# Competitiveness/Economy CP

## Corporate Tax Reform

### 1NC

CP text: The United States federal government should set a statutory corporate tax rate of 25 percent, provide a 95 percent exemption of tax on foreign dividends of active business income, not deny domestic deductions for expenses not directly allocable to foreign earnings, extend the business tax provisions that expired at the end of 2011, including the research and development credit, maintain revenue neutrality, and announce that these changes are permanent.

Tax reform solves economic growth – promotes competitiveness, investment and job creation

BRT 12 – an association of CEOs with over $6 trillion in annual revenues and 14 million employees, BRT members comprise a third of the total value of the U.S. stock market and invest more than $150 billion annually in research and development (Business Roundtable, “Taking Action for America”, March 2012, http://businessroundtable.org/uploads/studies-reports/downloads/20120307\_BRT\_Taking\_Action\_for\_America.pdf)

The U.S. corporate tax system has failed to keep pace with the changing global economy. The U.S. system is an outlier at a time when capital is more mobile and the world’s economies are more interconnected than ever before. Modern, streamlined and fiscally responsible tax policies contribute to a competitive business environment that attracts new investment and supports strong economic growth and job creation.

Many countries have reformed their tax policies in response to the increasingly important role that national corporate tax rates play in many investment and plant location decisions. Unfortunately, the United States has not followed suit. The last significant overhaul of the U.S. corporate tax system was in 1986 — before the widespread use of the Internet, before the Soviet Union collapsed and before China became a modernizing economy — and much existing policy dates back to the 1960s and earlier. Most of the policies introduced in the interim have been patchwork solutions that are often temporary in nature. As a result, U.S. corporate tax policy has become increasingly outdated and overly complex, making the United States a less attractive site for new investment and placing U.S. companies at a disadvantage in the global marketplace.

Reforms of the U.S. corporate tax system must focus on two critical components: the corporate tax rate and the system of international taxation.

First, the U.S. combined statutory corporate tax rate currently stands at more than 39 percent, now the highest in the OECD after Japan reduced its corporate rate this year. In contrast, the average combined statutory corporate tax rate in other OECD countries was 25.1 percent in 2011. 6 This difference actually understates the United States’ disadvantage. Prospective investors will compare the United States not to the average but to the best country when it comes to tax rate comparisons. Although not as widely noted as the high statutory corporate tax rate, the United States also has a high effective tax rate on corporate income. A study of financial statement effective tax rates for the 2,000 largest companies in the world found that U.S.-headquartered companies faced a higher worldwide effective tax rate than their counterparts headquartered in 53 of 58 foreign countries over the 2006–09 period. 7

Second, the United States continues to use a worldwide tax system that taxes U.S. companies on both the income that they earn at home and the foreign earnings of their subsidiaries, when those earnings are remitted back to the United States. In contrast, the vast majority of OECD countries use a territorial tax system in which little or no additional tax is typically imposed by the home country on active trade or business profits earned abroad because that income is already taxed in the country where it was earned. The additional tax imposed by the United States on foreign earnings creates a barrier for U.S. companies desiring to access their foreign earnings that is not faced by their competitors headquartered in most other OECD countries. Foreign markets represent 95 percent of the world’s consumers, and access to these markets helps expand the demand for U.S. goods and services. 8 Accordingly, U.S.-headquartered companies and the jobs of their employees depend on their ability to compete and win in the global arena.

A competitive U.S. corporate tax rate and territorial system can enhance U.S. economic performance, including more jobs, more investment and increased economic growth with increased living standards for American families. A lower corporate tax rate will enhance the incentives for companies to locate here, attract high-value investments, reduce investment distortions across sectors and lessen the current incentives to rely on debt rather than equity in financing capital investments. Likewise, the adoption of a territorial tax system will increase the incentive for companies to incorporate in the United States, allow U.S.-headquartered companies to compete more effectively in foreign markets, and encourage existing U.S. companies to bring home their earnings from overseas and reinvest them in the United States.

Modernize and simplify the tax code to increase the competitiveness of the United States as a location for investment and employment by both U.S.-based and foreign-based companies. A stable, reliable, equitable and nondiscriminatory tax system that provides a level playing field is essential for long-term economic growth. U.S. policies should strive not only to make the nation competitive with the other world economies, but also to make the United States the best place in the world to launch a career, headquarter a business, hire employees and conduct business operations. In today’s global economy, tax reform is absolutely essential to economic growth and job creation. BRT CEOs believe that these reforms can be undertaken in a fair and fiscally responsible manner, with the cost of these reforms to be offset as much as possible through appropriate base broadening. The key elements of a modern, streamlined and fiscally responsible corporate tax system include:

• A competitive corporate tax rate comparable to the OECD average. A combined federal and state rate of 25 percent would create a U.S. statutory tax rate equal to the average of America’s trading partners.

• A competitive territorial tax system similar to the rest of the world. This fundamental reform recognizes the jobs created and the value contributed to the U.S. economy by successful American companies with worldwide operations. Fundamental components for a competitive territorial system include:

• Providing a 95 percent or greater exemption of tax on foreign dividends of active business income; and

• Following the practice of other countries. The U.S. system should not deny domestic deductions for expenses not directly allocable to foreign earnings. The U.S. system also should not include other features not adopted abroad — including antideferral rules for active income — that can impede the competitiveness of American companies relative to their foreign competitors.

◗ Extend the business tax provisions that expired at the end of 2011, including the research and development credit and important international provisions. While corporate tax reform is the priority, the extension of these expiring provisions should not be delayed while Congress considers overall reform.

◗ Make every feature of the reformed U.S. corporate tax code permanent, establishing the high-priority objective of eliminating corporate tax policy uncertainty.

Ultimately, any attempt to reform and modernize America’s corporate tax system must achieve the shared goal of creating a strong, competitive, job-creating U.S. economy. If the United States is guided by these principles and provides competitive and growth-promoting features for research and investments in plant and equipment, the nation will become more attractive for company headquarters and for the new investment that will increase production of goods and services. This approach to tax reform will foster economic growth, job creation and a higher standard of living.

### 2NC Solvency

**Corporate taxes bad – deters investment, shrinks capital, loopholes, and multinationals**

**Master 4/5**/12 – writes about the economic underpinnings of U.S. foreign policy for the Council of Foreign Relations (Jonathon, Council on Foreign Relations, “U.S. Corporate Tax Reform”, http://www.cfr.org/united-states/us-corporate-tax-reform/p27860)

What are the distortions at the international level?

Differing levels of corporate taxation across an increasingly globalized economy have the effect of distorting economic outcomes in at least three principal ways, say economists. First, a country with a corporate tax regime that places less of a burden on businesses (i.e. through a lower effective rate) will tend to draw investment away from those with higher taxes, all other factors being equal. A second distortion arises where a reduction in investment in a relatively high-tax country, like the United States, shrinks the capital available to workers and reduces wage levels as a result.

Third, the tax base of a high-tax nation may drop further as domestic companies with international operations cut their taxes by "re-characterizing" their income so as to fall in a lower tax country, or engage in other such methods like internal transfer pricing (Bloomberg). This profit shifting costs the U.S. Treasury roughly $90 billion a year, according to Kimberly Clausing, an economics professor at Reed College.

What role do multinationals play in the U.S. economy?

U.S. multinationals are domestic companies that own at least 10 percent of a foreign affiliate. According to a 2010 McKinsey report, multinationals represented less than 1 percent of total U.S. companies in 2007, but accounted for some 19 percent of private sector jobs; 25 percent of private sector wages; 25 percent of private sector gross profits; 48 percent of total U.S. goods exported; and 74 percent of research and development spending.

They are particularly sensitive to international business conditions, including inconsistencies in the way countries tax. Under the current U.S. code, multinationals not only face a relatively high tax rate at home, but are also taxed on their profits made abroad when repatriated. Most other developed countries exempt their corporations from such taxation.

**Corporate tax policy hurts competitiveness and growth**

**Master 4/5**/12 – writes about the economic underpinnings of U.S. foreign policy for the Council of Foreign Relations (Jonathon, Council on Foreign Relations, “U.S. Corporate Tax Reform”, http://www.cfr.org/united-states/us-corporate-tax-reform/p27860)

The United States currently possesses the highest statutory corporate tax rate in the world, at 35 percent (discounting state and local taxes). Many analysts say the comparatively high U.S. rate, coupled with a complex array of tax subsidies and loopholes, is a doubly flawed system, overburdening businesses with compliance and planning costs while reducing federal revenues at a time of rising national debt. Others point out that the U.S. system, which taxes foreign profits of U.S. multinational corporations, may put the country at a competitive disadvantage with most of the industrialized world, which only taxes domestic corporate income. At time when global economic competition is intensifying, some critics suggest an overhaul of the tax code, which last took place in 1986, is long overdue.

