets their patrons into serious trouble. This is why there is hardly any chance that a rogue state will give a nuclear weapon to terrorists. That regime’s leaders could never be sure that they would not be blamed and punished for a terrorist group’s actions. Nor could they be certain that the United States or Israel would not incinerate them if either country merely suspected that they had provided terrorists with the ability to carry out a WMD attack. A nuclear handoff, therefore, is not a serious threat. When you get down to it, there is only a remote possibility that terrorists will get hold of an atomic bomb. The most likely way it would happen is if there were political chaos in a nuclear-armed state, and terrorists or their friends were able to take advantage of the ensuing confusion to snatch a loose nuclear weapon. But even then, there are additional obstacles to overcome: some countries keep their weapons disassembled, detonating one is not easy and it would be difficult to transport the device without being detected. Moreover, other countries would have powerful incentives to work with Washington to find the weapon before it could be used. The obvious implication is that we should work with other states to improve nuclear security, so as to make this slim possibility even more unlikely. Finally, the ability of terrorists to strike the American homeland has been blown out of all proportion. In the nine years since 9/11, government officials and terrorist experts have issued countless warnings that another major attack on American soil is probable—even imminent. But this is simply not the case.3 The only attempts we have seen are a few failed solo attacks by individuals with links to al-Qaeda like the “shoe bomber,” who attempted to blow up an American Airlines flight from Paris to Miami in December 2001, and the “underwear bomber,” who tried to blow up a Northwest Airlines flight from Amsterdam to Detroit in December 2009. So, we do have a terrorism problem, but it is hardly an existential threat. In fact, it is a minor threat. Perhaps the scope of the challenge is best captured by Ohio State political scientist John Mueller’s telling comment that “the number of Americans killed by international terrorism since the late 1960s . . . is about the same as the number killed over the same period by lightning, or by accident-causing deer, or by severe allergic reactions to peanuts.”

# Economy

**Eurozone breakup inevitable and tanks the economy**

**Kavoussi 11 –** a business reporter at The Huffington Post,. She has written for The Boston Globe, The New York Observer, and The San Antonio Express-News., she is a recent graduate of Harvard University, where she studied international economic history and the history of economic thought (Bonnie, “Eurozone Crisis Threatens Global Economy” <http://www.huffingtonpost.com/2011/11/28/eurozone-crisis_n_1116977.html>) Jacome

As a breakup of the eurozone -- a once seemingly impossible scenario -- becomes increasingly likely, economists are starting to sketch out what a post-euro world would look like. Many are warning that if political leaders don't change course, a breakup of the eurozone would plunge the United States and the rest of the world into a slowdown and possibly another recession.

"If Europe turns out badly, it's much more likely we'll go into recession," said Michael Spence, a Nobel Prize-winning economist at the New York University Stern School of Business. "If you take a big chunk like Europe and turn it down, it would probably bring everybody else down, including us."

If the eurozone dissolves, the European banking system would likely collapse, economists said, plunging the continent into recession, which would keep European consumers from buying. Decreased demand from the continent, which represents about 20 percent of the global economy, would hurt both the United States and emerging countries, who depend on European banks not just for demand, but also for funding.

The risk of a eurozone breakup has increased dramatically over the past couple of weeks, as countries have faced increasing difficulty selling their debt. Interest rates on sovereign bonds issued by eurozone countries have spiked. The interest rate on 10-year Italian sovereign bonds rose to 7.28 percent Monday, nearly hitting a [Nov. 9 euro-era high](http://www.huffingtonpost.com/2011/11/09/italy-default-debt_n_1084523.html) that was only eased afterward by limited bond purchases by the European Central Bank.

The interest rate on 10-year Spanish sovereign bonds rose to 6.58 percent Monday, near [the euro-era high reached on Nov. 17](http://www.huffingtonpost.com/2011/11/18/spanish-sovereign-debt-interest-rate_n_1101368.html). Interest rates on the 10-year bonds of more fiscally sound countries, such as France and Belgium, spiked to 3.58 percent and 5.59 percent respectively on Monday, as the contagion of higher borrowing costs spread to across the eurozone, regardless of their economic fundamentals.

