### Plan

The Environmental Protection Agency should substantially reduce its restrictions on domestic natural gas production.

### Contention [ ]: Production { }

#### Scenario 1 is Iran

#### MAD doesn’t apply to Iranian prolif – no second strike capability and diplomatic isolation

Henzel 12/29 (John is a Masters’ candidate at the Whitehead School of Diplomacy and International relations. He is specializing in international security and foreign policy analysis. Deconstructing Policy Responses to the Iranian Nuclear Program, The Whitehead Journal of Diplomacy (At Senton Hall University).<http://blogs.shu.edu/diplomacy/2012/12/deconstructing-policy-responses-to-the-iranian-nuclear-program/>, December 29, 2012)

Of foremost concern, is the question of if Iran should be allowed to acquire nuclear weapons in the first place. The most persuasive arguments for allowing Iran to develop a nuclear arsenal propose that, not only are nuclear weapons an indelible sovereign right for nations that desire them, nuclear weapons structurally promote peace. The purported evidence is obvious; the era of nuclear weapons that evolved into the Cold War’s ‘Mutually Assured Destruction’ ended serious conflict between nuclear powers. States with nuclear weapons must tread lightly with one another out of mutual fear, which paves over years of conflict to pacify the most intense rivalries. By this logic, Iran’s main strategic deficit, and the core of its bellicosity, is its lack of nuclear strength – and thus an effective deterrent – relative to its perceived adversaries, Israel and the United States. Once you solve this deficit, by allowing Tehran access to a nuclear deterrent, tensions will lessen.¶ However, this position is overly simplistic and ignores key differences between the cases presented. While it is plausible that an Israel/US-Iran peace could be forced through nuclear parity, in actuality, that parity will not exist overnight. In order to have a strong MAD-style nuclear deterrent, a state’s nuclear capability must be able to absorb or evade an opponent’s attack (such as with silos, SLBMs, etc) and deliver an attack of one’s own (requiring miniaturization of warheads, advanced missile design and targeting systems, and extensive personnel training). Iran would not have many of these requisite capabilities for an indefinite interim period that would be characterized by constant fear of first-strike – possibly leading to an Iranian first-strike to jump ahead of the perceived course of events. If Iran lacks the requisite capabilities to weather an Israeli or American strike, the logic of nuclear balance falls apart.¶ Furthermore, the ‘nuclear peace’ argument has not considered the effects external to the dyadic rivalry between Iran and Israel that will be seen in the region if Iran obtains nuclear weapons. The primary instigating factor for a state seeking nuclear weapons is when it faces a threat of nuclear weapons itself. If Iran gets the bomb, so too must Saudi Arabia, then Egypt, then Lebanon, and Syria, and so on. This cascade of security deficits could effectively break the NPT norm apart throughout the region and have spillover effects to other regions.¶ The final nail in the nuclear peace thesis is the impact of non-state actors and illicit proliferation rings. While realist theorists suggest that states will never provide the state’s ultimate source of military might to an uncontrollable third party, when states are isolated they seek out similarly isolated groups and states to compensate for their strategic deficits. It is probable that Iran would continue to be diplomatically isolated from the international community even after securing nuclear weapons, so its incentives to participate in proliferation rings would increase. While they may not directly supply third parties with full-fledged nuclear weapons, simple materials and technology in exchange for other goods could substantially support a third party’s nuclear terrorism endeavors. However, this thinking assumes there is a stable, rational, and non-corrupt regime – Tehran’s government officials may have far less scruples in handling its nuclear materials than in other nuclear states.

#### Iran proliferation ensnares Israel-Iran into nuclear war through proxies

Robb 10/10 (Charles, B.A. from the University of Wisconsin–Madison, J.D. at the University of Virginia Law School, Charles Wald, Master of Political Science degree in international relations, Troy State University, Bipartisan Policy Center Board Member “The Price of Inaction: Analysis of Energy and Economic Effects of a Nuclear Iran,” October 10th, 2012, <http://bipartisanpolicy.org/sites/default/files/PriceofInaction.pdf>)

A nuclear Iran would immediately encounter another nuclear state—even if an undeclared one—in the region: Israel. Compared with the relative stability of the Cold War, an initial stalemate between Israel and Iran would be highly precarious at best and would also threaten the entirety of Gulf exports, although for a more limited duration. Were Iran to become nuclear, the frequency of crises and proxy conflicts between Iran and Israel would likely increase, as would the probability of such confrontations spiraling into a nuclear exchange, with horrendous humanitarian consequences. There could be an Israeli-Iranian nuclear exchange through miscalculation and/or miscommunication. There could also be a calculated nuclear exchange, as the Israeli and Iranian sides would each have incentives to strike the other first. Tehran would likely have the ability to produce only a small handful of weapons, whereas Israel is already estimated to possess more than 100 devices, including thermonuclear warheads far beyond the destructive power of any Iranian fission weapon. Under such circumstances, Iran’s vulnerability to a bolt-from-the-blue Israeli nuclear strike would actually increase its incentive to launch its own nuclear attack, lest its arsenal be obliterated. Israel’s small territorial size reduces the survivability of its second-strike capability and, more importantly, the survivability of the country itself, despite its vastly larger and more advanced arsenal. Thus, Israeli leaders might feel the need to act preventatively to eliminate the Iranian arsenal before it can be used against them, just as American military planners contemplated taking out the fledgling Soviet arsenal early in the Cold War, except that as a much smaller country Israel has far less room for maneuver. Xxvi

#### Israeli strikes escalate- success irrelevant

Goldberg ‘10 (Jeffrey Goldberg, National correspondent for the Atlantic, “The Point of No Return,” <http://www.theatlantic.com/magazine/archive/2010/09/the-point-of-no-return/8186/>, September 2010)

When the Israelis begin to bomb the uranium-enrichment facility at Natanz, the formerly secret enrichment site at Qom, the nuclear-research center at Esfahan, and possibly even the Bushehr reactor, along with the other main sites of the Iranian nuclear program, a short while after they depart en masse from their bases across Israel—regardless of whether they succeed in destroying Iran’s centrifuges and warhead and missile plants, or whether they fail miserably to even make a dent in Iran’s nuclear program—they stand a good chance of changing the Middle East forever; of sparking lethal reprisals, and even a full-blown regional war that could lead to the deaths of thousands of Israelis and Iranians, and possibly Arabs and Americans as well; of creating a crisis for Barack Obama that will dwarf Afghanistan in significance and complexity; of rupturing relations between Jerusalem and Washington, which is Israel’s only meaningful ally; of inadvertently solidifying the somewhat tenuous rule of the mullahs in Tehran; of causing the price of oil to spike to cataclysmic highs, launching the world economy into a period of turbulence not experienced since the autumn of 2008, or possibly since the oil shock of 1973; of placing communities across the Jewish diaspora in mortal danger, by making them targets of Iranian-sponsored terror attacks, as they have been in the past, in a limited though already lethal way; and of accelerating Israel’s conversion from a once-admired refuge for a persecuted people into a leper among nations.

#### Pakistan is required to give Saudi Arabia nuclear weapons- rapid Middle East proliferation

Robb 10/10 (Charles, B.A. from the University of Wisconsin–Madison, J.D. at the University of Virginia Law School, Charles Wald, Master of Political Science degree in international relations, Troy State University, Bipartisan Policy Center Board Member “The Price of Inaction: Analysis of Energy and Economic Effects of a Nuclear Iran,” October 10th, 2012, <http://bipartisanpolicy.org/sites/default/files/PriceofInaction.pdf>)

Saudi Arabia would be very likely to try to follow Iran across the nuclear threshold. Should it do so, the world would face the possibility of an Iran-Saudi nuclear exchange—a catastrophic humanitarian event that would threaten the entirety of Gulf oil exports for an extended period of time. In early 2008, the Senate Foreign Relations Committee concluded: “If Iran obtains a nuclear weapon, it will place tremendous pressure on Saudi Arabia to follow suit.” xix By 2012, some experts believe it has already begun to do so. Two main factors could drive Saudi Arabia to pursue a nuclear weapon: (1) a decades-long Saudi-Iran cold war waged along sectarian, religious, ethnic, and geopolitical lines and (2) a deep-seated competition over the energy policies that form the lifeblood of both regimes. The Sunni Saudi monarchy and Shiite Iranian theocracy each claim leadership of the Islamic world. This sectarian competition for primacy is reinforced by ethnic differences: Saudi Arabia is the largest and most populous Arab country astride the Gulf, but it is dwarfed by Iran’s much larger Persian-majority population. These competing claims have pitted the two countries in an enduring cold war and proxy conflict spanning from Lebanon to Iraq and the Arabian Peninsula. Iran—under both the Shah and the ayatollahs—has routinely sought to use its conventional military capabilities, large population, geostrategic position, expansive resources, and ties to armed groups to shift the balance of power in the Persian Gulf in its favor and at the expense of its Sunni Arab neighbors. xx As a result, Saudi Arabia has made it clear it views a nuclear-capable Iran as an existential threat. In 2008, King Abdullah urged the United States to “cut off the head of the snake,” one instance of his “frequent exhortations [to] the United States to attack Iran to put an end to its nuclear weapons program,” according to U.S. diplomatic cables revealed by Wikileaks. xxi With uncertain prospects for a halt to Iran’s nuclear program—peaceful or otherwise—in 2009, the King informed a senior American official, “If [Iran] gets nuclear weapons, we will get nuclear weapons.” This year, senior Saudi officials reiterated that “it would be completely unacceptable to have Iran with a nuclear capability and not the kingdom [of Saudi Arabia].” xxii Rather than lose time developing an indigenous nuclear program, it is likely the Saudi kingdom would seek to obtain a nuclear warhead from Pakistan ready to mount on its CSS- 2 ballistic missiles. Close Saudi-Pakistani security ties date back to shared Cold War–era interests, and it is widely believed that Riyadh bankrolled Islamabad’s nuclear weapons program with the stipulation that Pakistan would sell nuclear devices to Saudi Arabia in an emergency; in the words of a senior Saudi official, “within weeks.” xxiii Pakistan would benefit by receiving much-needed cash and could demand in return dual-key authority over missile launches, both to control Saudi policy and to bolster its own second-strike capability against India. At best, this would create a nuclear-armed standoff between the two most powerful and mutually antagonistic countries in the Persian Gulf. At worst, it could devolve into atomic warfare. Iran’s and Saudi Arabia’s small arsenals, lack of durable communication channels, poor civilian oversight of command-and-control systems, erratic intelligence, proximity to each other, religious ardor, and sectarian divide would all distinguish this scenario from the Cold War balance between the United States and the Soviet Union.

#### Increased domestic natural gas production solves Iran nuclearization – decreases Iranian political influence

Medlock et al ‘11 (Kenneth B, Baker fellow in energy and resource economics, Baker institute for public policy, rice university, Amy Myers Jaffe, Wilson fellow in energy studies, Baker institute for public policy, rice university, Peter Hartley, Professor of economics, Rice University [“Shale Gas and US National Security,” July 2011)

Greater shale gas production in the United States, and eventually Europe, will also make it more difficult for Iran to profit from exporting natural gas. Since Iran is currently hampered by Western sanctions against investment in its energy sector, by the time it can get its natural gas ready for export, the marketing window to Europe will likely be closed by the availability of shale gas. This reality may give the United States and its allies more leverage over Iran for a longer period of time, helping to shape outcomes in the Middle East more positive for U.S. and allied interests.¶ Iran is more likely to become a much larger exporter in the case in which no new shale is developed (Scenario Two), primarily because of greater LNG demand from the United States. In the Reference Case, Iran only emerges as an LNG exporter in the late 2020s and its market position is more limited. However, in the constrained shale case (Scenario Two), Iranian LNG exports grow more quickly and, by 2040, they are about 75 percent higher than in the Reference Case. Thus, shale gas plays an instrumental role in delaying the opening for Iran to sell its natural gas, thwarting its ability in the near term to use natural gas exports as a means to develop bilateral relations with major gas consuming countries and limiting its opportunity to use energy diplomacy to strengthen its regional position or buttress its pursuit of nuclear weapons. Although there are many complex factors that influence Iran’s political leverage globally, the circumstance of lower requirements for Iranian natural gas could make it easier for the United States to achieve buy-in for continued economic sanctions against Iran. Lower interest in Iranian gas reduces the chances that Iran can use its energy resources to drive a wedge in the international coalition against it. By delaying the need for Iranian gas by over a decade, the United States buys time to find a better solution to the Iranian nuclear problem and leaves open the possibility that political change will take place in Iran before its influence as a major global natural gas supplier grows. In addition, the long delay in the commerciality of Iranian gas means that Tehran will have trouble getting Asian pipelines to India or Pakistan off the ground with mutually acceptable terms, thereby reducing—for at least the time being—a potential source of tension between the United States and India.30

#### Sanctions are working – now is key

Gordon 2/5 (Michael, chief military correspondent for The New York Times, Alan Cowell, senior correspondent for NYTimes, “Iran Nuclear Talks to Resume This Month,” 2/5, http://www.nytimes.com/2013/02/06/world/middleeast/iran-nuclear-talks-to-resume-this-month.html?\_r=1&)

Breaking a deadlock over the location and timing of new talks on its disputed nuclear program, Iran has agreed to resume its stuttering dialogue with world powers later this month in Kazakhstan, Iranian and Western officials said on Tuesday. The agreement to meet in Almaty on Feb. 26 follows the imposition of punishing sanctions by the United States and its allies that has led to the devaluation of Iran’s currency. There is a general sense among experts that 2013 will be a make or break year for the negotiations. President Obama has repeatedly said that he will not allow Iran to become a nuclear weapons state and indicated that military action is an option.