Why does corporate taxation matter?

As a percentage of the economy, corporate tax dollars have declined steadily in the post-World War II period, from more than 5 percent of GDP in 1946 to hovering around 2 percent in recent years.

In 2010, corporate taxes represented the third-largest source of federal revenue, accounting for roughly 9 percent of Treasury's income (behind the individual income tax [42 percent] and payroll taxes [40 percent]).

The way a country taxes corporations matters for two primary reasons, say economists. First, corporate taxes alter incentives and may distort domestic economic behavior in ways that are harmful for growth. Donald Marron of the Tax Policy Center says the government shouldn't favor one industry over another in the way it taxes business: "Far better would be a system in which investors deployed their capital based on economic fundamentals."

Second, different tax regimes across the world interact with each other to distort the allocation of international investment. The confluence of these micro and macroeconomic forces has significant consequences for the ability of the United States to compete and thrive in an expanding global economy.

Corporate taxation is an essential component of the national business climate, and one of several factors that multinational corporations weigh when deciding how and where to invest. Others include access to human capital, efficient infrastructure, regulatory environment, rule of law, political stability, etc. "The [United States] used to be so much more attractive in these areas," says Eric Solomon, former assistant secretary for tax policy at the U.S. Treasury Department (2006-2009),"but now we have so much more competition from abroad, so that each of these margins have become much more important."

In 2011, the United States ranked 72nd out of 183 economies worldwide in the area of corporate taxation, and 19th out of 31 OECD nations, according to the World Bank's Doing Business Project. Rankings accounted for the number of tax payments, the time spent paying, and the overall rate borne by medium-sized businesses.

A 2010 McKinsey Global Institute report on U.S. multinationals and competitiveness says that many business executives interviewed "believe that current U.S. policies--particularly in the areas of corporate taxes, limits on the immigration of skilled workers, and bureaucratic hurdles and inconsistencies--handicap U.S. companies when competing abroad."

However, the effective corporate tax rate--the ratio that companies actually pay after leveraging a myriad of tax breaks--has averaged around 26 percent in recent years (1987-2008).

How does the U.S. corporate tax compare internationally?

The United States has the highest statutory corporate tax rate in the world--39.2 percent (including state and local) versus an OECD weighted average of 27.8 percent (excluding the U.S.), and a G-7 average of 32.3 percent (excluding the U.S.).

### Elections – CP Popular

**Corporate Tax Reform popular**

**Malhotra 7/4/12 –** writer for the Epoch Times (Heide, “Corporate Tax Dodges on the Table”, http://www.theepochtimes.com/n2/business/corporate-tax-dodges-on-the-table-252636.html)

During an election year, corporate tax reform is believed to be very effective, given that the U.S. public pays high taxes, while many corporations don’t pay their fair share. It is not that corporations are not handing over a check to the Internal Revenue Service (IRS). The concern is over the many tax loopholes and subsidies corporations have landed due to their lobbying tactics.¶ In February, the sitting administration released “The President’s Framework for Business Tax Reform.” At first look, this report appears to be a good deal for the American public.

### AT: Hurts revenue

**Inefficiencies result in more money being lost than collected from corporate tax**

**Master 4/5**/12 – writes about the economic underpinnings of U.S. foreign policy for the Council of Foreign Relations (Jonathon, Council on Foreign Relations, “U.S. Corporate Tax Reform”, http://www.cfr.org/united-states/us-corporate-tax-reform/p27860)

Corporate taxation distorts the U.S. economy in several important ways, according to the Congressional Budget Office. "Once economic activity takes on a pattern that is based on tax rates, resources in the economy are misallocated and inefficiency results, as economic activity shifts away from its most valuable opportunities." A 2010 White House report on tax reform notes that more than 15,000 changes to the tax code have been made since the 1986 reform, many of which are "targeted tax provisions [implemented] to achieve social policy objectives normally achieved by spending programs."

According the Fiscal Times, corporate tax expenditures (tax breaks) will cost the Treasury some $628.6 billion over the next five years.

In addition, the CBO lists the following primary domestic economic distortions created by the corporate tax:

1) Savings and Investment bias: Decreases the incentive for individuals to save (vs. consume) and for businesses to invest because it taxes income from capital. Taxes on capital/labor are often juxtaposed with taxes on consumption (i.e. value-added tax), which many economists see as more efficient and pro-growth.

2) Organization bias: Increases the incentive for businesses to organize as non-corporate entities (WSJ) (i.e. sole proprietorships, partnerships, etc.), which are not taxed. Consequently, the tax puts certain industries at a disadvantage to the extent that businesses in those industries rely on the corporate form to raise large amounts of capital from many investors.

3) Financing bias: Increases the incentive for businesses to raise capital by borrowing (debt) versus selling shares (equity), since the interest on debt is tax deductible. A greater reliance on borrowing may increase the exposure of some firms to bankruptcy, especially in economic downturns such as the recent financial crisis (FT).

4) Depreciation bias: Biases some types of capital investment over others to the extent that the IRS depreciation rules, which allow companies to spread tax deductions for a capital asset over its life span, do not reflect actual economic depreciation.

5) Compliance and Planning: The complexity of the code requires businesses to spend a great deal of money on tax compliance and planning--funds that under other circumstances would be allocated elsewhere.

In her book The Economic Effects of Taxing Capital Income, economic policy expert Jane Gravelle asserts that the combined cost of these five domestic inefficiencies (plus a bias against dividends) could surpass the total amount of corporate tax dollars collected.

**No revenue now – too many loopholes**

**Malhotra 7/4/12 –** writer for the Epoch Times (Heide, “Corporate Tax Dodges on the Table”, http://www.theepochtimes.com/n2/business/corporate-tax-dodges-on-the-table-252636.html)

Corporate Tax Payments and Subsidies¶ CTJ participated in the research of tax payments made by 280 of America’s large Fortune 500 corporations during the 2008–2010 and 2008–2011 tax seasons. Thirty companies paid no taxes during 2008–2010. During the 2008–2011 tax period, DuPont Co. paid a 10.9 percent effective tax rate and Wells Fargo & Co. paid a 3.8 percent effective tax rate.¶ Due to subsidies, Pepco Holdings Inc. received the highest tax break during the 2008–2010 and 2008–2011 tax seasons, -57.6 percent and -39.5 percent respectively, followed by General Electric Co. (GE) with a tax rate of -45.3 percent and -18.9 percent respectively.¶ During the 2008–2011 tax season, Wells Fargo & Co. garnered the largest subsidy at $21.6 billion, followed by GE with a $10.6 billion subsidy, despite an income of $19.6 billion. Verizon Communications Inc.’s subsidy was $7.7 billion, despite an income of $19.8 billion. The Boeing Co. received a subsidy of $6 billion, despite $14.8 billion in profit. The subsidies for the remaining 26 corporations were below $3.5 billion.¶ The company with the highest federal tax break (-39.5 percent), Pepco Holdings, was among the 14 companies that received a subsidy below $1 billion ($941 million). The company with the lowest subsidy ($171 million) was Con-way Inc.¶ Over the four-year period of 2008–2011, the IRS would have received an additional $78.3 billion in federal income taxes if those 30 companies had paid their fair share, according to CTJ’s research.¶ “The Treasury Department reports that corporate taxes fell to only 1.2 percent of our gross domestic product over the past three fiscal years. That’s lower than at any time since the 1940s except for one single year during President Reagan’s first term. By comparison, corporate taxes averaged almost 4 percent of our GDP during the 1960s,” CTJ said.¶ Truth About the U.S. Corporate Tax Rate¶ “America has one of the lowest corporate income taxes of any developed country, but you wouldn’t know it given the hysteria of corporate lobbying outfits like the Business Roundtable,” according to an April 5 article on the CTJ website.¶ Gallup Poll surveys conducted between 2004 and 2011 suggest that the majority of survey respondents believe that corporations are getting away with paying too little taxes.¶ Of the 280 companies studied by CTJ, 134 companies earned a large portion of their income in foreign countries. The majority of these companies (87) were taxed at a lower rate on their U.S. earnings than they paid in taxes on their earnings in foreign countries.¶ According to CTJ, corporations employ a number of accounting gimmicks to make it look like their earnings in the United States come from their subsidiaries located in tax havens, although most of the time, these so-called companies are no more than a post office box.¶ “The problem that corporations are complaining about is actually the high taxes they pay to foreign governments, how could Congress possibly provide any remedy for that? Clearly, what corporations pay in U.S. taxes is what’s relevant to the corporate tax debate before Congress,” the CTJ article said.¶ Keeping Up the Hype About Corporate Taxes¶ “Overall, financial executives from both large and small businesses view an effective tax rate of 20–25 percent as necessary to make the U.S. federal corporate rate competitive with global tax rates,” according to a recent article by Alvarez & Marsal Taxand LLC (A&M Taxand), a tax advisory firm.¶ Executives surveyed for the A&M Taxand article said that they were more concerned about tax code changes than the actual tax expenses. But, they did state that a lowered tax rate would make our U.S. tax rate more competitive with other countries. The article did not address the subsidies companies received, which lowered the U.S. tax rate below that of foreign countries.