If European leaders don't agree to take bold economic measures for more fiscal integration -- including allowing the European Central Bank to become the lender of last resort -- the eurozone could start to unravel, said Simon Tilford, chief economist of the Center for European Reform in London.

The eurozone's future could be decided next week when leaders meet for a summit on the sovereign debt crisis on December 9. If they leave empty-handed, Tilford said, fearful depositors could pull their money out of European banks en masse, causing European banks to fail. In a "vicious death spiral," said Tilford, troubled European countries would stop being able to borrow money as borrowing costs reach unsustainable levels. Then a string of European countries could default and leave the eurozone, leading to its collapse, he said.

A number of other triggers could force a eurozone break up. In one scenario described by economists, a troubled eurozone country such as Italy could be forced to default if it is not able to roll over all of its debt at its next bond auction, forcing the country to leave the eurozone soon thereafter. In another possibility, interest rates on sovereign debt could reach unsustainable levels, forcing troubled countries to default on their debts. In addition, the Greek people could pressure their political leaders to leave the eurozone in order to regain political sovereignty from European leaders in France and Germany.

"Given that Greece is a democracy, at some point I think the Greek people are going to decide this is not the right way to go," said Christopher Low, chief economist at FTN Financial, who said that there is a 40 percent chance of a complete breakup of the eurozone. "It's a nasty recession to begin with, and they [political leaders] are talking about making it even worse."

Leaving the euro would give Greece a chance to grow its way out of its current predicament, similar to the way that Argentina's economy grew after abandoning its currency's peg to the U.S. dollar in the 1990s, Low said. With cheaper exports under a devalued currency, Greece would be able to sell more of its goods and services abroad, he said.

But abandoning the euro would not be without its troubles. If Greece left the euro, its banking sector would likely collapse, and Greek companies that borrowed from other eurozone countries would likely default since the debt -- valued in euros -- would become too expensive to pay off, said Jurgen Odenius, the chief economist at Prudential Fixed Income. The Greek government would also be forced to slash spending to the point where there would be no more deficit, Odenius said, and would likely have trouble seeking outside loans, pushing Greece into a much deeper recession.

"This would make for a nuclear meltdown, as far as Greece is concerned," Odenius said.

But for some countries, leaving the euro may be unavoidable, some economists said. Devaluing their own currencies would boost the competitiveness of their exports, allowing countries to grow and pay down their debts, Tilford said. Since countries such as Greece and Portugal have "very weak economic growth prospects ... they need a weaker currency," Tilford said. If they can no longer borrow money, they effectively would be forced to default on their debts and leave the euro, he said.

A breakup of the eurozone would cause several negative repercussions for the U.S. economy and emerging economies in particular, Tilford said. As investors flee for safety in the United States, the value of the U.S. dollar would rise, making U.S. exports more expensive around the world and causing their sales to fall, he said. American banks would be forced to swallow major losses on European investments and would lend less, he said -- though the Federal Reserve would likely prevent them from failing by becoming their lender of last resort.

American investments in Europe generally would plunge in value, Tilford said. As of the end of 2009, U.S. direct investment in Europe [totaled $1.98 trillion](http://www.fas.org/sgp/crs/misc/RS21118.pdf), according to the Congressional Research Service. The negative blow to U.S. confidence would generally curtail risk-taking and investments in the U.S., Tilford said.

Emerging economies would also experience a sharp slowdown because they are dependent on Europe for both financing and consumer demand for their goods, Tilford said. European banks provide about three-quarters of all loans to emerging markets, according to Tilford, and a breakup of the eurozone would cause many European banks to either fail or slash lending.

#### Manufacturing sector is overwhelmingly powerful now – international data proves

Mark Perry (professor of economics at the University of Michigan, Flint, is also a visiting scholar at the American Enterprise Institute) February 25, 2011 “The Truth About U.S. Manufacturing “ http://online.wsj.com/article/SB10001424052748703652104576122353274221570.html.html

