# T Energy Production

#### Natural gas is the production of dry natural gas---liquids are processing

DOE 8 Department of Energy, Annual Energy Review, p344 google books

Note I. World Primary Kncrgy Production. World primary energy production includes production of crude oil (including lease condensate), natural gas plant liquids, dry natural gas. and coal: and net electricity generation from nuclear electric power, hydroelectric power, wood, waste, geothermal, solar, and wind. Data for the United Slates also include other renewable energy. Crude oil production is measured at the wellhead and includes lease condensate. Natural gas plant liquids are products obtained from processing natural gas at natural gas processing plants, including natural gas plants, cycling plants, and fractionators. Dry natural gas production is that amount of natural gas produced that is available to be marketed and consumed as a gas. Coal (anthracite, bituminous coal, subbituminous coal, and lignite) production is the sum of sales, mine consumption, issues to miners, and issues to coking, briquetting, and other ancillary plants at mines. Coal production data include quantities extracted from surface and underground mines and normally exclude wastes removed at mines or associated preparation plants. The data on generation of electricity from nuclear electric power, hydroelectric power, wood, waste, gcothcrmal, solar, and wind include data reported on a net basis, thus excluding electricity that is generally used by the electric power plant for its own operating purposes or electricity losses in the transformers that are considered integral parts of the station.

#### Energy production is exclusively the extraction of energy from its source – excludes conversion and electricity generation

Sagar 6 Ambuj D. Sagar is a Senior Research Associate in the Science, Technology, and. Public Policy Program at the John F. Kennedy School of Government @ Harvard, Hongyan H. Oliver, and Ananth P. Chikkatur, "Climate Change, Energy, and Developing Countries" Vermont Journal of Environmental LawVolume 7 2005-2006 www.vjel.org/journal/VJEL10041.html

The energy sector encompasses activities relating to the production, conversion, and use of energy. Energy production includes the extraction of primary energy forms such as coal, oil, and natural gas, or growing biomass for energy uses. Energy conversion pertains to the transformation of energy into more useful forms: this includes the refining of petroleum to yield products such as gasoline and diesel; the combustion of coal in power plants to yield electricity; the production of alcohol from biomass, etc. Energy end-use encompasses the final use of energy forms in industrial, residential, commercial, transportation and other end-uses.

#### Vote neg---allowing secondary derivatives of natural gas makes the topic unmanageable---means they get hundreds of other conversion, consumption and transportation affs that don’t link to any predictable negative ground

# T Financial Incentive

## 1NC

#### Financial incentives require direct government involvement through provision of funds or capital investment --- the plan is a fiscal incentive, that’s distinct

Rudolph & Rudolph 1 Lloyd I. Rudolph is Professor Emeritus of Political Science at the University of Chicago, AND Susanne Hoeber Rudolph is professor of political science at the University of Chicago, "Iconisation of Chandrababu: Sharing Sovereignty in India’s Federal Market Economy" Economic and Political Weekly May 5, 2001 http://dss.ucsd.edu/~mshugart/federmarketeconomy.pdf

34 Financial incentives are “defined as those where the government is directly involved in the financing of the projects and comprise: – provisions of funds for financing investment operations; government involvement in fixed capital investment for new industrial units; financing and other assistance in setting up technologically pioneering and prestigious units; expansion and diversification of existing units.” Fiscal incentives – “mainly aim at reducing the tax burden and (or providing subsidies) to an investor. These include: provisions for various sales tax exemptions; deferment of tax schemes; octroi exemptions (an indirect tax); reductions and exemptions of other taxes such as property taxes; other incentives such as export based incentives.” Other incentives – “many other incentives are also provided to help in the setting up of projects. These include: help in formulating project analysis; allowances for subsidising services like generating sets; feasibility reports; incentives for modernisation schemes, special incentives and all other incentives that cannot be classified under a common head but basically which increase the economic viability of a foreign unit by non-financial means” [Venkatesan and Varma 1998:45].

#### Voting issue---Broad definitions could include 40 different mechanisms---destroys limits and makes it impossible to be negative

Moran, 86 **-** non-resident fellow at the Center for Global Development and holds the Marcus Wallenberg Chair at the School of Foreign Service at Georgetown University(Theodore, Investing in Development: New Roles for Private Capital?, p. 29 - googlebooks)

Guisinger finds that if “incentives” are broadly defined to include tariffs and trade controls along with tax holidays, subsidized loans, cash grants, and other fiscal measures, they comprise more than forty separate kinds of measures. Moreover, the author emphasizes, the value of an incentive package is just one of several means that governments use to lure foreign investors. Other methods—for example, promotional activities (advertising, representative offices) and subsidized government services—also influence investors’ location decisions. The author points out that empirical research so far has been unable to distinguish the relative importance of fundamental economic factors and of government policies in decisions concerning the location of foreign investment—let alone to determine the effectiveness of individual government instruments.

## 2NC

#### Fiscal incentive include export incentives like Marywash’s LNG aff, Kentucky’s investment affirmative, the Solar tariffs aff etc

**UNCTAD, 4** - UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (“INCENTIVES”

http://unctad.org/en/docs/iteiit20035\_en.pdf

There is no uniform definition of what constitutes an “investment incentive”. (Box I.1. contains a list of commonly used incentives.) The only major international instrument that contains a partial definition is the SCM Agreement (see below). Governments use three main categories of investment incentives to attract FDI and to benefit more from it:¶ · **financial incentives**, such as outright grants and loans at concessionary rates;¶ · **fiscal incentives** such as tax holidays and reduced tax rates;¶ · **other incentives**, including subsidized infrastructure or services, market preferences and regulatory concessions, including exemptions from labour or environmental standards.¶ Incentives can be used for attracting new FDI to a particular host country (locational incentives) 1 or for making foreign affiliates in a country undertake functions regarded as desirable such as training, local sourcing, research and development or exporting (behavioural incentives). Most incentives do not discriminate between domestic and foreign investors, but they sometimes target one of the two. In some countries, such as Ireland, the entire incentive scheme was geared to FDI for a long period. 2 Incentives may also favour small firms over large, or vice versa. They are offered by national, regional and local governments (UNCTAD, 2003a, p. 123).

Among the broad range of possible incentives, financial and fiscal incentives are the ones most frequently employed. Developing countries often prefer fiscal instruments, such as tax holidays, concessionary tax rates, accelerated depreciation allowances, duty drawbacks and exemptions, whereas developed countries mainly use financial incentives, including cash grants (exceeding sometimes 50% of the investment costs) and interest-free or subsidized loans. This may be seen as reflecting differences in wealth, as developed countries can afford to use up-front subsidies for inward investment whereas developing countries can, at best, afford to ease the tax burden ex post.

Box I.1. Types of incentives

Financial incentives

**· Investment grants**: “direct subsidies” to cover (part of) capital, production or marketing costs in relation to an investment project.

· **Subsidized credits** and credit guarantees: subsidized loans/ loan guarantees/ guaranteed export credits.

· Government insurance at preferential rates/ publicly funded venture capital participating in investments involving high commercial risks. Government insurance at preferential rates, usually available to cover certain types of risks such as exchange-rate volatility, currency devaluation, or non-commercial risks such as expropriation and political turmoil (often provided through an international agency).

Fiscal incentives

· **Profit-based: reduction of the standard corporate income tax rate**/ profit tax rate/ tax holiday.

· **Capital-investment-based**: accelerated depreciation/ investment and reinvestment allowance.

· **Labour-based:** reduction in social security contribution/ deductions from taxable earnings based on the number of employees or on other labour related expenditure.

· **Sales-based:** corporate income tax reductions based on total sales.

· **Import-based:** duty exemptions on capital goods, equipment or raw materials, parts and inputs related to the production process; tax credits for duties paid on imported materials or supplies.

· **Export-based**: export tax exemptions; duty drawback; preferential tax treatment of income from exports, income-tax reduction for special foreign-exchange-earning activities or for manufactured exports; tax credits on domestic sales in return for export performance; income-tax credits on net local content of exports; deduction of overseas expenditures and capital allowance for export industries.

· Based on other particular expenses: corporate income tax deduction based on, for example, expenditures relating to marketing and promotional activities.

· Value-added-based: corporate income tax reductions or credits based on the net local content of outputs; granting income-tax credits based on net value earned.

· Reduction of taxes for expatriates.

Other incentives ¶ Regulatory incentives¶ · Lowering of environmental, health, safety or labour standards.¶ · Temporary or permanent exemption from compliance with applicable standards.¶ · Stabilization clauses guaranteeing that existing regulations will not be amended to the detriment of investors.¶ Subsidized services¶ · Subsidized dedicated infrastructure: electricity, water, telecommunication, transportation/ designated infrastructure at less than commercial price.¶ · Subsidized services, including assistance in identifying sources of finance, implementing and managing projects, carrying out preinvestment studies, information on markets, availability of raw materials and supply of infrastructure, advice on production processes and marketing techniques, assistance with training and retraining, technical facilities for developing know-how or improving quality control.

Market privileges¶ · Preferential government contracts.¶ · Closing the market to further entry or the granting of monopoly rights; protection from import competition. ¶ Foreign exchange privileges¶ · Special treatment with respect to foreign exchange, including special exchange rates, special foreign debt-to-equity conversion rates, elimination of exchange risks on foreign loans, concessions of foreign exchange credits for export earnings, and special concessions on the repatriation of earnings and capital.

#### They allow indirect incentives that lower costs---fiscal policy is limitless

Dyson et al, 3 - International Union for Conservation of Nature and Natural Resources (Megan, Flow: The Essentials of Environmental Flows, p. 67-68)

Understanding of the term ‘incentives’ varies and economists have produced numerous typologies. A brief characterization of incentives is therefore warranted. First, the term is understood by economists as incorporating both positive and negative aspects, for example a tax that leads a consumer to give up an activity that is an incentive, not a disincentive or negative incentive. Second, although incentives are also construed purely in economic terms, incentives refer to more than just financial rewards and penalties. They are the “positive and negative changes in outcomes that individuals perceive as likely to result from particular actions taken within a set of rules in a particular physical and social context.”80 Third, it is possible to distinguish between direct and indirect incentives, with direct incentives referring to financialor other inducements and indirect incentives referring to both variable and enabling incentives.81 Finally, incentives of any kind may be called ‘perverse’ where they work against their purported aims or have significant adverse side effects. ¶ Direct incentives lead people, groups and organisations to take particular action or inaction. In the case of environmental flows these are the same as the net gains and losses that different stakeholders experience. The key challenge is to ensure that the incentives are consistent with the achievement of environmental flows. This implies the need to compensate those that incur additional costs by providing them with the appropriate payment or other compensation. Thus, farmers asked to give up irrigation water to which they have an established property or use right are likely to require a payment for ceding this right. The question, of course, is how to obtain the financing necessary to cover the costs of developing such transactions and the transaction itself. ¶ Variable incentives are policy instruments that affect the **relative costs** and benefits of different economic activities. As such, they can be manipulated to affect the behaviour of the producer or consumer. For example, a government subsidy on farm inputs will increase the relative profitability of agricultural products, hence probably increasing the demand for irrigation water. Variable incentives therefore have the ability to greatly increase or reduce the demand for out-of-stream, as well as in-stream, uses of water. The number of these incentives within the realm of economic and fiscal policy is practically limitless**.**

#### Understanding financial incentives in the limited context of funding is critical to debates about federal policy

NBER No Date, The NBER is the nation's leading nonprofit economic research organization. Twenty Nobel Prize winners in Economics and thirteen past chairs of the President's Council of Economic Advisers have been researchers at the NBER, “Forfeiture Laws, Policing Incentives, and Local Budgets”, <http://www.nber.org/digest/oct04/w10484.html>

More generally, these findings imply that the effectiveness of federal and state laws using financial incentives to influence agents' behavior is limited by the ability of local governments to divert funds to other uses.Ignoring this yields a misleading picture of the responsiveness of local agents to incentives and of the effectiveness of federal and state policies. Understanding the financial incentives faced by each agency and each level of government involved in the budget process is a crucial component of designing policies to affect the provision of public goods.

#### Makes the topic bidirectional---tax policies don’t directly impact production

Shelrock and Keightley 11 Molly F. Sherlock Analyst in Economics Mark P. Keightley Analyst in Public Finance, "Master Limited Partnerships: A Policy Option for the Renewable Energy Industry," June 28, 2011, [www.ieeeusa.org/policy/eyeonwashington/2011/documents/masterlmtdpartnerships.pdf](http://www.ieeeusa.org/policy/eyeonwashington/2011/documents/masterlmtdpartnerships.pdf)

Allowing renewable energy facilities to structure as MLPs, if enacted jointly with policies that ¶ would exempt renewable energy tax benefits from passive activity loss rules, could raise concerns ¶ surrounding “gold plating” of renewable energy projects or the possible use of tax shelters. Gold ¶ plating can occur when investors look to invest in renewable energy property for the purpose of ¶ tax benefits without regard to performance and production. Specifically, if investors are able to ¶ use renewable energy tax benefits to offset active income from other sources, the potential for tax ¶ shelter opportunities may emerge. During the 1980s, investors using debt to finance large wind ¶ projects could generate tax benefits through investment tax credits that were available at the time. ¶ The tax benefits were valuable in and of themselves, even if the wind facility did not produce ¶ electricity.¶ 42,43 ¶ Removing passive activity loss rules for renewables eligible for generous ¶ investment tax credits could create opportunities for tax shelters like those seen in the 1980s. ¶

#### Contextual definitions bad – intent to define outweighs

Kupferbreg 87Eric University of Kentucky, Senior Assistant Dean, Academic & Faculty Affairs at Northeastern University, College of Professional Studies Associate Director, Trust Initiative at Harvard School of Public Health 1987 “Limits - The Essence of Topicality” http://groups.wfu.edu/debate/MiscSites/DRGArticles/Kupferberg1987LatAmer.htm

Often, field contextual definitions are too broad or too narrow for debate purposes. Definitions derived from the agricultural sector necessarily incorporated financial and bureaucratic factors which are less relevant in considering a 'should' proposition. Often subject experts' definitions reflected administrative or political motives to expand or limit the relevant jurisdiction of certain actors. Moreover, field context is an insufficient criteria for choosing between competing definitions. A particularly broad field might have several subsets that invite restrictive and even exclusive definitions. (e.g., What is considered 'long-term' for the swine farmer might be significantly different than for the grain farmer.) Why would debaters accept definitions that are inappropriate for debate? If we admit that debate is a unique context, then additional considerations enter into our definitional analysis.

#### it’s true in the context of energy projects

Energy Trust 9 Submitted To: Energy Trust of Oregon "PRODUCTION EFFICIENCY PROGRAM EVALUATION REPORT" Oct 6 2009 energytrust.org/library/reports/evaluation\_of\_the\_2007-2008\_production\_efficiency\_program.pdf

3.5.4 Financial Incentives

The goal of the Production Efficiency Program is to achieve energy savings and help transform energy use in the industrial marketplace. This is accomplished through the Program’s financial and service incentives. Financial incentives are defined as cash payments made to the participant at the time of project completion and verification. Service incentives include all payment s made to engineering study contractors for technical services such as Short Studies, Detailed Technical Analysis Studies, and pre and post inspections.

#### And in policy making

Czinkota et al, 9 **-** Associate Professor at the McDonough School of Business at Georgetown University (Michael, Fundamentals of International Business, p. 69 – google books)

Incentives offered by policymakers to facilitate foreign investments are mainly of three types: fiscal, financial, and nonfinancial. Fiscal incentives are specific tax measures designed to attract foreign investors. They typically consist of special depreciation allowances, tax credits or rebates, special deductions for capital expenditures, tax holidays, and the reduction of tax burdens. **Financial incentives** offer special funding for the investor by providing, for example, land or buildings, loans, and loan guarantees. **Nonfinancial incentives** include guaranteed government purchases; special protection from competition through tariffs, import quotas, and local content requirements, and investments in infrastructure facilities.

#### financial incentive” is a distinct category that requires a cash transfer – tax incentives are not included.

Christiansen & Böhmer 5 (Hans, Senior Economist in the OECD Directorate for Financial, Fiscal and Enterprise Affairs, & Alexander, co-ordinator of the MENA-OECD Investment Programme in the OECD’s Directorate for Financial and Enterprise Affairs, Investment Division, “Incentives and Free Zones In The MENA Region: A Preliminary Stocktaking,” MENA-OECD Investment Programme, OECD, Working Group 2, p. 4-5, www.oecd.org/dataoecd/56/22/36086747.pdf)

I. Toward a common definition of incentives and FEZs¶ a) Investment incentives¶ 3. There is a grey area between, on the one hand, investment promotion and facilitation, and investment incentives on the other. Investment promoters may make information about their host location, relevant laws and administrative procedures available as a public good, but as soon as they offer facilitation and matchmaking tailored to the needs of individual investors then they are effectively subsidising these investors. The monetary value to investors of such assistance may in some cases exceed the value of outright investment incentives. Conversely, actual investment incentives are normally considered as falling into three categories, namely “regulatory”, “fiscal” and “financial” incentives1:¶ • Regulatory incentives are policies of attracting investment projects by offering derogations from national or sub-national rules and regulation. Where such derogations are offered on an economy-wide basis they tend to focus on the environmental, social and labour-market related requirements placed on investors. In the context of FEZs, they often consist in the relaxation of direct investment regulations (e.g. nationality requirements; screening and authorisation procedures) in place elsewhere in the host economy.¶ • Fiscal incentives consist of an easing of the tax burden on the investing companies or their employees. Unlike many other incentives they are most commonly rules-based as changes in taxation in most cases require legislative action. General fiscal incentives normally take the form of reduced corporate tax rates or tax holidays; encouragement of capital formation (e.g. investment tax credits and accelerated depreciation allowances); and preferential treatment of foreign operators (e.g. lower tax on remittances; reduced personal income tax rates on expatriates). In FEZs fiscal incentives, virtually by definition, also include lower import and export taxes and tariffs.¶ • Financial incentives consist of out of hand public spending to attract companies or induce them to invest. They are often formally justified by a need to compensate investors for the perceived disadvantages of a particular location (“site equalisation outlays”), or may take the form of tailoring the infrastructure of a prospective location to the needs of investors. Other financial incentives include subsidising the actual costs of relocating corporate units (e.g. job training cost; expatriation support; and temporary wage subsidies).

#### Tax incentives are explicitly distinct from financial incentives

Chi and Hoffman 2k (Keon S., Senior Fellow – CSG, and Daniel J., Research Associate, “State Business Incentives: Trends and Options for the Future,” The Council of State Governments, http://www.csg.org/knowledgecenter/docs/Misc00BusinessIncentives.pdf)

In this report, the term “business incentives” is broadly defined as public subsidies, including, but not limited to, tax abatement and financial assistance programs, designed to create, retain or lure businesses for job creation. The term is used interchangeably as “industrial” or “development incentives.” The term “tax incentives” broadly refers to any credits or abatements of corporate income, personal income, sales-and-use, property or other taxes to create, retain or lure business. The term “financial incentives” broadly refers to any type of direct loan, loan guarantee grant, infrastructure development, or job training assistance offered to help create, retain or lure businesses.

#### Precise limits are the only way to achieve predictability

Ehrlich and Posner 74 (Issac, Assistant Professor of Business Economics, University of Chicago, and Richard A., Professor of Law, University of Chicago, “An Economic Analysis of Legal Rulemaking,” : The Journal of Legal Studies, Vol. 3, No. 1 (Jan., 1974), pp. 257-286)

It does this by increasing the (subjective) probabilities that the undesirable activity is punishable and that the desirable is not. The cost of an activity includes any expected punishment costs. The expected punishment cost of engaging in an activity is the product of (1) the subjective probability of the participant's being apprehended and convicted and (2) the cost to him of the penalty that will be imposed if he is convicted. The probability of apprehension and conviction, in turn, is the product of (1) the probability that the activity in which the person is engaged will be deemed illegal and (2) the probability that, if so, he will be charged and convicted for his participation in it. **The more** (efficiently) **precise and detailed the** applicable substantive **standard or rule is**, the higher is the probability that the activity will be deemed illegal if it is in fact undesirable (the kind of activity the legislature wanted to prevent) and the lower is the probability that the activity will be deemed illegal if it is in fact desirable. Thus the expected punishment cost of undesirable activity is increased and that of desirable activity reduced. Although this conclusion is independent of individuals' attitudes toward risk, its implications are particularly striking under certain plausible assumptions about those attitudes. Suppose that most people who engage in socially undesirable activities (criminals, tortfeasors, and other violators) are risk preferring while most people who engage in socially desirable activities are risk averse. Then **an increase in specificity**, by reducing the variance in outcomes associated with engaging in a particular activity, would tend to have a disproportionately deterrent effect on undesirable activity and a disproportionately encouraging effect on desirable activity. This is because people who like risk may invest in risky activities resources greater than the expected gain, while people who dislike risk may invest in the avoidance of risky activities resources greater than the expected cost of these activities, and the elimination of risk discourages both kinds of investment.

#### Reasonability is arbitrary and undermines research

Resnick 1 Evan- assistant professor of political science – Yeshiva University, “Defining Engagement,” Journal of International Affairs, Vol. 54, Iss. 2

In matters of national security, establishing a clear definition of terms is a precondition for effective policymaking. Decisionmakers who invoke critical terms in an erratic, ad hoc fashion risk alienating their constituencies. They also risk exacerbating misperceptions and hostility among those the policies target. Scholars who commit the same error undercut their ability to conduct valuable empirical research. Hence, if scholars and policymakers fail rigorously to define "engagement," they undermine the ability to build an effective foreign policy.

## 2NR

#### DSIRE isn’t meant as an interpretation---should be discounted

DSIRE, Database of State Incentives for Renewables & Efficiency, no date

(<http://www.dsireusa.org/about/>)

Disclaimer: The information presented on the DSIRE web site provides an unofficial overview of financial incentives and other policies. It does not constitute professional tax advice or other professional financial guidance, and it should not be used as the only source of information when making purchasing decisions, investment decisions or tax decisions, or when executing other binding agreements. Please refer to the individual contact provided below each summary to verify that a specific financial incentive or other policy applies to your project.