#### Gas is Iran’s key tool against sanctions

Dubowitz and Berman ‘10 (Mark, executive director of the Foundation for Defense of Democracies, Ilan, vice president of the American Foreign Policy Council (AFPC) and editor of the Journal of International Security Affairs [“Fix Iran energy loophole,” May 12th, <http://www.politico.com/news/stories/0510/37094.html>)

Iran's energy sector is the regime's lifeblood. Tehran is the world's fourth-largest producer of crude oil. Oil export revenues represent more than 24 percent of Iran's gross domestic product, according to Government Accountability Office estimates, and from 50 percent to 75 percent of government revenues. Iran's natural gas reserves, some 981 trillion cubic feet, are the world's second largest after Russia's. Oil already gives Iran enormous international leverage. Once it becomes a major natural gas exporter, Iran will have exponentially more influence. As international pressure on its gasoline trade has increased, Tehran has responded with "energy independence" countermeasures to leverage its natural gas and oil wealth against the threat of sanctions. This effort, launched during the past five years, reportedly includes a range of projects — from running most vehicles with compressed natural gas to a sweeping mandate for all new cars to be "flex fuel." There is one overriding objective: to ensure that gasoline sanctions, when they materialize, have considerably less bite.

#### Scenario 2 is Economy

#### Increased production is key to manufacturing

Bullis 1/9 (Kevin, MIT Technology Review’s senior editor, “Shale Gas Will Fuel a U.S. Manufacturing Boom,” 1/9, <http://www.technologyreview.com/news/509291/shale-gas-will-fuel-a-us-manufacturing-boom/>)

Shale Gas Will Fuel a U.S. Manufacturing Boom Chemical producers abandoned the U.S. in droves. Cheap natural gas is luring them back. People predicting a manufacturing renaissance in the United States usually imagine whirring robots or advanced factories turning out wind turbines and solar panels. The real American edge might be in something entirely more mundane: cheap starting materials for plastic bottles and plastic bags. The plummeting price of natural gas—which can be used to make a vast number of products, including tires, carpet, antifreeze, lubricants, cloth, and many types of plastic—is luring key industries to the United States. Just five years ago, natural-gas prices were so high that some chemical manufacturers were shutting down U.S. operations. Now the ability to access natural gas trapped in shale rock formations, using technologies such as hydraulic fracturing and horizontal drilling, has lowered American prices to a fraction of those in other countries (see “King Natural Gas”). Over the last 18 months, these low prices have prompted plans for the construction of new chemical plants to produce ethylene, ammonia for fertilizer, and diesel fuels. Dow Chemical, for example, plans to spend $4 billion to expand its U.S. chemicals production, including a new plant in Freeport, Texas, that’s due to open in 2017. The plant will make ethylene from the ethane found in many sources of natural gas. (The last such plant to be built in the U.S. was completed in 2001.) The impact of the resurgence is being felt most strongly in the $148 billion market for ethylene, the world’s highest-volume chemical and the foundation for many other industries. It’s used to make bottles, toys, clothes, windows, pipes, carpet, tires, and many other products. Since ethylene is expensive to transport over long distances, a new ethylene plant is typically integrated with a facility to convert it into polyethylene for plastic bags or ethylene glycol for antifreeze. In the U.S., it currently costs $300 to make a ton of ethylene, down steeply from $1,000 a few years ago. According to an analysis by PricewaterhouseCoopers, it currently costs $1,717 to make it in Asia, where plants depend on high-priced oil instead of natural gas, and $455 per ton to make it in Saudi Arabia, using a combination of ethane and butane. (Ethylene plants are also being built in Qatar, which, like the U.S., has very cheap natural gas.) Over the last two years, manufacturers have announced plans to add 10 million metric tons of ethylene capacity in the United States by 2019. Those plans represent a 10 percent increase in global ethylene production and also account for close to half the industry’s planned expansions in all countries. The impact of cheap natural gas on manufacturing could extend beyond the production of various chemicals. Using natural gas as an energy source, rather than a chemical feedstock, could significantly lower costs for manufacturers who use a lot of energy, such as steel makers. (The steel industry is booming already for another natural-gas-related reason—it’s supplying gas producers with pipes.) What’s more, cheap natural gas is prompting a shift away from petroleum-based fuels for trucking. Some companies are switching to trucks that burn natural gas directly. Eventually, even diesel trucks could be using fuel made from natural gas. The South African company Sasol plans to build a huge $14 billion plant in Louisiana partly to convert natural gas to diesel, potentially lowering fuel costs for conventional vehicles as well. Overall, cheaper chemicals, cheaper steel, and cheaper transportation could make the U.S. a far more attractive place for a wide range of industries.

#### Natural gas production solves the economy- but federal intervention snuffs out the boom

Lange ‘12 (Jason, correspondent for reuters [“Shale energy boom dangles prospect of leap in economic growth,” May 24th, <http://www.reuters.com/article/2012/05/24/us-usa-economy-energy-idUSBRE84N10O20120524>)

America's reliance on fuel imports has sucked vigor from its economy for decades. Now an oil and natural gas boom holds out the prospect for a new era of stronger U.S. economic growth. Vast reserves of natural gas and oil unlocked from underground shale deposits have slashed the price of U.S. natural gas to a fraction of costs in Europe and Asia, making it some of the cheapest energy in the world. That is cutting production costs at U.S. factories, making 'Made in America' a more attractive option and driving investment in everything from foundries to chemical plants. The shale energy revolution could also turn the United States into a net exporter of many fuels in little more than a decade, transforming energy from the economy's Achilles' heel to a source of strength. "It certainly gives the U.S. a clear competitive advantage," said Mustafa Mohatarem, chief economist at General Motors, which added two light trucks that can run on natural gas to its Fort Wayne, Indiana, production for 2013 to meet new U.S. demand for cheap energy vehicles. Higher oil and gas output and fewer imports - along with a burst of investment to take advantage of lower energy costs - have the potential to vault the U.S. economy onto a higher growth plain for years to come, said Eric Lee, a market strategist at Citigroup in New York. Citigroup, one of the world's largest banks, recently estimated the energy boom could add roughly a half percentage point to annual U.S. GDP for at least the next several years. That would be a huge gain. If sustained, it could break the country out of a long slump of slowing economic growth and quicken job creation. On average, the economy grew 2.6 percent per year over the last 20 years, down from 3.1 percent in the prior 20 years. "There's something to look ahead to that really is quite transformative," said Lee. Philip Verleger, an economist at the Peterson Institute for International Economics and a prominent consultant in the energy industry, is even more bullish. He thinks America will become energy independent - a net energy exporter - in just over a decade, with the boom adding about a full percentage point to annual economic growth over the next 10 to 15 years. There are skeptics, and analysts warn that environmental concerns raised by new drilling techniques could lead to regulations that snuff out the boom. "This is one thing that clearly can move the needle - but moving it enough to raise the level of GDP by a half point is a lot," said Chris Varvares, an economist at Macroeconomic Advisers. But for now these concerns aren't stopping a range of U.S. companies from charging ahead with new investments. TRUCKING AND PLASTICS Natural gas from shale deposits is already reshaping the long-haul trucking industry. Truck stops around the nation are adding tanks of super-cooled natural gas, known as LNG, because it is substantially cheaper than diesel. "When we call up trucking companies now, it's one of the first things they ask about," said Jimmy Haslam, CEO of Pilot Flying J, one of the country's largest truck stop chains. Trucking moves roughly three-quarters of American freight, so lower transportation costs will reverberate throughout the economy, attracting investment, freeing up capital for new projects and increasing corporate profits.

#### Natural gas growth is immune from external variables- no turns

EL 12/14 (Environmental Leader, “Natural Gas ‘Will Reshape American Manufacturing’,” <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=newssearch&cd=4&cad=rja&ved=0CDwQqQIoADAD&url=http://www.environmentalleader.com/2012/12/14/natural-gas-will-reshape-american-manufacturing/&ei=MunkUOvcLer7iwLsxoGwBw&usg=AFQjCNF80JTiuNQ0wYZzGiQozuIeBj3-Gw&sig2=PpTyyWc8q6q6FemReSfCbg&bvm=bv.1355534169,d.cGE>, December 14, 2012)

Favorable oil-to-gas price ratios driven by the production of natural gas from shale will fuel a renewed US competitiveness that will boost exports, and fuel greater domestic investment, economic growth and job creation within the business of chemistry, according to research by the American Chemistry Council. Though rising uncertainty over the fiscal cliff, debt ceiling negotiations and tax reform have hindered business confidence, what the ACC calls the “most important domestic energy development in the last fifty years” is poised to reshape American manufacturing, according to the ACC’s Year End 2012 Situation and Outlook. Access to vast, new supplies of natural gas from shale deposits creates a competitive advantage for US petrochemical manufacturers. Ethane, a natural gas liquid derived from shale gas, is used as a feedstock by American chemical companies, giving them an advantage over foreign competitors that rely on a more expensive oil-based feedstock, the report says. Aided by a favorable oil-to-gas ratio, chemical exports grew 1.8 percent to $191 billion dollars in 2012, helping to turn a trade deficit into a modest surplus, the report shows. Exports should continue to grow 4.7 percent in 2013 and another 6.2 percent to $209 billion in 2014, according to the report. ACC says the business of American chemistry has remained a bright spot despite slow growth overall in the US, and despite worldwide economic uncertainty driven by the euro zone crisis and a pronounced slowdown in China.

#### US growth spills over globally

Caploe ‘9 (David Caploe is CEO of the Singapore-incorporated American Centre for Applied Liberal Arts and Humanities in Asia., “Focus still on America to lead global recovery”, April 7, The Strait Times, lexis)

IN THE aftermath of the G-20 summit, most observers seem to have missed perhaps the most crucial statement of the entire event, made by United States President Barack Obama at his pre-conference meeting with British Prime Minister Gordon Brown: 'The world has become accustomed to the US being a voracious consumer market, the engine that drives a lot of economic growth worldwide,' he said. 'If there is going to be renewed growth, it just can't be the US as the engine.' While superficially sensible, this view is deeply problematic. To begin with, it ignores the fact that the global economy has in fact been 'America-centred' for more than 60 years. Countries - China, Japan, Canada, Brazil, Korea, Mexico and so on - either sell to the US or they sell to countries that sell to the US. This system has generally been advantageous for all concerned. America gained certain historically unprecedented benefits, but the system also enabled participating countries - first in Western Europe and Japan, and later, many in the Third World - to achieve undreamt-of prosperity. At the same time, this deep inter-connection between the US and the rest of the world also explains how the collapse of a relatively small sector of the US economy - 'sub-prime' housing, logarithmically exponentialised by Wall Street's ingenious chicanery - has cascaded into the worst global economic crisis since the Great Depression. To put it simply, Mr Obama doesn't seem to understand that there is no other engine for the world economy - and hasn't been for the last six decades. If the US does not drive global economic growth, growth is not going to happen. Thus, US policies to deal with the current crisis are critical not just domestically, but also to the entire world. Consequently, it is a matter of global concern that the Obama administration seems to be following Japan's 'model' from the 1990s: allowing major banks to avoid declaring massive losses openly and transparently, and so perpetuating 'zombie' banks - technically alive but in reality dead. As analysts like Nobel laureates Joseph Stiglitz and Paul Krugman have pointed out, the administration's unwillingness to confront US banks is the main reason why they are continuing their increasingly inexplicable credit freeze, thus ravaging the American and global economies.

#### Depression inevitably causing global warfare

Green and Schrage ‘9 (Michael J Green is Senior Advisor and Japan Chair at the Center for Strategic and International Studies (CSIS) and Associate Professor at Georgetown University. Steven P Schrage is the CSIS Scholl Chair in International Business and a former senior official with the US Trade Representative's Office, State Department and Ways & Means Committee, Asia Times, 2009 <http://www.atimes.com/atimes/Asian_Economy/KC26Dk01.html>)