Is American manufacturing dead? You might think so reading most of the nation's editorial pages or watching the endless laments in the news that "nothing is made in America anymore," and that our manufacturing jobs have vanished to China, Mexico and South Korea. Yet the empirical evidence tells a different story—of a thriving and growing U.S. manufacturing sector, and a country that remains by far the world's largest manufacturer. This is a particularly sensitive topic in my hometown of Flint, Mich., where auto-plant closings have meant lost jobs and difficult transitions for the displaced. But while it's true that the U.S. has lost more than seven million manufacturing jobs since the late 1970s, our manufacturing output has continued to expand. International data compiled by the United Nations on global output from 1970-2009 show this success story. Excluding recession-related decreases in 2001 and 2008-09, America's manufacturing output has continued to increase since 1970. In every year since 2004, manufacturing output has exceeded $2 trillion (in constant 2005 dollars), twice the output produced in America's factories in the early 1970s. Taken on its own, U.S. manufacturing would rank today as the sixth largest economy in the world, just behind France and ahead of the United Kingdom, Italy and Brazil. In 2009, the most recent full year for which international data are available, our manufacturing output was $2.155 trillion (including mining and utilities). That's more than 45% higher than China's, the country we're supposedly losing ground to. Despite recent gains in China and elsewhere, the U.S. still produced more than 20% of global manufacturing output in 2009. The truth is that America still makes a lot of stuff, and we're making more of it than ever before. We're merely able to do it with a fraction of the workers needed in the past. Consider the incredible, increasing productivity of America's manufacturing workers: The average U.S. factory worker is responsible today for more than $180,000 of annual manufacturing output, triple the $60,000 in 1972. Increases in productivity are a direct result of capital investments in productivity-enhancing technology, such as GM's next generation Ecotec engine. These increases are a direct result of capital investments in productivity-enhancing technology, which last year helped boost output to record levels in industries like computers and semiconductors, medical equipment and supplies, pharmaceuticals and medicine, and oil and natural-gas equipment.

#### Manufacturing in the US comparatively more attractive now – Chinese constraints are rising faster than ours

Urban Lehner 2011 (Vice President of the Progressive Farmer) 2011 “Reports of American Manufacturing's Death Are Exaggerated” <http://www.dtnprogressivefarmer.com/dtnag/view/ag/printablePage.do?ID=BLOG_PRINTABLE_PAGE&bypassCache=true&pageLayout=v4&blogHandle=editorsnotebook&blogEntryId=8a82c0bc31d5e6e301336f3dd2381059&articleTitle=Reports+of+American+Manufacturing%27s+Death+Are+Exaggerated&editionName=DTNAgFreeSiteOnline>

Since 1972, America's manufacturing output more than doubled. Between 1997 and 2008, its dollar value rose by a third. In 2010, the U.S. accounted for 19.4% of global manufacturing value added, just shy of China's 19.8%. The BCG study is titled "Made in America, Again: Why Manufacturing Will Return to the U.S." In truth, though, manufacturing never went entirely away. It seemed to in part because our factories, like our farms, are so much more productive: Factories churn out 2.5 times as much they did in 1972 with a third fewer workers. It's the jobs that went away. What also departed was America's post-World War II dominance. Because the war had destroyed European and Japanese factories while ours went unscathed, the U.S. in the early 1950s accounted for 40% of the world's manufactured goods. Our share today is half that not because our output has shrunk but because the world's has expanded faster. The most interesting aspect of the study is its argument that the U.S. is in the early phases of becoming a more attractive place to locate factories. Within five years, BCG maintains, it will no longer be cheaper to manufacture some goods in China than in the U.S. Rising Chinese wages and land costs, a weakening dollar and superior U.S. factory productivity are among the reasons the cost gap will close. BCG urges American companies to reassess their China strategy. "China should no longer be treated as the default option," BCG says. It will remain the place to make products that require a lot of labor, especially those destined for Asian markets. But products turned out in modest volumes with relatively little labor may be best manufactured in the U.S.

No impact to the economy 08 recession proves

Barnett 09, senior managing director of Enterra Solutions LLC and a contributing editor/online columnist for Esquire magazine, columnist for World Politics Review, (Thomas P.M. “The New Rules: The Good News on the Global Financial Downturn,” World Politics Review, 5/25/09 <http://dan92024.blogstream.com/v1/date/200905.html>)

When the global financial crisis struck roughly a year ago, the blogosphere was ablaze with all sorts of scary predictions of, and commentary regarding, ensuing conflict and wars -- a rerun of the Great Depression leading to world war, as it were. -- surprisingly led Now, as global economic news brightens and recovery by China and emerging markets -- is the talk of the day, it's interesting to look back over the past year and realize how globalization's first truly worldwide recession has had virtually no impact whatsoever on the international security landscape.