# Px

#### Immigration reform will pass because Obama’s spending capital

Charles Castaldi 3-27 | Take Two | KPCC – California Public Radio, March 27th, 2013, LA Archbishop Gomez keeps Mahony's promise to push for immigration reform

President Obama said he expects Congress to introduce an immigration reform bill next month. The Los Angeles Archdiocese has played a key role in advocating for change. Before he was stripped of his duties for mishandling sex abuse cases, Cardinal Roger Mahony was a leading voice on immigration reform.¶ In 2010, Cardinal Mahony spoke to a crowd of thousands at the Washington mall at a rally in support for immigrant’s rights.¶ Mahony promised the Catholic Church would stand beside immigrants in the fight for immigration reform. This was just one of many examples of his bringing his activism out to the street.¶ “Cardinal Mahony was very clear that he was going to use the pulpit and he was going to use the airwaves,” says Angelica Salas, the executive director of CHIRLA, the Coalition for Humane Immigrant Rights of Los Angeles. “He was going to march with us, he was going to use whatever public space there was in order to get the word out.”¶ Salas says that Mahony’s successor, Archbishop Jose Gomez, might not be speaking at rallies as much and certainly maintains a lower public profile, but he is very active in pushing for immigration reform.¶ “I was in a meeting with President Obama a couple of weeks ago at the White House with religious leaders,” Gomez says. “And we all came out of the meeting with the conviction that now is the time and that the president is committed to work on immigration reform. So we are enthusiastic about the possibility of an immigration reform law soon.”¶ Gomez is the chairman of the Immigration Committee of US Catholic Bishops, which makes him a key voice on immigration matters not only in the church, but also in Washington as well. Both he and Salas agree that this is a moment when there’s a real chance to see an actual immigration reform bill come out of Congress, especially with the President as committed as he is.¶ “Lots of things have also changed even within the Obama administration,” Salas says. “In 2010, I had the opportunity to meet with President Obama in much the same way that Archbishop Gomez did and at that time we were in a very different situation in which for the first time we were seeing deportations exploding. Something we were shocked to our core about. And so it was a different kind of engagement with our president."¶ But since then, she has seen a change in tone from Washington.¶ "Since that time and after a lot of pushing, he has provided deferred action for childhood arrivals, (Obama) has opened up opportunities for prosecutorial discretion," Salas says. "I think that his entire team at every single level is now committed to making sure that immigration reform gets across the finish line.”¶ Public opinion on immigration has also shifted substantially since Mahony took up the cause more than 20 years ago. Now, according to a recent USC/LA Times poll, about two-thirds of Californians support providing undocumented immigrants a path to citizenship. According to Mike Madrid, a Republican political consultant, Gomez’s low key lobbying might be a better fit for the times.

#### Natural gas development is extremely unpopular and partisan---alienates everyone

Dicker 9/4 Daniel is a Senior Columnist at The Street. “Why Isn't Natural Gas an Election Issue?” 2012, http://www.thestreet.com/story/11684440/1/why-isnt-natural-gas-an-election-issue.html?cm\_ven=GOOGLEN

Why has this opportunity towards increased reliance on natural gas been so obvious and yet so difficult for politicians of both parties to embrace?¶ It hasn't been solely because 2012 is an election year. Boone Pickens was on CNBC last week marking the fourth anniversary of his "Pickens Plan," the failed congressional effort to invest in truck natural gas engines and fuelling infrastructure to run them on.¶ In fact, if anyone wanted to see political partisanship in action slowing the real economic progress this nation could make, they'd find no better example than the history of the Pickens plan and other natural gas initiatives in Washington.¶ Both radical wings of each party have made advocating natural gas use impossible. Democratic environmentalists are concerned about hydraulic fracturing and its possible impact to aquifers. Republicans are reluctant to approve further federal spending of any kind as well as risk a charge of "picking winners" in natural gas -- a charge they have made successfully against Democrats.¶ Of course, both radical wings of both parties are wrong: Overwhelming evidence from every independent research source has concluded that hydraulic fracturing of shale for natural gas has proven to be safe to our water supplies and is getting safer all the time.¶ Republican reticence to support natural gas expansion belies a long history of government incentives for developing new energy sources, from as far back as our development of coal to our much discussed modern tax incentives for crude oil exploration and production.¶ It is a fact that our government has been picking winners in energy for as long as there's been government.¶ The advantages of natural gas conversion and greater use are obvious but bear repeating. Natural gas is a domestic source of energy and promises energy independence here in the U.S. Production, transport and building of infrastructure for natural gas would mean millions of new jobs. Natural gas prices are literally half that of competing oil and gasoline. Finally, carbon emissions for natural gas are about a third that for coal and other fossil fuels.¶ What's not to like?¶ But it seems both radical wings of each party continue to wield enormous influence. Neither candidate has made natural gas a cornerstone of a new and necessary energy policy.

#### PC’s key

Foley 1/15 Elise is a writer @ Huff Post Politics. “Obama Gears Up For Immigration Reform Push In Second Term,” 2013, http://www.huffingtonpost.com/2013/01/15/obama-immigration-reform\_n\_2463388.html

Obama has repeatedly said he will push hard for immigration reform in his second term, and administration officials have said that other contentious legislative initiatives -- including gun control and the debt ceiling -- won't be allowed to get in the way. At least at first glance, he seems to have politics on his side. GOP lawmakers are entering -- or, in some cases, re-entering -- the immigration debate in the wake of disastrous results for their party's presidential nominee with Latino voters, who support reform by large measures. Based on those new political realities, "it would be a suicidal impulse for Republicans in Congress to continue to block [reform]," David Axelrod, a longtime adviser to the president, told The Huffington Post.¶ Now there's the question of how Obama gets there. While confrontation might work with Republicans on other issues -- the debt ceiling, for example -- the consensus is that the GOP is serious enough about reform that the president can, and must, play the role of broker and statesman to get a deal.¶ It starts with a lesson from his first term. Republicans have demanded that the border be secured first, before other elements of immigration reform. Yet the administration has been by many measures the strictest ever on immigration enforcement, and devotes massive sums to policing the borders. The White House has met many of the desired metrics for border security, although there is always more to be done, but Republicans are still calling for more before they will consider reform. Enforcing the border, but not sufficiently touting its record of doing so, the White House has learned, won't be enough to win over Republicans.¶ In a briefing with The Huffington Post, a senior administration official said the White House believes it has met enforcement goals and must now move to a comprehensive solution. The administration is highly skeptical of claims from Republicans that immigration reform can or should be done in a piecemeal fashion. Going down that road, the White House worries, could result in passage of the less politically complicated pieces, such as an enforcement mechanism and high-skilled worker visas, while leaving out more contentious items such as a pathway to citizenship for undocumented immigrants.¶ "Enforcement is certainly part of the picture," the official said. "But if you go back and look at the 2006 and 2007 bills, if you go back and look at John McCain's 10-point 'This is what I've got to get done before I'm prepared to talk about immigration,' and then you look at what we're actually doing, it's like 'check, check, check.' We're there. The border is as secure as it's been in a generation or two, so it's really time."¶ One key in the second term, advocates say, will be convincing skeptics such as Republican Sen. John Cornyn of Texas that the Obama administration held up its end of the bargain by proving a commitment to enforcement. The White House also needs to convince GOP lawmakers that there's support from their constituents for immigration reform, which could be aided by conservative evangelical leaders and members of the business community who are pushing for a bill.¶ Immigrant advocates want more targeted deportations that focus on criminals, while opponents of comprehensive immigration reform say there's too little enforcement and not enough assurances that reform wouldn't be followed by another wave of unauthorized immigration. The Obama administration has made some progress on both fronts, but some advocates worry that the president hasn't done enough to emphasize it. The latest deportation figures were released in the ultimate Friday news dump: mid-afternoon Friday on Dec. 21, a prime travel time four days before Christmas.¶ Last week, the enforcement-is-working argument was bolstered by a report from the nonpartisan Migration Policy Institute, which found that the government is pouring more money into its immigration agencies than the other federal law-enforcement efforts combined. There are some clear metrics to point to on the border in particular, and Doris Meissner, an author of the report and a former commissioner of the U.S. Immigration and Naturalization Service, said she hopes putting out more information can add to the immigration debate.¶ "I've been surprised, frankly, that the administration hasn't done more to lay out its record," she said, adding the administration has kept many of its metrics under wraps.¶ There are already lawmakers working on a broad agreement. Eight senators, coined the gang of eight, are working on a bipartisan immigration bill. It's still in its early stages, but nonmembers of the "gang," such as Sen. Marco Rubio (R-Fla.) are also talking about reform.¶ It's still unclear what exact role the president will play, but sources say he does plan to lead on the issue. Rep. Zoe Lofgren (D-Calif.), the top Democrat on the House immigration subcommittee, said the White House seems sensitive to the fact that Republicans and Democrats need to work out the issue in Congress -- no one is expecting a fiscal cliff-style arrangement jammed by leadership -- while keeping the president heavily involved.

#### Ag industry’s collapsing now---immigration’s key

Alfonso Serrano 12, Bitter Harvest: U.S. Farmers Blame Billion-Dollar Losses on Immigration Laws, Time, 9-21-12, http://business.time.com/2012/09/21/bitter-harvest-u-s-farmers-blame-billion-dollar-losses-on-immigration-laws/

The Broetjes and an increasing number of farmers across the country say that a complex web of local and state anti-immigration laws account for acute labor shortages. With the harvest season in full bloom, stringent immigration laws have forced waves of undocumented immigrants to flee certain states for more-hospitable areas. In their wake, thousands of acres of crops have been left to rot in the fields, as farmers have struggled to compensate for labor shortages with domestic help.¶ “The enforcement of immigration policy has devastated the skilled-labor source that we’ve depended on for 20 or 30 years,” said Ralph Broetje during a recent teleconference organized by the National Immigration Forum, adding that last year Washington farmers — part of an $8 billion agriculture industry — were forced to leave 10% of their crops rotting on vines and trees. “It’s getting worse each year,” says Broetje, “and it’s going to end up putting some growers out of business if Congress doesn’t step up and do immigration reform.”¶ (MORE: Why Undocumented Workers Are Good for the Economy)¶ Roughly 70% of the 1.2 million people employed by the agriculture industry are undocumented. No U.S. industry is more dependent on undocumented immigrants. But acute labor shortages brought on by anti-immigration measures threaten to heap record losses on an industry emerging from years of stiff foreign competition. Nationwide, labor shortages will result in losses of up to $9 billion, according to the American Farm Bureau Federation.

#### Extinction

Lugar 2k | Chairman of the Senator Foreign Relations Committee and Member/Former Chair of the Senate Agriculture Committee (Richard, a US Senator from Indiana, is Chairman of the Senate Foreign Relations Committee, and a member and former chairman of the Senate Agriculture Committee. “calls for a new green revolution to combat global warming and reduce world instability,” pg online @ http://www.unep.org/OurPlanet/imgversn/143/lugar.html)

In a world confronted by global terrorism, turmoil in the Middle East, burgeoning nuclear threats and other crises, it is easy to lose sight of the long-range challenges. But we do so at our peril. One of the most daunting of them is meeting the world’s need for food and energy in this century. At stake is not only preventing starvation and saving the environment, but also world peace and security. History tells us that states may go to war over access to resources, and that poverty and famine have often bred fanaticism and terrorism. Working to feed the world will minimize factors that contribute to global instability and the proliferation of [WMDs] weapons of mass destruction. With the world population expected to grow from 6 billion people today to 9 billion by mid-century, the demand for affordable food will increase well beyond current international production levels. People in rapidly developing nations will have the means greatly to improve their standard of living and caloric intake. Inevitably, that means eating more meat. This will raise demand for feed grain at the same time that the growing world population will need vastly more basic food to eat. Complicating a solution to this problem is a dynamic that must be better understood in the West: developing countries often use limited arable land to expand cities to house their growing populations. As good land disappears, people destroy timber resources and even rainforests as they try to create more arable land to feed themselves. The long-term environmental consequences could be disastrous for the entire globe. Productivity revolution To meet the expected demand for food over the next 50 years, we in the United States will have to grow roughly three times more food on the land we have. That’s a tall order. My farm in Marion County, Indiana, for example, yields on average 8.3 to 8.6 tonnes of corn per hectare – typical for a farm in central Indiana. To triple our production by 2050, we will have to produce an annual average of 25 tonnes per hectare. Can we possibly boost output that much? Well, it’s been done before. Advances in the use of fertilizer and water, improved machinery and better tilling techniques combined to generate a threefold increase in yields since 1935 – on our farm back then, my dad produced 2.8 to 3 tonnes per hectare. Much US agriculture has seen similar increases. But of course there is no guarantee that we can achieve those results again. Given the urgency of expanding food production to meet world demand, we must invest much more in scientific research and target that money toward projects that promise to have significant national and global impact. For the United States, that will mean a major shift in the way we conduct and fund agricultural science. Fundamental research will generate the innovations that will be necessary to feed the world. The United States can take a leading position in a productivity revolution. And our success at increasing food production may play a decisive humanitarian role in the survival of billions of people and the health of our planet.

# K

#### The plan locks in a neoliberal approach to energy and social relations---renewables incentives create an unsustainable market model that causes social and ecological crisis

Tim Di Muzio 12, Postdoctoral Research Fellow at the Centre of Excellence in Global Governance Research, University of Helsinki, 2012, “The crisis of petro-market civilization: the past as prologue?,” in Global Crises and the Crisis of Global Leadership, ed. Gill, p. 83-85

Current trends, then, are patently unsustainable. However, the scale of the social transformation needed to move towards a post-carbon pattern of social reproduction is enormous, and demands nothing less than bold global, national and local community participation and leadership. I would like to suggest here that, although civil society organizations and policy-makers recognize the severity of the task, the solutions currently being proposed are issued from neoliberal governmental discourses that may exacerbate the looming crisis of social reproduction. Neoliberal governmentality is a method and strategy of rule that prioritizes the anarchy of private enterprise, economic growth, market mechanisms and individual responsibility over long-term democratic public planning for sustainable forms of social reproduction. A recent study has suggested how entrenched and widespread neoliberal policies are, while others have elaborated on and refined Michel Foucault’s initial investigation of neoliberal governmentality (Burchell, Gordon and Miller 1991; Saad-Filho and Johnston 2005). My own purpose here is not to assess these interventions but, rather, to offer a brief conceptualization of neoliberal governmentality and then to show how this mode of rule approaches some of the challenges mentioned above. The politico-strategic rationality that animates neoliberal mentalities of rule starts from the notion that human beings are individual rational actors who pursue their interests by making cost–benefit calculations. For neoliberals, it is impossible for public policymakers to know the individual interests of each person, let alone the sum total of these interests. This leads neoliberals to argue that complex societies should be coordinated by price signals in the market, since these are the most effective and efficient conveyors of information. Moreover, as markets are the primary conveyors of information and allocators of goods and services, they should not be limited by spatial or political boundaries, since this would distort information and constrain human possibilities.

In this rendition of human purpose, there can be no shared, collective or planned vision for a political community to achieve other than preparing for market competition. For neoliberals, to do so would be anathema, because it would imply that some individual or group is imposing its own will on everyone else. However, this starting point is not grounded in an empirically verifiable human nature or ontology for neoliberals; it is a norm or state to be achieved by actively creating the productive constraints that will provide the guidelines and rules for shaping human behaviour, so that it increasingly resembles the behaviour of an imagined Homo economicus abstracted from natural limits. In other words, neoliberals are not against planning, as they want to arrange liberty artificially so that individuals can compete to pursue their own ends; however, they are against particular forms of planning that would have individuals directed towards some specific end not of their choosing. What this means is that the utopian goal of neoliberal governmentality is a political community of entrepreneurial firms and individuals that should largely govern themselves according to their interests, defined as financial or material gain. In doing so, these activities are presumed to generate economic growth. However, this politico-strategic rationality is not just directed at creating the conditions of existence for calculating individuals. The government itself is supposed to be subjected to the same market criteria or imperatives. Policies are to be assessed and audited based on their ability to foster private enterprise. Government programmes are to be evaluated for their costs and what they return to the political community, and against the possibility that market forces would be better allocators of publicly provided goods and services.

For this reason, some of the main tactics and techniques employed by neoliberal governors include commodification, privatization, deregulation, ‘responsibilizing’ individuals and creating incentives for firms. What this means in the context of the looming crisis of social reproduction is that market mechanisms and the consumer and investment choices of individuals and firms will be responsible for meeting the challenges of a post-carbon world order (Bernstein 2002; Conca 2000; Levy and Newell 2002; Mansfield 2004). For example, in place of a coordinated government programme designed to prepare populations for the end of a highly energy-intensive consumerist lifestyle and drastically reducing greenhouse gas emissions, individual responsibility is promoted. These include attempts at reducing personal consumption, conserving energy, recycling waste, buying green organic products, retrofitting houses for energy efficiency, promoting the use of reusable shopping bags, green reskilling and encouraging home gardening, just to mention a few initiatives.

At the level of the firm, incentives are currently directed at promoting a corporate-led green capitalism while at the same time continuing to promote the discovery and extraction of fossil fuels for energy use. Policies to encourage green capitalism include mandating greater fuel efficiency and hybrid cars, funding the research and development of carbon-sequestration and green technologies to control pollution and liberalizing energy markets and making them more competitive. A look at some leading energy policies from the United States and the European Union shows that they also include incentives for firms to exploit renewable energy opportunities in solar, wind, biomass, geothermal, hydroelectric and tidal power, with some claims that renewables should make up a certain percentage of the total primary mix by a given date (White House 2010). For instance, on this last point, the European Union’s energy policy aims to have 20 per cent of its primary energy come from renewable sources by 2020 (European Commission 2010). Another leading policy response to global warming has been the promotion of cap and trade systems that allow corporations to pollute up to a point and thereafter purchase permits for additional pollution (Bond 2008).

In other words, neoliberals undoubtedly recognize that a form of social reproduction reliant on fossil fuels and ecological degradation poses significant challenges. The question is this: are neoliberal policies that privilege individual responsibility, private enterprise and market mechanisms capable of preparing world society for a post-carbon-dependent social order within a timeframe that avoids serious crises?

#### Extinction---tech and reforms fail

Richard A. Smith 7, Research Associate at the Institute for Policy Research & Development, UK; PhD in History from UCLA, June 2007, “The Eco-suicidal Economics of Adam Smith,” Capitalism Nature Socialism, Vol. 18, No. 2, p. 22-43

In the midst of the record-breaking heat wave in the summer of 2003, George Monbiot, the renowned columnist for the London Guardian, penned a short but eloquent essay entitled "Sleepwalking to Extinction." Monbiot wrote:

We live in a dreamworld. With a small, rational part of our brain, we recognize that our existence is . . . destroying the conditions for human life on earth. Were we governed by reason, we would be on the barricades today, dragging the drivers of Range Rovers and Nissan Patrols out of their seats, occupying and shutting down the coal-burning power stations, bursting in upon the Blairs' retreat from reality in Barbados and demanding a reversal of economic life as dramatic as the one we bore when we went to war with Hitler.1

But despite the frightening trends and increasingly desperate pleas from the world's scientists, the world's corporate and political leadership show no sign of abandoning denial and adopting "reason" nor scrapping business-as-usual to mobilize against catastrophe. The ritual has now become depressingly familiar and predictable: After each new "shocking" report on melting icecaps, the slowing Gulf Stream in the North Atlantic, or eco-devastation in Africa or China, "concerned" politicians call for "immediate action" and "drastic steps" to curb emissions but then do nothing of substance. Successive post-Kyoto talks begin with urgent pleas from devastated Third World peasants and expert scientists, then collapse in disagreement. At every turn, the priority of growth and profits overrides every ringing alarm, and society carries on in its "sleepwalk to extinction." In the latest rehearsal of this charade, the United Nations talks on climate change in Nairobi in November 2006 collapsed with no firm targets adopted and every issue of any seriousness postponed yet again. Then-UN secretary-General, Kofi Annan, decried the assembled ministers as "frighteningly timid," "lacking in leadership" and said they displayed "a failure of political will." One Greenpeace observer remarked that "the glaciers in Greenland are moving faster than the negotiators."2

The Nairobi session came just after Britain's Treasury secretary and former World Bank chief economist, Sir Nicholas Stern, sounded the latest alarm with his own blistering report laying down a challenge to Britain, the U.S., and developing nations like China and India that the planet faces imminent catastrophe unless urgent measures are taken to reduce greenhouse gas emissions immediately. Stern's warning went beyond restating an apocalyptic vision of hundreds of millions fleeing floods and drought; it struck at the heart of the corporate resistance to environmental measures by demonstrating that the cost of inaction could result in the permanent loss of perhaps 20 percent of global output, while the cost of preventive action right now is as little as 1 to 2 percent of global gross national product (GNP). By illustrating the huge economic cost that inaction will impose on the industrialized economies, Stern's report should have knocked the last leg out from under the "environment versus economy" argument. Reiterating the conclusions of the UN Intergovernmental Panel on Climate Change (IPCC) scientists, Stern warned that just to stabilize CO2 and other greenhouse gases in the atmosphere at between 450 and 500 parts per million, we will have to cut global emissions by 25 percent and wealthy country emissions by 60 percent by 2050. Presenting the findings in London, Prime Minister Tony Blair said the consequences of inaction were "literally disastrous" and warned:

This disaster is not set to happen in some science fiction future many years ahead in our lifetime. We can't wait the five years it took to negotiate Kyoto-we simply don't have the time . . . Without radical measures to reduce carbon dioxide emissions in the next ten to fifteen years, there is compelling evidence to suggest that we might lose the chance to control temperature rises."3

The Stern report came just as the International Energy Agency announced that China, which is commissioning a new coal-fired power plant every five days, will surpass the United States in 2009-nearly a decade ahead of previous predictions-as the world's biggest emitter of carbon dioxide.4 Largely because of China's growth, the Global Carbon Project reported in the November 13, 2006 issue of Nature that "Global carbon emissions are now growing by 3.2 percent a year... That's four times higher than the average annual growth of 0.8 percent from 1990-1999 . . . We are not on any of the stabilization paths." Professor Bill McGuire, director of the Benfield Hazard Research Center in London, said: "This is more very bad news. We need a 60 to 70 percent cut in emissions, but instead, emission levels are spiraling out of control. The sum total of our meager efforts to cut emissions amounts to less than zero."5

The Necessity of Hypocrisy

So what sort of "radical measures to reduce carbon dioxide emissions in the next ten to fifteen years" do Blair and Stern propose to stop this onrushing catastrophe? None. After all their rhetoric about impending disaster, the best they could do was call for more "carbon pricing," "more research into new technologies," and "robust international agreements." They specifically rejected mandatory limits on emissions as "too inflexible" and-most crucially-have nothing whatsoever to say about the implications of inexorable growth.