### AT: Doesn’t Solve Competitiveness

Failing tax system is the largest internal link – competitiveness reports prove

**Donlan 6/9**/12 – Editorial Page Editor at Barron's National Business and Financial Weekly (Thomas, Barrons, “An Invisible Problem”, http://online.barrons.com/article/SB50001424053111904470204577452681573138746.html?mod=BOL\_twm\_fs)

It was a pleasant surprise the other day to encounter a different story, published by a well-regarded Swiss business school called IMD (formerly the Institute for Management Development). It operates a World Competitiveness Center, which may sound like more of the same old stuff, but the new report shows a different way of thinking.

The U.S. was ranked second for 2011, behind Hong Kong. The bad news is that it was first in 2010 and most years before, but it's worth contemplating the advantages that a group of international business executives and analysts still can find in the U.S. economy.

At the top is access to financing, followed by a strong research-and-development culture, an effective legal environment, dynamism of the economy, a skilled workforce, and reliable infrastructure. At the bottom, they find the U.S. lacks competency of government and a competitive tax regime.

All of the top six assets are usually cited as American problems by competitiveness experts, especially those in government, while we rarely meet officials aware that American governments and their tax system are so poorly regarded. The experts rarely work on economic problems created by government.

### \*AFF – Isolated Corporate Tax Reform Fails

**Isolated corporate tax reform fails – it must be combined with a more comprehensive reform**

**Master 4/5**/12 – writes about the economic underpinnings of U.S. foreign policy for the Council of Foreign Relations (Jonathon, Council on Foreign Relations, “U.S. Corporate Tax Reform”, http://www.cfr.org/united-states/us-corporate-tax-reform/p27860)

Any proposal for corporate tax reform will have to address the effects on federal revenue, especially given current levels of U.S. debt and the expected growth of entitlement spending over the next several decades.

"A tax package that reduces revenue is not tax reform," writes tax policy expert Bruce Bartlett in The Benefit and the Burden. "It's just another tax cut." Most economists, he says, view true tax reform as a revenue-neutral, zero-sum game with both winners and losers. In this view, if the top corporate tax rate is lowered, the tax base will need to be broadened so that some businesses will have to pay more, or funds will have to be raised through other means of taxation (i.e. consumption tax, gas tax, etc.).

Eric Toder of the Tax Policy Center says that "corporate taxes cannot be thought of in isolation," but that any corporate tax reform must be considered in the context of general tax reform that may include other changes, such as the way individuals are taxed. Many economists see the integration of the corporate and individual income tax as a solution to this problem. CFR's Ted Alden writes that it is difficult "to move discretely on any single aspect of tax reform. A tax system that is both more competitive and more fiscally responsible would require an array of changes."

**Reform shifts tax burden to income taxes on the lower and middle classes**

**Malhotra 7/4/12 –** writer for the Epoch Times (Heide, “Corporate Tax Dodges on the Table”, http://www.theepochtimes.com/n2/business/corporate-tax-dodges-on-the-table-252636.html)

Shifting Tax Burden to America’s Citizens¶ “These big, profitable corporations are continuing to shift their tax burden onto average Americans. … This isn’t fair to the rest of us, it makes no economic sense,” said Bob McIntyre, director at Citizens for Tax Justice (CTJ), in an April 9 article on the CTJ website.¶ According to another CTJ article on April 20, Eric Cantor, House Majority leader, suggested in April at a Bank of America event that people whose earnings are so low that they don’t pay federal personal income taxes should be required to pay such taxes.¶ The CTJ article said that “Cantor’s comments suggest that, like Rep. Ryan [House Budget Committee chairman], he is interested in ending those tax subsidies that benefit the lower-income or middle-income households but not those benefitting [sic] the rich.”

### \*AFF – Doesn’t Solve Keynes

**Corporate tax cuts have no Keynesian stimulus effect**

**Huang 9** – tax policy analyst with the Center’s Federal Fiscal Policy Team, where she focuses on the fiscal and economic effects of federal tax policy, taught tax law and conducted research in tax law and policy at the University of Auckland (Chye-Ching, Center on Budget and Policy Priorities, “Corporate Tax Rate Cut Likely To Be Ineffective As Stimulus”, http://www.cbpp.org/cms/index.cfm?fa=view&id=2269)

Numerous government and independent studies agree that corporate tax rate cuts provide relatively little “bang-for-the-buck” as stimulus. The Congressional Budget Office (CBO), for example, has concluded that a corporate rate cut “is not a particularly cost-effective method of stimulating business spending.”[1] The Congressional Research Service (CRS) has found that in terms of stimulating aggregate demand, the “effect of corporate rate cuts is likely small.”[2] And Mark Zandi, chief economist of Moody’s Economy.com, has rated a corporate tax rate cut as one of the least effective of all tax and spending options in stimulating the economy, estimating that it would generate only 30 cents in economic demand for every dollar spent on the tax cut.[3] ¶ Nevertheless, some policymakers and business groups — many of them longstanding proponents of corporate tax cuts regardless of economic conditions — now advocate cutting corporate tax rates as a stimulus measure.[4] There is a serious debate to be had about whether cutting corporate rates, especially if done in tandem with measures to close corporate tax loopholes, would strengthen the economy over the long run.[5] But corporate rate cuts simply are not credible as short-term economic stimulus in a recession.¶Corporate Rate Cut Would Not Reward New Investments¶ Explaining why a corporate tax rate cut is relatively ineffective as stimulus, CRS noted that “Increasing the after-tax income of businesses typically does not create an incentive for them to spend more on labor or to produce more, because production depends on the ability to sell output.”[6]¶ The primary problem employers face in a recession is a shortage of demand for their products, not a shortage of cash.[7] When firms face a shortage of demand, they will find it more attractive to retain — or pass to shareholders — any new cash they receive from a tax cut, rather than invest in increased production of goods and services for which no customers exist. ¶ But passing the tax benefits to shareholders and business owners would not stimulate the economy much. Shareholders and business owners are two groups that tend to have higher incomes — and thus to save, rather than spend, much of any additional income they receive. As CRS concluded, such a tax cut “is more likely to be spent on reducing debt, or paying out dividends. Both choices would not expand aggregate demand.”[8]¶ In the short run, therefore “a substantial effect of reducing current corporate tax rates is to increase the returns from past investments rather than increase the attractiveness of new investments,” according to CBO.[9] Only new investments are stimulative.

# Oil CPs

## Fuel Economy CP

### 1NC

**CP Text: The United States federal government should require new light-duty vehicles to achieve a fuel economy and emissions performance equivalent to an average of 62 miles per gallon by 2025.**

**It reduces oil dependence drastically and doesn’t link to elections**

**Dutzik et al 11** – \*Tony Dutzik is Senior Policy Analyst with Frontier Group specializing in energy, transportation, and climate policy, \*\*Elizabeth Ridlington works as a policy analyst with Frontier Group focusing on global warming, energy efficiency and clean vehicles, worked as an assistant to the director of the Fund for the Public Interest and U.S. PIRG, \*\*\*Rob Kerth is a policy analyst at Frontier Group, \*\*\*\*Travis Madsen is a policy analyst at Frontier Group, \*\*\*\*\*Daniel Gatti is a staff attorney with Environment America (“Getting Off Oil”, Summer 2011, http://www.frontiergroup.org/sites/default/files/reports/Getting-Off-Oil-vUS.pdf)

Light-Duty Vehicle Fuel Economy and Global Warming Pollution Standards

The policy: Require new vehicles to achieve fuel economy and emissions performance equivalent to an average of 62 miles per gallon by 2025.