None of the more than three-dozen ongoing conflicts listed by GlobalSecurity.org can be clearly attributed to the global recession. Indeed, the last new entry (civil conflict between Hamas and Fatah in the Palestine) predates the economic crisis by a year, and three quarters of the chronic struggles began in the last century. Ditto for the 15 low-intensity conflicts listed by Wikipedia (where the latest entry is the Mexican "drug war" begun in 2006). Certainly, the Russia-Georgia conflict last August was specifically timed, but by most accounts the opening ceremony of the Beijing Olympics was the most important external trigger (followed by the U.S. presidential campaign) for that sudden spike in an almost two-decade long struggle between Georgia and its two breakaway regions.

Looking over the various databases, then, we see a most familiar picture: the usual mix of civil conflicts, insurgencies, and liberation-themed terrorist movements. Besides the recent Russia-Georgia dust-up, the only two potential state-on-state wars (North v. South Korea, Israel v. Iran) are both tied to one side acquiring a nuclear weapon capacity -- a process wholly unrelated to global economic trends.

And with the United States effectively tied down by its two ongoing major interventions (Iraq and Afghanistan-bleeding-into-Pakistan), our involvement elsewhere around the planet has been quite modest, both leading up to and following the onset of the economic crisis: e.g., the usual counter-drug efforts in Latin America, the usual military exercises with allies across Asia, mixing it up with pirates off Somalia's coast). Everywhere else we find serious instability we pretty much let it burn, occasionally pressing the Chinese -- unsuccessfully -- to do something. Our new Africa Command, for example, hasn't led us to anything beyond advising and training local forces.

So, to sum up:

•No significant uptick in mass violence or unrest (remember the smattering of urban riots last year in places like Greece, Moldova and Latvia?);

•The usual frequency maintained in civil conflicts (in all the usual places);

•Not a single state-on-state war directly caused (and no great-power-on-great-power crises even triggered);

•No great improvement or disruption in great-power cooperation regarding the emergence of new nuclear powers (despite all that diplomacy);

•A modest scaling back of international policing efforts by the system's acknowledged Leviathan power (inevitable given the strain); and

•No serious efforts by any rising great power to challenge that Leviathan or supplant its role. (The worst things we can cite are Moscow's occasional deployments of strategic assets to the Western hemisphere and its weak efforts to outbid the United States on basing rights in Kyrgyzstan; but the best include China and India stepping up their aid and investments in Afghanistan and Iraq.)

Sure, we've finally seen global defense spending surpass the previous world record set in the late 1980s, but even that's likely to wane given the stress on public budgets created by all this unprecedented "stimulus" spending. If anything, the friendly cooperation on such stimulus packaging was the most notable great-power dynamic caused by the crisis.

Can we say that the world has suffered a distinct shift to political radicalism as a result of the economic crisis?

Indeed, no. The world's major economies remain governed by center-left or center-right political factions that remain decidedly friendly to both markets and trade. In the short run, there were attempts across the board to insulate economies from immediate damage (in effect, as much protectionism as allowed under current trade rules), but there was no great slide into "trade wars." Instead, the World Trade Organization is functioning as it was designed to function, and regional efforts toward free-trade agreements have not slowed.

Can we say Islamic radicalism was inflamed by the economic crisis?

If it was, that shift was clearly overwhelmed by the Islamic world's growing disenchantment with the brutality displayed by violent extremist groups such as al-Qaida. And looking forward, austere economic times are just as likely to breed connecting evangelicalism as disconnecting fundamentalism.

At the end of the day, the economic crisis did not prove to be sufficiently frightening to provoke major economies into establishing global regulatory schemes, even as it has sparked a spirited -- and much needed, as I argued last week -- discussion of the continuing viability of the U.S. dollar as the world's primary reserve currency. Naturally, plenty of experts and pundits have attached great significance to this debate, seeing in it the beginning of "economic warfare" and the like between "fading" America and "rising" China. And yet, in a world of globally integrated production chains and interconnected financial markets, such "diverging interests" hardly constitute signposts for wars up ahead. Frankly, I don't welcome a world in which America's fiscal profligacy goes undisciplined, so bring it on -- please!