On the face of it, this was a completely inadequate response to the crisis, and Blair was immediately chastised by his own party for resisting binding targets.6 After all, carbon pricing schemes, notably in the EU, have already proved to be a colossal failure since economic growth has just barreled through the Kyoto carbon "limits." And what possible technical breakthroughs could cut global CO2 emissions by 60 percent, particularly in the ten-to-fifteen-year timeframe Blair says we must act in order to save ourselves, when China is adding a new coal-fired power plant every week and coal-fired plants are still being built in the United States.7 Nearly everywhere, we see that despite the increased energy efficiency and installation of pollution controls in cars or power plants, without limits to growth these gains are outstripped by ever-increasing production. So instead of CO2 emissions falling, globally emissions are actually accelerating.8 And CO2 emissions are only one-and perhaps not the even the worst-of the oncoming ecological catastrophes we face. Around the world, forests are also vanishing, clean water is disappearing, coral reefs are dying off, species after species is being driven to extinction, resource after resource is being exhausted; everywhere the natural world is being systematically plundered and sacrificed to the god of relentless growth, profits and consumption.9

The Inconvenient Truth Al Gore Does Not Want to Face

Blair's contradictions are entirely predictable, rational, and necessary from the standpoint of his capitalist perspective, because the problems he faces are systemic, built into the logic of capitalist economics, and thus unsolvable within the framework of capitalism. The solution to the threat of global warming is obvious: The only way to cut emissions by 60 to 70 percent in the next ten to fifteen years-barring some as yet unknown technical miracle-is by drastically cutting production, output and consumption, particularly in the advanced industrial economies. Al Gore says we face an "inconvenient truth": consume less, conserve more-or die. The problem is the admonition to consume less has to translate into the reality of consuming less-less oil, electricity, steel, aluminum, wood, paper, plastic, fabric, beef, fish, and so on. That, in turn, can only mean producing fewer cars, airplanes, kitchen remodels, fashions, resort vacations, TVs and TV shows, hamburgers and Starbucks Frappuccinos-i.e., converting less of nature into consumable commodities to give a break to the fish, forests, oceans, atmosphere, and all the other natural resources exploited to support the capitalist consumer lifestyle. This is the really inconvenient truth that no investor, labor union, government, mainstream environmental organization, nor anyone of us-including Al Gore-wants to face.10 But this is the truth we have to face if we want to survive.

Despite the difficulty such a massive challenge poses, it does not mean that people have to starve. On the contrary, if we do not make these cuts and restructure the global economy, not only will millions soon die from starvation, floods, drought and other catastrophes, but the capitalist engine of ecodestruction will drive humanity to the brink of collapse, if not extinction.

The problem is, given the requirements of capitalist reproduction, particularly the need to meet shareholder demands for growing profits, no corporation can cut production and stay in business. Furthermore, any broad effort to slow production and consumption would only bring on market collapse and economic depression. So, as long as Blair, Stern, Al Gore, and the rest of the corporate and political elite are committed to maintaining and perpetuating global capitalism as their first and foremost priority, they have no choice but to subordinate the environment to growth and consumption, override their own environmental targets, turn themselves into hypocrites, and doom the future of humanity. To imagine, as they do, that technical innovations, carbon taxes, "green shopping" and the like will allow production and consumption to spiral endlessly upward and consume evermore resources while pollution and emissions spiral downward is to live in a delusional dreamworld of faith-based economics that has no empirical basis.11

Through most of human history up to around the 17th century, humanity suffered from class structures that put brakes on productivity growth, institutionalized underproduction as a regular feature of economic life, and so brought on periodic famines and demographic collapse. But since the advent of the capitalist mode of production, humanity has both benefited-but also increasingly suffered-from the opposite problem: crises and consequences of overproduction, which have typically taken the form of economic crashes and depression. Today, this engine of relentless technological revolution and productivity growth has built an economy of such power, capacity and scale that it is systematically destroying the very ecological basis of human life.

The Smithian Operating System

To understand why the free market can't solve our global environmental crisis, the place to start is with an examination of the logic and contradictions of capitalist economics-the economics of Adam Smith. Needless to say, Smith can't be held responsible for the problems and consequences of capitalist development. But Smith's economic theory is a metonym - the language of capitalism, its intellectual "operating system." For it was Smith, the original and foremost theorist of capitalism, who first discovered and elaborated the organizing principle of capitalist economic life, which he famously termed the "invisible hand." Smith found it remarkable that in what he called "commercial society" (what we today call capitalism), no one looks out for the "general welfare" of society as such. Yet somehow, the provision of the necessities of life-e.g., enough food, clothes, housing, and transportation-so that society can carry on from day-to-day and year-to-year seems to more or less unconsciously get taken care of. In some of the most famous phrases in all of economic literature Smith asserted:

In almost every other race of animals each individual, when it grows up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want . . . and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages . . . (Smith, Wealth of Nations, Book 1, Chapter 1, p. 14.)12

And again that:

Every individual . . . neither intends to promote the public interest, nor knows how much he is promoting it . . . He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. (Smith, Wealth of Nations, Book IV, Chapter II, p. 423.)13

Smith's insight, one of the most powerful and elegant concepts in the history of capitalist economics, grasps the essence of the market system-namely, production for exchange, specialized division of labor, and mutual dependence of all producers/commodity sellers/consumers upon one another through the market. This is what distinguishes the market system from all previous economic systems, such as communal tribal society, slavery, and feudalism-all of which were, in one way or another, systems based overwhelmingly on direct production for use rather than for exchange.

For example, in pre-capitalist economic systems like medieval agrarian Europe, farm production was planned and largely for direct use. The basic unit of rural production was the peasant family with its farm, rudimentary tools and livestock. Peasant farmers not only grew their own food but often made their own clothes, fabricated most of their own tools, and built their own houses. Peasants produced mostly for subsistence and, where they were enserfed, to pay rents to feudal landlords, tithes to the church, and sometimes additional obligations to the state. Beyond this, those who could produce and retain some surplus over subsistence, rent, and tithe obligations sold it in local town markets to procure the few necessities they could not produce for themselves on the farm or in the lord's demesne shops, such as metal for plows or tools. In the villages, patriarchal family households organized the day-to-day operations of farm life, determining which crops to grow and when, and assigning a division of labor within the family. They planned this production based on their foreknowledge of what their family unit needed to carry on from year-to-year-how much and what kinds of crops and animals to raise, and how much labor to devote to farming, husbandry, and building upkeep. More often than not, because village agricultural regimes required village-wide cooperation to regulate seasonal plantings, field rotations, harvest, and commons management, peasant farmers collectively planned and regulated their seasonal work rhythms in cooperation with their neighbors according to the custom and village bylaws in tightknit village communities. Throughout Europe, most rural agrarian output was directly consumed on the farm, in the hamlets and villages. The feudal aristocracy consumed the surpluses directly and marketed some of their surpluses in urban markets to purchase luxury goods and military equipment. In short, rural Europe, at least up to the 15th century, was in a sense a "planned" economy-or more precisely, consisted of masses of miniature planned village economies.14

By Adam Smith's day in the late 18th century, rural peasant village self-sufficiency with its limited division of labor had largely given way to generalized production for market throughout England and parts of Western Europe. In this new "commercial" economy, Smith observed there is no general economic "plan." No one plans production for the self-sufficient family anymore. Production is now specialized and geared for the whole society-and it is to society that one must turn to satisfy one's own needs. No one knows how much wheat or wool, how many shoes, coats, ships, or wagons society needs, or when they are needed. No one consciously divides up and assigns society's labor to the various tasks of producing all that society requires over any given period of time.15 And yet out of the unconscious "mindlessness" of this system, a spontaneous order emerges. Society seems to be "guided by an invisible hand" to produce more or less of these goods so that we can carry on from day-to-day to ensure social reproduction.

By the developing 18th-century capitalist economy of Adam Smith's era, most producers no longer possessed their own means of subsistence, or at least full subsistence. Masses of peasant farmers had been cleared off the land and proletarianized by centuries of enclosure movements. Peasant subsistence farms, with all their variety of produce, had been replaced with wheat farms or sheep folds. The hand loom weaver, village blacksmith and most small-scale hand manufacturers were giving way to large-scale factory production with a specialized division of labor and, increasingly in the late 18th century, mechanization. Without full access to the means of subsistence, everyone in capitalist society must specialize to produce a commodity for market or sell their labor power to work for an employer who does possess the means of production.16 So to win one's own bread in the capitalist organization of production, virtually everyone, including the capitalists, must continuously sell their specialized commodity on the market in order to continuously purchase their own means of subsistence and the means of production to re-enter production.17 In this way, all commodity producers/sellers are dependent upon the labor of others.18

How do these specialist commodity producers/sellers know in advance how much of their particular commodity-wheat, cloth, bricks, horseshoes, board feet of lumber, barrels, etc.-society "needs" in any given year or how much they will sell? They don't. Typically they estimate from what they sold the previous year, and hope to sell their product for at least as low a price as others offering the same commodity. Thus, society's "need" for any particular commodity is determined after the fact by the price at which it sells, what Smith called "effectual demand." If demand and prices are high for some particular commodity, Smith says producers will "employ more labor and stock in preparing and bringing it to market." If demand falls, producers will "withdraw a part of their labor or stock from this employment" and redeploy those resources in some other line of production.19 So if the market is glutted with wheat, but wool is in short supply and prices are high, some farmers will turn to raising sheep. If demand is low for ships but high for houses, some carpenters will switch from building ships to building houses. And so on, until the supply and demand come roughly into balance, what economists today call "equilibrium."20 That's the beauty and efficiency of the market system, as mainstream economists never tire of telling us.

Engine of Development: Production for Exchange and its Imperatives

This mutual dependence of each and every person through the market entrains a number of powerful implications. Foremost among these are the implications that flow from competition in the marketplace. Commodity sellers don't have the freedom to charge what they wish, because they must be able to sell at prices close to the competition if they are to compete. The specific strategies and methods producers must adopt to survive against the competition shape the overall pattern of economic development of capitalism as a system and also distinguish it from every other economic system: Producers must strive to cut the cost of inputs, which means seeking out ever-cheaper sources of raw materials and labor. Producers must continuously increase the efficiency of their units of production by innovating, bringing in more advanced labor-saving machinery to boost productivity, and substituting newer and cheaper raw materials inputs. So unlike the ruling classes of pre-capitalist economies, capitalists are not free to consume their surpluses in conspicuous consumption but must reinvest much of their profits back into productivity-enhancing technologies and skills to develop the forces of production. Competition compels producers to strive to grow by maximizing sales, expanding existing markets, seeking out and creating new markets and commodities-or see them developed by the competition, and thus see their stock value fall as the penalty for complacency. As eloquent as Adam Smith was, no one captured the broader developmental implications of capitalist economics better than Karl Marx. In some of the most prescient phrases in all of economic literature, Marx wrote in his Communist Manifesto:

The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society ... Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned . . . The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground - what earlier century had even a presentiment that such productive forces slumbered in the lap of social labor?21

By comparison, pre-capitalist modes of production contained no such engine of development or drive to "constantly revolutionize" the instruments and relations of production. Technological advance under slavery and feudalism was agonizingly slow, and economic stagnation was the norm. When productivity growth could not keep pace with population growth, economic collapse and famine followed. Even the Stalinist bureaucratic mode of production in Russia and China contained no such built-in drive to development. Post-revolutionary Russia and China rapidly developed and industrialized to a considerable extent, but the bureaucratic system was not powered by any self-active motor. Development depended entirely on the conscious actions and direction of central planners, but for the same reason, it was also severely limited and handicapped by the bureaucracy's inability to push development beyond certain limits. In particular, these bureaucrats lacked the weapons of unemployment and bankruptcy to discipline producers, force productivity increases, or generate innovation and development.22 Without competition to force producers to innovate and become more efficient, top-down bureaucratically driven development was no match for the dynamic growth of global capitalism.

This engine of development has brought the most prodigious development of the forces of production of any mode of production in history, lifting the living standards of billions of people the world over. So it was no surprise that since the spectacular collapse of communism and the global triumph of capitalism in the 1990s, Smithian economics has been crowned with a sacred halo, unquestioned and self-evident to the churched.23 Today, Smith's theory, rebranded for today's market under the neoclassical and neoliberal labels, is entrenched in every economics department from Berkeley to Beijing.

Engine of Planetary Eco-collapse: The Collective Irrationality of Individualist Economics

In his 1996 book The Future of Capitalism, Lester Thurow lucidly captured the socially suicidal aggregate impact of individualistic economic decision-making:

Nowhere is capitalism's time horizon problem more acute than in the area of global environmentalism .. . What should a capitalistic society do about long-run environmental problems such as global warming or ozone depletion? . .. Using capitalist decision rules, the answer to what should be done today to prevent such problems is very clear-do nothing. However large the negative effects fifty to one hundred years from now might be, their current discounted net present value is zero. If the current value of the future negative consequences are zero, then nothing should be spent today to prevent those distant problems from emerging. But if the negative effects are very large fifty to one hundred years from now, by then it will be too late to do anything to make the situation any better, since anything done at that time could only improve the situation another fifty to one hundred years into the future. So being good capitalists, those who live in the future, no matter how bad their problems are, will also decide to do nothing. Eventually a generation will arrive which cannot survive in the earth's altered environment, but by then it will be too late for them to do anything to prevent their own extinction. Each generation makes good capitalist decisions, yet the net effect is collective social suicide.24

Lester Thurow, virtually alone among mainstream economists as near as I can tell, has recognized this potentially fatal contradiction of capitalism-even though he is no anti-capitalist and wrote the book from which this excerpt is drawn in the hopes of finding a future for capitalism. Until very recently, the standard economics textbooks ignored the problem of the environment altogether. Even today, the standard Economics 101 textbooks of Baro, Mankiv and other mainstream economists contain almost no mention of environment or ecology.25 This reflects the increasingly rightward drift of the discipline since the 1970s.

The American economics profession has long since abandoned the practice of critical scientific thought and seriously considering dissenting views. Today, an almost totalitarian "neoliberal" religious dogma rules the discipline. Keynesianism, social democracy, and Marxism are dismissed as hopelessly antiquated. Ecological economics is considered suspect. And the prudent graduate student is well advised to steer clear of all such interests if he or she wants to find a job.26 As Francis Fukuyama put it some years back, history has reached its penultimate apogee in free market capitalism and liberal democracy. The science of economics, Fukuyama pronounced, was "settled" with Adam Smith's accomplishment. The future would bring no more than "endless technical adjustments;" thus no further theoretical thought is required."27

#### Transition to renewables is inevitable, but its form is up for grabs---the 1AC moves toward neoliberal marketization---instead vote neg to build a renewable system based on non-market commons---they’re mutually exclusive

Massimo De Angelis 9, Professor of Political Economy and Development at the University of East London; and Kolya Abramsky, former visiting fellow at the Institute of Advanced Studies in Science, Technology and Society, in Graz, Austria, Winter 2008/9, “Introduction: Energy Crisis (Among Others) Is In The Air,” The Commoner, Issue 13, <http://www.commoner.org.uk/N13/00-Introduction.pdf>

And, then, last but not least, there is the issue of the globally expanding renewable energy sector. The form in which sector is expanding is, seemingly, paradoxical. On the one hand it has until now developed very slowly and in comparatively few places in the world. On the other hand, resources scarcity, climate change, surplus finance capital and militarized conflicts in oil-rich areas of the world all constitute a material push towards a massive global expansion of the sector. The emergency provoked by “peak oil, and especially climate change, are ushering in a new scenario. The end of the “fossil fuel era” can be postponed, but it cannot be avoided. In all probability it cannot even be postponed much longer. This means that a transition away from oil is no longer an ideological choice, but is a necessity which is increasingly being imposed by material constraints. However, the sector’s expansion is rapidly taking a form that had not been predicted. Already demand for renewable energy infrastructure far outstrips supply. The renewable energy sector seems set to become a new global growth sector. However, the sector’s expansion is taking a different form that the one envisaged by its original self identified “green” promoters: instead of decentralised energy sources empowering communities, we have more centralised mega projects; instead of renewable energy and social justice being synergetic objectives, the capitalist form of renewable energy is increasingly depending on different forms of enclosures.

This is because, instead of seeking to understand the global capitalist relations that shape (and are shaped by) the energy sectors commodity chains of production and exchange for the world-market, the dominant tendency within the renewable energy sector is to focus on a combination of technical solutions and national/international policy mechanisms. A common approach is to promote a “take off” of renewable energy, based on the world-wide dissemination of “national best-practices”, especially the German and Danish. This approach to “best practice” technology transfer occurs within the context of an unquestioned world-market. Some of these “best practice” approaches have indeed been “very good” as they show a path of community empowerment, autonomy and energy sovereignty. In particular, the grassroots, farmers led wind energy cooperatives that have been at the root of the Danish renewable energy sector stand out, as described in the article by Jane Kruse and Preben Maegaard. Yet, this “take off” approach, which has been key in shaping policies, both at the national and international level, is eerily reminiscent of earlier (flawed) debates surrounding “industrialization take off.”

While some kind of transition to post-petrol energy sources is virtually inevitable, the form it will take is far from a technical inevitability. Rather, any transition will be the result of an uncertain and lengthy process of collective struggle, as will its qualitative aspects. This is discussed by the TRAPESE Collective. As “climate change” becomes the next global buzz word, and as the expansion of the renewable energy sector accelerates and spreads to different areas of the world, so a complex process of world-wide struggle is also intensifying. It is no longer a question of whether a transition will occur, but rather what form it will take. Which technologies will a transition include and on whose terms and priorities? Who will pay the costs and who will reap the benefits? Who can harness the necessary global flows of capital, raw materials, knowledge and labor? And, above all, will the process be chaotic, reinforcing already existing hierarchies, or will it or will it be part of wider process of world-wide emancipatory social change based in the construction of new social relations?

In particular, the dependency of urban areas on rural ones for the supply of energy is an increasing point of conflict with renewable energy resources. Whereas fossil fuels and nuclear energy resources are located in a small number of locations throughout the world, renewable energy resources are broadly spread throughout much of the world, giving these areas increased strategic importance. Therefore renewable energies represent a new threat for rural communities (especially Indigenous and Afro-descendent), making them increasingly vulnerable to loss of control over their territories, including displacement. Such territorial conflicts (frequently violent) are already occurring on a large scale with agro-fuels as discussed by Mónica Vargas Collazos who offers a global overviews of these issues. Tatiana Roa Avendaño and Jessica Toloza describe how palm oil production for the world-market in the Colombian Black Communities is intertwined with enclosure and displacement from collective ancestral lands by paramilitary violence, and the resistance that this is giving rise to. To a lesser extent, similar conflicts are emerging in relation to wind energy. Sergio Oceransky documents how in Oaxaca, peasant and indigenous communities are having their land and cultural heritage jeopardized by industrial windpark development which is taking place within the framework of another regional free trade agreement, the Plan Puebla Panama. These are the unavoidable consequences of satisfying the energy requirements of urban based industrialization and a political and economic system which prioritizes profit in the world-market over the satisfaction of the social needs of the world’s population. Such conflicts are likely to get much worse in the near future unless appropriate steps are taken.

However, a transition to renewable energy resources also offers rural communities an opportunity to assume greater control over their territories, resources and lives. The collective and democratic harnessing of renewable energies can contribute substantially to communities’ ability to create new and autonomous relations of production, exchange and livelihood that are substantially more egalitarian, decentralized, diverse and ecologically sensitive than currently existing social relations. For this reason, it is very important that the communities living in rural regions rich in renewable energy resources have access to the necessary tools in order to be able to collectively decide on the use of the resources in their territories. As Jane Kruse describes, it is also vital that community owned renewable energies are able to defend themselves against predatory investors in the long run. It is also crucial that urban communities are able to understand the relation between their high levels of energy consumption and rural dispossession in order to be able to collectively develop solutions to these problems on the basis of collaboration and cooperation between rural communities in order to satisfy peoples’ basic needs rather than through a conflictive process which pits rural and urban inhabitants against one another.

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We believe that these contributions point to the fact that, in order to get to the roots of the problems, struggles in the North and South have to develop a collective global process to take decisions concerning energy. In addition to the crucial question as to which energy sources are the most suitable, there is also the question of the way in which it is used, in what quantities, and for which purposes. If we make these decisions through capitalist markets, we end up stressed out overworked and murdered, divided and pitted one against another, while the planet goes to hell. If we make these decisions through the capitalist state, we end up repressed, silenced and manipulated into believing the sacrifices that are required from us to deal with this “emergency” and “crisis” are worth the suffering, since it will be the final crisis, and there will never be another “crisis” again, while in fact it will merely open up a new cycle of more of the same.

Within the wider struggle for common control over means of reproduction and production (something which we see as central in emancipatory struggles for long term social, political and economic change) we believe that struggles for some form or other of decommodified common control of energy resources, infrastructures and technologies are becoming increasingly central. The same can be said about their actual production. This is hardly surprising, given that, in addition to being a highly profitable commodity, energy is also one of the key means to sustain human life. Struggles over ownership of energy resources, infrastructures and technologies have been intense in the past, and it is very likely that they will become intense once again in the coming years. In many parts of the world, this is already happening, especially within the oil sector.