The savings (compared with business as usual case):

• 130 million barrels of oil per year by 2020

•395 million barrels of oil per year by 2030

(Note: Savings estimated here are from conventional vehicles. This policy produces additional savings through increased use of electric vehicles; those savings are listed under “Deployment of Electric Vehicles,” below.)

Since 1975, the federal government has imposed minimum fleetwide fuel economy standards for light-duty cars and trucks. Those fuel economy standards led to a 40 percent reduction in fuel consumption per mile by light-duty vehicles between 1975 and 1987, curbing America’s dependence on oil. 93

Over the course of the next two decades, however, vehicle fuel economy stagnated and even declined, as more Americans shifted from cars to less fuel efficient light trucks. Over the last several years, however, the United States has experienced a renaissance in the drive to reduce oil consumption in cars and light trucks. In 2010, the federal government launched new standards that call for a significant increase in vehicle fuel economy while, for the first time, limiting global warming pollution from vehicle tailpipes—a move brought about by the pioneering efforts of 14 states that had developed similar standards over the past decade. The new standards are designed to increase the average fuel economy of the vehicle fleet to 34 miles per gallon (mpg) by model year 2016.

Meanwhile, consumer concern about oil dependence is dramatically reshaping the automobile market. Analysis indicates that sales of hybrid cars have jumped more than 46 percent since March 2010, three times faster than the overall increase in car sales, while SUV sales have stagnated. 94

The new standards on fuel economy and global warming pollution from cars will ensure that energy-saving technologies—from turbocharging to hybrid-electric drive—will find their way into more new vehicles. But there remains plenty of room for improvement. Technologies such the use of plug-in cars that run partially or entirely on electricity create the opportunity for a quantum leap in vehicle fuel economy and global warming emission performance. 95

The Obama administration is now considering fuel economy and global warming pollution standards for 2017 and later years. Those standards should require new cars and light trucks to achieve the equivalent of 62 mpg fuel economy by 2025.

Beyond 2025, there will be opportunities to go further by increasing the use of electric vehicles, if we lay the appropriate groundwork. This scenario assumes that automobile manufacturers comply with a 62 mpg standard in equal parts by improving the efficiency of gasoline-powered vehicles and by increasing sales of electric vehicles. The estimated savings in this scenario include only those from vehicles with internal combustion engines. The details of and savings from the electric vehicle policy are described under “Deployment of Electric Vehicles,” below.

### 2NC Solves Oil Dependence

Fuel standards drastically reduce oil consumption – saves 2 million barrels a day

Weiss 12 – Senior Fellow and the Director of Climate Strategy at American Progress, where he leads the Center's clean energy and climate advocacy campaign (Daniel, A Testimony before the House Energy and Commerce Committee, 3/7/12, http://www.americanprogress.org/issues/2012/03/pdf/weiss\_testimony.pdf)

Model year 2011 cars go 7 percent farther on a gallon of gas compared to those made in 2008. And these savings will grow through 2016, when the average car will meet a standard of 35.5 miles per gallon—a 30 percent improvement from the 2010 standard.

In 2011 the administration finalized the first-ever fuel economy standards for work trucks, buses, and other heavy vehicles beginning in 2014. The White House determined that these standards “will save American businesses who operate and own these commercial vehicles approximately $50 billion in fuel costs over the life of the program.” The new standards will save more than 500 million barrels of oil, too.

Later this year the administration—with the support of the major auto manufacturers and the United Auto Workers union—plans to finalize fuel economy standards for passenger vehicles manufactured from 2017–2025. By 2025 cars and light trucks will go twice as far on a gallon of gas compared to 2010 vehicles. These standards will save more than 2 million barrels of oil per day. Drivers of model year 2025 passenger vehicles will save $8,200 in lower gasoline purchases over the life of their vehicle compared to 2010 vehicles.

EIA’s latest projections found that the United States will import less oil thanks to the aforementioned oil production and greater vehicle efficiency—not including the proposed 2017– 2025 fuel economy standards.

**Fuel economy solves oil dependence**

Mark et al 2 – \*Jason Mark is director of the Union of Concerned Scientists Transportation Program, \*\*David Friendman is deputy director of the Clean Vehicles Program at the Union of Concerned Scientists, \*\*\*Therese Langer was a Staff Scientist for the Rutgers University Environmental Law Clinic and is currently the Transportation Program Director at the American Council for an Energy-Efficient Economy,\*\*\*\*David Doniger is the policy director of the Natural Resources Defense Council's (NRDC) Climate and Clean Air Program, and the chief global warming lawyer (“Increasing America’s Fuel Economy”, February 2002, http://commutesolutions.org/wp-content/uploads/2010/11/CAFEbriefingbk.pdf)

Raising fuel economy standards is the most effective way to reduce overall oil dependence.

· Cars and light trucks account for 40 percent of U.S oil use—8 mbd. 17

· Raising fuel economy standards for new cars, SUVs and other light trucks to an average of 40 mpg over the next 10 years will save nearly 2 mbd in 2012 and nearly 4 mbd by the end of the next decade. This is more oil than current imports from the Persian Gulf and the projected yield from the Arctic Refuge, combined.

· Raising fuel economy standards for cars and light trucks to 40 mpg over the next decade would yield cumulative oil savings of 3 billion barrels by 2012 and more than 12 billion barrels by 2020. 18

### Popular – Public

**Energy-saving options popular – this only applies to the CP**

**Tompson 12** - \*Trevor Tompson is the director of The Associated Press-NORC Center for Public Affairs Research; \*\*Jennifer Agiesta is Deputy Director of Polling at the Associated Press; \*\*Jennifer Benz, Ph.D., Research Scientist, NORC; \*\*\*Joseph S. Broz, Ph.D., Senior Fellow, NORC; \*\*\*\*Dennis Junius, M.A., News Survey Specialist, The Associated Press; \*\*\*\*\*Matthew Kozey, J.D., Principal Research Analyst, NORC (“Energy Issues: How the Public Understands and Acts”, June 2012, http://www.apnorc.org/Common/pdfs/AP-NORC-Energy-Report.pdf)

The public is looking to the government and the industry for solutions to the country’s energy problems. Sixty-two percent of the public believe that the government should be extremely or very involved in finding solutions to this country’s energy problems. Democrats (79%) are more likely to say the government should be involved, compared to only 42 percent of Republicans who report that the government should be extremely or very involved in finding solutions to the country’s energy problems.

Of those that think the government should be at least slightly involved in finding solutions (90%), 58 percent think the government should focus on helping the energy industry provide better energy-saving options for consumers compared to 38 percent who believe the government should focus directly on consumers to help them make better choices. This is true for both Democrats and Republicans.

**Doesn’t link – the public doesn’t know about fuel efficiency**

**Tompson 12** - \*Trevor Tompson is the director of The Associated Press-NORC Center for Public Affairs Research; \*\*Jennifer Agiesta is Deputy Director of Polling at the Associated Press; \*\*Jennifer Benz, Ph.D., Research Scientist, NORC; \*\*\*Joseph S. Broz, Ph.D., Senior Fellow, NORC; \*\*\*\*Dennis Junius, M.A., News Survey Specialist, The Associated Press; \*\*\*\*\*Matthew Kozey, J.D., Principal Research Analyst, NORC (“Energy Issues: How the Public Understands and Acts”, June 2012, http://www.apnorc.org/Common/pdfs/AP-NORC-Energy-Report.pdf)

Given the lack of awareness and trust in government sources of energy savings information, it is perhaps not surprising that the public does not know a lot or a great deal about some major government and private sector energy savings programs.

• Forty-six percent of the public report knowing a lot or a great deal about programs to phase out incandescent light bulbs.

• Thirty-three percent of the public report knowing a lot or a great deal about Energy Star product labels.

• Twenty-five percent report knowing a lot or a great deal about fuel efficiency standards for cars.