Facing the worst economic crisis since the Great Depression, analysts at the World Bank and the US Central Intelligence Agency are just beginning to contemplate the ramifications for international stability if there is not a recovery in the next year. For the most part, the focus has been on fragile states such as some in Eastern Europe. However, the Great Depression taught us that a downward global economic spiral can even have jarring impacts on great powers. It is no mere coincidence that the last great global economic downturn was followed by the most destructive war in human history. In the 1930s, economic desperation helped fuel autocratic regimes and protectionism in a downward economic-security death spiral that engulfed the world in conflict. This spiral was aided by the preoccupation of the United States and other leading nations with economic troubles at home and insufficient attention to working with other powers to maintain stability abroad. Today's challenges are different, yet 1933's London Economic Conference, which failed to stop the drift toward deeper depression and world war, should be a cautionary tale for leaders heading to next month's London Group of 20 (G-20) meeting. There is no question the US must urgently act to address banking issues and to restart its economy. But the lessons of the past suggest that we will also have to keep an eye on those fragile threads in the international system that could begin to unravel if the financial crisis is not reversed early in the Barack Obama administration and realize that economics and security are intertwined in most of the critical challenges we face. A disillusioned rising power? Four areas in Asia merit particular attention, although so far the current financial crisis has not changed Asia's fundamental strategic picture. China is not replacing the US as regional hegemon, since the leadership in Beijing is too nervous about the political implications of the financial crisis at home to actually play a leading role in solving it internationally. Predictions that the US will be brought to its knees because China is the leading holder of US debt often miss key points. China's currency controls and full employment/export-oriented growth strategy give Beijing few choices other than buying US Treasury bills or harming its own economy. Rather than creating new rules or institutions in international finance, or reorienting the Chinese economy to generate greater long-term consumer demand at home, Chinese leaders are desperately clinging to the status quo (though Beijing deserves credit for short-term efforts to stimulate economic growth). The greater danger with China is not an eclipsing of US leadership, but instead the kind of shift in strategic orientation that happened to Japan after the Great Depression. Japan was arguably not a revisionist power before 1932 and sought instead to converge with the global economy through open trade and adoption of the gold standard. The worldwide depression and protectionism of the 1930s devastated the newly exposed Japanese economy and contributed directly to militaristic and autarkic policies in Asia as the Japanese people reacted against what counted for globalization at the time. China today is similarly converging with the global economy, and many experts believe China needs at least 8% annual growth to sustain social stability. Realistic growth predictions for 2009 are closer to 5%. Veteran China hands were watching closely when millions of migrant workers returned to work after the Lunar New Year holiday last month to find factories closed and jobs gone. There were pockets of protests, but nationwide unrest seems unlikely this year, and Chinese leaders are working around the clock to ensure that it does not happen next year either. However, the economic slowdown has only just begun and nobody is certain how it will impact the social contract in China between the ruling communist party and the 1.3 billion Chinese who have come to see President Hu Jintao's call for "harmonious society" as inextricably linked to his promise of "peaceful development". If the Japanese example is any precedent, a sustained economic slowdown has the potential to open a dangerous path from economic nationalism to strategic revisionism in China too. Dangerous states It is noteworthy that North Korea, Myanmar and Iran have all intensified their defiance in the wake of the financial crisis, which has distracted the world's leading nations, limited their moral authority and sown potential discord. With Beijing worried about the potential impact of North Korean belligerence or instability on Chinese internal stability, and leaders in Japan and South Korea under siege in parliament because of the collapse of their stock markets, leaders in the North Korean capital of Pyongyang have grown increasingly boisterous about their country's claims to great power status as a nuclear weapons state. The junta in Myanmar has chosen this moment to arrest hundreds of political dissidents and thumb its nose at fellow members of the 10-country Association of Southeast Asian Nations. Iran continues its nuclear program while exploiting differences between the US, UK and France (or the P-3 group) and China and Russia - differences that could become more pronounced if economic friction with Beijing or Russia crowds out cooperation or if Western European governments grow nervous about sanctions as a tool of policy. It is possible that the economic downturn will make these dangerous states more pliable because of falling fuel prices (Iran) and greater need for foreign aid (North Korea and Myanmar), but that may depend on the extent that authoritarian leaders care about the well-being of their people or face internal political pressures linked to the economy. So far, there is little evidence to suggest either and much evidence to suggest these dangerous states see an opportunity to advance their asymmetrical advantages against the international system. Challenges to the democratic model The trend in East Asia has been for developing economies to steadily embrace democracy and the rule of law in order to sustain their national success. But to thrive, new democracies also have to deliver basic economic growth. The economic crisis has hit democracies hard, with Japanese Prime Minister Aso Taro's approval collapsing to single digits in the polls and South Korea's Lee Myung-bak and Taiwan's Ma Ying Jeou doing only a little better (and the collapse in Taiwan's exports - particularly to China - is sure to undermine Ma's argument that a more accommodating stance toward Beijing will bring economic benefits to Taiwan). Thailand's new coalition government has an uncertain future after two years of post-coup drift and now economic crisis. The string of old and new democracies in East Asia has helped to anchor US relations with China and to maintain what former secretary of state Condoleezza Rice once called a "balance of power that favors freedom". A reversal of the democratic expansion of the past two decades would not only impact the global balance of power but also increase the potential number of failed states, with all the attendant risk they bring from harboring terrorists to incubating pandemic diseases and trafficking in persons. It would also undermine the demonstration effect of liberal norms we are urging China to embrace at home. Protectionism The collapse of financial markets in 1929 was compounded by protectionist measures such as the Smoot-Hawley tariff act in 1932. Suddenly, the economic collapse became a zero-sum race for autarkic trading blocs that became a key cause of war. Today, the globalization of finance, services and manufacturing networks and the World Trade Organization (WTO) make such a rapid move to trading blocs unlikely. However, protectionism could still unravel the international system through other guises. Already, new spending packages around the world are providing support for certain industries that might be perceived by foreign competitors as unfair trade measures, potentially creating a "Smoot-Hawley 2.0" stimulus effect as governments race to prop up industries. "Buy American" conditionality in the US economic stimulus package earlier this year was watered down somewhat by the Obama administration, but it set a tempting precedent for other countries to put up barriers to close markets.

#### Statistics agree- power redistribution

Royal ‘10 (Director of CTR Jedediah, Director of Cooperative Threat Reduction – U.S. Department of Defense, “Economic Integration, Economic Signaling and the Problem of Economic Crises”, Economics of War and Peace: Economic, Legal and Political Perspectives, Ed. Goldsmith and Brauer, p. 213-215)

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Feaver, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level, Copeland's (1996, 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write: The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other. (Blomberg & Hess, 2002. p. 89) Economic decline has also been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. "Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DeRouen (1995). and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. In summary, recent economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels.5 This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

#### Manufacturing is the basis of competitiveness- tech and hegemony

Boushey ‘12 (Heather Boushey, Senior Economist, Center for American Progress Action Fund, July 19th, 2012, "Testimony before the U.S. House of Representatives Committee on Ways and Meanson Tax Reform and the U.S. Manufacturing Sector" waysandmeans.house.gov/uploadedfiles/boushey\_testimony.pdf)

Having a strong manufacturing industry in the United States should be at the top of our national economic agenda. Without a vibrant and innovative manufacturing base, we will not be a global leader for long. Moreover, as more of our energy future will rely on high-tech manufacturing, our economic competitiveness will be even more closely aligned with our ability to be an innovator and producer of manufactured goods.¶ Further, this is an urgent national issue and one of those cases where success begets success. Economists have begun to study and show that the “industrial commons” matters for innovation and the extent to which we allow manufacturing processes to continue to go overseas, we only make it that much harder to regain our place as a global leader.11 As my colleagues Michael Ettlinger and Kate Gordon have put it, “the cross-fertilization and engagement of a community of experts in industry, academia, and government is vital to our nation’s economic competitiveness.”12¶ Manufacturing is not only a key part of our economy, but moving forward it will remain critical to our nation’s economic vitality¶ The U.S. manufacturing sector is still a force internationally and an important part of our economy, despite employment losses and the relative rise in manufacturing in other countries over the past few decades.13 Last year, manufacturing contributed over $1.8 trillion to U.S. gross domestic product, or about 12 percent of the economy.14 Two years ago, manufacturing accounted for 60 percent of all U.S. exports.15 In 2008, the United States ranked first in the world in manufacturing value added, and it was the third largest exporter of manufactured goods to the world, behind only China and Germany and ahead of Japan and France.16 Between 1979 and 2010 manufacturing output per hour of labor in the United States increased by an average of 4 percent annually, and the United States has one of the world’s most productive workforces.17 Moreover, in 2009 there were 11.8 million direct jobs in manufacturing and 6.8 million additional jobs in related sectors.18 Put another way, one in six U.S. private-sector jobs is directly linked to manufacturing.19¶ Yet the industry suffered declines in the 2000s. The U.S. share of worldwide manufacturing value added dropped from 26 percent in 1998 to less than 20 percent in 2007, and we have gone from being a net exporter of manufactured goods in the 1960s to a net importer.20 Manufacturing as a share of U.S. GDP has declined from more than 15 percent in 1998 to 11 percent in 2009.21 And jobs in U.S. manufacturing declined from 17.6 million in January 1998 to 11.5 million in January 2010.22 And although the manufacturing sector has gained jobs in every month since then, for a total of 504,000 jobs as of June 2012, its share of total employment is down from 16.8 percent in 1998 to 10.8 percent today.23¶ These trends matter because the United States needs a strong manufacturing sector. Manufacturing provides good, middle-class jobs; propels U.S. leadership in technology and innovation, which is critical to our economic growth and vitality; and is important to balancing the trade deficit, as well as important for our nation’s long-term national security. The manufacturing sector has historically been a source of solid, middle-class jobs and it continues to be so today. The average manufacturing worker earns a weekly wage that is 8.4 percent higher than non-manufacturing workers, taking into account worker and job characteristics that influence wages, including unionization.24 Economist Susan Helper and her colleagues conclude that the economic evidence points to the fact that “the main reason why manufacturing wages and benefits are higher than those outside of manufacturing is that manufacturers need to pay higher wages to ensure that their workers are appropriately skilled and motivated.” 25 U.S.-based manufacturing underpins a broad range of jobs in other industries, including higher skill service jobs such as accountants, bankers, and lawyers, as well as a broad range of other jobs such as basic research and technology development, product and process engineering and design, operations and maintenance, transportation, testing, and lab work.26 Compared to jobs in other economic sectors, manufacturing jobs have the highest “multiplier effect,” that is, the largest effect on the overall economy for each job created, relative to jobs in other industries. To put this in perspective, each job in motor vehicle manufacturing creates 8.6 indirect jobs, each job in computer manufacturing creates 5.6 indirect jobs, and each job in steel product manufacturing creates 10.3 indirect jobs.27¶ Manufacturing is also important because it fuels the United States’ leadership in technology and innovation, which are critical to maintain for our future economic competitiveness.28 Manufacturing firms are more likely to innovate than firms in other industries: Research from the National Science Foundation finds that 22 percent of manufacturing companies are active innovators compared to only 8 percent of nonmanufacturing companies.29 This number is even higher for specific sectors within manufacturing. For example, in computer and electronic products manufacturing, 45 percent of companies are product innovators and 33 percent are process innovators.30 Manufacturing firms also perform the vast majority of private research and development: Despite comprising just 12 percent of the nation’s GDP in 2007, manufacturing companies contributed 70 percent of private research and development spending.31 ¶ In addition to what manufacturers spend on innovation, there is increasingly strong empirical evidence showing a tight link between innovation and manufacturing production. Economic research now shows that the United States will not likely be able to keep the highly skilled technical jobs if the production jobs go overseas. Harvard Business School professors Gary Pisano and Willy Shih have written about the decline of the “industrial commons” in the United States: the collective R&D, engineering, and manufacturing capabilities that mutually reinforce each other to sustain innovation.32 For many types of manufacturing, geographic proximity is key to having a strong “commons,” and they point to evidence showing that there are few hightech industries where the feedback loop from the manufacturing process is not a factor in developing new products.33 As they put it, “product and process innovation are intertwined.” Pisano and Shih point to the example of rechargeable batteries as a product where innovation followed manufacturing. Rechargeable battery manufacturing left the United States many years ago, leading to the migration of the batteries commons to Asia. Now new technology (batteries for hybrid and electric vehicles) are being designed in Asia where the commons are located. I’d draw your attention to a January New York Times article on China’s increasing investment in research and development, which asked, “Our global competitiveness is based on being the origin of the newest, best ideas. How will we fare if those ideas originate somewhere else?”34

#### Hegemony is the meta-impact

Brooks, Ikenberry, and Wohlforth ’13 (Stephen, Associate Professor of Government at Dartmouth College, John Ikenberry is the Albert G. Milbank Professor of Politics and International Affairs at Princeton University in the Department of Politics and the Woodrow Wilson School of Public and International Affairs, William C. Wohlforth is the Daniel Webster Professor in the Department of Government at Dartmouth College “Don’t Come Home America: The Case Against Retrenchment,” International Security, Vol. 37, No. 3 (Winter 2012/13), pp. 7–51)