# Tax DA

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#### Comprehensive tax reform will happen this year – momentum is building and everything is on the table

Markon 3/11 [Jerry Markon, political accountability reporter for the Washington Post's National Desk, “Lobbyists Mobilize Over Reforming the Tax Code,” http://www.thefiscaltimes.com/Articles/2013/03/11/Lobbyists-Mobilize-Over-Reforming-the-Tax-Code.aspx]

An army of lobbyists has been mobilizing in the halls of Congress over recent months in anticipation of what could be a monumental struggle later this year over reforming the tax code. While the standoff over sequester spending cuts and other budget battles have been grabbing headlines, momentum has quietly been building toward a once-in-a-generation push to overhaul federal taxes, an effort that would likely affect nearly every family and business.¶ Tax reform edged closer to center stage in recent days after President Obama opened conversations with Republicans over a deal to tackle the federal deficit. A broad rewrite of the tax code could figure in such an agreement, along with cuts in such entitlement programs as Medicare and other changes in federal spending.¶ The prospect of a tax overhaul has already kicked the capital’s influence industry into high gear. From corporate chiefs and hedge fund lobbyists to Montana ranchers and Broadway producers, the players have already begun their campaigns, pressing for everything from lowering the corporate tax rate to preserving cherished deductions and, in some instances, inserting new tax loopholes into law. Much of that energy is being directed at a hectic suite of cramped, nondescript offices in the 80-year-old Longworth House Office Building, where eight staffers on the Ways and Means Committee are sifting through possible changes to the nation’s tax code of nearly 4 million words.¶ Eager to help is a steady stream of lobbyists, like Duane Musser of the National Roofing Contractors Association, who stopped by the offices on a recent Wednesday afternoon to argue his case that commercial roofs should be granted faster depreciation for tax purposes. “Everything is on the table,” he said.¶ Lobbying over the tax code has more than tripled since Obama took office, disclosure records show. And the pace of activity accelerated toward the end of last year amid the fight over the “fiscal cliff,” as lawmakers from both parties sought to turn the struggle over tax rates into a discussion about overhauling the tax code. About 440 corporations and business groups spent tens of millions of dollars lobbying Congress and executive branch agencies on tax reform in the third quarter of last year, a Washington Post analysis shows. That number continued to rise in the final three months of the year, up nearly 10 percent, the analysis shows.¶ The firms are a who’s who of corporate America, from Apple to Wal-Mart, Boeing to Citigroup. More than 125 Washington lobbying and law firms are engaged in the effort, including those employing high-profile names like former New York City mayor Rudolph W. Giuliani, former U.S. senators Trent Lott and John Breaux, and power lobbyists Tony and Heather Podesta.¶ “You have the president, the chair of the House Ways and Means Committee, the chair of Senate Finance and other congressional leaders identifying the need for tax reform and starting work on it,” said Matt Miller, vice president for tax and fiscal policy at the Business Roundtable, a group of chief executives that has been extensively lobbying. “That’s what is driving this ramped-up effort.”¶ Obama called for “bipartisan, comprehensive tax reform” in his State of the Union speech, and House Speaker John A. Boehner (R-Ohio) said recently that overhauling the tax code is one of the highest priorities.¶ The powerful chairmen of the House Ways and Means Committee and Senate Finance Committee — Rep. Dave Camp (R-Mich.) and Sen. Max Baucus (D-Mont.) — have each vowed to pursue a tax code rewrite this year. Aides to both panels say activity is accelerating, with Ways and Means recently setting up 11 bipartisan working groups to pursue the issue further.¶ Any number of political obstacles could derail the effort. The parties, for example, differ sharply on what tax reform means: Republicans focus on streamlining the tax code to help businesses compete. Democrats, too, seek simplification, but some also want to raise more tax revenue, partly from the wealthy.¶ Yet there is general agreement that the tax code’s unwieldy web of deductions and credits should be scaled back and simplified, perhaps dramatically. That would put into play highly popular yet expensive benefits. For individuals, as an example: deductions for mortgage interest and charitable donations. For companies: credits for research costs and provisions that allow firms to defer U.S. taxes on profits earned by foreign subsidiaries.¶ ARRAY OF INTEREST GROUPS ¶ While companies and business associations account for the vast majority of the lobbying, a variety of other groups such as unions and educational institutions is also involved, disclosure records show, and a wide array of taxes and exemptions is potentially up for grabs.¶ Indian tribes, for example, are lobbying for changes in tax law, including one that would help them issue tax-exempt bonds to finance economic projects, like marinas and golf courses. About 80 tribal leaders from Michigan, Utah, Wisconsin and other states crowded into a Senate Finance Committee room in early December to present their case to four committee staffers.¶ “We want to be included and considered in any sort of tax reform,” said Dante Desiderio, executive director of the Native American Finance Officers Association, who attended.¶ Meanwhile, the Beer Institute, which represents brewers, is pushing to prevent a hike in the excise tax on beer. Although officials at the trade group are not aware of any such proposal, “excise taxes could be put on the table to raise revenue in any comprehensive tax reform deal,” spokesman Chris Thorne said. “Just the possibility is enough to ensure that we are out there talking to members of Congress and their staffs,” said Thorne, whose institute paid a lobbying firm $50,000 to advocate on tax reform and several other issues in the fourth quarter of last year. “It’s important to prevent that beer drinkers, middle-class Americans, could be seen as an ATM.”¶ Lobbyists and clients say their advocacy — focused mostly on the tax-writing committees but also congressional leadership and the Treasury Department — is preliminary because there are no comprehensive tax reform bills on the table yet. “There’s nothing to shoot at yet,” one prominent lobbyist said. “You don’t have anything to swing a baseball bat at.”¶ That will change, the lobbyists say, when the full debate is joined.¶ ‘SLAY SOME SACRED COWS’ ¶ The last time Congress set out to overhaul the tax code, aiming to lower rates and closing billions of dollars in loopholes, corporate America reacted with alarm, and a titanic struggle ensued. The final bill was nicknamed the Lobbying Relief Act of 1986. At the time, The Washington Post described “hordes” of corporate lobbyists roaming Capitol Hill hallways as House Ways and Means Chairman Dan Rostenkowski (D-Ill.) and Senate Finance Chairman Bob Packwood (R-Ore.) hammered out the legislation.¶ Rep. Bill Frenzel, then a junior Republican member of the Ways and Means Committee, was flooded with 300 requests for appointments every day, compared with half a dozen a week during normal times. “It was a mess,” recalled Frenzel, now a guest scholar at the Brookings Institution. When Congress considered limiting popular deductions for mortgage interest and real estate taxes, he recounted, industry lobbyists “beat us to a pulp.”¶ This time around, with heightened partisanship and the growth in Washington’s influence industry, many observers expect advocacy on an even greater scale. “It will be immense,’’ Frenzel predicted.¶ Since 1986, Congress has stuffed the tax code with new breaks — known in Washington as tax “expenditures” — including popular benefits for taxpayers with children, college expenses and retirement savings. These provisions cost the government more than $1 trillion a year in revenue, according to congressional hearings.¶ Camp and Baucus — who speak frequently across party lines and sat together during the State of the Union address — have both served notice that an overhaul could affect a wide array of tax benefits. “We will need to slay some sacred cows,” Baucus warned in a speech last year.¶ Lobbying over the tax code increased after Obama’s election in 2008 amid renewed interest in tackling reform and then mounted further after congressional committees began hearings in late 2010, disclosure records show. The volume of lobbying jumped again after Camp released a draft plan in late 2011 for overhauling how multinational companies are taxed, a search of the records showed.¶ More than 440 businesses and corporate associations spent a total of just over $200 million lobbying on tax reform and a variety of other issues in the third quarter of last year, the Post analysis shows. The records do not specify how much was spent on individual issues, but numerous corporate lobbyists and officials said in interviews that tax reform is a key lobbying priority.¶ In his proposal, Camp called for lowering the top corporate tax rate from 35 percent to 25 percent and moving to a form of a “territorial” tax system. Currently, U.S. companies pay taxes not only on profits made domestically but also on profits earned overseas and then brought back to the United States. A territorial system would essentially tax only profits earned domestically¶ Much of corporate America strongly favors the change, believing it would help businesses compete in the global economy. Many Democrats argue that the approach would encourage U.S. firms to move their operations, and thus jobs, overseas.¶ “Camp’s draft really focused people’s attention,” one Washington corporate lobbyist said on the condition of anonymity because he did not have his clients’ permission to speak.¶ ‘NO WAY EVERYONE WINS’ ¶ As corporations and their lobbyists have swung into action, the schedules of congressional aides have gotten crammed. Staffers on the Ways and Means Committee, for instance, have been holding a succession of meetings with chief executives, officials of trade associations and other advocates, according to a committee aide who spoke on the condition of anonymity because he is not an authorized spokesman. The panel has yet to decide which specific tax provisions it will recommend.¶ “It’s important for us to hear from stakeholders,” the aide said. “If tax reform is done right, there will be mostly winners, but there is no way everyone wins.”¶ It is that fear of losing that motivates much of the lobbying, according to corporate officials and advocates. Corporate executives worry about the fate of major tax benefits, such as the research and development tax credit and what is known as accelerated depreciation — allowing firms to deduct purchases of plants or equipment and quickly depreciate those costs to lower their tax bills.¶ While some corporations “are primarily interested in rate reduction, others . . . don’t want those tax benefits reduced or eliminated,” said Robert J. Leonard, a partner at Akin Gump Strauss Hauer & Feld, Washington’s second-largest lobbying firm. “That’s the challenge of tax reform— it’s all about winners and losers.” Akin Gump alone is lobbying on behalf of at least 18 corporate clients over a possible revision of the tax code.¶ As the prospect of tax reform has grown closer, corporate PACs and people affiliated with companies have been contributing extensively to key figures on the tax-writing committees. Baucus and Camp and the ranking members of their committees — Sen. Orrin G. Hatch (R-Utah) and Rep. Sander M. Levin (D-Mich.) — accepted a combined $5.6 million in campaign contributions from corporate interests that lobbied on tax reform, according to an analysis of 2012 election cycle data compiled by the nonpartisan Center for Responsive Politics. The four lawmakers also accepted $1 million in contributions directly from lobbyists representing corporate interests that lobbied on tax reform.¶ In a joint statement, aides to the four lawmakers stressed that “the political contributions do not affect policy decisions and don’t make an ounce of difference” and said the lawmakers’ decisions are influenced only by “the interests of their constituents.”¶ ‘NOW IS THE TIME’ ¶ Some of the heaviest lobbying has come from the oil and gas industry, which has been targeted by Obama and other Democrats for what they consider preferential tax breaks. Those include deductions that effectively lower refiners’ tax rates and decrease the cost of oil and gas exploration. Stephen Comstock, director of tax and accounting policy at the American Petroleum Institute, a trade group, said some energy executives are worried that tax reform could end up being “political.” He said industry representatives are urging that tax measures be based on good policy.¶ While energy companies are trying to keep favorable provisions in the code, hedge funds and private-equity companies are trying to keep unfavorable ones out. Lobbyists for these firms have been meeting with members of Congress and staffers to argue against a tax provision on what’s called enterprise value, records show. This would require fund managers who sell a business to pay taxes according to their personal tax rate, which would often be the top-end rate of 39.6 percent, not at the much-lower capital gains tax rate of 20 percent or less.¶ The provision was contained in a broader measure passed by the House in 2009. The legislation stalled in the Senate, but the provision might yet be revived. “We’re trying to prevent someone from taking something off the shelf and sticking it into a bill,” said a lobbyist familiar with the effort, who spoke on the condition of anonymity because his clients didn’t want him to speak. “You want to meet with the people who are going to hold the pen,” he said.¶ Far from Wall Street, on the rolling plains of Montana, some ranchers are eager for Congress to create a capital gains tax credit for retiring ranchers and farmers who sell land to those starting out as way to encourage younger people to take up the occupations. Jess Peterson, a fifth-generation Montana rancher who is vice president of the U.S. Cattlemen’s Association, acknowledges that his group is looking for a “loophole.” “Tax reform is coming up, so now is the time. What an opportunity,” said Peterson, whose D.C. firm, Western Skies Strategies, has been lobbying on the issue.¶ On Broadway, tax reform is also a top priority. The Broadway League, which represents theater owners and producers, wants to insert several incentives into the tax code that would benefit investors in live shows. The provisions included a quicker amortization of the investment, which in other words defers tax on profits until financiers have recouped their original investment. A similar benefit is already given to investors who help finance films and television shows.¶ Thomas Ferrugia, director of government relations for the league (which hired the D.C. lobbying firm Quinn Gillespie & Associates), said the change is needed because Broadway is so dependent on individual investors. He’s focusing his efforts on New York’s congressional delegation.¶ “Now is the time to do this because everything is potentially on the table with tax reform,” he said. “We’re going to keep pushing, so if an opportunity arises we’re right there to take advantage of it.”

#### Fiat means the plan gets exempted – that derails reform by making it impossible to eliminate popular tax expenditures

Bartlett 11 [Bruce Bartlett, senior policy analyst in the Reagan White House, former executive director of the Joint Economic Committee of Congress and staffer for Jack Kemp and Ron Paul, “The Tax Reform Act of 1986: Should We Do It Again?” Oct 18 2011, http://economix.blogs.nytimes.com/2011/10/18/the-tax-reform-act-of-1986-should-we-do-it-again/]

Historically, wipe-the-slate-clean plans have always foundered when squeaky wheels insisted on one little exception. Mortgage interest is a common one. Homeowners are a major Republican constituency, and even if they might be willing to give up the mortgage interest deduction in return for lower rates, few want to see the value of their principal asset fall further in value.¶ This would almost certainly happen if the mortgage interest deduction were abolished, because its value is capitalized into home prices — people are willing to pay higher prices and can afford larger mortgage payments due to interest deductibility. If the deduction were withdrawn, many homeowners would find renting to be more attractive.¶ But once one makes an exception for mortgage interest or charitable contributions in a radical tax reform plan, how does a politician say no to those who fear they will lose medical insurance if its tax exclusion is abolished, or those who live in high-tax states like New York where the deduction for state and local taxes is critical?¶ Once politicians make any exceptions to wiping the slate clean, they are on a slippery slope, because those benefiting from the next most popular deduction will be standing in line demanding an exception, too.

#### Reform that eliminates expenditures solves US growth and deficits

Kleinbard 11 [Edward Kleinbard, Prof of Law at USC’s Gould School of Law and Fellow at the Century Foundation, former Chief of Staff for Congress’s Joint Committee on Taxation, “The Role of Tax Reform in Deficit Reduction,” http://law.bepress.com/usclwps-lewps/art138/]

Income tax reform discussions too often are exercises in tax nostalgia. The Tax Reform Act of 1986 was revenue neutral because it could afford to be. (It also was preceded and followed by major tax increases.) The fact that we must raise revenues today means that a contemporary incremental income tax reform effort will look different, not that it is impossible.¶ Unlike in 1986, when the tax system overflowed with unintended tax shelters that could be cleaned up and traded off against lower rates, modern tax reform must tackle some of the deliberate Congressional subsidy programs baked into the tax code, which is to say, tax expenditures. Of these, the most important to address are the personal itemized deductions. They are extraordinarily costly – about $250 billion/year in forgone tax revenues. And they are inefficient, poorly targeted and unfair.¶ The personal itemized deductions invariably are described as political “sacred cows.” But they are sacred cows that we can no longer afford to maintain. Either we eliminate these sacred cows, or we allow them to stampede over us.¶ Incremental income tax reform also must address the corporate income tax, but here there is no choice but a revenue-neutral approach, because the U.S. corporate rate is now a global outlier. A corporate tax reform package should be fashioned along the following lines: (1) Eliminate business tax expenditures; (2) Reduce the corporate tax rate to a rate in the range of 25-27 percent; (3) Tax multinationals on their worldwide income through worldwide tax consolidation. The resulting corporate tax system would represent a huge competitive boost for American domestic firms, would attract inward investment, and would provide a fair tax environment for U.S.-based multinationals.

#### Nuclear war

Khalilzad 11 [Zalmay Khalilzad, counselor at CSIS, served as US Ambassador to Iraq, Afghanistan, and the UN under Bush II, former Asst. Prof of Poli Sci @ Columbia, PhD from University of Chicago, “The Economy and National Security,” Feb 8 2011, http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad]

The current recession is the result of a deep financial crisis, not a mere fluctuation in the business cycle. Recovery is likely to be protracted. The crisis was preceded by the buildup over two decades of enormous amounts of debt throughout the U.S. economy — ultimately totaling almost 350 percent of GDP — and the development of credit-fueled asset bubbles, particularly in the housing sector. When the bubbles burst, huge amounts of wealth were destroyed, and unemployment rose to over 10 percent. The decline of tax revenues and massive countercyclical spending put the U.S. government on an unsustainable fiscal path. Publicly held national debt rose from 38 to over 60 percent of GDP in three years.¶ Without faster economic growth and actions to reduce deficits, publicly held national debt is projected to reach dangerous proportions. If interest rates were to rise significantly, annual interest payments — which already are larger than the defense budget — would crowd out other spending or require substantial tax increases that would undercut economic growth. Even worse, if unanticipated events trigger what economists call a “sudden stop” in credit markets for U.S. debt, the United States would be unable to roll over its outstanding obligations, precipitating a sovereign-debt crisis that would almost certainly compel a radical retrenchment of the United States internationally.¶ Such scenarios would reshape the international order. It was the economic devastation of Britain and France during World War II, as well as the rise of other powers, that led both countries to relinquish their empires. In the late 1960s, British leaders concluded that they lacked the economic capacity to maintain a presence “east of Suez.” Soviet economic weakness, which crystallized under Gorbachev, contributed to their decisions to withdraw from Afghanistan, abandon Communist regimes in Eastern Europe, and allow the Soviet Union to fragment. If the U.S. debt problem goes critical, the United States would be compelled to retrench, reducing its military spending and shedding international commitments.¶ We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution of power. These trends could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation.¶ The stakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. leadership. By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars among the great powers. Failures of multi-polar international systems produced both world wars.¶ American retrenchment could have devastating consequences. Without an American security blanket, regional powers could rearm in an attempt to balance against emerging threats. Under this scenario, there would be a heightened possibility of arms races, miscalculation, or other crises spiraling into all-out conflict. Alternatively, in seeking to accommodate the stronger powers, weaker powers may shift their geopolitical posture away from the United States. Either way, hostile states would be emboldened to make aggressive moves in their regions.¶ As rival powers rise, Asia in particular is likely to emerge as a zone of great-power competition. Beijing’s economic rise has enabled a dramatic military buildup focused on acquisitions of naval, cruise, and ballistic missiles, long-range stealth aircraft, and anti-satellite capabilities. China’s strategic modernization is aimed, ultimately, at denying the United States access to the seas around China. Even as cooperative economic ties in the region have grown, China’s expansive territorial claims — and provocative statements and actions following crises in Korea and incidents at sea — have roiled its relations with South Korea, Japan, India, and Southeast Asian states. Still, the United States is the most significant barrier facing Chinese hegemony and aggression.

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#### Corporate tax reform spurs growth and restores US competitiveness---turns case

Tuszynski 11 [Nick Tuszynski, fellow at George Mason University’s Mercatus Center, Financial Analyst in the Export-Import Bank, “TUSZYNSKI: Reform our corporate tax code,” Dec 29 2011, http://www.washingtontimes.com/news/2011/dec/29/reform-our-corporate-tax-code/]

Entitlement spending and income-tax rates might be polarizing issues, but there is something that already has bipartisan support: reducing and restructuring the corporate tax code.¶ The Occupy movement claims it wants corporate America to pay its fair share in taxes, but the U.S. already has the highest statutory corporate tax rate in the industrialized world at 35 percent. Not only do U.S. businesses pay the most, but corporations are not the same as individuals. Corporations are made up of employees, and they are not millionaires. So who bears the weight of a high corporate tax rate? It’s not just corporations; it is the “99 percent” as well.¶ When most people think of corporate taxes, they do not consider the negative effects such taxes have on the middle class in terms of wages, prices and employment. In 2011, the surge of class warfare suggested that one side must lose in order for the other to win. For the middle class to win, the upper class must lose. But a new year and new policies can prove this idea comes from flawed logic. There are policies, such as reducing and restructuring the corporate tax rate, that enable all parties to benefit.¶ What Democrats and Republicans need to realize is that the U.S. corporate tax does not discriminate between rich and poor but robs everyone of potential wealth. Higher corporate tax rates cause higher prices for consumers and lower profit margins for firms. This limits the firms’ ability to hire more people, stunts wages and gives smaller rates of return to investors. Whereas Congress focuses on distribution of the economic pie, corporations expand the pie.¶ The “99 percent” argue that some corporations lobby for certain privileges and take advantage of tax loopholes. They are correct. However, the real cause of this problem is the institutions and incentives that allow firms to exploit the system. For example, the complexity of the tax code encourages firms to focus more on how to manipulate the tax code than on how to enhance their core business strategies. If we want to change the actions of the corporations, the rules of the game must change as well.¶ If the United States does not address this issue, firms will continue to outsource economic activity, causing the loss of American jobs. Over the past 30 years, globalization has caused more countries to compete against the United States to attract and retain corporations. Canada and the United Kingdom already have enacted plans to reduce their corporate tax rates, making them more competitive and more attractive to business. If you do not believe global competitiveness affects the U.S., consider this: In 1960, the U.S. had 17 of the 20 largest firms in the global economy. Today, we have just six.