### Solves better than HSR

**HSR barely reduces oil dependence – this evidence is from a report that advocates HSR in order to reduce dependence**

**Dutzik et al 11** – \*Tony Dutzik is Senior Policy Analyst with Frontier Group specializing in energy, transportation, and climate policy, \*\*Elizabeth Ridlington works as a policy analyst with Frontier Group focusing on global warming, energy efficiency and clean vehicles, worked as an assistant to the director of the Fund for the Public Interest and U.S. PIRG, \*\*\*Rob Kerth is a policy analyst at Frontier Group, \*\*\*\*Travis Madsen is a policy analyst at Frontier Group, \*\*\*\*\*Daniel Gatti is a staff attorney with Environment America (“Getting Off Oil”, Summer 2011, http://www.frontiergroup.org/sites/default/files/reports/Getting-Off-Oil-vUS.pdf)

High-Speed Rail

The policy: Build high-speed rail lines in 11 high-priority corridors by 2030.

The savings (compared with business as usual case):

• 6 million barrels per year by 2020

• 15 million barrels per year by 2030

Nations around the world have operated high-speed rail lines for more than 50 years, dating back to the launch of Japan’s Shinkansen bullet train in 1964. True high speed rail lines are operated on electricity, potentially substituting for the use of two transportation modes that are highly dependent on oil—cars and airplanes. In addition, high-speed rail lines that operate at high capacity can be significantly more energy efficient than airplane or car travel. 114

### Tech Possible

Fuel-efficient cars possible – the technology exists

Mark et al 2 – \*Jason Mark is director of the Union of Concerned Scientists Transportation Program, \*\*David Friendman is deputy director of the Clean Vehicles Program at the Union of Concerned Scientists, \*\*\*Therese Langer was a Staff Scientist for the Rutgers University Environmental Law Clinic and is currently the Transportation Program Director at the American Council for an Energy-Efficient Economy,\*\*\*\*David Doniger is the policy director of the Natural Resources Defense Council's (NRDC) Climate and Clean Air Program, and the chief global warming lawyer (“Increasing America’s Fuel Economy”, February 2002, http://commutesolutions.org/wp-content/uploads/2010/11/CAFEbriefingbk.pdf)

The technology exists today to cost-effectively boost the fuel economy of cars and light trucks to 40 mpg by 2012. This can be done while maintaining the power, performance and safety that consumers demand. By using technologies such as variable valve engines and continuously variable transmissions in a higher percentage of vehicles than are available to consumers today, the auto industry could be putting its technological know-how to work improving the fuel economy of the nation’s vehicle fleet.

Detroit was capable of raising fuel economy in the past.

· When Congress enacted CAFE standards in 1975, automakers used new technology to nearly double passenger car fuel economy over ten years. 1 Technological developments did not stop when fuel economy standards were effectively frozen; instead vehicle technology continued to evolve. In the absence of higher standards, technology went into increasing power and performance.

Three national reports have recently concluded that there is a wide array of technologies available today to cost-effectively improve the fuel economy of cars and light trucks.

· Mid–range estimates from the recent NAS fuel economy report indicate that the fleet average could approach 40 mpg using existing and emerging technology in the next 10 to 15 years.

· The American Council for an Energy Efficient Economy laid out a package of technologies that would raise the average fuel economy of vehicles to over 40 mpg in the same time frame, while improving safety and keeping vehicle costs below new car trend prices 2

### Solve Stimulus

**Fuel economy solves the stimulus internal link – it results in job growth and increases consumption**

Mark et al 2 – \*Jason Mark is director of the Union of Concerned Scientists Transportation Program, \*\*David Friendman is deputy director of the Clean Vehicles Program at the Union of Concerned Scientists, \*\*\*Therese Langer was a Staff Scientist for the Rutgers University Environmental Law Clinic and is currently the Transportation Program Director at the American Council for an Energy-Efficient Economy,\*\*\*\*David Doniger is the policy director of the Natural Resources Defense Council's (NRDC) Climate and Clean Air Program, and the chief global warming lawyer (“Increasing America’s Fuel Economy”, February 2002, http://commutesolutions.org/wp-content/uploads/2010/11/CAFEbriefingbk.pdf)

FUEL ECONOMY AND JOBS

Raising fuel economy would create new jobs in the automotive sector as a result of large-scale production and use of up-to-date technologies and materials. The modest increase in sticker prices for fuel-efficient cars would be more than offset by consumers' gas savings, which would be spent on products and services, creating new jobs throughout the economy. On the other hand, if fuel economy continues to stagnate, the next oil shock could mean big trouble for the U.S auto industry.

Higher fuel economy standards would mean more auto industry jobs.

• Due to increased investment in the industry, a standard of 40 mpg by 2012, rising to 55 mpg by 2020 would create 40,000 new jobs in the automotive sector by 2010, and 104,000 by 2020. 1 Fuel economy improvements put money into consumers' pockets, creating jobs across the economy.

• If fuel economy reached 40 mpg by 2012, consumers would save $16 billion in annual fuel costs. The resulting spending would generate job increases in almost all sectors—72,000 new jobs in ten years and 244,000 jobs in twenty years. The retail trade, agriculture, restaurant, health services, construction, and other industries would all gain between 20,000 and 80,000 new jobs in twenty years. 2

• While an increase in fuel economy would result in a decline in oil drilling and refining jobs, the energy sectors are among the least labor-intensive in the US economy, and much of our oil spending goes overseas. Transferring dollars from oil production to other sectors produces a net increase in employment. The auto industry's claims that higher fuel economy standards mean fewer jobs are based on faulty assumptions.

· In 1992, proposals to raise CAFE standards for cars from 27.5 mpg to 40 mpg by 2000 were met by claims from the auto manufacturers' association that such a step would mean the loss of 150,000 to 300,000 jobs. A Los Angeles Times investigation revealed the claim assumed that assembly lines and entire plants producing cars that did not meet the new standards would simply be shut down. 3

This extreme scenario does not reflect the reality that car and truck models will be improved, not eliminated, and that the standards will be gradually introduced.

· In 2001, GM urged the St. Louis City Council to pass a resolution against fuel economy improvements using the same specious argument. GM argued that it would respond to a 3 mpg increase in light truck fuel economy standards simply by eliminating the least efficient existing products causing the loss of 36,200 UAW/GM jobs.

· CAFE standards apply to fuel economies averaged across automakers’ fleets and do not restrict production of individual vehicle models. Manufacturers would have time and flexibility to adapt to new standards. U.S. manufacturers can’t afford to be industry laggards.

· Oil price hikes in the 1970s hit domestic automakers hard, because foreign automakers such as Honda and Toyota then led the Big Three on fuel economy. High oil prices in the future could hit American automakers hard, just as happened in the 1970s. A planned, phased-in increase of fuel economy standards will provide critical insurance against a repeat of this scenario.

· After the oil shocks of the 1970s and early 1980s, Chrysler, in a temporary departure from the Big Three's customary point of view, saw fuel-efficient cars as an important market to capture and opposed efforts to roll back CAFE standards. According to a 1985 Chrysler ad, "…CAFE protects American jobs. If CAFE is weakened now, come the next energy crunch American manufacturers will not be able to meet the demand for fuel-efficient cars…again. And American workers—both in the Auto Industry and in the other industries that serve it— will be out on the street. Many of their jobs—as was true for the last two times around—will disappear forever." 4

### Solve Warming

**Fuel economy standards solve warming and air pollution**

Mark et al 2 – \*Jason Mark is director of the Union of Concerned Scientists Transportation Program, \*\*David Friendman is deputy director of the Clean Vehicles Program at the Union of Concerned Scientists, \*\*\*Therese Langer was a Staff Scientist for the Rutgers University Environmental Law Clinic and is currently the Transportation Program Director at the American Council for an Energy-Efficient Economy,\*\*\*\*David Doniger is the policy director of the Natural Resources Defense Council's (NRDC) Climate and Clean Air Program, and the chief global warming lawyer (“Increasing America’s Fuel Economy”, February 2002, http://commutesolutions.org/wp-content/uploads/2010/11/CAFEbriefingbk.pdf)

FUEL ECONOMY: THE BIGGEST SINGLE STEP TO CURBING GLOBAL WARMING AND IMPROVING AIR QUALITY

Emissions from cars and light trucks threaten our environment and public health. There is a scientific consensus that the average global temperature is rising, and that humans are responsible for this change. 1

Burning oil in passenger vehicles releases CO2 that builds up in the atmosphere and works like a blanket that traps heat near the earth’s surface. This causes the average global temperature to rise. Since America’s enormous fleet of passenger vehicles accounts for one-fifth of all U.S. CO2 emissions, raising CAFE standards is the single biggest step our country can take to curb global warming. Raising CAFE standards would also help reduce key air pollutants, improving public health and helping cities and states meet clean air standards. Cars and light trucks account for a significant portion of U.S. global warming pollution.