A core premise of deep engagement is that it prevents the emergence of a far more dangerous global security environment. For one thing, as noted above, the United States’ overseas presence gives it the leverage to restrain partners from taking provocative action. Perhaps more important, its core alliance commitments also deter states with aspirations to regional hegemony from contemplating expansion and make its partners more secure, reducing their incentive to adopt solutions to their security problems that threaten others and thus stoke security dilemmas. The contention that engaged U.S. power dampens thebalefuleffects of anarchy is consistent with influential variants of realist theory. Indeed, arguably the scariest portrayal of the war-prone world that would emerge absent the “American Pacifier” is provided in the works of John Mearsheimer, who forecasts dangerous multipolar regions replete with security competition, arms races, nuclear proliferation and associated preventive war temptations, regional rivalries, and even runs at regional hegemony and full-scale great power war. 72 How do retrenchment advocates, the bulk of whom are realists, discount this benefit? Their arguments are complicated, but two capture most of the variation: (1) U.S. security guarantees are not necessary to prevent dangerous rivalries and conflict in Eurasia; or (2) prevention of rivalry and conflict in Eurasia is not a U.S. interest. Each response is connected to a different theory or set of theories, which makes sense given that the whole debate hinges on a complex future counterfactual (what would happen to Eurasia’s security setting if the United States truly disengaged?). Although a certain answer is impossible, each of these responses is nonetheless a weaker argument for retrenchment than advocates acknowledge. The first response flows from defensive realism as well as other international relations theories that discount the conflict-generating potential of anarchy under contemporary conditions. 73 Defensive realists maintain that the high expected costs of territorial conquest, defense dominance, and an array of policies and practices that can be used credibly to signal benign intent, mean that Eurasia’s major states could manage regional multipolarity peacefully without the American pacifier. Retrenchment would be a bet on this scholarship, particularly in regions where the kinds of stabilizers that nonrealist theories point to—such as democratic governance or dense institutional linkages—are either absent or weakly present. There are three other major bodies of scholarship, however, that might give decisionmakers pause before making this bet. First is regional expertise. Needless to say, there is no consensus on the net security effects of U.S. withdrawal. Regarding each region, there are optimists and pessimists. Few experts expect a return of intense great power competition in a post-American Europe, but many doubt European governments will pay the political costs of increased EU defense cooperation and the budgetary costs of increasing military outlays. 74 The result might be a Europe that is incapable of securing itself from various threats that could be destabilizing within the region and beyond (e.g., a regional conflict akin to the 1990s Balkan wars), lacks capacity for global security missions in which U.S. leaders might want European participation, and is vulnerable to the influence of outside rising powers. What about the other parts of Eurasia where the United States has a substantial military presence? Regarding the Middle East, the balance begins to swing toward pessimists concerned that states currently backed by Washington— notably Israel, Egypt, and Saudi Arabia—might take actions upon U.S. retrenchment that would intensify security dilemmas. And concerning East Asia, pessimism regarding the region’s prospects without the American pacifier is pronounced. Arguably the principal concern expressed by area experts is that Japan and South Korea are likely to obtain a nuclear capacity and increase their military commitments, which could stoke a destabilizing reaction from China. It is notable that during the Cold War, both South Korea and Taiwan moved to obtain a nuclear weapons capacity and were only constrained from doing so by a still-engaged United States. 75 The second body of scholarship casting doubt on the bet on defensive realism’s sanguine portrayal is all of the research that undermines its conception of state preferences. Defensive realism’s optimism about what would happen if the United States retrenched is very much dependent on its particular—and highly restrictive—assumption about state preferences; once we relax this assumption, then much of its basis for optimism vanishes. Specifically, the prediction of post-American tranquility throughout Eurasia rests on the assumption that security is the only relevant state preference, with security defined narrowly in terms of protection from violent external attacks on the homeland. Under that assumption, the security problem is largely solved as soon as offense and defense are clearly distinguishable, and offense is extremely expensive relative to defense. Burgeoning research across the social and other sciences, however, undermines that core assumption: states have preferences not only for security but also for prestige, status, and other aims, and they engage in trade-offs among the various objectives. 76 In addition, they define security not just in terms of territorial protection but in view of many and varied milieu goals. It follows that even states that are relatively secure may nevertheless engage in highly competitive behavior. Empirical studies show that this is indeed sometimes the case. 77 In sum, a bet on a benign postretrenchment Eurasia is a bet that leaders of major countries will never allow these nonsecurity preferences to influence their strategic choices. To the degree that these bodies of scholarly knowledge have predictive leverage, U.S. retrenchment would result in a significant deterioration in the security environment in at least some of the world’s key regions. We have already mentioned the third, even more alarming body of scholarship. Offensive realism predicts that the withdrawal of the American pacifier will yield either a competitive regionalmultipolarity complete with associated insecurity, arms racing, crisis instability, nuclear proliferation, and the like, or bids for regional hegemony, which may be beyond the capacity of local great powers to contain (and which in any case would generate intensely competitive behavior, possibly including regional great power war). Hence it is unsurprising that retrenchment advocates are prone to focus on the second argument noted above: that avoiding wars and security dilemmas in the world’s core regions is not a U.S. national interest. Few doubt that the United States could survive the return of insecurity and conflict among Eurasian powers, but at what cost? Much of the work in this area has focused on the economic externalities of a renewed threat of insecurity and war, which we discuss below. Focusing on the pure security ramifications, there are two main reasons why decisionmakers may be rationally reluctant to run the retrenchment experiment. First, overall higher levels of conflict make the world a more dangerous place. Were Eurasia to return to higher levels of interstate military competition, one would see overall higher levels of military spending and innovation and a higher likelihood of competitive regionalproxy wars and arming of client states—all of which would be concerning, in part because it would promote a faster diffusion of military power away from the United States. Greater regional insecurity could well feed proliferation cascades, as states such as Egypt, Japan, South Korea, Taiwan, and Saudi Arabia all might choose to create nuclear forces. 78 It is unlikely that proliferation decisions by any of these actors would be the end of the game: they would likely generate pressure locally for more proliferation. Following Kenneth Waltz, many retrenchment advocates are proliferation optimists, assuming that nuclear deterrence solves the security problem. 79 Usually carried out in dyadic terms, the debate over the stability of proliferation changes as the numbers go up. Proliferation optimism rests on assumptions of rationality and narrow security preferences. In social science, however, such assumptions are inevitably probabilistic. Optimists assume that most states are led by rational leaders, most will overcome organizational problems and resist the temptation to preempt before feared neighbors nuclearize, and most pursue only security and are risk averse. Confidence in such probabilistic assumptions declines if the world were to move from nine to twenty, thirty, or forty nuclear states. In addition, many of the other dangers noted by analysts who are concerned about the destabilizing effects of nuclear proliferation—including the risk of accidents and the prospects that some new nuclear powers will not have truly survivable forces—seem prone to go up as the number of nuclear powers grows. 80 Moreover, the risk of “unforeseen crisis dynamics” that couldspin out of control is also higher as the number of nuclear powers increases. Finally, add to these concerns the enhanced danger of nuclear leakage, and a world with overall higher levels of security competition becomes yet more worrisome. The argument that maintaining Eurasian peace is not a U.S. interest faces a second problem. On widely accepted realist assumptions, acknowledging that U.S. engagement preserves peace dramatically narrows the difference between retrenchment and deep engagement. For many supporters of retrenchment, the optimal strategy for a power such as the United States, which has attained regional hegemony and is separated from other great powers by oceans, is offshore balancing: stay over the horizon and “pass the buck” to local powers to do the dangerous work of counterbalancing any local rising power. The United States should commit to onshore balancing only when local balancing is likely to fail and a great power appears to be a credible contender for regional hegemony, as in the cases of Germany, Japan, and the Soviet Union in the midtwentieth century. The problem is that China’s rise puts the possibility of its attaining regional hegemony on the table, at least in the medium to long term. As Mearsheimer notes, “The United States will have to play a key role in countering China, because its Asian neighbors are not strong enough to do it by themselves.” 81 Therefore, unless China’s rise stalls, “the United States is likely to act toward China similar to the way it behaved toward the Soviet Union during the Cold War.” 82 It follows that the United States should take no action that would compromise its capacity to move to onshore balancing in the future. It will need to maintain key alliance relationships in Asia as well as the formidably expensive military capacity to intervene there. The implication is to get out of Iraq and Afghanistan, reduce the presence in Europe, and pivot to Asia— just what the United States is doing. 83 In sum, the argument that U.S. **security** commitments are unnecessary **for peace** is countered by a lot of scholarship, including highly influential realist scholarship. In addition, the argument that Eurasian peace is unnecessary for U.S. security is weakened by the potential for a large number of nasty security consequences as well as the need to retain a latent onshore balancing capacity that dramatically reduces the savings retrenchment might bring. Moreover, switching between offshore and onshore balancing could well be difªcult. Bringing together the thrust of many of the arguments discussed so far underlines the degree to which the case for retrenchment misses the underlyinglogic ofthedeep engagementstrategy. By supplying reassurance, deterrence, and active management, the United States lowers security competition in the world’s key regions, thereby preventing the emergence of a hothouse atmosphere for growing new military capabilities. Alliance ties dissuade partners from ramping up and also provide leverage to prevent military transfers to potential rivals. On top of all this, the United States’ formidable military machine may deter entry by potential rivals. Current great power military expenditures as a percentage of GDP are at historical lows, and thus far other major powers have shied away from seeking to match top-end U.S. military capabilities. In addition, they have so far been careful to avoid attracting the “focused enmity” of the United States. 84 All of the world’s most modern militaries are U.S. allies (America’s alliance system of more than sixty countries now accounts for some 80 percent of global military spending), and the gap between the U.S. military capability and that of potential rivals is by many measures growing rather than shrinking. 85

### Contention [ ]: Europe { }

#### They’re is addicted to Russian gas

Daly ‘12 (John, writer for oilprice.com, “Nord Stream: Russia's Natural Gas Link to the West,” June 7th, <http://oilprice.com/Energy/Natural-Gas/Nord-Stream-Russias-Natural-Gas-Link-to-the-West.html>)

On 23 May, Gazprom deputy chief executive officer Vitali Markelov announced that the first Nord Stream natural gas pipeline was performing at its maximum operating capacity, delivering natural gas at a rate of 971 billion cubic feet per year, telling reporters, "Yesterday, we reached the maximum capacity of Nord Stream." And the future? On 14 May the Russian-led ownership consortium of Nord Stream AG, consisting of Gazprom, Germany's Wintershall Holding and E.ON Ruhrgas, the Dutch firm N.V. Nederlandse Gasunie and France's GDF Suez, issued a statement from its headquarters in Zug, Switzerland announcing a feasibility study for the potential construction of two additional pipelines. After talks with German Chancellor Angela Merkel, Russian President Vladimir Putin said that Britain and the Scandinavian countries are showing interest in the supply of gas via Nord Stream as well. Putin told reporters, “Russia is interested in a strong European Union.” No doubt, as according to Putin, trade with the European Union accounts for roughly 50 percent of the Russian Federation’s trade, worth more than $350 billion annually. And Nord Stream AG, the parent company of the pipeline? “The pipeline is a key factor in securing energy security in Europe.” Oh, okay then. The reality is that the European Union is as addicted to Russian energy imports as a crack addict is to cocaine. The original pipeline networks for exporting (then Soviet) natural gas to Europe date back to the 1970s, and then Brussels got a lot of pressure from the Reagan administration for its growing energy ties with the “Evil Empire,” especially as the EU provided support for the pipeline network in the form of advanced compressor stations. Forty years later, little has changed. To Moscow’s credit, in the same period it has done everything possible not to kill the EU goose laying the golden euros, and it is notable that even after the 1991 implosion of the USSR, the natural gas deliveries continued like clockwork.

#### The EU gas debate is at a tipping point- anti-drillers winning now

Downing ‘12 (Bob, writer for Akron Beacon Journal Online, “Fracking is a big topic in Europe, too,” July 24th, <http://www.ohio.com/blogs/drilling/ohio-utica-shale-1.291290/fracking-is-a-big-topic-in-europe-too-1.322277>)

Natural gas is an important resource for Europe, and the region has witnessed a steady rise in its natural gas demand over many years, with consumption currently double domestic production, according to a new report by natural resources experts. The new report\* contends, however, that shale gas development activities are facing continued resistance in Europe, due to environmental concerns regarding hydraulic fracturing or "fracking." Shale gas extraction requires huge amounts of water mixed with chemicals, and has previously been claimed to cause groundwater contamination, resulting in drinking and surface water contamination due to unsafe disposal of chemical-laced water. The use of huge quantities of water in fracking has also been cited as a cause of erosion and damage to the natural landscape. Fracking has even been blamed by some for seismic disturbances – for instance, an earthquake in UK was alleged to be caused by fracking for shale gas carried out by Cuadrilla Resources, a key energy company. Rising concerns have been seen through protests carried out across Europe against fracking, and if the situation worsens this could be a significant threat for development of shale gas in Europe. Several countries in Europe have already enforced moratoriums on fracking, and issues pertaining to environmental protection must be settled before any substantial development can take place. The EU has also proposed certain regulations regarding the disclosure of chemicals used in fracking, including the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Bulgaria and France have opted to ban fracking entirely, and the European Commission faces mounting pressure to call a thorough investigation into fracking, and possibly even impose a region-wide ban, in line with demands from the public. However, countries such as Poland are opposing the unrest against fracking, stating that their tests have proved fracking to be environmentally safe. Poland holds valuable reserves which its still-developing industry could hugely benefit from, and this highlights the significant tension in the rapidly growing shale gas industry between environmental safety and energy security, and between developed and developing nations.

#### Independently US gas frees up LNG for Europe

Fowler ‘11 (Tom, writer for Chron [“Study says U.S. shale may weaken Iran, Russia,” July 21st, <http://www.chron.com/business/energy/article/Study-says-U-S-shale-may-weaken-Iran-Russia-2080593.php>)

The natural gas boom in the U.S. has weakened Russia's influence on European energy supplies and could keep Iran's influence in check for years to come, according to a new study from the Baker Institute for Public Policy at Rice University. The study, "Shale Gas and U.S. National Security," says the surge of drilling in shale formations will have an impact on global supply for years to come and limit the need for the U.S. to import liquefied natural gas, or LNG, for at least 20 to 30 years. That means more LNG shipments from the Middle East will be available for Europe, which has been beholden to Russia for a large portion of its gas, supplied by pipelines. The study, funded by the U.S. Department of Energy, predicts that Russia's share of the natural-gas market in Western Europe will drop to as little as 13 percent by 2040, down from 27 percent in 2009. "By increasing alternative supplies to Europe in the form of liquefied natural gas (LNG) displaced from the U.S. market, the petro-power of Russia, Venezuela and Iran is faltering on the back of plentiful American natural gas supply," writes Amy Myers Jaffe, a fellow at the Baker Institute and one of the authors of the study. The study challenges the notion that the U.S. natural gas shale is a short-lived phenomenon. It concludes domestic production will more than quadruple by 2040, from 2010 levels, and account for more than half of all U.S. gas production by the 2030s. 'Game changing' "The idea that shale gas is a flash-in-the-pan is simply incorrect," writes Kenneth Medlock III, another Baker Institute fellow and study co-author. "The geologic data on the shale resource is hard science and the innovations that have occurred in the field to make this resource accessible are nothing short of game changing." A decade ago, U.S. companies were making massive investments to build LNG-import terminals based on the assumption that domestic natural-gas production would continue to decline and the country would need to draw on supplies from Africa, Russia, the Middle East and Australia. But U.S. supplies did a U-turn over the past five years as companies perfected the combination of horizontal drilling and hydraulic fracturing — a process of injection millions of gallons of water, sand and chemicals into the ground to crack open shale formations - to economically access more gas reserves. LNG terminals U.S. gas production from shale has risen from virtually nothing in 2000 to more than 20 percent of domestic production today. That's left the handful of new LNG import terminals - such as the Freeport LNG terminal southwest of Houston and Cheniere Energy's Sabine Pass terminal in Louisiana - seeking permits and funding to build the capacity to export U.S. natural gas. Help for Europe By freeing up LNG shipments that might otherwise have been destined for U.S. consumption, Europe will be able to draw more heavily on Middle Eastern and other future LNG sources, cutting its dependence on Russian gas. "A more diverse energy supply for Europe enhances U.S. interests by buttressing Europe's abilities to resist Russian interference in European affairs and help border states in the Balkans and Eastern Europe assert greater foreign policy independence from Moscow," Medlock writes.