#### Corporate reform solves competitiveness and cuts the deficit

Stokes 12 [Bruce Stokes, Senior Transatlantic Fellow for Economics @ the German Marshall Fund, director of Global Economic Attitudes at the Pew Research Center , “The Progressive Case for Corporate Tax Reform,” Jan 26 2012, http://newamerica.net/publications/policy/the\_progressive\_case\_for\_corporate\_tax\_reform]

Despite such advocacy, reform of corporate taxation is all but dead in an election year. An overhaul now seems unlikely before 2013 at the earliest, as part of a rewriting of the tax code. Delay may be inevitable, but it is still a mistake. Corporate tax reform could level the playing field internationally, promote the competitiveness of U.S. companies, and create jobs sooner rather than later. Done right, it could also distribute the tax burden more fairly, create jobs, and generate revenue that would help reduce the budget deficit.¶ Progressives need to make corporate tax reform – not simply corporation bashing – a cornerstone of their economic agenda in the 2012 election campaign. It is good economics, good politics, and the right thing to do.¶ Who Bears the Corporate Tax Burden?¶ Corporate taxation has long been the subject of contentious debate. Progressives have argued that since the corporate tax is largely borne by the owners of capital, who tend to have higher incomes than other taxpayers, high rates of corporate taxation are inherently fairer than income taxation and should figure more prominently in the American tax code. Conservatives have contended that the corporate tax burden is simply passed on to consumers in the form of higher prices and paid for by workers through lower wages, making corporate taxation regressive. Businesses also assert that cutting corporate taxes would attract large investment flows into the United States, which would create jobs or expand the taxable income base, raising revenues.¶ The current U.S. corporate tax rate of 39 percent is the highest among major economies. This factoid alone has framed the debate over corporate taxation, convincing people on both the left and the right that America needs a lower corporate tax rate that puts it some place in the middle of the international pack.¶ But there is mounting evidence that hugely profitable American companies, such as GE and Cisco, pay taxes at a fraction of the statutory rate, when they pay any taxes at all. The average effective U.S. corporate rate, after allowing for various write offs, is only 23.5 percent – lower than that in Japan or Canada. By this measure, there is no reason to take a meat ax to corporate tax obligations.¶ Nevertheless, the case for cutting the corporate tax rate remains compelling. The effective rate among many of America’s competitors is also lower than their statutory rate. So any reform of both rates and loopholes needs to be done with an eye toward a level international playing field.¶ Cutting Rates¶ Seventeen countries reduced their corporate tax rates in 2009-2010. To keep job-creating investment in the United States, Washington needs to do the same. With a rate that is 11 percentage points above the OECD average, a cut of 7 to 10 percentage points would be reasonable, bringing the U.S. rate down to the statutory or effective OECD average. Republicans in the U.S. House of Representatives have already proposed cutting the corporate rate to 25 percent, as has GOP presidential candidate Mitt Romey.¶ However, at a time of rising concern about the U.S. government’s deficit and debt levels, it would be irresponsible to cut corporate taxes if doing so would erode much-needed government revenues. Jane Gravelle of the Congressional Research Service has found that a significant cut in U.S. rates would actually cost the Treasury substantial tax revenue.¶ But rates can be cut significantly without sacrificing fiscal prudence, if done right. In a study for the Peterson Institute for International Economics, Gary Hufbauer and Woan Foong Wong found that with a 10 percentage point cut in the corporate tax rate “the loss of corporate tax revenue is more than offset by the gain in revenue from personal income taxes and other taxes.”¶ However, the Hufbauer-Wong conclusion depends on corporations investing their added revenue, not simply banking it, as they are now doing with their profits. This all-important caveat argues forcefully for tying any tax rate cut to new corporate investment commitments.¶ It would be economically dubious and politically impossible to force corporate investment in return for tax reform. Society would not benefit from companies squandering their tax savings on expanding economically inefficient capacity they don’t need.¶ A better approach would be to leverage corporations to invest some of their tax savings in rebuilding America’s crumbling infrastructure, where some economists estimate the investment shortfall now exceeds $2 trillion.¶ Corporations could receive a tax credit if they devoted a portion of their tax savings to purchasing bonds issued by a national infrastructure bank. This would drive investment that would not otherwise take place, creating demand without adding to excess capacity, generating a more sustainable economic recovery. While a tax credit would add to the cost of tax reform by creating a new tax expenditure, the additional jobs and economic activity such investment would generate should more than compensate for the loss of revenue.¶ Of course, such an initiative would complicate corporate tax reform because it would require additional legislation. But Senator John Kerry has already introduced a proposal to create an independent, nonprofit bank that would leverage private investment into infrastructure projects. Progressives should make passage of corporate tax reform dependent on creation of an infrastructure bank to channel some of the corporate savings into job-creating investment.¶ Broadening the Base¶ The U.S. tax base, the universe of taxable corporate profits, was just 13 percent of the economy in 2007. The OECD average, not including the United States, was 22 percent. So, while the effective U.S. corporate tax is 6 percentage points higher than the OECD average, the U.S. tax base is 9 percentage points of GDP smaller than the average in comparable countries. There is great room to broaden the corporate tax base while cutting rates, raising additional deficit-cutting revenue.¶ Paris’ experience shows what Washington could accomplish. France has the lowest effective corporate tax rate in the OECD at only 8.3 percent, but the broadest tax base by far: 35.7 percent of GDP. With that low rate and broad base, corporate tax revenue in France accounts for the same percentage of GDP, 3 percent, as that raised by the United States, with its higher rate and narrower base.¶ Voters back such base-broadening. In a May 2011 poll by the Pew Research Center, 62 percent of Americans favored limiting tax deductions for large corporations. And despite reluctance of Congressional Republicans to tighten tax loopholes and tax expenditures, 62 percent of GOP voters and 67 percent of Independents supported curbing corporate tax deductions. A September 2011 Gallup poll found similar support for raising taxes on corporations. Fully 70 percent of Americans favored increasing taxes on some corporations by limiting certain tax deductions.¶ One way to broaden the base would be to require more businesses to be taxed as corporations. Only 18 percent of U.S. businesses are incorporated, the lowest proportion by far among comparable OECD countries. The reason: U.S. tax law permits individuals to be taxed at individual not corporate rates if they are in limited liability corporations, such as law firms, and other pass-through entities.¶ In 1980, 3 percent of business receipts were accounted for by such “pass-throughs.” By 2007, 20 to 50 percent of such receipts went through pass-throughs.¶ Hufbauer and Wong have concluded that if the U.S. taxed pass-through entities at current corporate rates, corporate tax revenues would almost double. This would provide ample revenue to use for tax credits to incentivize corporations to invest in infrastructure bank bonds.

#### Nuclear war

Khalilzad 11 [Zalmay Khalilzad, counselor at CSIS, served as US Ambassador to Iraq, Afghanistan, and the UN under Bush II, former Asst. Prof of Poli Sci @ Columbia, PhD from University of Chicago, “The Economy and National Security,” Feb 8 2011, http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad]

The current recession is the result of a deep financial crisis, not a mere fluctuation in the business cycle. Recovery is likely to be protracted. The crisis was preceded by the buildup over two decades of enormous amounts of debt throughout the U.S. economy — ultimately totaling almost 350 percent of GDP — and the development of credit-fueled asset bubbles, particularly in the housing sector. When the bubbles burst, huge amounts of wealth were destroyed, and unemployment rose to over 10 percent. The decline of tax revenues and massive countercyclical spending put the U.S. government on an unsustainable fiscal path. Publicly held national debt rose from 38 to over 60 percent of GDP in three years.¶ Without faster economic growth and actions to reduce deficits, publicly held national debt is projected to reach dangerous proportions. If interest rates were to rise significantly, annual interest payments — which already are larger than the defense budget — would crowd out other spending or require substantial tax increases that would undercut economic growth. Even worse, if unanticipated events trigger what economists call a “sudden stop” in credit markets for U.S. debt, the United States would be unable to roll over its outstanding obligations, precipitating a sovereign-debt crisis that would almost certainly compel a radical retrenchment of the United States internationally.¶ Such scenarios would reshape the international order. It was the economic devastation of Britain and France during World War II, as well as the rise of other powers, that led both countries to relinquish their empires. In the late 1960s, British leaders concluded that they lacked the economic capacity to maintain a presence “east of Suez.” Soviet economic weakness, which crystallized under Gorbachev, contributed to their decisions to withdraw from Afghanistan, abandon Communist regimes in Eastern Europe, and allow the Soviet Union to fragment. If the U.S. debt problem goes critical, the United States would be compelled to retrench, reducing its military spending and shedding international commitments.¶ We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution of power. These trends could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation.¶ The stakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. leadership. By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars among the great powers. Failures of multi-polar international systems produced both world wars.¶ American retrenchment could have devastating consequences. Without an American security blanket, regional powers could rearm in an attempt to balance against emerging threats. Under this scenario, there would be a heightened possibility of arms races, miscalculation, or other crises spiraling into all-out conflict. Alternatively, in seeking to accommodate the stronger powers, weaker powers may shift their geopolitical posture away from the United States. Either way, hostile states would be emboldened to make aggressive moves in their regions.¶ As rival powers rise, Asia in particular is likely to emerge as a zone of great-power competition. Beijing’s economic rise has enabled a dramatic military buildup focused on acquisitions of naval, cruise, and ballistic missiles, long-range stealth aircraft, and anti-satellite capabilities. China’s strategic modernization is aimed, ultimately, at denying the United States access to the seas around China. Even as cooperative economic ties in the region have grown, China’s expansive territorial claims — and provocative statements and actions following crises in Korea and incidents at sea — have roiled its relations with South Korea, Japan, India, and Southeast Asian states. Still, the United States is the most significant barrier facing Chinese hegemony and aggression.

#### It’ll pass despite fights over other issues

Schoeff 13 [Mark Schoeff Jr. covers legislation and regulations affecting investment advisers and brokers, “How the budget battle greases the skids for a tax overhaul,” Jan 7 2013, http://www.investmentnews.com/article/20130107/BLOG07/130109968]

Even before the final “aye” and “nay” been cast on the fiscal-cliff bill, Republicans and Democrats were girding for the next fiscal war over paring the massive federal deficit and debt.¶ The verbal jousts were amplified this past weekend, as Senate Minority Leader Mitch McConnell, R-Ky., appeared on three Sunday news programs to warn President Barack Obama that the GOP would demand deep spending cuts over the next couple months in order to raise the federal debt ceiling and keep the government operating.¶ In the midst of these battle cries, however, there is a quiet but growing chorus of optimism that Washington can take on an issue that is much more complex and fraught with political pitfalls than debates over the fiscal cliff and federal spending.¶ Lawmakers and experts believe that Congress can tackle comprehensive tax reform in 2013. The fiscal-cliff bill provided the foundation for such a debate by making many of the Bush tax cuts permanent.¶ One of the lawmakers who will be instrumental in tax reform was hopeful just before the House voted to approve the fiscal-cliff bill.¶ “This legislation settles the level of revenue that Washington should bring in,” Rep. Dave Camp, chairman of the House Ways & Means Committee, said in a floor statement on Jan. 1. “Next, we need to make the tax code simpler and fairer for families and small businesses. So, by making Republican tax cuts permanent, we are one step closer to comprehensive tax reform that will help strengthen our economy and create more and higher pay checks for American workers.”¶ The fiscal-cliff bill determined the “baseline” from which tax reform discussions can start, according to Jon Traub, managing principal of tax policy at Deloitte Tax LLP and a former aide to Mr. Camp.¶ Prior to congressional action last week, one of the biggest obstacles to tax reform was sorting out whether the starting point was a tax code that included the Bush tax cuts or one that let them expire.¶ Now that that question has been settled, it easier to determine how much “revenue” there should be in a “revenue neutral” tax overhaul, Mr. Traub writes in a recent analysis.¶ In addition, as Mr. Traub points out, Senate Finance Chairman Max Baucus, D-Mont., notes that the fiscal-cliff bill did not change policy toward so-called tax expenditures – such as retirement-savings incentives – nor did it address corporate tax reform. Both of those big items remain on the table for comprehensive tax reform.¶ Even the fight between President Barack Obama and congressional Republicans over further tax increases and spending cuts could find a resolution in broad tax reform, according to Mr. Traub.¶ “[W]ith House Republicans highly unlikely to agree to any legislation that increases tax rates and President Obama pledging in a statement delivered shortly after the [fiscal-cliff bill] passed the House that future efforts to reduce the deficit will not rely solely on spending cuts, the parties are likely to find tax reform one of the few ways to accommodate these competing interests,” Mr. Traub writes.¶ If Congress does undertake tax reform, it's likely to be even more dramatic than the fiscal-cliff machinations, with hundreds of lobbying groups protecting their favored tax breaks and lawmakers splitting along both partisan and regional lines to shield the parts of the code most important to them.¶ But at least the chances are good that Congress will start down the tax-reform path in 2013.

# Exports DA

#### DOE will limit LNG exports now because of concerns about domestic supply and demand---the plan resolves those concerns and triggers exports

Charles Ebinger et al 12, a senior fellow and director of the Energy Security Initiative at the Brookings Institution; Kevin Massy, Assistant Director of the Energy Security Initiative at Brookings; and Govinda Avasarala, Senior Research Assistant in the Energy Security Initiative at Brookings, May 2012, “Liquid Markets: Assessing the Case for U.S. Exports of Liquefied Natural Gas,” http://www.brookings.edu/~/media/research/files/reports/2012/5/02%20lng%20exports%20ebinger/0502\_lng\_exports\_ebinger.pdf

From the perspective of the U.S. federal government, the issue of implications is viewed in terms of “public interest.” Under existing legislation, exports of natural gas to countries with a free trade agreement (FTA) with the United States are, by law, deemed to be in the public interest and authorization is required to be given without modification or delay. Projects looking for authorization to export LNG to countries without an FTA, which account for roughly 96 percent of current global LNG demand, are required to be approved by the Secretary of Energy unless, after public hearing, the Department of Energy finds that such exports are not in the public interest.80 Although the legal definition of “public interest” is not explicitly given in existing legislation, according to public statements by officials from the Department of Energy, “public interest” includes:

• Adequate domestic natural gas supply; • Domestic demand for natural gas proposed for export; • Economic impacts of exports (on GDP, consumers, and industry); • U.S. energy security; • Job creation; • U.S. balance of trade; • International considerations; • Environmental considerations; • Consistency with DoE’s policy of promoting market competition through free negotiation of trade81

The first two of these criteria were addressed in Part I. The remainder focus on the various domestic and international implications of U.S. LNG exports.

Domestic Implications

The domestic implications of U.S. LNG exports include their impact on natural gas prices, natural gas price volatility, jobs and competitiveness, and on overall energy security.

Price of domestic natural Gas

The domestic price impact of natural gas exports will be a significant factor in determining whether or not the United States should export LNG. While it is generally acknowledged that a domestic price increase will result from largescale LNG exports, the size of the price increase is the subject of debate, with a number of studies suggesting a range of possible outcomes. The important considerations when analyzing the results and conclusions of the various existing studies are the assumptions and models that are used when making price forecasts. Below are the results and methodologies of five major pricing studies done by the EIA and three consultancies: Deloitte, ICF International, and Navigant Consulting, which published two studies.

2012 Energy information Administration study In January 2012, the EIA published a study entitled “Effect of Increased Natural Gas Exports on Domestic Energy Markets.”82 The study, conducted at the request of the Office of Fossil Energy of the Department of Energy, analyzed four different export scenarios across four different resource base or economic assumptions to project price responses to LNG exports. In addition to a “baseline” scenario, where no LNG is exported, the EIA model considered four different export scenarios: • A low export/slow growth scenario, where 6 bcf/day of LNG is exported, phased in at a rate of 1 bcf/day per year; • A low export/rapid growth scenario, where 6 bcf/day of LNG is exported, phased in at a rate of 3 bcf/day per year; • A high export/slow growth scenario, where 12 bcf/day of LNG is exported, phased in at a rate of 1 bcf/day per year; • A high export/rapid growth scenario, where 12 bcf/day of LNG is exported, phased in at a rate of 3 bcf/day per year. Given the uncertainty over the actual size of the shale gas resource base and the future growth of the U.S. economy, each of these scenarios (both “baseline” and export) were applied to four alternate background cases: • A reference case, based on the EIA’s 2011 Annual Energy Outlook; • A low-shale estimated ultimate recovery (EUR) case, in which shale gas production from new, undrilled wells is 50 percent below the reference case scenario; • A high-shale EUR case, in which shale gas production from new, undrilled wells is 50 percent higher than the reference case; • A high economic growth case, in which U.S. GDP grows at 3.2 percent as opposed to the 2.7 percent assumed in the reference case. Given the range of assumptions, the range of results was unsurprisingly wide. The results range from a 9.6 percent increase (from $3.56 to $3.90/ mcf) in domestic natural gas prices in 2025 due to exports (in the case of high shale gas recovery, low export volumes and a slow rate of export growth) to a 32.5 percent increase (in the case of low shale gas recovery, high export volumes and a high rate of export growth). The percentage premium for domestic natural gas prices in 2025 for each scenario relative to the baseline scenario price estimate is detailed in table 3. In addition to the price premium for exporting natural gas that exists in each case, the EIA study projected a short-term spike in natural gas prices as a result of LNG exports. As figure 7 below illustrates, in 2015, the first year that LNG exports occur, domestic natural gas prices rise rapidly until total export capacity is reached. In the “lowrapid” scenario prices peak in 2016, after the 6 bcf/day of export capacity is built over 2 years; in the “high-slow” scenario, natural gas prices peak in 2026, after the 12 bcf/day of export capacity is built over 12 years. The immediate jump in price becomes more pronounced in the scenarios where LNG export capacity increases quickly. In the “low-rapid” scenario, the price of natural gas peaks at nearly 18 percent above the baseline case; in the “high-rapid” scenario, natural gas prices peak at 36 percent above the baseline case. This price impact is exacerbated in the Low Shale EUR and High Macroeconomic Growth cases, as LNG exports further tighten domestic natural gas markets. In the most extreme example, the high-rapid scenario for exports in a Low Shale EUR case, the price for natural gas peaks at more than 50 percent than the baseline case.83 There are two factors that should be considered when interpreting the results of this price impact study. The first is the assumption regarding the rate at which LNG could be exported. The results of EIA’s analysis represent an extreme scenario for LNG exports. In the existing LNG market, it is particularly unlikely that either the “low-rapid” or the “high-rapid” scenarios would materialize. The former assumption stipulates that the United States would export 6 bcf/day of LNG by 2016. Given that, at the time of writing, only one facility has been approved to export 2.2 bcf/day to nonFTA countries starting in 2015, it is unlikely that another three plants would be approved and built in such a short time frame.84 The latter scenario, that the United States would be exporting 12 bcf/ day of LNG by 2018, suggests that in the next several years, the United States would grow from exporting negligible volumes of LNG to having roughly one-third of the global LNG export capacity. Not only would this supply growth outpace growth in global LNG demand, but this capacity addition would also have to compete with roughly 11 bcf/day of Australian-origin LNG that is expected to hit the market around the same time.85 The second issue is the model’s assumptions for incremental investment in natural gas production as a result of increased export capacity. The spike in price depicted in figure 7 occurs because investment from gas producers lags additional demand. In the model, producers respond to, rather than anticipate, additional demand. For this reason, prices peak once the export capacity is filled, before steadily decreasing. In reality, the expectation of future demand would likely induce gas producers to invest in additional production before incremental demand occurs. As a result, the increase in prices would likely begin earlier and peak at a lower level than suggested by the model. deloitte study An earlier study released in November 2011 from the Deloitte Center for Energy Solutions highlighted the producer-response in its model. In addition to finding that LNG exports would produce a smaller increase in gas prices than the EIA report suggests, the Deloitte study points out that “producers can develop more reserves in anticipation of demand growth, such as LNG exports. There will be ample notice and time in advance of the exports to make supplies available.”86 Using a dynamic model, in which production increased in anticipation of new demand, the Deloitte study found that 6 bcf/day of exports of LNG would result in, on average, a 1.7 percent increase (from $7.09 to $7.21/MMBtu) in the price of natural gas between 2016 and 2035. Further, the Deloitte study noted that there would be regional variations to the increase in natural gas prices resulting from LNG exports. As most of the proposed liquefaction terminals are expected to be on the Gulf Coast, the price of Henry Hub gas, which is the key benchmark for natural gas from the Gulf Coast, will increase by $0.22/ MMBtu by 2035 as a result of U.S. LNG exports. This is more than double the price increase projected in regions further away from the LNG export terminals. In New York and Illinois, natural gas prices are projected to increase by less than $0.10/MMBtu. This is particularly important in the Northeast, which historically experiences some of the highest natural gas prices in the country, but will benefit from the development and consumption of natural gas from the nearby Marcellus shale play. other studies Three other studies of note have analyzed the price impacts of U.S. LNG exports. In August 2010, Navigant Consulting found that 2 bcf/day of LNG exports would cause a price increase of between 7 and 7.9 percent from 2015 to 2035 relative to a scenario with no gas exports. ICF International found in August 2011 that 6 bcf/day of exports would result in an 11 percent ($0.64/MMBtu) increase in natural gas prices over the same period.87 More recently, Navigant released another study that analyzed the impact of two separate export scenarios. The first scenario modeled the impact of 3.6 bcf/day of LNG exports from three terminals in North America: Sabine Pass in Louisiana, Kitimat in British Columbia, and Coos Bay in Oregon. The second scenario modeled the impact of 6.6 bcf/day of LNG exports from the three aforementioned export projects and 2 bcf/day of added exports from the Gulf Coast and 1 bcf/day from Maryland.88 This Navigant study found that 6.6 bcf/day of LNG exports would result in a 6 percent ($0.35/MMBtu) increase in natural gas prices from 2015 to 2035. As with the EIA and Deloitte studies, the results of both Navigant and ICF’s studies must be analyzed in the context of their respective methodologies and assumptions. Navigant’s first study uses a more static supply model, which, unlike dynamic supply models, does not fully take account of the effect that higher prices have on spurring additional production. As a result, it takes a conservative estimate of supply growth potential. The report acknowledges that the price outcomes modeled in its analysis “establish the upper range of impacts that exports […] might have on natural gas prices.”89 This study also did not factor in the reemergence of the industrial sector as a major consumer of natural gas following the shale gas “revolution.” The study assumes that natural gas consumption by the industrial sector will decline by 0.3% per year to 2035. By contrast, the EIA model assumes that industrial sector demand will increase by roughly 1% per year over the same period.90 The ICF study factors in various levels of production response from an increase in price. Under its 6 bcf/day export scenario, the price impact ranges from a $0.52/ MMBtu increase in a more responsive drilling activity scenario to a $0.75/MMBtu increase in a less responsive drilling activity scenario. which study is right? Given that these studies forecast natural gas prices two decades into the future, it is difficult to determine which study is most accurate. (table 4 shows a comparison of the price impact forecasts of the various models.) However, policymakers would benefit from having a better understanding of the results that are generated from each report. This includes choosing the most relevant results from each report. For instance, following the release of the EIA study, many commentators were quick to highlight that natural gas prices could increase by more than 50 percent as a result of LNG exports. However, this ignored the assumptions behind this number: it was based on the price of natural gas in one year under the most extreme assumptions of exports and domestic resource base. A more comprehensive analysis should include an assessment of the average price impact from 2015 to 2035. When distinguishing between the various studies, policymakers should identify which assumptions most resemble the existing natural gas market and its likely direction, and which models are most reflective of the complex nature of domestic and global natural gas trade. Assuming realistic volumes of natural gas exports as well as a reasonable supply response by natural gas producers are important considerations. It is important to note that the supply curves in the various studies reflect different interpretations of the economics of marginal production. The Power sector and industrial sector Part I indicated that the power-generation and industrial sectors would account for most of the demand for newly available natural gas resources. As shown above, LNG exports are likely to increase domestic prices of natural gas, suggesting negative consequences for these two competing sectors. In their analyses, both Deloitte and EIA found that the majority—63 percent, according to both studies—of the exported natural gas will come from new production as opposed to displaced consumption from other sectors. By contrast, between 17 and 38 percent of supply of natural gas for export would be met by reduced demand, as higher prices pushes some domestic consumers to use less gas.