· Consuming one gallon of gasoline releases 24-28 pounds of CO2 into the atmosphere—19 pounds directly from the tailpipe and an additional 5-8 pounds from upstream sources that include transporting gasoline and refueling. 2,3

· U.S. cars and light trucks alone produce more CO2 pollution than all but three other countries worldwide: China, Russia and Japan. 4 This amounts to almost 5 percent of total world CO2 emissions from fossil fuels.

· If current trends in fuel economy go unchecked, passenger vehicle fuel use will increase by 56 percent over the next two decades. Under this scenario, annual greenhouse gas emissions from the U.S. passenger vehicle sector will rise from 1,450 million tons of CO2 to 2,260 million tons of CO2. 5 Fuel-related pollution from cars and light trucks poses a significant health hazard.

· The amount of fuel a vehicle uses accounts for nearly half of air pollution from passenger vehicles. Cars and light trucks produce an amount of U.S. air pollution that is second only to electricity generation.

· Existing fuel economy standards avert 500,000 tons of hydrocarbon emissions from gasoline production, distribution, and vehicle fuel tanks. Hydrocarbon emissions are a key source of smog, and many of them are toxic and potentially carcinogenic. 6

· Each year, the production and distribution of gasoline to fuel U.S. passenger vehicles causes the emission of 392,000 tons of benzeneequivalent and 848,000 tons of smog-forming hydrocarbons and nitrogen oxides. 7

· A recent UCLA study linked air pollution and birth defects in Southern California for the first time, finding that pollutants are transferred to the fetus through the umbilical cord. 8 Congress must raise CAFE standards to protect our future.

· When fully phased in by 2012, a fleet wide fuel economy standard of 40 mpg would avert: 9

o 345 million tons of CO2 emissions.

o Up to 187 million pounds of toxic emissions.

o Up to 404 million pounds of smog forming pollutants.

· When fully phased in by 2020, a fleet wide fuel economy standard of 55 mpg would avert: 10

o 888 million tons of CO2 emissions.

o Up to 481 million pounds of toxic emissions.

o Up to 1,039 million pounds of smog-forming pollutants.

Increased fuel economy dramatically reduces emissions

**UCS 4** – Union of Concerned Scientists (“Common Sense on Climate Change: Practical Solutions to Global Warming”, 11/01/04, http://www.ucsusa.org/global\_warming/solutions/big\_picture\_solutions/common-sense-on-climate-5.html)

Common Sense on Climate Change Solution #1: Make Better Cars and SUV's

The technology exists to build cars, minivans, and SUVs that are just as powerful and safe as vehicles on the road today, but get 40 miles per gallon (mpg) or more.

Better transmissions and engines, more aerodynamic designs, and stronger yet lighter material for chassis and bodies can cost-effectively increase the average fuel economy of today's automotive fleet from 24 mpg to 40 mpg over 10 years. This would be equivalent to taking 44 million cars off the road—and it would save individual drivers thousands of dollars in fuel costs over the life of a vehicle.

Because transportation accounts for nearly 30 percent of U.S. annual CO2 emissions, raising fuel economy is one of the most important things we can do to slow climate change.

The first step is to require Detroit to offer consumers more fuel-efficient vehicles by raising the average gas mileage—the Corporate Average Fuel Economy (CAFE)—of their fleets. It is especially important to bring SUVs up to the same standards as cars.

### \*Aff Answers

**Doesn’t solve oil or warming**

**Duhamel 10** – (Jonathon, 4/30/10, “EPA fuel standards costly and ineffective”, http://tucsoncitizen.com/wryheat/2010/04/30/epa-fuel-standards-costly-and-ineffective/)

The Environmental Protection Agency has proposed increasing fuel mileage standards for motor vehicles from the current 30.2 mpg for passenger car fleets to 35.5 mpg by 2016. Their rationale for this increase (so they say) is twofold: reduce carbon dioxide emissions and thus forestall temperature rise; and reduce our total consumption of petroleum products. The fuel standards will fail on both counts.¶ The proposed fuel mileage standard will have no measurable effect on temperature according to Dr. John Christy, Distinguished Professor of Atmospheric Science at the University of Alabama in Huntsville and Alabama’s State Climatologist. Christy testified before Congress last year on California’s proposed vehicle emission reduction of 26% (equivalent to a 43 m.p.g. standard). Christy’s research found that such a reduction in carbon dioxide emissions would have a theoretical temperature impact of “no more than 0.01 °C by 2100.” “…if the entire world adopted and adhered to this legislation, the net effect would be less than 0.04°C by 2100. As an atmospheric scientist who regularly publishes temperature records for specific regions as well as the globe, I can assure you this level of impact is too small to be detected. Global temperatures change by more than this from day to day.”¶Added to that, there is evidence that better fuel mileage will not result in lower total fuel consumption. Department of Transportation data show that as automobiles become more fuel efficient, each car is driven more miles, so that there is actually no reduction in total fuel use.

Fuel tax fails – takes too long to solve

**Morrow et al 9 -** \*Ross Morrow is Assistant Professor in Mechanical Engineering and Economics, \*\*Kelly Gallagher is Director of the Energy Technology Innovation Policy (ETIP) research group at Harvard University, \*\*\*Gustavo Collantes is a Former Research Fellow, Energy Technology Innovation Policy Research Group/Science, Techology, and Public Policy Program, \*\*\*\*Henry Lee is Director of the Environment and Natural Resources Program at Harvard School of Government, Co-Chair of the International Infrastructure Program and the Energy Technology Innovation Policy project at Harvard, and a Senior Lecturer in Public Policy, was Director of the Massachusetts’s Energy Office and Special Assistant to the Governor for environmental policy (“Analysis of policies to reduce oil consumption and greenhouse-gas emissions from the US transportation sector”, December 2009, Science Direct)

It is important to note that the response in fuel economy of the national fleet is muted despite these strong gains in new vehicle fuel economy; see Fig. 9. It takes a number of years for new more efficient vehicles to penetrate into the fleet because so many relatively inefficient cars remain on the road. Scenarios (A–E) had a varied impact on new vehicle fuel economy in 2030, achieving between 38 and 43.7 mpg, while overall fleet fuel economy in 2030 varied only between 28.9 and 31.2 mpg. In 2020, choosing the best policy for fuel economy improvement results in a fuel economy improvement for the entire fleet of only 1.2 mpg.

# Stimulus CPs

## Tax Cuts CP

### 1NC

**CP Text:** The United States federal government should extend the Making Work Pay tax credit and the changes to the United States tax code under the Economic Growth and Tax Relief Reconciliation Act and the Jobs and Growth Tax Relief Reconciliation Act for one year.

**Solves Keynesian stimulus and avoids elections**

**Yzaguirre 7/12**/12 – Political writer for the Huffington Post (Mark, “The President Should Extend All Tax Cuts for One Year”, http://www.huffingtonpost.com/mark-yzaguirre/bush-tax-cut-extension\_b\_1663765.html)

This isn't because Westen is opposed to tax cuts for the middle class or because he wants to make these tax cuts permanent for everyone. Westen argues that this is bad policy because while $250,000 per year isn't a small income, it is far below the income level of the top percentiles (namely the top 0.1 percent) who have been able to insulate themselves from much of the financial heartache of the past decade. He states that this is bad politics because most people in the $250,000 income range are wage-earners who reside in suburbs or exurbs that President Obama needs to carry in order to win re-election. Westen says this is bad messaging because setting the cutoff at $250,000 makes the policy debate dwell on an arbitrary number rather than larger principles.

The Westen piece is a great article that should be read in its entirety. I want to focus on the messaging point and add a few thoughts, which Westen may or may not agree with. Setting the cutoff point for tax cuts at $250,000 allows Mitt Romney and the Republicans to demagogue the tax issue by encouraging them to raise arguments about the fairness of raising taxes on two-income professional households when their main goal is to preserve the financial advantages of the very wealthy. To be fair, GOP disingenuousness on issues of economic policy isn't anything new and any Democratic administration needs to face it. But setting the tax cutoff point at $250,000 hands the GOP an avoidable issue and gives them an exit.