#### Europe models US gas production – solves dependence and decreases Russia’s gas leverage

O’sullivan and Jaffe ‘12 (Meghan, Jeane Kirkpatrick Professor of the Practice of International Affairs at the John F. Kennedy School at Harvard University, Amy Myers, Wallace S. Wilson Fellow in Energy Studies at the James A. Baker III Institute for Public Policy at Rice University in Houston [“The Geopolitics of Natural Gas,” July, <http://belfercenter.ksg.harvard.edu/files/The%20Geopolitics%20of%20Natural%20Gas.pdf>)

We begin Scenario 1 with global gas producers feverishly developing unconventional gas resources. In the United States, recent Environmental Protection Agency (EPA) regulations restricting coal use are taking their toll, and public distress in anticipation of high electricity prices has pushed environmental concerns about hydraulic fracturing out of the national debate. The state economies of Pennsylvania, Ohio, North Dakota, Wyoming, New Mexico, Oklahoma, Texas, Louisiana, and even Florida are experiencing breakneck growth as the drilling industry brings about jobs and new sources of state revenue, creating constituencies in support of expanded investment. Tumbling natural gas prices in the oversupplied US market are driving a national manufacturing boom. Protectionist policies are philosophically on the wane in the United States, and so politicians do not move to block LNG exports from the United States. But the opportunities for sales of US LNG to Europe are constrained by intense competition for market share among global gas suppliers in the face of declining EU energy demand given depressed economic conditions and already established renewable energy inputs. Indeed, on the other side of the Atlantic, Europeans are observing the US manufacturing boom with envy. Frustrated citizens in France and the United Kingdom take to the streets in protest over high electricity prices and slow industrial growth. Crowds across the continent follow suit, shouting their disgust over energy market distortions that leave Europe’s cost of living and economic competitiveness at the mercy of weather conditions and Kremlin politics. As elections in the United Kingdom and France roll around, lawmakers respond to public pressures by further liberalizing energy markets, reversing anti-fracking legislation and stripping away remaining vestiges of expensive renewable subsidies that are becoming increasingly difficult to justify in difficult economic times. Germany and Bulgaria follow suit, and shale production slowly rises in Germany, Poland, the United Kingdom, and Eastern Europe, closing the arbitrage window for proposed LNG shipments from the United States to Europe and lowering the demand for Russian pipeline imports. Europe’s largest energy firms—EON, RWE, ENI, and Gaz de France— begin to recognize Gazprom’s dwindling leverage over the European market. UK pipeline gas exports to the European continent reemerge and competition among gas suppliers in Europe intensifies. As local shale production and African LNG increasingly offer a counterweight to Russia, arbitration between Gazprom and the European firms over pricing reaches an unexpected conclusion: Gazprom capitulates. Trading hubs emerge, driving Russia toward gas-on-gas pricing and, much to Putin’s displeasure, gas market privatization takes hold not only in Europe but looks poised to take place inside Russia itself.

**Russian gas monopoly destroys NATO and causes imperialism**

Ghalen ’11 (Alexander Ghaleb (US Army Captain, Ph.D in energy security from National Defense University), October 2011, Published by Strategic Studies Institute, Letort Paper, Natural Gas as an Instrument of Russian state Power, <http://www.scribd.com/doc/69662541/Natural-Gas-as-an-Instrument-of-Russian-State-Power>)

While in the 1980s oil was considered “the only commodity whose sudden cutoff would have a drastic effect on national welfare or on economic activity,”4 the 2030s come with the image of a world in which the sudden cutoff of Russian gas to Europe will have similar disastrous effects on the economies of many European and North Atlantic Treaty Organization (NATO) member states. This monograph argues that Russian control of the natural gas supplies and of the export infrastructure systems of natural gas to Europe gives tremendous leverage to Russia in imposing its national security policy. If in the traditional security environment the use of military force was the Union of Soviet Socialist ixx Republic’s (USSR) preferred method of political coercion, in the contemporary security environment Russia is struggling with a weaker military that no longer represents a threat to the North Atlantic Alliance. This monograph emphasizes that Russia over came this major vulnerability by developing the capacity to use unilateral economic sanctions in the form of gas pricing and gas disruptions against many European NATO member states. It agrees with many scholars and politicians alike who fear that Russia will lever age its monopoly of natural gas to gain political concessions; and it supports the viewpoint that “Russia’s energy-centered foreign policy is not limited to the states of the former Soviet Union and is clearly designed to increase its leverage in key geostrategic theaters and over United States allies.” While Russian officials insist that these fears are overblown, skeptics believe that “if there were a serious enough dispute, the Russians might do just that [use its energy security leverage against NATO member states].”¶ The concerns of these skeptics cannot be dismissed without an unbiased examination of the scarcity of natural gas in the contemporary security environment, of the salience of natural gas in Russia’s national security strategies, and of the natural gas pipeline politics in Eastern and Central Europe. To address these questions, the monograph has been separated into four chapters. Chapter 1 will demonstrate that like oil in the traditional security environment, under certain conditions, natural gas can serve as an effective unilateral instrument of state power in the contemporary security environment, and that its disruption by Russia will prove deadly to the economies of many NATO member states in Eastern and Central Europe(traditionally, Russia’s sphere of inuence). Chapter 2will explain why Russia perceives NATO as a hostile¶ Xi alliance, and how Russia uses natural gas as an instrument of coercion in its sphere of influence. In Chapter3, a look at Russia’s use of natural gas as a national security instrument of coercion in negotiations with Ukraine will help energy security analysts determine the conditions under which Russia will leverage its energy superpower position in its relations with European Union (EU) and/or NATO member states. Additionally, a look at Russia’s failures in the use of such coercion in Ukraine will assist NATO member states in Eastern and Central Europe to identify ways to reduce the threat of disruption of Russian gas supplies. Finally, Chapter 4 will expose the processes Russia uses in the context of natural gas negotiations to bribe Western European nations—such as Germany, France, and Italy—to divide the NATO Alliance, and to rule over its traditional sphere of influence in Eastern and Central Europe.

#### NATO key to act as a counter-weight to global gravity shifts- solves nuclear war

Brzezinski ‘9 (Zbigniew Brzezinski, U.S. National Security Adviser from 1977 to 1981. His most recent book is Second Chance: Three Presidents and the Crisis of American Superpower, September 2009 - October 2009, (Foreign Affairs, SECTION: Pg. 2 Vol. 88 No. 5, HEADLINE: An Agenda for NATO Subtitle: Toward a Global Security Web, p. Lexis, 2009)

ADJUSTING TO A TRANSFORMED WORLD And yet, it is fair to ask: Is NATO living up to its extraordinary potential? NATO today is without a doubt the most powerful military and political alliance in the world. Its 28 members come from the globe's two most productive, technologically advanced, socially modern, economically prosperous, and politically democratic regions. Its member states' 900 million people account for only 13 percent of the world's population but 45 percent of global GDP. NATO's potential is not primarily military. Although NATO is a collective-security alliance, its actual military power comes predominantly from the United States, and that reality is not likely to change anytime soon. NATO's real power derives from the fact that it combines the United States' military capabilities and economic power with Europe's collective political and economic weight (and occasionally some limited European military forces). Together, that combination makes NATO globally significant. It must therefore remain sensitive to the importance of safeguarding the geopolitical bond between the United States and Europe as it addresses new tasks. The basic challenge that NATO now confronts is that there are historically unprecedented risks to global security. Today's world is threatened neither by the militant fanaticism of a territorially rapacious nationalist state nor by the coercive aspiration of a globally pretentious ideology embraced by an expansive imperial power. The paradox of our time is that the world, increasingly connected and economically interdependent for the first time in its entire history, is experiencing intensifying popular unrest made all the more menacing by the growing accessibility of weapons of mass destruction -- not just to states but also, potentially, to extremist religious and political movements. Yet there is no effective global security mechanism for coping with the growing threat of violent political chaos stemming from humanity's recent political awakening. The three great political contests of the twentieth century (the two world wars and the Cold War) accelerated the political awakening of mankind, which was initially unleashed in Europe by the French Revolution. Within a century of that revolution, spontaneous populist political activism had spread from Europe to East Asia. On their return home after World Wars I and II, the South Asians and the North Africans who had been conscripted by the British and French imperial armies propagated a new awareness of anticolonial nationalist and religious political identity among hitherto passive and pliant populations. The spread of literacy during the twentieth century and the wide-ranging impact of radio, television, and the Internet accelerated and intensified this mass global political awakening. In its early stages, such new political awareness tends to be expressed as a fanatical embrace of the most extreme ethnic or fundamentalist religious passions, with beliefs and resentments universalized in Manichaean categories. Unfortunately, in significant parts of the developing world, bitter memories of European colonialism and of more recent U.S. intrusion have given such newly aroused passions a distinctively anti-Western cast. Today, the most acute example of this phenomenon is found in an area that stretches from Egypt to India. This area, inhabited by more than 500 million politically and religiously aroused peoples, is where NATO is becoming more deeply embroiled. Additionally complicating is the fact that the dramatic rise of China and India and the quick recovery of Japan within the last 50 years have signaled that the global center of political and economic gravity is shifting away from the North Atlantic toward Asia and the Pacific. And of the currently leading global powers -- the United States, the EU, China, Japan, Russia, and India -- at least two, or perhaps even three, are revisionist in their orientation. Whether they are "rising peacefully" (a self-confident China), truculently (an imperially nostalgic Russia) or boastfully (an assertive India, despite its internal multiethnic and religious vulnerabilities), they all desire a change in the global pecking order. The future conduct of and relationship among these three still relatively cautious revisionist powers will further intensify the strategic uncertainty. Visible on the horizon but not as powerful are the emerging regional rebels, with some of them defiantly reaching for nuclear weapons. North Korea has openly flouted the international community by producing (apparently successfully) its own nuclear weapons -- and also by profiting from their dissemination. At some point, its unpredictability could precipitate the first use of nuclear weapons in anger since 1945. Iran, in contrast, has proclaimed that its nuclear program is entirely for peaceful purposes but so far has been unwilling to consider consensual arrangements with the international community that would provide credible assurances regarding these intentions. In nuclear-armed Pakistan, an extremist anti-Western religious movement is threatening the country's political stability. These changes together reflect the waning of the post-World War II global hierarchy and the simultaneous dispersal of global power. Unfortunately, U.S. leadership in recent years unintentionally, but most unwisely, contributed to the currently threatening state of affairs. The combination of Washington's arrogant unilateralism in Iraq and its demagogic Islamophobic sloganeering weakened the unity of NATO and focused aroused Muslim resentments on the United States and the West more generally

#### Russian imperialism ensures Central Asian instability

Asmus ‘8 (Ronald, Executive Director of the Transatlantic Center at the German Marshall Fund of the United States, in Brussels. From 1997 to 2000, he served as U.S. Deputy Assistant Secretary of State for European Affairs, “Europe's Eastern Promise; Rethinking NATO and EU Enlargement,” Foreign Affairs. New York: Jan/Feb 2008. Vol. 87, Iss. 1; pg. 95)