In the power generation and industrial sectors, the price impacts of LNG exports are likely to have modest impacts. In the power sector, natural gas has historically been used as a back up to coal and nuclear base-load generation. For such gas used at the margin, the increase in electricity prices as a result of LNG exports would be limited by its competitiveness relative to other fuels: as soon as it becomes more expensive than the alternative for back up generation, power producers will substitute away from gas.91 According to ICF International, a $0.64/MMBtu increase in the price of natural gas would result in an electricity price increase of between $1.66 and $4.97/megawatt-hour (MWh), depending on how often gas is used as the marginal fuel for electricity. Deloitte estimates that the price increase of electricity would not be more than $1.65/MWh. 92 EIA estimates that electricity price impacts will be marginal as well (between $1.40/MWh and $2.90/MWh) except in the “highrapid” export scenario.93 The EIA Annual Energy Outlook 2011 estimates that, without exporting LNG, the average price of electricity (across all fuels) in 2035 will be $92/MWh.94

In the longer term, natural gas is itself likely to be used for more base-load generation. The rapid increase in shale gas production, coupled with the retirements of as much as 50 gigawatts (GW) of coal-fired electricity due to plant age or inability to adhere to possibly forthcoming EPA regulations is likely to increase the demand for natural gas in the power sector. According to some analysts, the near-term demand caused by the retirements of the oldest and least efficient coal-fired power plants could result in an additional natural gas demand of 2 bcf/day.95 Given the lack of environmentally and economically viable alternatives, a moderate increase in gas prices is unlikely to result in a large move away from natural gas, although increased costs will be transferred to customers. Natural gas consumption in the power sector has been considered economic at prices much higher than those resulting from LNG exports in even the highest price-impact projections. Even prior to the shale gas “revolution,” when natural gas prices were high, natural gas demand was increasing in the power sector. The EIA Annual Energy Outlook 2005— published in a year when average well head prices were over $7/MMBTU—projected that natural gas demand in the electricity sector would increase by 70 percent between 2003 and 2015.96

Unlike the power sector, which continued to build natural-gas fired generation during a period of increasing gas prices, the industrial sector was negatively affected by growing natural gas import dependence, high gas prices, and gas price volatility. Between 2000 and 2005, the price of natural gas increased by 99 percent and LNG imports more than doubled.97 By 2005, the ratio of the price of oil to the price of natural gas was approximately 6:1, just below the 7:1 oil-to-gas price ratio at which U.S. petrochemical and plastics producers are globally competitive.98 That same year Alan Greenspan, then-Chairman of the Federal Reserve, noted that because of natural gas price increases “the North American gas-using industry [was] in a weakened competitive position.”99 Since then the price of natural gas has collapsed. In 2011, the oil-to-natural gas price ratio was more than 24:1. In 2012 it has been even higher. The decline in natural gas prices has galvanized the industrial sector. A joint study by PwC and the National Association for Manufacturers, an industry trade group, found that the development of shale gas could save manufacturers as much as $11.6 billion per year in feedstock costs through 2025.100 New investments in petrochemical and plastics producing facilities are occurring throughout the East and Southeast, largely predicated on the availability of inexpensive natural gas. Opponents of LNG exports contend that such investments would be deterred in the future as a result of increases in the price of natural gas. However, the evidence suggests that the competitive advantage of U.S. industrial producers relative to its competitors in Western Europe and Asia is not likely to be affected significantly by the projected increase in natural gas prices resulting from LNG exports. As European and many Asian petrochemical producers use oil-based products such as naphtha and fuel oil as feedstock, U.S. companies are more likely to enjoy a significant cost advantage over their overseas competitors. Even a one-third decline in the estimated price of crude oil in 2035 would result in an oil-to-gas ratio of 14:1.101 There is also the potential for increased exports to help industrial consumers. Ethane, a liquid byproduct of natural gas production at several U.S. gas plays, is the primary feedstock of ethylene, a petrochemical product used to create a wide variety of products. According to a study by the American Chemistry Council, an industry trade body, a 25 percent increase in ethane production would yield a $32.8 billion increase in U.S. chemical production. By providing another market for cheap dry gas, LNG exports will encourage additional production of natural gas liquids (NGL) that are produced in association with dry gas. According to the EIA, ethane production increased by nearly 30 percent between 2009 and 2011 as natural gas production from shale started to grow substantially. Ethane production is now at an alltime high, with more than one million barrels per day of ethane being produced.102 Increased gas production for exports results in increased production of such natural gas liquids, in which case exports can be seen as providing a benefit to the petrochemical industry.

natural gas price volatility

A major concern among domestic end users of natural gas is the possibility of an increase in natural gas price volatility resulting from an increase in U.S. LNG exports. As figure 8 demonstrates, the price volatility experienced during the 2000s was the highest the domestic gas market has experienced in the past three decades.

The volatility of the natural gas market in the 2000s was largely caused by a tight supply-demand balance. Natural gas demand increased substantially as the U.S. economy grew and natural gas was viewed as environmentally preferable to coal for power generation. This increase in demand coincided with a reduction in domestic supply and an increased reliance on imports. The recent surge in U.S. natural gas production has resulted in less market volatility since 2010. According to EIA, the standard deviation of the price of natural gas (a general statistical indicator of volatility) between 2010 and 2011 was one-third what it was during the 2000s.103 Potential exports of U.S. LNG concerns some domestic consumers for two principal reasons: greater volatility in domestic natural gas prices; and exposure of domestic natural gas prices to higher international prices resulting in a convergence between low U.S. prices and high international prices.

There is an insufficient amount of data and quantitative research on the relationship between domestic natural gas price volatility and LNG exports. However, certain characteristics of the LNG market are likely to limit volatility. LNG is bound by technical constraints: it must be liquefied and then transported on dedicated tankers before arriving at terminals where a regasification facility must be installed. Liquefaction facilities have capacity limits to how much gas they can turn into LNG. If they are operating at or close-to full capacity, such facilities will have a relatively constant demand for natural gas, therefore an international price or supply shock would have little impact on domestic gas prices. Moreover, unlike oil trading, in which an exporter—theoretically—sells each marginal barrel of production to the highest bidder in the global market, the capacity limit on LNG production and export means that LNG exporters have an infrastructure-limited demand for natural gas leaving the rest of the natural gas for domestic consumption. As most LNG infrastructure facilities are built on a project finance basis and underpinned by long-term contracts, this demand can be anticipated by the market years in advance, reducing the likelihood of volatility. The macroeconomy and jobs The macroeconomic and job implications of LNG exports depend on two principal factors: the gains from trade from exploiting pricing differentials and inefficiencies of the global market; and the employment implications of those gains, higher domestic natural gas prices, and greater domestic natural gas production. The Department of Energy has commissioned a study on both the macroeconomic and employment implications of U.S. LNG exports, which will be released later this year. This study will provide a qualitative assessment of the implications of LNG exports to the U.S. economy and employment. LNG exports are likely to be a net benefit to the U.S. economy, although probably not a significant contributor in terms of total U.S. GDP. Exports of U.S. natural gas will take advantage of the benefits of the existing producer’s surplus resulting from the pricing differentials between the natural gas markets in the United States, Europe, and Asia. Contractual terms will determine how this surplus is shared between U.S. sellers and foreign buyers.104 The benefit of this trade will likely outweigh the cost to domestic consumers of the increase in the price of natural gas as most of the natural gas demanded by exports will come from new natural gas production as opposed to displacing existing production from domestic consumers. On the other hand, LNG exports from the United States are likely to put marginal upward pressure on the relative value of the U.S. dollar. In March 2012, Citigroup released a report on North American hydrocarbon production that included a model of the macroeconomic impact of U.S. oil and gas exports. The Citi analysis found that oil and gas exports would cause a nearly two percent decline in the current account deficit by 2020, but that the exchange rate implications would be modest. By 2020, the U.S. dollar would appreciate by between 1.6 and 5.4 percent.105 The implications of LNG exports on job creation are similarly difficult to quantify. Other than temporary construction jobs created by the need to build liquefaction capacity, pipelines, and other ancillary infrastructure, the operation of the liquefaction facility will likely provide little permanent employment benefit. As outlined in the section on price impacts above, as much of the gas for export will come from new production, rather than the displacement of consumption in other sectors, the negative economic, and therefore jobrelated, effects on those sectors is likely to be limited. Beyond the labor required for additional gas production to satisfy LNG exports, the net impact of LNG exports is likely to be minimal. Further upstream, the job potential may be greater. By increasing domestic natural gas production, employment from additional oil and gas producers will increase, as will the demand for manufacturers of equipment for oil and gas production, gathering, and transportation. domestic energy security

Aside from the price impact of potential U.S. LNG exports, a major concern among opponents is that such exports would diminish U.S. “energy security”; that exports would deny the United States of a strategically important resource. The extent to which such concerns are valid depends on several factors, including the size of the domestic resource base, and the liquidity and functionality of global trade. As Part I of this report notes, geological evidence suggests that the volumes of LNG export under consideration would not materially affect the availability of natural gas for the domestic market. Twenty years of LNG exports at the rate of 6 bcf/day, phased in over the course of 6 years, would increase demand by approximately 38 tcf. As presented in Part I, four existing estimates of total technically recoverable shale gas resources range from 687 tcf to 1,842 tcf; therefore, exporting 6 bcf/day of LNG over the course of twenty years would consume between 2 and 5.5 percent of total shale gas resources. While the estimates for shale gas reserves are uncertain, in a scenario where reserves are perceived to be lower than expected, domestic natural gas prices would increase and exports would almost immediately become uneconomic. In the long-term, it is possible that U.S. prices and international prices will converge to the point at which they settle at similar levels. In that case, the United States would have more than adequate import capacity (through bi-directional import/export facilities) to import gas when economic.

A further gas-related consideration with regard to energy security is the effects of increased production of associated natural gas with the increasing volumes of U.S. unconventional oil. As the primary energy-security concern for the United States related to oil, the application of fracking and horizontal drilling in oil production is reducing U.S. oil import dependence, while simultaneously producing substantial volumes of natural gas, which, given the relative economics of oil and gas, is effectively delivered at zero (or, in the case of producers who have to invest in equipment to manage flaring and venting, negative) cost. To the extent that associated gas from unconventional oil production is used for LNG export, it can be seen as a consequence of—rather than a threat to—increased U.S. energy security. international implications The international implications of LNG exports from the United States can be divided into pricing, geopolitics, and environment. international Pricing As discussed in Part I, the global LNG market is informally separated into three markets: North America, the Atlantic Basin (mostly Europe), and the Pacific Basin (including Japan, South Korea, Taiwan, China, and India). These markets are separated because of important technical differences that impact the pricing structure for LNG in each market. The North American natural gas market is competitive and prices are traded in a transparent and open market. The Atlantic Basin is dominated by European LNG consumers such as the United Kingdom, Spain, France, and Italy, and is a hybrid of a competitive U.K. market that was liberalized in the mid-1990s and a Continental European market that is dominated by oil-linked, take-or-pay contracts. In recent years, the U.K. hub, the National Balancing Point (NBP), has traded at a premium to the U.S. hub, the Henry Hub. The Pacific Basin is a more rigid market that depends heavily on oilindexed contracts that are more expensive than those used in the Atlantic Basin. While they have no central trading hub, the Pacific Basin consumers such as Japan and South Korea (which is implementing its recently-signed free-trade agreement with the United States) currently import LNG based on a pricing formula known informally as the Japan Crude Cocktail, the average price of custom-cleared oil imports into Tokyo. Many Pacific Basin contracts have a built-in price floor and price ceiling depending on the price of oil.106 Without exporting any natural gas, the U.S. shale gas “revolution” has already had a positive impact on the liquidity of global LNG markets. Many LNG cargoes that were previously destined for gas-thirsty U.S. markets were diverted and served spot demand in both the Atlantic and Pacific Basins. The increased availability of LNG cargoes has helped create a looser LNG market for other consumers (see figure 9). This in turn has helped apply downward pressure to the terms of oillinked contracts resulting in the renegotiation of some contracts, particularly in Europe. Increased availability of LNG cargoes also accelerated a recent trend of increasing reliance of consumers on spot LNG markets. In 2010 short-term and spot contracts represented 19 percent of the total LNG market, up from only a fraction one decade earlier.107 In this case, increasing demand for spot cargoes indicates that consumers are taking advantage of spot prices that are lower than oilindexed rates. LNG exports will help to sustain market liquidity in what looks to be an increasingly tight LNG market beyond 2015 (see figure 10). Should LNG exports from the United States continue to be permitted, they will add to roughly 10 bcf/day of LNG that is expected to emerge from Australia between 2015 and 2020. Nevertheless, given the projected growth in demand for natural gas in China and India and assuming that some of Japan’s nuclear capacity remains offline, demand for natural gas will outpace the incremental supply. This makes U.S. LNG even more valuable on the international market. Although it will be important to global LNG markets, it is unlikely that the emergence of the United States as an exporter of LNG will change the existing pricing structure overnight. Not only is the market still largely dependent on long-term contracts, the overwhelming majority of new liquefaction capacity emerging in the next decade (largely from Australia) has already been contracted for at oil-indexed rates.108 The incremental LNG volumes supplied by the United States at floating Henry Hub rates will be small in comparison. But while U.S. LNG will not have a transformational impact, by establishing an alternate lower price for LNG derived through a different market mechanism, U.S. exports may be central in catalyzing future changes in LNG contract structure. As previously mentioned, this impact is already being felt in Europe. A number of German utilities have either renegotiated contracts or are seeking arbitration with natural gas suppliers in Norway and Russia. The Atlantic Basin will be a more immediate beneficiary of U.S. LNG exports than the Pacific Basin as many European contracts allow for periodic revisions to the oil-price linkage.109 In the Pacific Basin this contractual arrangement is not as common and most consumers are tied to their respective oil-linkage formulae for the duration of the contract.110 Despite the increasing demand following the Fukushima nuclear accident, however, Japanese LNG consumers are actively pursuing new arrangements for LNG contracts.111 There are other limits to the extent of the impact that U.S. LNG will have on global markets. It is unlikely that many of the LNG export facilities under consideration will reach final investment decision. Instead, it is more probable that U.S. natural gas prices will have rebounded sufficiently to the point that exports are not commercially viable beyond a certain threshold. (figure 11 illustrates the estimated costs of delivering LNG to Japan in 2020.) This threshold, expected by many experts to be roughly 6 bcf/day by 2025, is modest in comparison to the roughly 11 bcf/day of Australian LNG export projects that have reached final investment decision and are expected to be online by 2020. Also, the impact of U.S. LNG exports could be limited by a number of external factors that will have a larger bearing on the future of global LNG prices. For instance, a decision by the Japanese government to phase-out nuclear power would significantly tighten global LNG markets and probably displace any benefit provided by U.S. LNG exports. Conversely, successful and rapid development of China’s shale gas reserves would limit the demand of one of the world’s fastest-growing natural gas consumers. However, to the extent that U.S. LNG exports can help bring about a more globalized pricing structure, they will have economic and geopolitical consequences. Geopolitics A large increase in U.S. LNG exports would have the potential to increase U.S. foreign policy interests in both the Atlantic and Pacific basins. Unlike oil, natural gas has traditionally been an infrastructure-constrained business, giving geographical proximity and political relations between producers and consumers a high level of importance. Issues of “pipeline politics” have been most directly visible in Europe, which relies on Russia for around a third of its gas. Previous disputes between Moscow and Ukraine over pricing have led to major gas shortages in several E.U. countries in the winters (when demand is highest) of both 2006 and 2009. Further disagreements between Moscow and Kiev over the terms of the existing bilateral gas deal have the potential to escalate again, with negative consequences for E.U. consumers. The risk of high reliance on Russian gas has been a principal driver of European energy policy in recent decades. Among central and eastern European states, particularly those formerly aligned with the Soviet Union such as Poland, Hungary, and the Czech Republic, the issue of reliance on imports of Russian gas is a primary energy security concern and has inspired energy policies aimed at diversification of fuel sources for power generation. From the U.S. perspective such Russian influence in the affairs of these democratic nations is an impediment to efforts at political and economic reform. The market power of Gazprom, Russia’s state-owned gas monopoly, is evident in these countries. Although they are closer to Russia than other consumers of Russian gas in Western Europe, many countries in Eastern and Central Europe pay higher contract prices for their imports, as they are more reliant on Russian gas as a proportion of their energy mixes. In the larger economies of Western Europe, which consume most of Russia’s exports, there are efforts to diversify their supply of natural gas. The E.U. has formally acknowledged the need to put in place mechanisms to increase supply diversity. These include market liberalization approaches such as rules mandating third-party access to pipeline infrastructure (from which Gazprom is demanding exemption), and commitments to complete a single market for electricity and gas by 2014, and to ensure that no member country is isolated from electricity and gas grids by 2015.112 Despite these formal efforts, there are several factors retarding the E.U.’s push for a unified effort to reduce dependence on Russian gas. National interest has been given a higher priority than collective, coordinated E.U. energy policy: the gas cutoffs in 2006 and 2009 probably contributed to the acceptance of the Nord Stream project, which carries gas from Russia into Germany. Germany’s decision to phase out its fleet of nuclear reactors by 2022 will result in far higher reliance on natural gas for the E.U.’s biggest economy. The environmental imperative to reduce carbon emissions—codified in the E.U.’s goal of essentially decarbonizing its power sector by the middle of century—mean that natural gas is being viewed by many as the short-to medium fuel of choice in power generation. Finally, the prospects for European countries to replicate the unconventional gas “revolution” that has resulted in a glut of natural gas in the United States look uncertain. Several countries, including France and the U.K., have encountered stiff public opposition to the techniques used in unconventional gas production, while those countries, such as Poland and Hungary, that have moved ahead with unconventional-gas exploration have generally seen disappointing early results. Collectively, these factors suggest that the prospects for reduced European reliance on Russian gas appear dim. The one factor that has been working to the advantage of advocates of greater European gas diversity has been the increased liquidity of the global LNG market, discussed above. Russia’s dominant position in the European gas market is being eroded by the increased availability of LNG. Qatar’s massive expansion in LNG production in 2008, coupled with the rise in unconventional gas production in the United States as well as a drop in global energy demand due to the global recession, produced a global LNG glut that saw many cargoes intended for the U.S. market diverted into Europe. As mentioned previously, with an abundant source of alternative supply, some European consumers, mainly Gazprom’s closest partners, were able to renegotiate their oil-linked, takeor-pay contracts with Gazprom. As figure 10 illustrates, however, in the wake of the Fukushima natural disaster and nuclear accident in Japan and a return to growth in most industrialized economies, the LNG market is projected to tighten considerably in the short-term, potentially returning market power to Russia. However, there is a second, structural change to the global gas market that may have more lasting effects to Russia’s market power in the European gas market. LNG is one of the fastest growing segments of the energy sector. The growth of the LNG market, both through long-term contract and spot-market sales, is likely to put increasing pressure on incumbent pipeline gas suppliers. A significant addition of U.S. LNG exports will accelerate this trend. In addition to adding to the size of the market, U.S. LNG contracts are likely to be determined on a “floating” basis, with sales terms tied to the price of a U.S. benchmark such as Henry Hub, eroding the power of providers of long-term oil linked contract suppliers such as Russia. While U.S. LNG will not be a direct tool of U.S. foreign policy—the destination of U.S. LNG will be determined according to the terms of individual contracts, the spot-price-determined demand, and the LNG traders that purchase such contracts—the addition of a large, market-based producer will indirectly serve to increase gas supply diversity in Europe, thereby providing European consumers with increased flexibility and market power. Increased LNG exports will provide similar assistance to strategic U.S. allies in the Pacific Basin. By adding supply volumes to the global LNG market, the U.S. will help Japan, Korea, India, and other import-dependent countries in South and East Asia to meet their energy needs. The desire on the part of Pacific Basin countries for the U.S. to become a gas supplier to the region has been underlined by the efforts of the Japanese government, which has attempted to secure a free-trade agreement waiver from the United States to allow exports. As with oil price-linked Russian gas contracts in Eu-rope, U.S. LNG exports linked to a floating Henry Hub benchmark, have the potential to weaken the market power of incumbent LNG providers to Asia, increasing the negotiating power of consumers and decreasing the price. As U.S. foreign policy undergoes a “pivot to Asia,” the ability of the U.S. to provide a degree of increased energy security and pricing relief to LNG importers in the region will be an important economic and strategic asset. Beyond the basin-specific considerations of U.S. LNG exports, they would provide a source of predictable natural gas supply that is relatively free from unexpected production or shipping disruption. With Qatar representing roughly one-third of the global LNG market, a blockade or military intervention in the Strait of Hormuz or a direct attack on Qatar’s liquefaction facilities by Iran would inflict chaos on world energy markets. While the United States government will be unable to physically divert LNG cargoes to specific markets or strategic allies that are most affected (gas allocation will be made by the market players), additional volumes of LNG on the world market will benefit all consumers. international Environmental implications Proposed LNG exports from the United States have encountered domestic opposition on environmental grounds. As outlined in Part I, natural gas production causes greenhouse gas emissions in the upstream production process through leakages, venting, and flaring. The greenhouse gas footprint of shale gas production has been the subject of vigorous debate, with some studies suggesting that methane from the production process leads to shale gas having a higher global warming impact than that of other hydrocarbons including coal. While the methodology underlying such studies has been widely criticized, there is no doubt that leakage and venting of natural gas is a serious negative environmental consequence of natural gas production and transportation: EPA has estimated that worldwide leakages and venting volumes were 3,353.5 bcf in 2010.113 By contrast, some advocates of U.S. exports of LNG maintain that they have the potential to bring global environmental benefits if they are used to displace more carbon-intensive fuels. According to the IEA, natural gas in general has the potential to reduce carbon dioxide emissions by 740 million tonnes in 2035, nearly half of which could be achieved by the displacement of coal in China’s power-generation portfolio. Natural gas—in the form of LNG—also has the potential to displace more carbon-intensive fuels in other major energy users, including across the EU and in Japan, which is being forced to burn more coal and oil-based fuels to make up for the nuclear generation capacity lost in the wake of the Fukushima disaster. In addition to its relatively lower carbon-dioxide footprint, natural gas produces lower emissions of pollutants such as sulfur dioxide nitrogen oxide and other particulates than coal and oil. Natural gas—both in the form of LNG and compressed natural gas—is also being viewed as a potential replacement for oil in the vehicle transportation fleet, with large carbon dioxide abatement potential.114 However, as discussed in Part I, even the United States with its low gas prices is unlikely to see any significant move toward natural gas vehicles in the absence of government policies; the prospects for such vehicles entering the European or Asian markets, where gas is several times as expensive, are remote. On the other hand, additional volumes of natural gas in the global power generation fleet may also have longer-term detrimental consequences for carbon emissions. According to the IEA, by backing out nuclear and renewable energy generation, natural gas could add 320Mt of carbon dioxide by 2035.115 Whether U.S. LNG exports contribute to reduced carbon dioxide emissions through the displacement of coal fired power generation or to the crowding out of renewable and nuclear energy in the global energy mix is something of a moot point. According to the IEA, global power generation is projected to exceed 27,000 terawatt hours per year by 2020.116 Even assuming U.S. exports of 6 bcf/day (on the upper end of the range of expectations), zero losses due to transportation, regasification, and transmission, and a high natural gas power plant efficiency level of 60 percent, such volumes would account for just over one percent of total global power generation.117 Therefore, although the domestic environmental impacts associated with shale gas extraction may, pending the outcome of further study, prove to be a cause for concern with respect to greenhouse gas emissions, the potential for U.S. LNG exports to make a meaningful impact on global emissions through changes to the global power generation mix is negligible. Part III: Conclusions and Recommendations

This paper has attempted to answer two questions: Are U.S. LNG exports feasible? If so, what are the implications of U.S. LNG exports? For exports to be feasible, several demand and supply-related conditions need to be met. On the supply side, adequate resources must be available and their production must be sustainable over the long-term. The regulatory and policy environment will need to accommodate natural gas production to ensure that the resources are developed. The capacity and infrastructure required to enable exports must also be in place. This includes the adequacy of the pipeline and storage network, the availability of shipping capacity, and the availability of equipment for production and qualified engineers.