Add it all up and it's fair to say that this global financial crisis has proven the great resilience of America's post-World War II international liberal trade order.

Do I expect to read any analyses along those lines in the blogosphere any time soon?

Absolutely not. I expect the fantastic fear-mongering to proceed apace. That's what the Internet is for.

**Economic collapse does not lead to war**

**a.) History**

**Ferguson 06—**prof of history, Harvard and Senior Fellow at Stanford’s Hoover Institution (Niall, “The Next War of the World,” September/October 2006, http://www.realclearpolitics.com/articles/2006/09/the\_next\_war\_of\_the\_world.html)

Nor can economic crises explain the bloodshed. What may be the most familiar causal chain in modern historiography links the Great Depression to the rise of fascism and the outbreak of World War II. But that simple story leaves too much out. Nazi Germany started the war in Europe only after its economy had recovered. Not all the countries affected by the Great Depression were taken over by fascist regimes, nor did all such regimes start wars of aggression. In fact, no general relationship between economics and conflict is discernible for the century as a whole. Some wars came after periods of growth, others were the causes rather than the consequences of economic catastrophe, and some severe economic crises were not followed by wars.

b.) Studies

Miller 2k – economist, adjunct professor in the University of Ottawa’s Faculty of Administration, consultant on international development issues, former Executive Director and Senior Economist at the World Bank (Morris, Winter, Interdisciplinary Science Reviews, Vol. 25, Iss. 4, “Poverty as a cause of wars?”)

The question may be reformulated. Do wars spring from a popular reaction to a sudden economic crisis that exacerbates poverty and growing disparities in wealth and incomes? Perhaps one could argue, as some scholars do, that it is some dramatic event or sequence of such events leading to the exacerbation of poverty that, in turn, leads to this deplorable denouement. This exogenous factor might act as a catalyst for a violent reaction on the part of the people or on the part of the political leadership who would then possibly be tempted to seek a diversion by finding or, if need be, fabricating an enemy and setting in train the process leading to war. According to a study undertaken by Minxin Pei and Ariel Adesnik of the Carnegie Endowment for International Peace, there would not appear to be any merit in this hypothesis. **After studying ninety-three episodes of economic crisis in twenty-two countries** in Latin America and Asia in the years since the Second World War they concluded that:19 Much of the **conventional wisdom** about the political impact of economic crises may be wrong ... The severity of economic crisis - as measured in terms of inflation and negative growth - bore no relationship to the collapse of regimes ... (or, in democratic states, rarely) to an outbreak of violence ... In the cases of dictatorships and semidemocracies, the ruling elites responded to crises by increasing repression (thereby using one form of violence to abort another).

No risk of an impact – stability and cooperation will only increase

Barnett 09, senior managing director of Enterra Solutions LLC and a contributing editor/online columnist for Esquire magazine, columnist for World Politics Review, (Thomas P.M. “The New Rules: The Good News on the Global Financial Downturn,” World Politics Review, 5/25/09 <http://dan92024.blogstream.com/v1/date/200905.html>)

When the global financial contagion kicked in last fall, the blogosphere was quick to predict that a sharp uptick in global instability would soon follow. While we're not out of the woods yet, it's interesting to note just how little instability -- and not yet a single war -- has actually resulted from the worst global economic downturn since the Great Depression.

Run a Google search for "global instability" and you'll get 23 million hits. But when it comes to actual conflicts, the world is humming along at a level that reflects the steady decline in wars -- by 60 percent -- that we've seen since the Cold War's end. As George Mason University's Center for Systemic Peace (CSP) notes, that trend applies within the Muslim world, too, so even America's "war on terror" has not quite lived up to the pessimists' expectations.

Wikipedia's page for "ongoing conflicts" cites a whopping seven wars with annual death rates of 1,000-plus. And they're all familiar situations:

Arabs-Israel, Somalia, Afghanistan, Pakistan, Iraq, Sudan and Mexico. None have been helped by the financial crisis, but all predate it. Iraq's internal situation has actually improved, despite slumping oil revenue. And as for fears that Mexico might soon become a "failed state," that government's recent response to the swine flu indicates otherwise.