In light of these new circumstances in Russia, enlargement needs to be rethought from the ground up, starting with its strategic rationale. After the accession of a band of countries from the Baltic states in the north to Bulgaria and Romania in the south, many in the West assumed that the enlargement project was almost complete, with the western Balkans constituting the last piece of unfinished business. They were surprised to suddenly find new countries from Eurasia, and specifically the wider Black Sea region, starting to knock on the doors of NATO and the EU -- and unsure how to respond. In dealing with these new candidate countries, the West must stick to the values and diplomatic principles it laid down in the 1990s, including the notion that countries are free to choose their alliances. But that alone is unlikely to be enough, because although these countries clearly consider themselves European, many Europeans do not feel the same historical or moral commitment to them or see a compelling strategic need to integrate them. Thus, in addition to moral and political arguments, the United States and Europe need to articulate a strong strategic rationale for anchoring them to the West. That argument is straightforward. The challenge of securing Europe's eastern border from the Baltics to the Black Sea has been replaced by the need to extend peace and stability along the southern rim of the Euro-Atlantic community -from the Balkans across the Black Sea and further into Eurasia, a region that connects Europe, Russia, and the Middle East and involves core security interests, including a critical energy corridor. Working to consolidate democratic change and build stability in this area is as important for Western security today as consolidating democracy in central and eastern Europe was in the 1990s. It is not only critical to expanding the democratic peace in Europe but also vital to repositioning the West vis-à-vis both Central Asia and the Middle East. This strategy presents an opportunity to redraw the strategic map of Europe and Eurasia in a way that enhances the security of countries on Europe's periphery as well as that of the United States and Europe. The United States and Europe also need to rethink what anchoring means in practice. In the 1990s, it meant pursuing membership in NATO and the EU roughly in parallel. Now the West needs to be more flexible and take a long-term view. The goal is to tie these countries as closely to the West as politics and interests on both sides allow. For some countries, this may mean eventual membership in both NATO and the EU; for others, it may mean membership only in NATO; and for the rest, it may mean membership in neither but simply much closer relations. Policy will have to be much more à la carte than prix fixe. The link between NATO membership and EU membership should be relaxed, if not dropped. The EU has enough on its plate sustaining its commitments to the western Balkans and Turkey; anything beyond that is probably a nonstarter for the time being. NATO will once again have to take the lead in anchoring countries such as Georgia and others in the wider Black Sea region. The West must also rethink how it should engage and reach out to these countries. If membership is less plausible as a short-term option, then the quality of ties short of membership must be improved to compensate. Outreach must grow in importance and may increasingly become the centerpiece of U.S. and European strategy. At the moment, the fear of future enlargement is one factor actually holding allies back, with institutions afraid of taking even small steps down what some fear could be a slippery slope. Yet precisely because the countries in question are weaker and more endangered, NATO and the EU should actually be reaching out and engaging them earlier. They need the security umbrella and engagement of the West as much, if not more, than the countries of central and eastern Europe did. The way out of this dilemma is to consider membership a long-term goal and focus in the mean time on strengthening Western outreach and engagement. This means recasting policy tools to address the different needs of the countries that are less developed politically and economically. Tools such as NATO's "membership action plan" should be extended earlier and tied less closely to actual membership commitments, thus allowing these countries to benefit from guidance and engagement while downplaying the question of the end goal. At the same time, the EU needs to enhance its own tools, such as the Common Foreign and Security Policy and the European Neighborhood Policy, as well as reach out to these countries more directly by offering them political and economic support. When communism collapsed, NATO and the EU had little idea how to reach out to postcommunist countries and anchor them to the West. Bureaucrats in both institutions said it could not be done. But political will and strategic imagination prevailed, and fresh approaches were developed. Political will can do the same today. As for Russia, neither Washington nor Brussels wants a confrontation with Moscow at a time when they face daunting challenges beyond Europe. But this does not mean the West should abandon its belief that the spread of democracy along Russia's borders contributes to peace and stability just because the current authoritarian rulers in Moscow disagree. Nor should the West abandon its principles and succumb to the sphere-of-influence thinking currently If the United States and Europe still hope that democracy will eventually take root in Russia, they must recognize that consolidating a pro-Western, democratic Ukraine would indirectly encourage democratization in Russia. Of course, antidemocratic forces in Russia will oppose such a move. After all, Moscow only acquiesced in previous rounds of NATO and EU enlargement because it concluded that the United States and Europe were determined to carry them out and that its efforts to oppose the West would be futile. Western unity on issues such as the future of Ukraine is therefore of the utmost importance. Still, holding true to NATO's and the EU's core principles and expanding these organizations' reach does not mean starting a new Cold War. The West and Moscow should look for other areas in which their interests are more aligned, such as expanding trade and investment or controlling nuclear proliferation and building a new arms control regime. The key question is whether Russia -- when faced with a unified West -- will start to look for common ground. As strong as Russia may appear at the moment, it remains a country with real long-term structural weaknesses and problems. It, too, needs friends and allies, and the United States and Europe should be among them. UNCERTAIN FUTURES Three very different scenarios for the future of Western policy toward Europe's periphery reveal just how high the stakes are in this region. In the best-case scenario, the United States and Europe would regroup under the next U.S. president and launch a new era of transatlantic cooperation by overcoming differences on Iraq, avoiding disagreements over Iran, and stabilizing Afghanistan. This renaissance would include a new and ambitious democratic-enlargement strategy, and the results would be significant. Securing independence for Kosovo without turning Serbia against the West would facilitate the successful integration of the western Balkans into NATO and the EU. In Turkey, the AKP-led government would continue democratic reforms, bringing the country closer to EU accession. Georgia and Ukraine would continue to move closer to the West as well. That prospect would help create positive pressure for democratic change in Azerbaijan and encourage Armenia's reorientation toward the West. By 2012, a reunified West would have begun to build an arc of democratic stability eastward into Eurasia and especially the wider Black Sea region. Realizing that its real adversaries lie elsewhere, Russia would eventually have no choice but to reassess its policy and seek a new rapprochement with the West. A less optimistic scenario is stagnation. In this case, the United States and Europe would regain some political momentum after 2008 but fail to achieve any significant democratic breakthroughs. A new U.S. administration would manage to stabilize and then extricate itself from Iraq, but transatlantic tensions over Iran and other Middle Eastern issues would persist. Kosovo would achieve independence, but in a manner that leaves Serbia alienated and unable to find its way back onto the path toward EU accession. In the western Balkans, only Croatia would remain on track for both EU and NATO membership. Turkey's prospects for joining the EU would fade, and reforms in Georgia and Ukraine would stall. Azerbaijan would remain an autocratic pro-Western ally increasingly vulnerable to growing radicalization from within. By 2012, the West would have patched up relations across the Atlantic but without breakthroughs in the Balkans or Turkey -- let alone in Ukraine or the wider Black Sea region. All of this would lead to a more competitive relationship with Russia, resulting in stalemate and a new chill in relations with Moscow. In the worst-case scenario, rather than the West consolidating new democratic breakthroughs, Russia would succeed in a strategy of rollback. The United States and Europe would not achieve a meaningful rapprochement, and they would fail to consolidate democracy in the western Balkans. Kosovo would become independent, but without agreement from all sides. This would launch Serbia on a new nationalist trajectory, bringing further instability to the region. U.S. failure in Iraq would lead to partition, estranging Turkey and prompting Ankara to invade northern Iraq and further loosen its ties to the West. This, in turn, would badly damage Turkey's already strained relations with both Washington and Brussels. Ukraine would drift back to autocracy, and Georgia, the one liberal democratic experiment in the Black Sea region, would lose reform momentum and teeter toward failure. Last November's declaration of a state of emergency in Tbilisi was a reminder of how fragile and vulnerable this experiment is. Using its energy supplies and influence, Russia would emerge as an authoritarian capitalist alternative to the West, attracting autocratic leaders throughout Europe and Eurasia. Rather than a renaissance of the transatlantic alliance, the result would be a retreat of democracy and a further splintering of the democratic West. As these scenarios make clear, the western Balkans, Georgia, Ukraine, and the wider Black Sea region are less stable and more at risk today than central and eastern Europe were a decade ago. And the stakes are high. A world in which Ukraine has successfully anchored itself to the West would be very different from one in which it has failed to do so. A world in which Georgia's success has sparked democratic progress in the region and helped stabilize the southern flank of the Euro-Atlantic community would be a much safer one than a world in which Georgia has become an authoritarian state in Russia's sphere of influence. And a world in which the democratic West is ascendant would be very different from one in which an autocratic, nationalist Russia is on the rise.

#### Extinction

Blank 2k (Stephen J. - Expert on the Soviet Bloc for the Strategic Studies Institute, “American Grand Strategy and the Transcaspian Region”, World Affairs. 9-22)

Thus many structural conditions for conventional war or protracted ethnic conflict where third parties intervene now exist in the Transcaucasus and Central Asia. The outbreak of violence by disaffected Islamic elements, the drug trade, the Chechen wars, and the unresolved ethnopolitical conflicts that dot the region, not to mention the undemocratic and unbalanced distribution of income across corrupt governments, provide plenty of tinder for future fires. Many Third World conflicts generated by local structural factors also have great potential for unintended escalation. Big powers often feel obliged to rescue their proxies and proteges. One or another big power may fail to grasp the stakes for the other side since interests here are not as clear as in Europe. Hence commitments involving the use of nuclear weapons or perhaps even conventional war to prevent defeat of a client are not well established or clear as in Europe. For instance, in 1993 Turkish noises about intervening on behalf of Azerbaijan induced Russian leaders to threaten a nuclear war in that case. Precisely because Turkey is a NATO ally but probably could not prevail in a long war against Russia, or if it could, would conceivably trigger a potential nuclear blow (not a small possibility given the erratic nature of Russia's declared nuclear strategies), the danger of major war is higher here than almost everywhere else in the CIS or the "arc of crisis" from the Balkans to China. As Richard Betts has observed, The greatest danger lies in areas where (1) the potential for serious instability is high; (2) both superpowers perceive vital interests; (3) neither recognizes that the other's perceived interest or commitment is as great as its own; (4) both have the capability to inject conventional forces; and (5) neither has willing proxies capable of settling the situation.(77)

### Contention [ ]: Solvency {X}

#### EPA restrictions on production of natural gas are going to destroy the industry

WT 12, Washington Times, “EDITORIAL: More fracking red tape,” 4/23, <http://www.washingtontimes.com/news/2012/apr/23/more-fracking-red-tape/>

The Environmental Protection Agency (EPA) on Wednesday finalized 588 pages of new restrictions on the production of natural gas and oil that take primary aim at hydraulic fracturing, or “fracking,” a drilling technique that releases trapped natural gas from underground shale. Gas producers will be required to install equipment on about 13,000 new natural gas wells and around 1,200 old ones to prevent released gas from escaping into the atmosphere, where the agency says it contributes to “greenhouse” gases. Humans and animals release the same vilified gases merely by being alive. House Republicans say the added restrictions belie Mr. Obama’s purported all-of-the-above energy policy. “American energy production on state and private lands remains a bright spot in our economy, but EPA’s layers of red tape threaten to stifle job creation and industry growth, especially for small businesses,” said Energy and Commerce Committee Chairman Fred Upton.

#### EPA red-tape causes regulatory overkill and uncertainty- jacks production

Krancer ‘12 (Michael, lawyer, secretary at the department of environmental protection in Pennsylvania, “Rhetoric vs. Reality, Part II: Assessing the Impact of New Federal Red Tape on Hydraulic Fracturing and American Energy Independence,” May 31st, <http://oversight.house.gov/wp-content/uploads/2012/05/5-31-12-Tech-IP-Krancer.pdf>)

EPA’s Draft Diesel Fracking Guidance Raises Serious Questions About States’ Primacy—Mission Creep and Redundancy For No Environmental Benefit This is really a story of regulatory mission creep, redundancy of regulation, adding regulatory uncertainty and, substantively, trying to fit a square peg into a round hole all for no environmental protection benefit that will detrimentally impact our nation’s ability to obtain domestic sources of energy at a time in which we need those resources more than ever. The draft Guidance is very broad and covers topics such as public notice processes, monitoring, pressure testing and well casing and cementing requirements. It is important to note at the outset that the SDWA UIC program was developed and is operated with respect to underground injection of fluids for storage and disposal. It was not designed to cover natural gas or oil production well activities. Pennsylvania has very little underground injection for storage or disposal. Primarily for this reason Pennsylvania has not sought primacy for the UIC program and EPA issues the permits, to the extent there are any, for the UIC storage and disposal activities. 1 Also, we do not believe that operators are commonly using diesel fuel for hydraulic fracturing for production in Pennsylvania. So, the Draft Diesel Fracking Permitting Guidance may not have a very large impact on Pennsylvania. However, the guidance does pose a back-door challenge and threat to the states’ regulation on hydraulic fracturing and could lead to very detrimental results. The federal government does retain the legal authority to regulate hydraulic fracturing for natural gas and oil production if diesel fuel is used in that process. That was the one entry point spelled out in the 2005 Energy Policy Act which, as I have discussed, affirmed the longstanding law and policy that the federal Safe Drinking Water Act and the federal government did not intend to regulate hydraulic fracturing for natural gas or oil production. The entire enterprise the EPA has undertaken here leads to some well-placed suspicion about its motives. One has to ask why the federal government would want to interpose itself here as the states in which hydraulic fracturing is happening are doing a good job doing so and are light-years ahead of the federal EPA on this in terms of time, experience and know-how. Also, what information does EPA have which shows that industry is routinely using diesel fuel for fracking? This leads to some serious questions why the federal government would be spending its limited time and resources going down this path and where this “draft” Guidance will end up as a final one. During the drafting process there were reports that some EPA staffers were vocal that the definition of “diesel fuel” should be very broad. Their theory was since diesel contains “BTEX” compounds (i.e., benzene, toluene, ethyl benzene, and xylenes) that any hydraulic fracturing activity which contains any amount of any of these materials should be defined as diesel fuel. Thus, the Energy Policy Act’s limited exception for fracking with diesel fuel would be swallowed entirely by EPA regulatory fiat and virtually all production fracking would be covered by federal regulation. This would be of doubtful legality and would certainly be challenged in court, the draft guidance does not go that far. However this is just a draft guidance and one of the topics EPA is seeking comment on is how to define “diesel fuel.” On a more basic level, as mentioned earlier, the SWDA UIC program is a storage and disposal well program. It is not and never has been a natural gas or oil production well program. So you have the anomaly of transposing storage and disposal well requirements onto a production well overlay. This is trying to fit a square peg into a round hole. This is already proving problematic. For example, the draft guidance recommends that the area of review (AOR), which is basically the area governed by the permit, be radically expanded from the one-quarter mile generally used in the UIC program to a radius that covers the entire length of a horizontal fracture which could be several miles. That makes little sense based on the science of hydraulic fracturing. Then there is the more subtle but very pernicious specter of federal pre-emption which threatens states that do have primacy over their UIC storage and disposal programs such as North Dakota, Texas, Wyoming, Colorado, Montana, New Mexico and Oklahoma. These states have very robust state regulation of oil and gas exploration and extraction activities. There is the prospect that EPA could in the future threaten those states’ primacy if it were to find that the states’ programs were not exactly like EPA’s program for diesel fuel fracking. In addition, in those states, there is the prospect that EPA’s “square peg” storage and disposal UIC standards would creep over into the “round hole” of production well standards regulation. There is not a good fit and safe and environmentally sensitive domestic energy production in those states could be choked off by regulatory overkill and uncertainty. DOI’s BLM Proposed Rules On Fracking—Mission Creep and Duplication Again Pennsylvania will not be directly impacted by these rules as we have no BLM managed lands or Indian lands. However, as with the draft permitting guidance discussed already, the larger question is the federal attempted overlay on what the states are already doing. Much of the attention on the BLM proposed rule deals with chemical disclosure. We already have in Pennsylvania one of the most aggressive chemical disclosure laws in the nation which I will talk about in more detail later. I would imagine that many states in which fracking takes place and there is BLM or Indian lands would say the same. In fact, the Governor of Colorado, John Hickenlooper, himself a geologist, noted that “Bureau of Land Management modeled its disclosure requirements for fracturing fluids after the Colorado rule”. Governor Matt Mead has observed that Wyoming’s is “well ahead” of the BLM on regulation of hydraulic fracturing. He noted that Wyoming has had chemical disclosure rules in place since 2010 and that the Wyoming law is more rigorous than what BLM has proposed. Governor Mead went on to say that we want the states to be in a position to be proactive and agile on these and it is a disincentive to do so when the federal government steps in and says we are going to have a cookie-cutter approach. We agree with both Governor Hickenlooper and Governor Mead on this. Indian tribes reacted quite skeptically. Fred Fox, the energy administrator for three Indian nations in North Dakota (the Mandan, the Hidatsa and the Arikara nations) observed that the BLM proposal is downright unwelcome on a number of levels. Mr. Fox sees the shale play as a newfound source of possibility for his economically challenged North Dakota community. The new BLM proposed rules, though, would be a hurdle and an unnecessary intrusion into that. He said that the proposed regulations are redundant as “the regulations try to come in and put a layer of control over what the tribes are trying to do.” On a broader level, Mr. Fox’s view is that the federal intrusion is a step backwards from American Indian sovereignty and a breach of the policy that the federal government should consult with the Nations on decisions that affect them. Interestingly, those views parallel the view of many states with respect to the federal government’s intrusion into the states’ arena with respect to regulation of hydraulic fracturing. The other topics covered in the BLM proposed rule, well construction standards and water management plans, are also already being done in Pennsylvania. So Governor Mead’s point about Wyoming is applicable here too; we are already well ahead of the federal government on regulation of hydraulic fracturing. At the end of the day we have duplicative regulatory requirements that add nothing to environmental protection and serve only to increase regulatory uncertainty and burden. That will only serve to hinder oil and natural gas exploration and for no environmental protection reason. This seems like regulation for the sake of regulation.