On the demand side, LNG exports will compete with two main other domestic end uses for natural gas: the power-generation sector, and the industrial and petrochemical sector. According to most projections, the U.S. electricity sector will see an increased demand for natural gas as it seeks to comply with policies and regulations aimed at reducing carbon-dioxide emissions and pollutants from the power-generation fleet. Cheaper natural gas in the industrial sector has the potential to lower the cost of petrochemical production and to improve the competitiveness of a range of refining and manufacturing operations. Advocates of natural gas usage in the transportation fleet – particularly in heavy-duty vehicles (HDVs) – see it as a way to decrease the country’s dependence on oil, although absent major policy support, this sector is unlikely to represent a significant source of gas demand.

For increased U.S. LNG exports to be feasible, they will also need to be competitive with supplies from other sources. The major demand centers that would import U.S. LNG would be Pacific Basin consumers (Japan, South Korea, and Taiwan, and increasingly China and India), and Atlantic Basin consumers, mostly in Europe. The supply and demand balance in the Atlantic and Pacific Basins and, therefore the feasibility for natural gas exports from the United States, depend heavily on the uncertain outlook for international unconventional natural gas production. Recent assessments in countries such as China, India, Ukraine, and Poland indicate that each country has significant domestic shale gas reserves. If these reserves are developed effectively—which is likely to be difficult in the short-term due to a lack of infrastructure, physical capacity, and human capacity—many of these countries would dramatically decrease their import dependence, with negative implications for existing and newcomer LNG exporters.

Detailed analysis of the foregoing factors suggests that the exportation of liquefied natural gas from the United States is logistically feasible. Based on current knowledge, the domestic U.S. natural gas resource base is large enough to accommodate the potential increased demand for natural gas from the electricity sector, the industrial sector, the residential and commercial sectors, the transportation sector, and exporters of LNG. Other obstacles to production, including infrastructure, investment, environmental concerns, and human capacity, are likely to be surmountable. Moreover, the current and projected supply and demand fundamentals of the international LNG market are conducive to competitive U.S.-sourced LNG.

While LNG exports may be practically feasible, they will be subject to approval by policy makers if they are to happen. In making a determination on the advisability of exports, the federal government will focus on the likely implications of LNG exports: i.e. whether LNG exports are in the “public interest.” The extent of the domestic implications is largely dependent upon the price impact of exports on domestic natural gas prices. While it is clear that domestic natural gas prices will increase if natural gas is exported, most existing analyses indicate that the implications of this price increase are likely to be modest. Natural gas producers will likely anticipate future demand from LNG exports and will increase production accordingly, limiting price spikes. The impact on the domestic industrial sector is likely to be marginal: to the extent that LNG exports raise domestic gas prices above the level at which they would have been in the absence of such exports, they will negatively affect the competitiveness of U.S. industry relative to international competitors. However, the competitiveness of natural-gas intensive U.S. companies relative to their counterparts is likely to remain strong, given the large differential between projected U.S. gas prices and oil prices, which are the basis for industrial feedstock by competitor countries. Further, LNG exports are likely to stimulate domestic gas production, potentially resulting in greater production of natural gas liquids such as ethane, a valuable feedstock for industrial consumers. LNG exports are also unlikely to result in an increase in price volatility. The volume of LNG exports is capped by the capacity limitations of liquefaction terminals. If liquefaction terminals are running at close to full capacity, an increase in international demand will do little to affect domestic demand for —and therefore domestic prices of —natural gas.

#### U.S. LNG exports send a signal of energy competition with Russia---destroys energy coop key to broader relations

Richard Weitz 13, senior fellow and director of the Center for Political-Military Affairs at Hudson Institute, 1/29/13, “Global Insights: Oil Sector a Challenge for Russia, Opportunity for U.S.,” <http://www.worldpoliticsreview.com/articles/12672/global-insights-oil-sector-a-challenge-for-russia-opportunity-for-u-s>

In the view of Russians interviewed by the authors, this paucity of cooperation results from perceived impediments erected by the U.S. government. Similarly, Russian officials see the shale gas revolution as a conspiracy on the part of the United States to undermine Russia’s role in energy markets.

Absent forward momentum, the Russia-U.S. energy relationship might even deteriorate. The United States could soon become a major energy exporter again, which would lead to direct energy sales competition between Russia and the United States for the first time in history. One major opportunity for enhanced partnership, as opposed to competition, is the deal reached last August between Exxon Mobil and Rosneft. The project has only recently begun the preliminary seismic surveys, technical assessments and environmental studies that would allow any substantial drilling to start.

Bringing the project to fruition, and augmenting it with near-term cooperation on tight oil and other energy projects, is important for both sides. Concrete Russia-U.S. energy collaboration could help dispel mutual misconceptions and perhaps spur U.S. and Russian economic cooperation in other areas. That in turn could help to increase the number of stakeholders in both countries that share an interest in maintaining good relations. These kinds of private-sector ties, as much as political will in Washington and Moscow, will contribute to the health of bilateral ties moving forward.

#### Extinction

Graham Allison 11, Director of the Belfer Center for Science and International Affairs at Harvard’s Kennedy School of Government, 10/30/11, “10 reasons why Russia still matters,” http://dyn.politico.com/printstory.cfm?uuid=161EF282-72F9-4D48-8B9C-C5B3396CA0E6

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

# States CP

#### The fifty state governments should offer financial incentives including tax breaks for companies producing biogas equivalent to being an eligible source for the renewable energy bonds for financing natural gas.

#### States solve best—innovation, flexibility, and specificity

Thomson and Arroyo 11 (Vivian Thomson, an Associate Professor in the Departments of Politics and Environmental Sciences at the University of Virginia. She also directs the Environmental Thought and Practice program, a selective interdisciplinary BA program, and she is director of the University of Virginia's Panama Initiative AND Vicki Arroyo is the Executive Director of Georgetown's Climate Center at Georgetown Law, “UPSIDE-DOWN COOPERATIVE FEDERALISM: CLIMATE CHANGE POLICYMAKING AND THE STATES”, 29 Va. Envtl. L.J. 1, Lexis)

However, we believe that preempting state climate change and energy programs would be counterproductive, inconsistent with historical practice, and punitive. It is not only that we will need "all hands on deck" to meet the challenges posed by climate change. Now many states - such as our "active" and "surprise" states-have more expertise in the climate change arena than the national government and we should continue to encourage state learning and innovation. Pre-emption would violate the long-standing Clean Air Act legal tradition of allowing the states to adopt air pollution laws for stationary sources that are more stringent than those of the federal government and to adopt California's auto emission standards. n234 State policymakers tailor emission reduction requirements to their specific circumstances and they have sponsored climate change initiatives for a variety of sound reasons, including cost savings and creating jobs. n235 Some federal climate change proposals would undermine state political independence in those arenas. State economies are already reaping the benefits of investing in low-carbon solutions. For example, RGGI's allowance auctions have generated over $ 730 million for state efficiency and renewable energy programs. n236 These gains have been possible within a legal regime that permits the states to exceed federal Clean Air Act requirements. n237 Preemption is also [\*60] likely to be unnecessary, since state policymakers may well "stand down" from conflicting programs if they are assured of meaningful federal action. For example, the California Air Resources Board harmonized its automobile greenhouse gas standards with those of the Obama Administration. n238

At the same time, a new model for climate change cooperative federalism should be informed by the varied ways in which our surprise states define the problems with, and the solutions for, climate change. Texas, Maryland, and Florida's climate change and clean energy actions have arisen in the cross-currents of conflicting political and economic tendencies unique to those states. Their examples underscore the need for flexibility in greenhouse gas reduction tools, for example, promoting home-grown renewable energy. Finally, the policy inertia evident in our passive states indicates that a new model for cooperative federalism will also have to accommodate resistance stemming from deep-seated political traditions and economic interests.

# Grants CP

## 1NC

#### Text: The United States federal government should offer companies that are not eligible for the renewable energy bonds for natural gas taxable cash grants equivalent to \_\_\_\_\_\_\_<Insert plans mandates>\_\_\_\_\_.

#### Cash Grants offer the same incentive as tax credits at half the cost

Varadarajan et al 12 Uday Varadarajan - program examiner in the Energy Branch of the Office of Management and Budget in the Executive Office of the President, Brendan Pierpont, Andrew Hobbs - analyst at Climate Policy Initiative, Kath Rowley, September 2012, "Supporting Renewables while Saving Taxpayers Money," CPI Report Climate Policy Initiative, climatepolicyinitiative.org/wp-content/uploads/2012/09/Supporting-Renewables-while-Saving-Taxpayers-Money.pdf

3. Tax incentives leak money.¶ • A stand-alone large wind project has limited tax liabilities. As a result, project developers can only use tax benefits many years after they are received, and realize just one-third of their potential value (Figure ES-2). ¶ • Project developers therefore enter into financial arrangements with outside investors with tax liabilities—tax-equity financing—to use the tax incentives as they are received. ¶ • However, these arrangements are costly and only enable developers to realize two-thirds of the value of the incentive—an inefficient use of government money (Figure ES-2).¶ 4. Government can save money while providing the same support for projects by using taxable cash incentives rather than tax incentives.¶ • A 1603 Cash Grant half the size of the current investment tax credit could deliver the same benefit to a solar PV project in 2013 at half the cost to government (Figure ES-3).¶ • Taxable cash incentives can be even more cost-effective for governments than non-taxable cash incentives such as the 1603 Cash Grant.3¶ • If the wind production tax credit was delivered as a taxable cash incentive, it would almost halve the cost to government while delivering the same benefit to wind projects (Figure ES-3).

## 2NC

#### Solves energy production levels

Varadarajan et al 12 Uday Varadarajan - program examiner in the Energy Branch of the Office of Management and Budget in the Executive Office of the President, Brendan Pierpont, Andrew Hobbs - analyst at Climate Policy Initiative, Kath Rowley, September 2012, "Supporting Renewables while Saving Taxpayers Money," CPI Report Climate Policy Initiative, climatepolicyinitiative.org/wp-content/uploads/2012/09/Supporting-Renewables-while-Saving-Taxpayers-Money.pdf

The American Recovery and Reinvestment Act gave wind developers a choice between the ITC, PTC, and 1603 Cash Grantfor projects which began construction by the end of 2010. This motivated a number of groups to study the relative cost-effectiveness of these federal incentives. Key conclusions from these studies relevant to our work are:¶ Cost and performance dictates the choice between the PTC and the 1603 Cash Grant for any given wind project. However, overall, the 1603 Cash Grant has spurred greater deployment, reduced financial transaction costs, and halved the unit cost to government relative to the PTC.¶ Project cost and performance dictate the choice between the PTC and 1603 Cash Grant – Bolinger et al. (2009) found that the relative value of the PTC and the 1603 Cash Grant varied with costs and capacity factors across wind facilities. Lower cost, higher capacity factor facilities were likely to get more value from a PTC than the 1603 Cash Grant. This was confirmed by Bolinger et al. (2010) who noted that a quarter of all large wind projects in 2009 and early 2010 chose the PTC over the cash grant in spite of the poor tax equity market conditions. ¶ The 1603 Cash Grant resulted in additional deployment relative to the PTC it replaced – Bolinger et al. (2010) also assessed the extent to which the choice of a 1603 Cash Grant enabled additional deployment relative to the PTC alone. To assess if the project could have been built under a PTC, they analyzed the finances of wind projects deployed using the 1603 Cash Grant and found that roughly 2.4 GW out of the nearly 10 GW of wind projects built in 2009 would not have gone forward under a PTC.

#### Tax credits require certain levels of liability---limits their effectiveness---Cash incentives solve

Varadarajan et al 12 Uday Varadarajan - program examiner in the Energy Branch of the Office of Management and Budget in the Executive Office of the President, Brendan Pierpont, Andrew Hobbs - analyst at Climate Policy Initiative, Kath Rowley, September 2012, "Supporting Renewables while Saving Taxpayers Money," CPI Report Climate Policy Initiative, climatepolicyinitiative.org/wp-content/uploads/2012/09/Supporting-Renewables-while-Saving-Taxpayers-Money.pdf

The form of the incentive provided can significantly impact the cost of financing a project. This issue is particularly acute with tax incentives: ¶ Cash incentives are a more cost-effective way to support projects than tax incentives. ¶ Project stakeholders must have significant, predictable tax liabilities to make use of federal tax incentives. In principle, this promotes renewable energy business models which are more profitable and more likely to be sustainable. Unfortunately, project owners do not typically have sufficient tax liabilities—whether from the project itself or other business activities—to use the tax benefits as they are generated. ¶ For a large wind project with debt in 2010, the PTC and accelerated depreciation benefits reduce the cost of electricity by $24/MWh (at a cost to governments of $21/MWh) if the investor has enough tax liabilities from other business activities to use all the tax benefits as they are generated by the project. However, the value of these incentives is just $8/MWh (at a cost to governments of $11/MWh) if the investor does not have tax liabilities from other business activities. So, without outside tax liabilities, the tax benefits have only a third of their potential value to the project.¶ This motivates project developers to bring in an outside investor with such tax liabilities—a tax equity investor— to monetize the tax incentive and finance the project. However, the high cost of tax equity financing only allows project developers to realize two-thirds of the full value of the tax benefits ($15/MWh, at a cost to governments of $21/MWh). Thus, the costs associated with tax equity finance substantially reduce the impact and cost-effectiveness of the incentive.

#### Tax incentives are ineffective at spurring investment

Dinan and Webre 12 Terry Dinan and Philip Webre of CBO’s Microeconomic Studies Division. March 6, 2012, Congressional Budget Office, "How Much Does the Federal Government Support the Development and Production of Fuels and Energy Technologies?" www.cbo.gov/publication/43040

Reducing External Costs Through the Tax System. Despite the fact that tax preferences have accounted for a large share of federal support for energy, they are generally an inefficient way to reduce environmental and other external costs of energy. They often reward businesses for investments and actions they intended to take anyway. Also, they target only specific technologies, which may not be the least expensive technology. The most direct and cost-effective method to reduce external costs would be to levy a tax on energy sources that reflects the amount of such costs associated with their production and use.

#### Plan causes electricity prices $15 higher than the counterplan

Varadarajan et al 12 Uday Varadarajan - program examiner in the Energy Branch of the Office of Management and Budget in the Executive Office of the President, Brendan Pierpont, Andrew Hobbs - analyst at Climate Policy Initiative, Kath Rowley, September 2012, "Supporting Renewables while Saving Taxpayers Money," CPI Report Climate Policy Initiative, climatepolicyinitiative.org/wp-content/uploads/2012/09/Supporting-Renewables-while-Saving-Taxpayers-Money.pdf

For the small solar PV facilities, a 1603 Cash Grant led to a cost of electricity at least $15/MWh lower than any financing structure with a tax credit. This is largely due to the fixed financial fees associated with obtaining tax equity financing for small projects, equivalent to $29-38/ MWh generated. On the other hand, the large solar PV case yielded essentially equivalent cost of electricity with the ITC and 1603 Cash Grant (see Figure 9 and the subsequent discussion).

#### US electricity prices are low now---increases drive away steel and manufacturing

Álvarez 06 (Gabriel Calzada, Associate Professor at Universidad Rey Juan Carlos in Madrid, “BEFORE THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS HEARINGS ON “CLIMATE CHANGE AND ENSURING THAT AMERICA LEADS THE CLEAN ENERGY TRANSFORMATION””, 8/6, http://www.instituteforenergyresearch.org/pdf/Calzada%20EPW%20Testimony%20Aug%206%202009.pdf)

Principally, the high cost of electricity affects costs of production and employment levels in metallurgy, non-metallic mining and food processing, beverage and tobacco industries.¶ The high cost of electricity due to the green job policy tends to drive the relatively most electricity-intensive companies and industries away, seeking areas where costs are lower. The example of the stainless steel manufacturer Acerinox, which exported its growth from Europe to Kentucky thereby creating U.S. and not European manufacturing jobs, is just such a case. I am surprised that the United States, which has seen the benefits of lower electricity prices in attracting business investment and jobs from other countries, would be considering a similar course and expecting a different result.

#### That’s key to competitiveness, the economy and national security

Department of Commerce 12 (U.S. Department of Commerce in consultation with the National Economic Council, January 2012, "The Competitiveness and InnovativeCapacity of the United States www.commerce.gov/sites/default/files/documents/2012/january/competes\_010511\_0.pdf)

A flourishing manufacturing sector in the United States is crucial to its future competitive strength. Throughout its history, manufacturing has been a source of prosperity, innovation, and pride for the United States. Manufacturing pays higher than average wages, provides the bulk of U.S. exports, contributes sub‐ stantially to U.S. R&D, and protects national security.¶ Manufacturing remains a vital part of the U.S. economy. In 2009, manufacturing made up 11.2 percent of gross domestic product (GDP) 1 and 9.1 percent of total U.S. employment, 2 directly employing almost 12 million workers. This sector also has indirect employment effects on other sectors of the U.S. economy when it purchases inputs for production such as raw materials (such as from the agricul‐ tural and mining sectors), buildings (from the construction and real estate sec‐ tors), and services (including warehousing and transportation; professional, scientific, and technical services; and financial services). In these ways, manufac‐ turing supports millions of additional supply chain jobs across the economy.¶ In addition, many of the jobs provided by this sector are high quality. Total hourly compensation in the manufacturing sector is, on average, 22 percent higher than that in the services sector and about 91 percent of factory workers have em‐ ployer‐provided benefits compared to about 71 percent of workers across all pri‐ vate sector firms. 3¶ Manufacturing is also the largest contributor to U.S. exports. In 2010, the United States exported over $1.1 trillion of manufactured goods, which accounted for 86 percent of all U.S. goods exports and 60 percent of U.S. total exports (see figure 6.1). In order to support millions more jobs, President Obama’s National Export Initiative set the ambitious goal of doubling U.S. exports by the end of 2014. Moreover, the United States runs a trade surplus in the services sector, a surplus that has tripled since 2003 4 ; however, though the services sector will continue to be important, increases in services alone will not likely double U.S. exports by 2014. Indeed, without a strong manufacturing sector, the U.S. trade surplus in services may erode (see box 6.1).¶ A strong manufacturing sector is also crucial because successful innovation in many sectors is closely linked to the ability to manufacture products as innova‐ tive methods and ideas are generated and perfected through the process of mak‐ ing things. In the recent Report to the President on Ensuring American Leadership in Advanced Manufacturing, 5 the President’s Council of Advisors on Science and Technology (PCAST) and the President’s Innovation and Technology Advisory Committee (PITAC) emphasize the critical importance of advanced manufacturing in driving knowledge production and innovation in the United States. The PCAST researched the current state of manufacturing and concluded that U.S. leader‐ ship in manufacturing is declining and that this is detrimental to the well‐being of the nation overall. Manufacturing companies in the United States are responsible for over two‐thirds of the industrial R&D6 and employ the majority of domestic scientists and engineers.7 Furthermore, manufacturing R&D is the dominant source of innovative new service‐sector technologies, 8 hence its benefits reach beyond the manufacturing arena. The colocation of manufacturing, research, and other sectors can also be impor‐ tant. In its recent report the PCAST states: “Proximity is important in fostering in‐ novation. When different aspects of manufacturing—from R&D to production to customer delivery—are located in the same region, they breed efficiencies in knowledge transfer that allow new technologies to develop and businesses to in‐ novate.” 9 Thus, even if R&D facilities are kept in the United States, the relocation of manufacturing facilities overseas may limit the United States’ ability to inno‐ vate. ¶ Finally, an innovative and secure domestic manufacturing base is critical to national security. An inability to produce domestically the advanced defense systems of the modern military would put the national security of the United States at risk. As its military comes to rely more heavily on complex and advanced technology systems, it is important that the United States retain the manufactur‐ ing capacity and knowledge necessary to produce these goods. Our continued se‐ curity not only rests on the ability to produce military products, but we must also consider how the sourcing of all critical infrastructure components, from commu‐ nications equipment to power generation, affects our ability to protect against potentially catastrophic supply chain disruptions.

# Enviro Advantage

## 1NC

#### New systems check water pollution

Science Daily 11 "New Software Protects Water Utilities from Terrorist Attacks and Contaminants," July 25, http://www.sciencedaily.com/releases/2011/07/110725152925.htm

Americans are used to drinking from the kitchen tap without fear of harm, even though water utilities might be vulnerable to terrorist attacks or natural contaminants.

Now, thanks to CANARY Event Detection Software -- an open-source software developed by Sandia National Laboratories in partnership with the Environmental Protection Agency (EPA) -- public water systems can be protected through enhanced detection of such threats.

"People are excited about it because it's free and because we've shown that it works really well. We would love to have more utilities using it," said Regan Murray, acting associate division director of the EPA's Water Infrastructure Protection Division at the National Homeland Security Research Center.