I suggest that President Obama should have acted (and perhaps can still act) more boldly by proposing to extend the Bush tax cuts for everyone for one more year. That way Romney and the Republicans in Congress would have to either accept his proposal or explain why tax cuts should not be extended for one year, without having the cover of the issue of the $250,000 cutoff point. It would have put the Republicans in a bind and would have resonated well with the general public.

Such a proposal may not satisfy those who want to use tax policy to address broader issues of income inequality, but such people aren't a majority of voters, much less a majority of Democrats. Even if the President wanted to cater to them, waiting a year to do so wouldn't make a huge difference if larger societal changes (whether with regard to deficit concerns or economic inequality) are the goal. Also, raising taxes when the economy is weak isn't a good idea from a Keynesian perspective, so waiting an extra year to do so is good from a policy perspective.

### 2NC Payroll Tax Solvency

**Tax cuts have a multiplier of up to 5.0 – they’re empirically far more effective than infrastructure spending**

**Boskin 10** - Professor of economics at Stanford University and a senior fellow at the Hoover Institution, chaired the Council of Economic Advisers under President George H.W. Bush (Michael, Wall Street Journal, “Why the Spending Stimulus Failed”, 12/1/10, http://online.wsj.com/article/SB10001424052748704679204575646994256446822.html?mod=googlenews\_wsj)

President Obama and congressional leaders meeting yesterday confronted calls for four key fiscal decisions: short-run fiscal stimulus, medium-term fiscal consolidation, and long-run tax and entitlement reform. Mr. Obama wants more spending, especially on infrastructure, and higher tax rates on income, capital gains and dividends (by allowing the lower Bush rates to expire). The intellectual and political left argues that the failed $814 billion stimulus in 2009 wasn't big enough, and that spending control any time soon will derail the economy.

But economic theory, history and statistical studies reveal that more taxes and spending are more likely to harm than help the economy. Those who demand spending control and oppose tax hikes hold the intellectual high ground.

Writing during the Great Depression, John Maynard Keynes argued that "sticky" wages and prices would not fall to clear the market when demand declines, so high unemployment would persist. Government spending produced a "multiplier" to output and income; as each dollar is spent, the recipient spends most of it, and so on. Ditto tax cuts and transfers, but the multiplier is assumed smaller.

Macroeconomics since Keynes has incorporated the effects of longer time horizons, expectations about future incomes and policies, and incentives (including marginal tax rates) on economic decisions.

Temporary small tax rebates, as in 2008 and 2009, result in only a few cents per dollar in spending. The bulk (according to economists such as Franco Modigliani and Milton Friedman) or all (according to Robert Barro of Harvard) is saved, as people spread any increased consumption over many years or anticipate future taxes necessary to finance the debt. Empirical studies (such as those by my colleague Robert Hall and Rick Mishkin of Columbia) conclude that most consumption is based on longer-term considerations.

In a dynamic economy, many parts are moving simultaneously and it is difficult to disentangle cause and effect. Taxes may be cut and spending increased at the same time and those may coincide with natural business cycle dynamics and monetary policy shifts.

Using powerful statistical methods to separate these effects in U.S. data, Andrew Mountford of the University of London and Harald Uhlig of the University of Chicago conclude that the small initial spending multiplier turns negative by the start of the second year. In a new cross-national time series study, Ethan Ilzetzki of the London School of Economics and Enrique Mendoza and Carlos Vegh of the University of Maryland conclude that in open economies with flexible exchange rates, "a fiscal expansion leads to no significant output gains."

My colleagues John Cogan and John Taylor, with Volker Wieland and Tobias Cwik, demonstrate that government purchases have a GDP impact far smaller in New Keynesian than Old Keynesian models and quickly crowd out the private sector. They estimate the effect of the February 2009 stimulus at a puny 0.2% of GDP by now.

By contrast, the last two major tax cuts—President Reagan's in 1981-83 and President George W. Bush's in 2003—boosted growth. They lowered marginal tax rates and were longer lasting, both keys to success. In a survey of fiscal policy changes in the OECD over the past four decades, Harvard's Albert Alesina and Silvia Ardagna conclude that tax cuts have been far more likely to increase growth than has more spending.

Former Obama adviser Christina Romer and David Romer of the University of California, Berkeley, estimate a tax-cut multiplier of 3.0, meaning $1 of lower taxes raises short-run output by $3. Messrs. Mountford and Uhlig show that substantial tax cuts had a far larger impact on output and employment than spending increases, with a multiplier up to 5.0.

Conversely, a tax increase is very damaging. Mr. Barro and Bain Capital's Charles Redlick estimate large negative effects of increased marginal tax rates on GDP. The best stimulus now is to stop the impending tax hikes. Mr. Alesina and Ms. Ardagna also conclude that spending cuts are more likely to reduce deficits and debt-to-GDP ratios, and less likely to cause recessions, than are tax increases.

**Tax cuts create a simulative effect – increases consumer spending**

**Feinblum 7/14**/12 – (Benjamin, “Tax Cuts for Small Businesses and the Middle Class Will Spur Job Creation”, http://www.policymic.com/articles/11181/tax-cuts-for-small-businesses-and-the-middle-class-will-spur-job-creation)

Business leaders are asking for increased demand for their products and services. When asked -- by Obama -- CEOs explained, "that is why we hire!" We hire to build something someone ordered. We hire engineers for projects. We hire to fill customer needs.

CEOs also explained that there are millions of high tech manufacturing jobs, and jobs that require advanced training that they cannot fill. They cannot find people who are trained for those jobs.

This is occurring in the context where more than $2 trillion in cash sits on corporate balance sheets. The largest supply of cash in history.

If demand can be created that will release those trillions from the hands of business into the economy, then America will see explosive growth. Jobs, jobs, jobs.

This demand creates the hiring that we want, and is what the CEOs told Obama it would do so.

This chart illustrates the level of cash on the sidelines.

How do we get there?

1) Find every person who could create demand for products and services and give them a tax cut.

The American Jobs Act, Obama's legislation, gives tax cuts to everyone who is employed. If you have a job, you get to keep more money. The idea is to leave more money in the hands of those who have secure employment because that is who feels secure enough to spend the money.

Spending churns up demand in the economy. The economy is businesses and individuals spending. If you buy a hamburger you are churning the economy forward. You are the economy. Start spending and the economy grows. Here is the plan in the American Jobs Act to give you more tax money back. This is money in your wallet.

2) Give massive tax cuts to small businesses.

The American Jobs Act, Obama's legislation, gives big tax cuts to small businesses. Small businesses create 98% of new jobs. Most of them in the first few years of business. They don't appear overnight. My businesses did the hiring after about three years or more. Job creation is a building up process. Building business takes years, not seconds. View the entire plan in short form and full form here: Tax Cuts to Help America's Small Businesses Hire and Grow.

**Tax cuts are more simulative than Keynesian spending – prefer our evidence: their models fail**

**Mankiw 8** – chairman of the economics department at Harvard University (Greg, “Spending and Tax Multipliers”, December 11, 2008, http://gregmankiw.blogspot.com/2008/12/spending-and-tax-multipliers.html)

By contrast, recent research by Christina Romer and David Romer looks at tax changes and concludes that the tax multiplier is about three: A dollar of tax cuts raises GDP by about three dollars. The puzzle is that, taken together, these findings are inconsistent with the conventional Keynesian model. According to that model, taught even in my favorite textbook, spending multipliers necessarily exceed tax multipliers.

How can these empirical results be reconciled? One hypothesis is that that compared with spending increases, tax cuts produce a bigger boost in investment demand. This might work through changing relative prices in a direction favorable to capital investment--a mechanism absent in the textbook Keynesian model.

Suppose, for example, that tax cuts are not lump-sum but instead take the form of cuts in payroll taxes (as suggested by Bils and Klenow). This tax cut would reduce the cost of labor and, if labor and capital are complements, increase the demand for capital goods. Thus, the tax cut stimulates demand not only by increasing disposable income and consumption spending (the textbook Keynesian channel) but also by incentivizing more investment spending. A similar result might obtain if the tax cut included, say, an investment tax credit.