#### EPA intervention create regulatory uncertainty that threatens the industry – only states have the experience to solve

Waeckerlin and Green ‘12 (Eric, attorney in the Washington, D.C. office of the law firm Kelley Drye & Warren LLP, Joe, special counsel with the firm, “Hydraulic Fracturing & TSCA: EPA’s Surprising Move And Its Sweeping Implications,” February 24th, <http://www.wlf.org/publishing/publication_detail.asp?id=2298>)

On November 23, 2011, the U.S. Environmental Protection Agency (EPA or the Agency) surprised most everyone by partially granting Earthjustice's Section 21 petition under the Toxic Substances Control Act (TSCA). The impending TSCA rulemaking will force further disclosure of chemical substances and mixtures used in oil and gas hydraulic fracturing (fracking) operations. This was surprising not because EPA again ceded to the desires of the major environmental groups, or because chemical disclosure is not a needed improvement in oil and gas regulation, but because most thought EPA would, at least, wait for the results of its much touted fracking study before taking formal regulatory action. Placed in context, the TSCA petition is yet another sign that the Obama Administration is using the nascent controversy over an old technology (fracking) as its window to usher in potentially sweeping new federal regulations. The first step in such regulation--the TSCA rulemaking--threatens to be inherently duplicative of the long-standing, robust, and developing state-based regulatory structure. Overlapping federal oversight promises to cause unnecessary confusion and significant regulatory uncertainty. EPA's actions also are at odds with the President's commitments to the increased development of domestic shale gas and oil resources.1 This LEGAL BACKGROUNDER discusses Earthjustice's TSCA petition and the rulemaking standards, EPA's partial grant of the request for fracking chemical data reporting, and some of the foreseeable problems the rulemaking promises to bring. It also argues that EPA should leave the regulation of the oil and gas sector, including the disclosure of fracking chemicals, where it has resided for decades--the states. Earthjustice's Petition: A Call for Sweeping New Federal Regulation Earthjustice along with over one hundred other environmental groups submitted a petition on August 4, 2011, requesting that EPA initiate rulemakings under TSCA Sections 4 and 8. For both requests, the petition broadly called on manufacturers and processors of fracking chemicals (not necessarily oil and gas companies) to test for toxicity and comply with various reporting obligations for substances and mixtures used in all oil and gas exploration and production (E&P) (not just chemicals and substances used in the fracking process). The petition is grounded in perceived "regulatory gaps." Earthjustice asserts that federal agencies have extremely limited authority to regulate E&P Chemicals. Citing to exemptions in the Safe Drinking Water Act (SDWA), the Resource Conservation and Recovery Act (RCRA), and several other federal programs, the petition maintains that new EPA oversight is necessary to plug the gaps. See Citizen Petition under Toxic Substances Control Act Regarding the Chemical Substances and Mixtures Used in Oil and Gas Exploration and Production Petition, August 4, 2011 (Petition) at 5. The petition ignores EPA's role in the underground injection control program, as well as the Agency's other oversight authority, most notably under the Clean Air Act (CAA) and the Clean Water Act (CWA). The petition also argues that "[m]ost states do not routinely disclose to the public information they receive about E&P Chemicals . . . ." Of course, this argument began eroding as soon as the petition was filed, largely due to the success of FracFocus,2 and it has been further diminished over the past several months, as nearly all the major oil and gas states have passed, or are pursuing, comprehensive disclosure laws.3 Taken in sum, the petition is most appropriately seen as a call for new and comprehensive federal regulation over the oil and gas industry. TSCA is a "gateway" statute--that is, one EPA uses to collect information to inform and justify additional regulations across the other programs it administers. While TSCA may be the first step, Earthjustice is essentially making the case that EPA needs to rescue this industry from a lack of oversight.4 TSCA Rulemaking Standards Under Section 8 and Section 4 Section 8. EPA partially granted the petitioners' TSCA Section 8(a) and 8(d) requests, stating "[w]e believe there is value in initiating a proposed rulemaking process using TSCA authorities to obtain data on chemical substances and mixtures used in hydraulic fracturing." See Nov. 23, 2011 letter from Stephen A. Owens to Deborah Goldberg, at 1. Regarding the serious potential for conflict with state regulation, EPA summarily dismissed the notion, asserting that "[t]his would not duplicate, but instead complement, the well-by-well disclosure programs of states." Section 8(a) of TSCA requires broad and detailed reporting on all aspects of chemical and chemical mixture manufacture and use. Information subject to reporting requirements includes the common name, chemical identity, molecular structure, categories of use, quantity manufactured or processed, descriptions of the byproducts resulting from manufacture or processing, existing health effects data, the number of individuals exposed or estimates of individuals that will be exposed, and the manner or method of disposal. See 15 U.S.C. sec. 2607(a)(2)(A). Section 8(d) requires manufacturers and processors to submit all existing health and safety studies known to, initiated, or reasonably ascertainable by, them for any substance or mixture subject to the rule. See id. at sec. 2607(d). Section 4. The Section 4 rulemaking request, the more onerous of the two actions requested, sought to require toxicity testing on named chemicals or substances. To grant a toxicity test petition, EPA must make certain findings. The Agency must find either (1) that the substance may present an unreasonable risk of injury ("hazard finding") or (2) that it is or will be produced in substantial quantities and (a) may enter the environment in substantial quantities or (b) there may be significant or substantial human exposure ("exposure finding"). EPA also must conclude both that existing data on human health or environmental effects are insufficient and that testing is necessary to develop such data. See 15 U.S.C. sec. 2603(a). EPA's Section 4 denial is notable given the relatively low burden required for a Section 4 rulemaking. For a "hazard finding," it is sufficient to show that there is some information suggesting a potential hazard and a reasonable likelihood that exposure may arise, which may be met through circumstantial evidence. See 45 Fed. Reg. 48,528 (1980); CMA v. EPA, 859 F.2d 977 (D.C. Cir. 1988). To make an "exposure finding," the burden is even lower. EPA can require testing based solely on production volume and the potential for significant human or environmental exposure. See 15 U.S.C. sec. 2603(a). The Many Problems with the TSCA Rulemaking The precise reasoning for EPA's actions is impossible to divine from the Agency's terse correspondence. With respect to the denial, however, it must be that Earthjustice did not meet the relatively low burden of showing that hydraulic fracturing may present an "unreasonable risk of injury" or an unacceptable risk through exposure, or both--notwithstanding the petition's claims of substantial production, and widespread injury and exposure. See e.g., Petition at 2, n. 5. In light of this, it must be questioned whether hydraulic fracturing poses any more risk than it has since its inception sixty years ago. The answer has important implications for TSCA regulation. TSCA is, at its core, a law based on and designed around risk--and more specifically, unreasonable risk. The congressional intent, and primary purpose, of the law is to develop adequate data for, and regulate, only those "chemical substances and mixtures which present an unreasonable risk of injury to health or the environment."5 While it's not entirely irrational to use TSCA to gather data, it seems premature and unnecessary in this case. The oil and gas industry's proven track record does not suggest that potential risks posed by fracking are unreasonable, widespread, or new. Sixty years of evidence demonstrates that hydraulic fracturing, if done correctly (including, most importantly, correct design and construction of wells), is very safe--despite the environmental outcry to the contrary. Indeed, in May the EPA Administrator testified that she was "not aware of any proven case where the fracking process itself has affected water." Most industry engineers and well operators believe that where there is potential risk, it is almost certainly related to poor well design, casing construction, or operation management, and not the fracking process itself--a conclusion that is likely to be borne out by the facts in high profile cases involving Dimock, Pennsylvania and Pavillion, Wyoming. If this turns out to be the case, the TSCA rulemaking will have proved a red herring, focusing significant resources in the wrong direction while contributing little or no benefit in terms of actual risk reduction. From a timing standpoint, the rulemaking makes even less sense. The Agency has just embarked on a three year comprehensive study to gain a better understanding of the potential risk profile presented by hydraulic fracturing in unconventional plays. In fact, the President's proposed 2012 budget appropriates $45 million to the study. EPA's study is one among many, both private and public, seeking to determine whether and where hydraulic fracturing actually poses appreciable risk. At a minimum, EPA should have allowed these studies to conclude before initiating a TSCA rulemaking. Moreover, despite EPA's assertion to the contrary, the TSCA rulemaking overlaps with, and threatens the effectiveness of, the serious and robust disclosure laws being promulgated in the states. Colorado recently adopted the most stringent requirements in the country and other key oil and gas states have passed, or are in the process of passing, similar laws. Disclosure is important and increased transparency is a worthwhile goal, something the industry should strive to achieve. Most industry players would agree. The critical question is: how can robust disclosure and transparency be accomplished without shutting down the industry (e.g., compare Pennsylvania and New York) or without embarking on burdensome rulemakings that do not contribute to any meaningful risk reduction? The answer should be to let the states continue to improve their established regulatory programs. State regulators have the institutional knowledge and expertise to promulgate and implement new disclosure requirements. EPA does not--as evidenced by the emerging pitfalls in EPA's oversight in Pavillion and Dimock. The companies are familiar with the state regulations and regulators. They will not be familiar with new EPA programs, and the significance of new federal regulatory requirements should not be discounted. The TSCA rulemaking has begun the process of inserting EPA into the province of this well-functioning, and ever-improving state system. At best, this federal effort is duplicative. At worst, it will create the type of uncertainty--both for regulators and the regulated--that threatens to stall, or stop, one of the only robust job-creating sectors in the country.

#### That uncertainty makes realizing the economic benefits of natural gas impossible

Griggs 2/4 (Ted, business writer for advocate, “Regulations could affect natural gas production,” 2/4, <http://theadvocate.com/news/business/5035282-123/regulations-could-affect-natural-gas>)

State and federal policies, including environmental regulations, are one of the big uncertainties that could affect the continuing production of low-priced natural gas from massive shale formations and the accompanying benefits to manufacturers and consumers, an LSU energy expert said Monday. “You get mixed signals on any given day about the extent, the degree and the nature of what that regulation will consist of,” said David Dismukes, associate executive director and director of policy analysis at the LSU Center for Energy Studies. Dismukes was the guest speaker for the Baton Rouge Press Club luncheon. The shale formations, known as “unconventional plays,” are found throughout the United States, Dismukes said. The geology of the formations and the drilling technology needed to produce gas from the formations are well-known. The policy-related aspects of production, such as Environmental Protection Agency regulations and changes to state and federal taxes, are unfolding, Dismukes said. Last week, President Barack Obama said climate change would be a major focus of his second term. While the EPA is moving forward with carbon regulations, Dismukes said, the Obama administration is apparently not as interested in taxing carbon emissions as some supporters would like. The Obama administration needs some “big wins” on the economy and is aware of the benefits of shale gas formations and the low-priced natural gas they have generated, Dismukes said. So there may be a “begrudging” relationship, but one that is worth keeping in mind. Five or six years ago, natural gas prices were so high that companies invested billions in facilities to import liquefied natural gas, Dismukes said. At the time, there were estimates that the United States would import 14 percent of its natural gas needs. Now, companies are investing billions in facilities to export LNG. Some estimates place the U.S. supply of natural gas at 100 years or more, Dismukes said. The plentiful supply of cheap natural gas has spawned a boom for U.S. manufacturers. In Louisiana alone, manufacturers have announced $62.3 billion in projects over the next eight years, Dismukes said. Some $20.2 billion of that total will be spent in Louisiana. “It’s a sizable amount,” Dismukes said, “an order of magnitude of which you probably haven’t seen, I dare say, in the economic history of the state.” The economic impact in Louisiana will be an estimated $29.7 billion, Dismukes said. The impact will be felt in retail services, such as dry cleaners and restaurants, industrial construction jobs, as well as real estate because all those workers will need places to stay.

#### That guts domestic production and crowds out small producers- gas cliff coming now

Hoover ‘12 (Kent, Washington Bureau Chief- Phoenix Business Journal, “Industry: EPA fracking rules would reduce oil, gas production,” March 23rd, <http://www.bizjournals.com/phoenix/news/2012/03/23/epa-fracking-rules-would-reduce.html?page=all>)

New federal regulations for hydraulic fracturing would significantly reduce oil and natural gas production in the U.S., according to a study by the American Petroleum Institute. The U.S. Environmental Protection Agency wants to require drillers to install equipment to capture nearly all of the natural gas, methane and other smog-forming compounds that can escape into the air at oil and natural gas wells. The EPA is expected to issue a final rule on this matter in early April. As proposed, the regulations would reduce overall drilling for natural gas using hydraulic fracturing by more than half in the U.S., according to the API study. This method, known as fracking, involves pumping water, sand and chemicals underground at high pressure to crack open rock layers, thus giving wells access to oil or natural gas. Environmentalists oppose fracking, contending it wastes water and injects toxic chemicals into the earth, which can contaminate groundwater. Fracking makes it much easier to extract oil and natural gas from shale formations. It’s a big reason oil and natural gas production is up in the U.S. “Natural gas prices are half what they were three years ago because of the shale gas boom, and this is benefiting consumers and businesses,” said Howard Feldman, director of scientific and regulatory affairs at the American Petroleum Institute. The EPA’s proposed regulations, however, would reduce natural gas production in the U.S. by up to 11 percent and cut oil production by 37 percent, according to API’s study, which was conducted by Advanced Resources International Inc. This reduction in oil and natural gas production would cost the federal government up to $8.5 billion in royalties, according to the study, and state governments would lose up to $2.3 billion in severance taxes. Agencies directed to consider cumulative effect of regulations The White House directed federal agencies to take into account the cumulative effect of their regulations, particularly on small businesses. Agencies also should identify opportunities to reduce “redundant, overlapping and inconsistent requirements,” Cass Sunstein, administrator of the Office of Information and Regulatory Affairs, wrote in a memo to agency heads. “Taken in isolation, a new rule may seem perfectly sensible, but it may overlap with existing requirements,” he said. “The sheer accumulation of regulations can cause real harm, especially for small businesses and startups.”