The software tells utility operators within minutes whether something is wrong with their water, giving them time to warn and protect the public. And it's improving water quality by giving utility managers more comprehensive real-time data about changes in their water.

#### No impact to soil erosion and long term

Taylor 93 Jerry Taylor, Director of Natural Resource Studies at the CATO Institute, “The Growing Abundance of Natural Resources” in “Market Liberalism: A Paradigm for the 21st Century”, 1993, http://cato.org/pubs/chapters/marlib21.html

Although conservationists argue that accelerating soil erosion will make those productivity gains short-lived and illusory, the facts speak otherwise. Most of the world's worst soil erosion problems are the result, not of modern high-yield farming, but of attempts to use low-yield, traditional agricultural techniques on fragile soils.30

Studies by the U.S Department of Agriculture, the University of Minnesota's Soil Sciences Department, and economist Pierre Crosson of Resources for the Future all conclude that, at current erosion rates, heavily farmed soils in the United States might lose 3 to 10 percent of their inherent fertility over the next 100 years. Such small losses are sure to be more than offset by continued improvements in agricultural productivity even if no new conservation techniques are adopted. As Crosson noted:

The success of the new [high-yield] technologies strongly suggests that erosion damage to soils in the main crop- producing regions of the country was not and is not as severe as is sometimes claimed. Soil scientists have acknowledged that even severely eroded soil can be restored to high productivity with investments of human skill and other resources, even though they may seem to forget this when they make pronouncements about the erosion threat. Continuation of present rates of erosion throughout most of the next century would pose no serious threat to the productivity of the nation's soils.31

#### No extinction

Posner 5—Senior Lecturer, U Chicago Law. Judge on the US Court of Appeals 7th Circuit. AB from Yale and LLB from Harvard. (Richard, Catastrophe, http://goliath.ecnext.com/coms2/gi\_0199-4150331/Catastrophe-the-dozen-most-significant.html)

Yet the fact that Homo sapiens has managed to survive every disease to assail it in the 200,000 years or so of its existence is a source of genuine comfort, at least if the focus is on extinction events. There have been enormously destructive plagues, such as the Black Death, smallpox, and now AIDS, but none has come close to destroying the entire human race. There is a biological reason. Natural selection favors germs of limited lethality; they are fitter in an evolutionary sense because their genes are more likely to be spread if the germs do not kill their hosts too quickly. The AIDS virus is an example of a lethal virus, wholly natural, that by lying dormant yet infectious in its host for years maximizes its spread. Yet there is no danger that AIDS will destroy the entire human race. The likelihood of a natural pandemic that would cause the extinction of the human race is probably even less today than in the past (except in prehistoric times, when people lived in small, scattered bands, which would have limited the spread of disease), despite wider human contacts that make it more difficult to localize an infectious disease.

## 1NR

#### No impact to soil erosion - all hype - your authors agree

Simon 97 Julian L. Simon teaches business at the University of Maryland and is a senior fellow at the Cato Institute. "Digging Deeper Into the Soil Erosion Scam," June 3, CATO, https://www.google.com/search?sugexp=chrome,mod=13&sourceid=chrome&ie=UTF-8&q=Digging+Deeper+Into+the+Soil+Erosion+Scam

This program is part-and-parcel of the most conclusive discredited environmental-political fraud of recent times, the National Agricultural Lands Study (NALS) set up in 1980 by the Agriculture Department. This organization created a huge media scare about farmland being ruined by two supposedly related forces, urbanization of farmland and the erosion of fields.

Both scares were quickly disproven. The amazing part is that the assertions were eventually acknowledged to be false by the U.S. Department of Agriculture. That is, even the original purveyors of the false facts about the "vanishing farmland crisis" ended up agreeing that the widely reported scare was without foundation. But the scares did not die, and are back with us again.

Here is the saga: Headlines like these began to appear in the newspapers about 1980: "The peril of vanishing farmlands" (the New York Times). "Farmland losses could end U.S. food exports" (Chicago Tribune). "Vanishing farmlands: selling out the soil" (Saturday Review), and "As world needs food, U.S. keeps losing soil to land developers" (Wall Street Journal). The stories claimed that the urbanization-of-farmland rate had jumped from the 1960s to the 1970s from less than 1 million acres per year to 3 million acres per year. This assertion was wholly untrue as we shall see.

Then in a Jan. 11, 1983, speech President Reagan said, "I think we are all aware of the need to do something about soil erosion." The headline on a June 4, 1984, Newsweek "My Turn" article typified how the issue was presented: "A step away from the Dust Bowl." More recently, we have such statements as that of Vice President Al Gore about how "8 acres' worth of prime topsoil floats past Memphis every hour," and that Iowa "used to have an average of 16 inches of the best topsoil in the world. Now it is down to 8 inches "

These are the scam-busting facts: The long-run trend in the decades up to 1970 was about 1 million acres of total land urbanized per year. The Soil Conservation Service in conjunction with NALS asserted that the rate then jumped to 3 million acres yearly from 1967 to 1975 or 1977. Scholars at several universities and think tanks found that the 3 million-acres-a-year rate was most implausible in light of data from other sources. And we found that the survey on which the NALS based its claim employed a faulty polling technique and had amazing huge errors in arithmetic.

The soil erosion claims were **equally** ridiculous. According to the USDA, only a tiny proportion of cropland--3 percent--is so erosive that no management practices can help much. Seventy-seven percent of cropland erodes at rates below 5 tons per acre each year, the equilibrium rate at which new soil is formed below the surface; that is, most cropland erodes less than the "no net loss rate." Just 15 percent of U.S. cropland "is moderately erosive and eroding about a 5-ton tolerance. Erosion on the land could be reduced with improved management practices," though this does not necessarily mean the land is in danger or is being managed uneconomically.

In short, the aggregate data on the condition of farm and the rate of erosion do not support the concern about soil erosion. What's more, the data suggest that the condition of cropland has been improving rather than worsening. Theodore W. Schultz, the only agricultural economist to win a Nobel Prize, and Leo V. Mayer of the USDA, both wrote very forcefully that the danger warnings were false. Mr. Schultz cited not only research but also his own lifetime recollections starting as a farm boy in the Dakotas in the 1930s.

But even a Nobel laureate's efforts could not slow the public-relations juggernaut that successfully co-opted the news media, won the minds of the American public, and were used to justify the USDA giveaways.

So far, the story is unremarkable--another environmental scare disproven. But in this case there was a remarkable development: In 1984, the USDA's own Soil Conservation Service issued a paper by Susan Lee that completely reversed the earlier scare figures and confirmed the estimates by the independent scholars.

And the accompanying press release made it clear that the former estimates were now being retracted. "[T]he acreage classified as urban and built-up land was 46.6 million acres in 1982, compared to 64.7 million acres reported in 1977." Please read that again. It means that whereas in 1977 the SCS had declared that 64.7 million acres had been "lost" to built-up land, just five years later SCS admitted that the actual total was 46.6 million acres. That is, the 1977 estimate was admitted to be fully 50 percent too high, a truly amazing error for something so easy to check toughly as the urbanized acreage of the U.S.

With unusual candor, the USDA press release added, "The 1977 estimate thus appears to have been markedly overstated."

The USDA press release of April 10,1984, contained a second bombshell: "The average annual rate of soil erosion on cultivated cropland dropped from 5.1 tons per acre to 4.8 tons per acre." That is, erosion was lessening rather than getting worse, exactly the opposite of what NALS claimed. And this finding undercuts the new USDA program being proposed now.

#### Intervening actors check

Zakaria 9**—**Editor of Newsweek, BA from Yale, PhD in pol sci, Harvard. He serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. Named "one of the 21 most important people of the 21st Century" (Fareed, “The Capitalist Manifesto: Greed Is Good,” 13 June 2009, http://www.newsweek.com/id/201935)

Note—Laurie Garrett=science and health writer, winner of the Pulitzer, Polk, and Peabody Prize

It certainly looks like another example of crying wolf. After bracing ourselves for a global pandemic, we've suffered something more like the usual seasonal influenza. Three weeks ago the World Health Organization declared a health emergency, warning countries to "prepare for a pandemic" and said that the only question was the extent of worldwide damage. Senior officials prophesied that millions could be infected by the disease. But as of last week, the WHO had confirmed only 4,800 cases of swine flu, with 61 people having died of it. Obviously, these low numbers are a pleasant surprise, but it does make one wonder, what did we get wrong? Why did the predictions of a pandemic turn out to be so exaggerated? Some people blame an overheated media, but it would have been difficult to ignore major international health organizations and governments when they were warning of catastrophe. I think there is a broader mistake in the way we look at the world. Once we see a problem, we can describe it in great detail, extrapolating all its possible consequences. But we can rarely anticipate the human response to that crisis. Take swine flu. The virus had crucial characteristics that led researchers to worry that it could spread far and fast. They described—and the media reported—what would happen if it went unchecked. But it did not go unchecked. In fact, swine flu was met by an extremely vigorous response at its epicenter, Mexico. The Mexican government reacted quickly and massively, quarantining the infected population, testing others, providing medication to those who needed it. The noted expert on this subject, Laurie Garrett, says, "We should all stand up and scream, 'Gracias, Mexico!' because the Mexican people and the Mexican government have sacrificed on a level that I'm not sure as Americans we would be prepared to do in the exact same circumstances. They shut down their schools. They shut down businesses, restaurants, churches, sporting events. They basically paralyzed their own economy. They've suffered billions of dollars in financial losses still being tallied up, and thereby really brought transmission to a halt." Every time one of these viruses is detected, writers and officials bring up the Spanish influenza epidemic of 1918 in which millions of people died. Indeed, during the last pandemic scare, in 2005, President George W. Bush claimed that he had been reading a history of the Spanish flu to help him understand how to respond. But the world we live in today looks nothing like 1918. Public health-care systems are far better and more widespread than anything that existed during the First World War. Even Mexico, a developing country, has a first-rate public-health system—far better than anything Britain or France had in the early 20th century.

# Agriculture Advantage

## 1NC

#### Agriculture is resilient

PW 9 [Property Wire, “Farmland shows resilience to recession,” 2/10, http://www.propertywire.com/news/company-news/farmland-resilience-recession-200902102589.html]

Farmland has outperformed most alternative assets during the past three years recording total annual returns of more than 20% as well as being a good hedge in times of economic uncertainty. Last year, according to the latest edition of Savills Agricultural Land Market Survey investment was cited as the primary reason for buying in 29% of all transactions, up from 16% in 2007. This additional interest from investors helped to push average arable land values up by 15.5% and average pasture values up to 28.4% although most of this growth was confined to the first half of the year. Ian Bailey Savills research comments, "The period of exceptional growth in values appears to have stalled for the time being but historically farmland has remained fairly resilient to recession with any fall in values limited". Forecasts for 2009 We expect average values to stabilise this year, dipping during the first half by up to 5% and regaining lost ground in the second half. Debt, as a reason to sell, is unlikely to be a significant factor; interest rates are likely to stay low and although profitability may dip it should remain above 2006 levels. A more distinct two-tier market is expected with good quality, well equipped, well located and commercially viable farms commanding the higher prices. We see no reason for the supply of farmland to change significantly from the volumes recorded during the past few years; an average of 186,000 acres have been publicly marketed each year for the past three years, though we expect a later market. Overseas buyers will continue to be a significant and important source of demand. Their presence in the market this year will be further enhanced by the weak performance of sterling against other currencies.¶ Christopher Miles comments, "In the East we have kicked off the New Year with renewed interest in farms from UK and overseas investors but with very little land available compared to this time last year demand is building. I remain positive for the outlook for prices of good arable and with the prospect of a late market it may be a case of the early bird catching the worm".

#### Small farms won’t collapse---don’t solve globally

#### No impact to monocultures

Wood 3 – has worked on germplasm research and gene banks (Dave, 1/7, Are Seedbanks Obsolete?, AgBioView, http://www.agbioworld.org/newsletter\_wm/index.php?caseid=archive&newsid=1567)

Finally - a hobby-horse of mine. Don's repeated concern is 'the liability of the monocultures of our major cereal grains'. 'Monoculture' is in danger of becoming a buzz-word used increasingly by people who don't know what they are talking about. There is nothing whatever wrong with cereal monocultures. Early farmers domesticated our major cereals from extensive monodominant stands of wild relatives. There is no evidence at all that these persistent wild stands (relatives of rice, wheat, barley, sorghum and pearl millet) were vulnerable to disease and pests, rather the opposite; they were tough. Modern monoculture cropping is a direct descendent of these stable wild monocultures; **it is as 'ecologically correct' as possible**; and still provides most of our food. There is no example of famine in modern times resulting only from the vulnerability of monocultures. Yet there are numerous historical examples of famines from diverse landrace agriculture. The worst case that can be found of cereal vulnerability was the Southern Corn Leaf Blight, which affected maize in the US in 1970. This was a key stimulus to the expansion of national and global seed collections (of which there are now far too many). Yet this disease was nothing to do with monocultures ñ it was result of an over-reliance on limited genetic variation in a widespread crop. Always ignored was the rapid recovery of US maize production the following season. Since the 1930s, and as a result of top quality agricultural science, US maize yields have shown a steady and remarkable increase. There was a tiny dip in 1970 as a result of blight, and by 1971, yield had increased beyond the trend line. Rather than a failure, the immediate recovery from the 1970 blight was an outstanding success of forward-looking breeding, seed production, and monoculture cropping (rather than filling genebanks with landraces and fields with unmanageable crop mixtures). It is not possible to justify the millions of samples stored in genebanks by claims that cereal monocultures are especially vulnerable to disease: they are not. Monocultures are robust cropping systems based on robust natural analogues. Biotech can make them yet more robust and ecologically correct.

# California Advantage

## 1NC

#### CA econ resilient

Nicholas Johnson; 7-18-08; “Boehner says economy is surprisingly strong, rejects stimulus plan” Bloomberg.com, http://www.bloomberg.com/apps/news?pid=20601070&sid=aCYzK\_oGh8kg&refer= home

July 18 (Bloomberg) -- House Minority Leader [John Boehner](http://search.bloomberg.com/search?q=John+Boehner&site=wnews&client=wnews&proxystylesheet=wnews&output=xml_no_dtd&ie=UTF-8&oe=UTF-8&filter=p&getfields=wnnis&sort=date:D:S:d1) said the U.S. economy is surprisingly strong and dismissed calls by House Speaker [Nancy Pelosi](http://search.bloomberg.com/search?q=Nancy+Pelosi&site=wnews&client=wnews&proxystylesheet=wnews&output=xml_no_dtd&ie=UTF-8&oe=UTF-8&filter=p&getfields=wnnis&sort=date:D:S:d1) for a second stimulus package of tax rebate checks. Pelosi said yesterday she favors another stimulus plan of about $50 billion to ease the economic pain for more than 100 million households. The benefits from the first round of rebate checks have been eroded by rising energy costs, she said, adding the new plan may be considered later this year. ``That just happens to be on the eve of an election,'' Boehner said in an interview to be aired this weekend on Bloomberg Television's ``Political Capital with [Al Hunt](http://search.bloomberg.com/search?q=Al+Hunt&site=wnews&client=wnews&proxystylesheet=wnews&output=xml_no_dtd&ie=UTF-8&oe=UTF-8&filter=p&getfields=wnnis&sort=date:D:S:d1).'' ``It looks highly political to me.'' Boehner, an Ohio Republican, said it is too soon for a new economic package because ``the checks are still going out'' from the first plan and ``we're still seeing the effects of it**.''** Congress approved a bipartisan $168 billion plan earlier this year that included rebate checks of as much as $600 per individual. ``While the economy is slow, we're still seeing growth,'' Boehner said. ``And frankly, I've got to tell you, I'm shocked. Given the high oil prices, gas prices, food prices and the high cost of health care, I'm surprised that the economy is growing. It really goes to show you how resilient our economy is.''

#### No chance of war from economic decline---best and most recent data

Daniel W. Drezner 12, Professor, The Fletcher School of Law and Diplomacy, Tufts University, October 2012, “The Irony of Global Economic Governance: The System Worked,” <http://www.globaleconomicgovernance.org/wp-content/uploads/IR-Colloquium-MT12-Week-5_The-Irony-of-Global-Economic-Governance.pdf>

The final outcome addresses a dog that hasn’t barked: the effect of the Great Recession on cross-border conflict and violence. During the initial stages of the crisis, multiple analysts asserted that the financial crisis would lead states to increase their use of force as a tool for staying in power.37 Whether through greater internal repression, diversionary wars, arms races, or a ratcheting up of great power conflict, there were genuine concerns that the global economic downturn would lead to an increase in conflict. Violence in the Middle East, border disputes in the South China Sea, and even the disruptions of the Occupy movement fuel impressions of surge in global public disorder.

The aggregate data suggests otherwise, however. The Institute for Economics and Peace has constructed a “Global Peace Index” annually since 2007. A key conclusion they draw from the 2012 report is that “The average level of peacefulness in 2012 is approximately the same as it was in 2007.”38 Interstate violence in particular has declined since the start of the financial crisis – as have military expenditures in most sampled countries. Other studies confirm that the Great Recession has not triggered any increase in violent conflict; the secular decline in violence that started with the end of the Cold War has not been reversed.39 Rogers Brubaker concludes, “the crisis has not to date generated the surge in protectionist nationalism or ethnic exclusion that might have been expected.”40

None of these data suggest that the global economy is operating swimmingly. Growth remains unbalanced and fragile, and has clearly slowed in 2012. Transnational capital flows remain depressed compared to pre-crisis levels, primarily due to a drying up of cross-border interbank lending in Europe. Currency volatility remains an ongoing concern. Compared to the aftermath of other postwar recessions, growth in output, investment, and employment in the developed world have all lagged behind. But the Great Recession is not like other postwar recessions in either scope or kind; expecting a standard “V”-shaped recovery was unreasonable. One financial analyst characterized the post-2008 global economy as in a state of “contained depression.”41 The key word is “contained,” however. Given the severity, reach and depth of the 2008 financial crisis, the proper comparison is with Great Depression. And by that standard, the outcome variables look impressive. As Carmen Reinhart and Kenneth Rogoff concluded in This Time is Different: “that its macroeconomic outcome has been only the most severe global recession since World War II – and not even worse – must be regarded as fortunate.”42

#### Economic power not key to hegemony

Kapila 10 [Dr. Subhash Kapila is an International Relations and Strategic Affairs analyst and the Consultant for Strategic Affairs with South Asia Analysis Group and a graduate of the Royal British Army Staff College with a Masters in Defence Science and a PhD in Strategic Studies., “21st Century: Strategically A Second American Century With Caveats,” June 26, http://www.eurasiareview.com/201006263919/21st-century-strategically-a-second-american-century-with-caveats.html]

Strategically, the 20th Century was decidedly an American Century. United States strategic, military, political and economic predominance was global and undisputed. In the bi-polar global power structure comprising the United States and the Former Soviet Union it was the United States which globally prevailed. The 20th Century's dawn was marked by the First World War which marked the decline of the old European colonial powers, noticeably Great Britain. The Second World War marked the total eclipse of Great Britain and other colonial powers. The United States replaced Great Britain as the new global superpower. The 20th Century's end witnessed the end of the Cold War, with the disintegration of the Former Soviet Union as the United States strategic challenger and counter-vailing power. On the verge of the new millennium the United States strode the globe like a colossus as the sole global super power. With a decade of the 21st Century having gone past, many strategic and political analysts the world over have toyed with projections that United States global predominance is on the decline, and that the 21st Century will not be a second American Century. Having toyed, with such projections, these analysts however shy away from predicting whose century the 21st Century will strategically be? The trouble with such projections is that they are based predominantly on analyses of economic trends and financial strengths and less on detailed analyses of strategic and military strengths, and more significantly strategic cultures. Presumably, it is easier for such analysts to base trends on much quoted statistical data. Strategic analysis of global predominance trends is a more complex task in the opinion of the Author, as it cannot be based on statistical data analysis. Global predominance trends need unravelling of strategic cultures of contending powers, the reading of national intentions and resolve and the inherent national strengths and willpower demonstrated over a considerable time span of half-centuries and centuries. Crisply put, one needs to remember that in the 1980's, Japan and Germany as "economic superpowers" could not emerge as global superpowers. Hence global predominance calls for more than economic strengths. The United States getting strategically bogged down in Iraq and Afghanistan in the first decade of the 21st Century has not led to any noticeable decline in American global predominance. Despite Iraq and Afghanistan, the United States reigns supreme globally even in East Asia where China could have logically challenged it. More significantly, and normally forgotten, is the fact that the off-quoted shift of global and economic power from the West to East was facilitated by United States massive financial direct investments in China, Japan, South Korea and India. China quoted as the next superpower to rival the United States would be economically prostate, should the United States surgically disconnect China's economic and financial linkages to the United States. More significantly, while examining the prospects of the 21st Century as a "Second American Century" it must be remembered that besides other factors, that out of the six multipolar contenders for global power, none except China have shown any indications to whittle down US global predominance. Even China seems to be comfortable with US power as long as it keeps Japan in check. This Paper makes bold to assert that the 21st Century would be a Second American Century despite China's challenge and the strategic distractions arising from the global Islamic flash-points.

## 2NC

California’s economy is already failing due to job loss.

Mercury News 7-19-2008, “Silicon Valley Unemployment Rate Rises”, <http://www.mercurynews.com/ci_9932115>

Silicon Valley posted anemic job growth last month, but in a state that economists say is in a "jobs recession," any growth is good. More than 1.2 million Californians are unemployed**,** according to figures released Friday by the state Employment Development Department. California's seasonally adjusted unemployment rate was 6.9 percent, up from 6.8 percent in May; the valley's rate jumped from a seasonally unadjusted 5.6 percent in May to 6.1 percent in June. Seasonal adjustments take account of variations in the job market during the year, such as the burst in hiring around the holidays. Santa Clara and San Benito counties added 3,000 jobs from May to June for a total workforce of 923,200. That is half the average job growth the area has seen for the past 18 years, the EDD reported. Still, it was the valley's 17th consecutive month of job gains. Many of the valley's largest companies have been cutting jobs. Layoffs combined with construction and financial unemployment boosted the number of people looking for work and unable to findit. While the national economy is a drag on the valley, the tech-driven region is doing much better than the state, where job levels have declined for the past two quarters. The state's jobless rate "tells us that the California economy is in a recession," said Stephen Levy of the Center for the Continuing Study of the California Economy.