The CSP's database lists only three new conflicts since 2008 -- Russia-Georgia, Kenya and southern Sudan. None can be blamed on the global economy. Meanwhile, Colombia's internal security has improved dramatically, and Sri Lanka's stubborn separatist movement just collapsed.

Yes, we suffer from Somali piracy, and American and Chinese subs continue their cat-and-mouse games off China's otherwise quiet coast. Still, many expected more from a financial panic that, according to the IMF, erased roughly 6 percent of global GDP: Beijing and Washington locking horns, for instance, instead of letting Taiwan negotiate peace with the mainland.

But disappointment abounds for the doom-and-gloomers:

- Instead of coming apart at the seams, China implemented a stimulus package that seems to be working at home and abroad (see America's construction industry exports). Beijing's flagship companies have exploited the crisis for the extraordinary buying opportunities it has created, locking in long-term commodity and energy contracts in exchange for much-needed cash. Meanwhile its central bank has swapped $100 billion worth of currency with major trade partners.

- Asia's big powers should be at each other's throats over sea-based energy deposits, or at least over North Korea. And yet recently we've witnessed the first China-Japan-South Korea summit, followed soon after by the creation of a $120-billion liquidity fund to help out their smaller neighbors.

- India's Congress Party just won a decisive victory in national elections, allowing it to rule without relying on anti-globalizing elements like its native Communist party. Expect another young Gandhi to champion India's next round of reforms.

- The EU definitely regrets its fast integration of all those now-shaky Eastern European economies. And yet, as Washington Post economic columnist Steve Pearlstein recently noted, ". . . the real story in Europe may be how firmly market liberalization seems to have taken hold. Not only have there been few, if any, calls for renationalizations, but some countries are still moving toward privatization and reregulation. Instances of protectionism are outweighed by the examples of cross-border mergers and acquisitions that have been accepted as a matter of course . . ."

- In the Middle East, the Arab world's biggest state, Egypt, remains committed to opening up its state-heavy economy even more, while Arab sovereign wealth funds continue their aggressive investment in Africa, where China and India's portfolios also grow.- In Latin America, market-friendly forces (e.g., Brazil's Lula) are gaining steam, while market-hostile ones (e.g., Venezuela's Chávez) lose traction.

- Even "axis of diesel" Russia has quieted down considerably over the past nine months, with Vladimir Putin's hand-picked successor, Dmitry Medvedev, slowly emerging as a force of level-headed moderation.

Add it all up and it's clear that assessments such as "the world is in chaos" -- a David Rothkopf beauty -- just don't fly. Periodic riots do not an Armageddon make.

Instead, this crisis has elicited unprecedented cooperation among the world's great powers on both coordinated stimulus spending and making intermarket financial flows more transparent (keep an eye on the IMF). It's also triggered awareness of the need for an additional global reserve currency to help the euro balance the dollar (a convertible renminbi would help).

**The US isn’t key to the global economy – other nations will fill in**

**Merrill Lynch ‘6**

[Major US Financial Firm. “US Downturn Won’t Derail World Economy” [www.ml.com](http://www.ml.com) 9/18/6 //GBS-JV]

A sharp slowdown in the U.S. economy in 2007 is unlikely to drag the rest of the global economy down with it, according to a research report by Merrill Lynch’s (NYSE: MER) global economic team. The good news is that there are strong sources of growth outside the U.S. that should prove resilient to a consumer-led U.S. slowdown. Merrill Lynch economists expect U.S. GDP growth to slow to 1.9 percent in 2007 from 3.4 percent in 2006, but non-U.S. growth to decline by only half a percent (5.2 percent versus 5.7 percent). Behind this decoupling is higher non-U.S. domestic demand, a rise in intraregional trade and supportive macroeconomic policies in many of the world’s economies. Although some countries appear very vulnerable to a U.S. slowdown, one in five is actually on course for faster GDP growth in 2007. Asia, Japan and India appear well placed to decouple from the United States, though Taiwan, Hong Kong and Singapore are more likely to be impacted. European countries could feel the pinch, but rising domestic demand in the core countries should help the region weather the storm much better than in previous U.S. downturns. In the Americas, Canada will probably be hit, but Brazil is set to decouple.