#### New restrictions are a springboard into total industry control- snowball restrictions

O’Keefe ‘12 (William, CEO of the George C. Marshall Institute, “Unjustified EPA Intrusion into Fracking,” April 23rd, <http://energy.nationaljournal.com/2012/04/regulating-natural-gas-whats-t.php#2200456>)

This proposal is not a once and for all action. It is just the first step in regulating fracking. Is there reason to believe that the next steps will also be moderate? The track record of this EPA suggests otherwise. If the agency had come forward with a regulation that was patterned with other Clean Air Act regulations that it has issued, it would have been a serious blow to America’s natural gas industry. Such a proposal would have caused a major political backlash in an election year and could have set back the dash to gas. The invisible hand of politics may have been at work to snatch control from states without causing a backlash. Cynicism is not always unjustified. Some parts of the regulation simply codify current best practices from industry and states. So why was it necessary to issue a federal regulation to mandate what is already being done? In addition to setting standards for emissions, the agency claims that the regulatory requirements will save some producers money. The notion that a federal agency has a stronger incentive than a business to save its own money just doesn’t pass the “red face” test. Producers have an incentive to reduce methane emissions because they affect the quantity of gas produced. Centralization of fracking is premature and potentially counterproductive. States where shale gas is being developed are adopting regulatory approaches that meet their specific circumstances. They’re acting responsibly, as evidenced by EPA adopting some of their best practices. State regulations represent experiments that produce useful information for finding the most cost-effective approaches to developing shale gas resources and protecting the environment. The future value derived by continuing to allow states to handle the natural gas regulation could now be lost. Furthermore, states already have to comply with existing air quality standards and should have the freedom to figure out the best way of doing that without the Federal Government micromanaging compliance. While most comments by oil and gas companies on the rule were positive, the sector should be concerned about the history of regulations under the Clean Air Act. There is a long track record of environmental groups suing the agency which then enters into settlement agreements that result in more stringent regulations. Regulations are supposed to be issued under the Administrative Practices Act with public comment, not through litigation Given the tremendous environmental progress that has been made over the past four decades, we have reached a point where it makes sense to begin moving environmental regulatory authority back to the states. Yet, the Obama Administration continues to reaffirm a commitment to command and control over federalism. Even if most of these concerns turn out to be unjustified, EPA—in this new regulation—has set another precedent for extending its control over greenhouse gases. Since the Administration subscribes to the climate orthodoxy that using fossil energy for operating businesses, homes, and travel is leading to a climate apocalypse, which gets weaker every day, there is no logical stopping point for EPA’s reach and regulatory stringency.

#### Obama’s a second term president – he can and will use existing authority to regulate the industry into the ground

D’Angelo 11/13 (Wayne J, special counsel for Kelley Drye and Warren LLP Law, specializes in environmental counsel, “Hydraulic Fracturing Regulation in President Obama's Second Term,” 11/13, <http://www.frackinginsider.com/hydraulic-fracturing-regulation-in-president-obamas-second-term/>)

Before we even finished counting the votes in the 2012 presidential election, political pundits, environmental and energy practitioners, and, in some ways, even Wall Street traders, offered their insights on how President Obama would regulate the energy industry in the next four years. Such an exercise is perilously speculative – particularly when applied emerging segments of the industry, such as hydraulic fracturing and horizontal drilling. Nonetheless, the general consensus is that the administration will take a heavy hand, that long-shelved initiatives will take on new life, and that the hydrocarbon extraction industry should brace for punitive measures. While we absolutely agree that the pace of regulatory activity on hydraulic fracturing will hasten in President Obama’s second term, we do not share the sentiment that this Administration is out to destroy America’s domestic unconventional oil and gas industry. We hold the view that this Administration will try to use existing statutory authority to further regulate hydraulic fracturing on a federal level, but will not purposefully punish the industry with regulations aimed at killing the hydraulic fracturing industry. That being said, this administration and the energy industry has, at times, had trouble working together, and there may be some residual bad blood over a contentious election where energy issues were front and center. If this Administration attempted to proceed with federal regulation of hydraulic fracturing without meaningful input from the energy industry, there is a very real chance of aregulatory overreachthat **could deal a** detrimental blow **to** a critical **domestic industry.** Here is the context that informs Fracking Insider’s view of federal hydraulic fracturing regulation in President Obama’s second term: 1. It is entirely up to the White House – Democrats held the Senate and Republicans continue to control the House of Representatives. There will be some musical chairs among key committees with jurisdiction over hydraulic fracturing, but there is no indication that partisan gridlock will thaw in the coming years – particularly on a hot button issue like energy. While there will be hydraulic fracturing legislation introduced in both chambers, the White House is not banking on a meaningful hydraulic fracturing bill reaching the president’s desk. Absent new statutory authority, this administration is going to inventory the regulatory authority it has within existing environmental statutes and figure how to promulgate rules under those statutes. The Obama EPA did the same thing with climate change in the first term. Once the administration satisfied itself that the divided legislature would not pass a climate change bill, it promulgated greenhouse gas (GHG) regulations under the Clean Air Act (CAA). Even the administration acknowledged that the CAA was a poor tool to regulate GHGs and that the CAA would need to be modified administratively to accommodate these ubiquitous gases, but they shoehorned GHGs into the CAA anyhow and, so far, courts have allowed it. We suspect that experience is fresh in this administration’s mind and that the regulatory shoehorn is primed for action.Marked

 2. The petitions for rulemaking and ongoing studies say more about this administration’s plans for hydraulic fracturing regulation than the “delayed rules” - Much has been made about a backlog of environmental regulations that the administrative shelved in the months leading up to the election and which now will be unleashed upon industry. While true that this administration postponed a number of environmental regulations that could be seen as hurting jobs, energy prices, and the fledgling economic recovery, none of those are precisely directed at hydraulic fracturing. Certainly, industry should, and will, engage in issues such as ozone and particulate matter standards, the Boiler MACT, sulfur standards for gasoline, and New Source Performance Standards (NSPS) for power plants and refineries, but it should not forget about the environmental groups’ petitions for hydraulic fracturing rulemaking that have similarly (but less conspicuously) been delayed. Those petitions include: Petition to Regulate hydraulic fracturing fluids under the Toxic Substances Control Act (TSCA) (partially granted already); Petition to apply the Resource Conservation and Recovery Act (RCRA) to drilling fluids and produced waters; Petition to require Toxic Release Inventory (TRI) reporting for hydraulic fracturing operations under the Emergency Planning and Community Right to Know Act (EPCRA); Request for regulatory determination over whether biocides in hydraulic fracturing fluid should be regulated under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). For an administration that has resigned itself to congressional inaction, these petitions provide avenues (albeit flawed) for shoehorning new regulatory authority into old statutes.

#### The EPA is terrible at technical details and ignores industry concerns – crushes independent producers

Elliott 12/5 (James, counsel for Spilman, Thomas, and Battle, primary areas of practice are civil and criminal environmental law with experience in appellate and district litigation, agency rulemaking, compliance counseling, and administrative adjudication with special emphasis on Clean Air Act matters, “Independent Natural Gas Producers Challenge EPA Air Rules,”, <http://www.jdsupra.com/legalnews/independent-natural-gas-producers-challe-13237/>, December 5, 2012)

On October 15, 2012, Spilman Thomas & Battle, PLLC filed suit in the D.C. Circuit Court of Appeals on behalf of the Independent Petroleum Association of America (“IPAA”) and six other state-level oil and gas associations (PA, WV, OH, KY, IL, IN), (referred to herein as “the Associations”) challenging the U. S. Environmental Protection Agency’s (“EPA”) New Source Performance Standards (“NSPS”) promulgated for the oil and natural gas industry on August 16, 2012. On the same day, this group of associations also petitioned EPA Administrator Lisa Jackson to reconsider certain aspects of the regulations that disproportionately impact the smaller, independent natural gas producers. Issues of particular concern to the associations are the misguided and inappropriate definition of a “low-pressure gas well” and EPA’s inappropriate use of industry-wide averages to calculate the cost-effectiveness of various requirements on well completions and storage tanks. In addition to the Associations, eight other groups or entities challenged EPA’s air regulations: five groups representing industry, four environmental organizations and one state. The other petitions were filed by (1) the American Petroleum Institute; (2) the Gas Processors Association; (3) the Natural Resources Defense Council, Environmental Defense Fund, Sierra Club, Group Against Smog and Pollution, and Clean Air Council; (4) the Domestic Energy Producers Alliance; (5) the California Communities Against Toxics, Clean Air Council, Coalition for a Safe Environment, Desert Citizens Against Pollution, Natural Resources Defense Council and Sierra Club; (6) the Texas Oil and Gas Association; (7) the Western Energy Alliance; and (8) the State of Texas. The petitions for review have been consolidated into a single case and the parties were originally directed to inform the court of the issues they wish to raise on appeal by November 16, 2012, but that date has been delayed until December 21, 2012 to facilitate negotiations with EPA. Although the petitions for review filed with the D.C. Circuit do not elaborate on the concerns of the parties, the Associations’ petition for reconsideration focused on a few key issues likely to be raised on appeal. A principal concern is that EPA’s exclusion of “low-pressure wells” from certain provisions of the regulations is inadequate and was illegally promulgated. During the notice and comment period on the proposed rule, several commenters highlighted technical issues that prevent the implementation of reduced emission completions on low pressure gas wells due to the lack of the necessary reservoir pressure to flow at rates appropriate for the transportation of solids and liquids from a hydraulically fractured gas well completion into an imposed back-pressure. EPA acknowledged this issue and agreed that a “low pressure” threshold was appropriate to account for these technical limitations, and in the final rule defined a “low-pressure gas well” as “a well with reservoir pressure and vertical well depth such that 0.445 times the reservoir pressure (in psia) minus 0.038 times the vertical well depth (in feet) minus 67.578 psia is less than the flow-line pressure at the sales meter.” 40 C.F.R. § 60.5430. EPA’s discussion of how the agency arrived at this formula spans over 20 pages in the Supplemental Technical Support Document for the final regulation. The formula reflects well over a dozen assumptions made by EPA in its development of the formula, **none of which were subject to public review** and comment prior to the issuance of the final regulations. In addition to EPA’s failure to meet the required notice and comment obligations of the Administrative Procedure Act, EPA’s concept of a low-pressure well based on the pressure of the sales line misconstrues the traditional notion and understanding of what constitutes a “low-pressure well.” Traditionally, low-pressure wells include vertically fracked wells, low-volume production wells or marginal wells. Low-pressure wells often require energized fracks using inert gases because the reservoir pressure is insufficient to overcome the pressure created by a column of water. While somewhat acknowledging differences with marginal wells, energized fracks and vertically fracked wells, EPA’s definition of a “low-pressure well” does little to nothing in terms of providing relief to what industry has generally considered a low-pressure well. EPA’s failure to differentiate low-pressure/low-production wells that utilize hydraulic fracturing techniques from the large Marcellus Shale horizontal wells that are dramatically different in scale is arbitrary and capricious. EPA’s failure to recognize the differences between different types of hydraulically fractured wells renders the economic justification for well completion requirements on low-pressure wells insufficient. EPA should have provided an exemption for these types of well based on the traditional notion of a low-pressure well, not based on the pressure in the sales pipeline. Another key issue raised in the Associations’ petition for reconsideration, and an issue likely to be raised on appeal, is EPA’s use of industry-wide averages based on inadequate data to justify various controls on well completions and storage tanks as being cost-effective. EPA acknowledges in the rulemaking that the characteristics of emissions from production operations, specifically VOC content, vary considerably within an individual basin, let alone among different basins across the country. EPA’s own data demonstrates that the VOC percentage in natural gas in the US ranges from 0.0% by weight to 52.22%. Yet, to justify various controls EPA uses an industry-wide average of 18.28% by weight to calculate cost-effectiveness. This means that for wells with low VOC content, EPA’s selected control options are not cost-effective. Although EPA picked an average VOC content to calculate cost-effectiveness, it rejected a VOC threshold to exempt low-VOC-emitting wells because the agency indicated it could not know with certainty or in advance the VOC content of any given well. In addition to relying on a single VOC percentage to assess cost-effectiveness, EPA relied on as little as four data points to characterize the emission profile of certain activities for the entire industry. The Associations are in the process of evaluating specific issues to raise on appeal. For example, EPA’s assumptions and subsequent controls on storage tanks are suspect. In the proposed rule, EPA suggested that emissioncontrols on storage tanks emittingmore than 10 tons per year (“TPY”) of VOCs would be cost-effective. Almost unanimously industry argued that the threshold should be 12 TPY. In the final rule, EPA lowered the threshold to 6 TPY. Industry also took exception to EPA’s estimate of the number of storage tanks affected by the proposed regulations. EPA estimated that only 304 tanks would be affected nationwide. Commenters estimated the number would exceed 10,000 in Texas alone. The issues associated with storage tank controls are also covered by the petition for reconsideration.

#### Independent producers are hurt hardest by restrictions- key to the industry

Banerjee ‘12 (Neela Banerjee, Writer for the Los Angeles Times, "New EPA rules target pollution at fracking sites" articles.latimes.com/2012/apr/18/business/la-fi-epa-drilling-20120419, April 18, 2012)

The rules are expected to affect about 11,000 new wells annually that undergo fracking and an additional 1,200 that are re-fracked to boost production. The rules go into effect in 60 days, but the EPA gave the industry a three-year transition period to install technology to capture methane.¶ Most environmentalists welcomed the new rules, although some expressed disappointment over the three-year phase-in of the methane-capturing requirement.¶ "Obviously, this will be an improvement from the status quo," said Frank O'Donnell, president of Clean Air Watch. "But the delays mean a heck of a lot of smog-forming emissions during the next several years. Breathers will pay that price.¶ "Industry groups, however, complained that the rules were still too onerous, especially for smaller companies. They asserted that the EPA's data are faulty, a charge that the EPA denied, and could stunt the growth of natural gas development.¶ Barry Russell, chief executive of the Independent Petroleum Assn. of America, said the effect of the rules on independent oil and natural gas producers, which drill 95% of wells, as well as on the economy and the national security has the "potential to be profound."