This hypothesized channel seems broadly consistent with the empirical findings of Blanchard and Perotti, Mountford and Uhlig, Alesina and Ardagna, and Alesina, Ardagna, Perotti, and Schiantarelli. The results of all these authors suggest you need to go beyond the standard Keynesian model to understand the short-run effects of fiscal policy.

My advice to Team Obama: Do not be intellectually bound by the textbook Keynesian model. Be prepared to recognize that the world is vastly more complicated than the one we describe in ec 10. In particular, empirical studies that do not impose the restrictions of Keynesian theory suggest that you might get more bang for the buck with tax cuts than spending hikes.

### 2NC Unemployment Solvency

**Unemployment benefits solves jobs and consumer spending**

**Bivens 11** – Ph.D. in Economics from the New School for Social Research (Josh, Economic Policy Institute, “Payroll tax cut helps, but it’s a limited tool”, December 22, 2011, http://www.epi.org/publication/payroll-tax-cut-helps-limited-tool/)

This inability to connect economic policy to the larger problem of joblessness is a real problem with the debate over the payroll tax cut. This disconnect explains why the unemployment insurance extension bundled with the payroll tax cut have attracted so much less attention. After all, if all that matters is the first tranche of money, the payroll tax cut will affect many more households than the UI extension. But all serious economists agree that the extension of unemployment insurance is a far more efficient fiscal support – providing about 50 to 100 percent more jobs per dollar added to the deficit.¶ What makes unemployment insurance so much more efficient? It is laser-targeted at families in genuine distress, meaning that the recipients will spend every marginal dollar that comes in the door. This also makes the extension better targeted at alleviating actual economic misery. I, for example, get a pretty big benefit from the payroll tax cut and that’s nice, but I’m (knock wood) doing pretty well. People like me really shouldn’t be highest on the list of policymakers’ concerns today. Sadly, this last point might not make for good politics.¶ President Obama spoke Thursday about the need to extend these UI benefits. Good for him for reminding people that it’s not just tax cuts on the agenda. And if he can connect both unemployment insurance and the payroll tax cut issue to the larger jobs-crisis, even better for him. It would be a welcome addition to what has been too narrow debate.

### AT: Perm do Both

**They are incompatible -- Fiscal stimulus creates an expectation of tax increases to pay it off which prevents spending, only tax reduction alone stimulates investment**

**Redstate 10** – (“Another punch to the gut of Keynesian economic “stimulus””, 12/2/10, http://www.redstate.com/bs/2010/12/02/another-punch-to-the-gut-of-keynesian-economic-stimulus/)

Many signs point to “yes”. As long as businesses and individuals foresee a future of big increases in taxes and health care expense (my health care increased 25% next year, by the way…Thanks, Barack), they will not part with their money, which means little or no investment and little or no private sector job growth. A substantial reduction in taxes that provides a more robust economy and a measure of certainty will go a long way towards stimulating business investment and unleashing the billions that remain in the bank, awaiting a return to fiscal and political sanity in DC.

**It’s one or the other – tax cuts must be coupled with spending cuts**

**Trumball 7/9**/12 – Staff writer at CS Monitor focused on economic issues (Mark, “Obama tax-cut plan: easing risk of 'fiscal cliff'?”, http://www.csmonitor.com/USA/DC-Decoder/2012/0709/Obama-tax-cut-plan-easing-risk-of-fiscal-cliff)

But economists generally say the move, by taking spending power out of the hands of high-earning Americans, would also dent current economic activity. For reference, that $83 billion equals about half a percent of America's gross domestic product, or GDP.

Forecasters don't believe the hit to GDP would be precisely that size. What they do say is that, if all the currently scheduled tax-cut expirations occur on Dec. 31, a new recession is a very real threat.

A government report Friday showed only tepid job growth in June, highlighting the economy's fragility and its importance in the election campaign.

Obama's proposal on continued tax cuts for the middle class would reduce the overall size of what some analysts have dubbed "taxmageddon." Keeping those cuts in place would push up the 2013 federal deficit by some $108 billion, Congress's Joint Committee on Taxation has estimated. In turn, that leaves more money in consumers' hands, reducing the size of the cliff that might damage economic growth.

Obama threw down a challenge to Republicans: "Let's agree to do what we agree on," he said, for the good of the economy. Both parties have embraced the idea of keeping tax rates low for most Americans. Obama said the two sides should act on that idea, for 2013 at least, and then debate their differences on policy toward the rich during the election campaign.

Some economists, including Federal Reserve Chairman Ben Bernanke, say the economy requires a two-part fiscal strategy. First, avoid the full-scale cliff of tax hikes and scheduled federal spending cuts, to stave off a possible recession. Second, put the federal budget toward more stable footing for the long term, such as by imposing spending restraint that kicks in gradually, as well as by reforming the tax code.

### Tax Cuts Popular – Elections

**Doesn’t link to elections – avoids the current debate about the cutoff**

**Weston 7/9**/12 – Professor of Psychology and Psychiatry at Emory University; the founder of Westen Strategies, a strategic messaging firm (Drew, “Let's Cap the Tax Cut at $253,571.33”, http://www.huffingtonpost.com/drew-westen/obama-tax-cut\_b\_1660814.html)

First, the decision to choose $250,000 is bad policy, bad politics, and bad messaging.

It's bad policy because the main beneficiaries of the "winner take all" economy of the last 30 years have actually not been the upper 2 percent (although those with incomes hovering around $250,000 have certainly done a lot better than those with the 1980 equivalent of incomes of $50,000, who now earn $45,000 (a steep 10% decline -- nowhere near their 50-plus percent decline in wealth and savings). In contrast to the 98th percentile, the upper 1 percent have done quite well -- although the real winners are the top .1 and .01 percent, who have taken virtually every dime of extra income over the last decade and then some.

It's bad politics because most of the people in this country who earn $250,000 live in suburbs or exurbs. These are not only desperately-needed Democratic voters, but they see themselves as middle class, not rich, and they share many of the economic insecurities of the rest of the country, with job loss, home foreclosures, and underwater mortgages constant sources of stress. Most earn $250,000 because they worked hard for it, not inherited it.

A defining feature of the Great Recession, unlike prior recessions, is that its tentacles have reached into the upper middle class, to precisely these Americans. If you live in Dothan, Alabama and earn $250,000, you're rich. New York City? Los Angeles? Chicago? Atlanta? After you knock the first $80,000 off for taxes, pay for someone to take care of your kids if you both work, and pay for private schools if you don't live in the right part of town, you're down to about $120,000. Now pay your mortgage and your property taxes.

You get my point. I'd sure rather be in the 98th percentile than the lower 97 below it, but outside of Dothan, you might be comfortable enough, but you you're probably not building an elevator for your "a couple of Cadillacs," as Mitt "common touch" Romney would put it.

And that leads to why it's bad messaging.

When you throw out an arbitrary number as your cap for tax cuts (or virtually anything else), you immediately get off message and into the weeds. Why? Because your number rapidly becomes contested (as I just showed by example). What's the cut-off for rich? Should we index it by place of city? State?

The other problem with specific numbers is that they take people into their heads and away from their guts, which they respond to appeals to values like fairness. You don't want them engaged in internal debate about the validity of your numbers. It's like talking with voters about climate change by citing sea water levels in fractions of an inch, which doesn't pass the layperson's "who cares" test, even though it's perfectly legitimate to a climate scientist.

The White House had two easy ways around this. One was to talk in units of millions. Personally, I wouldn't have gone down to a quarter of a million for all the reasons I just described. But if I felt some compulsion to do so (likely because my pollster asked the question that way and didn't think to ask it a different way), I would have called it a quarter of a million. That smacks of opulence.

Better yet, a half a million. Who can contest that if you make a half a million a year you can't afford to pay fifteen to twenty thousand more in taxes so somebody working three jobs to make one-tenth of what you earn can have health care? Selfish pig.

But better yet, stick with a million. Why? Because the difference in revenue is not all that large, but the difference in meaning is substantial. Everyone knows the term "millionaire," and now you can use it when you talk about it. In the midst of the 2010 elections, when Democrats were about to lose more than 50 seats in the House, Democrats threw 20 of those seats by refusing to run on a millionaires' tax. I can tell you that with some certainty because while Democrats were getting trounced, the following "talking point" won by 40 points over anything the other side could say with a representative national sample of 1000 registered voters: "In tough times like these, millionaires ought to be giving to charity, not getting it." Try arguing with that.

The second point is as basic as the first if you understand the basics of messaging.

Extending middle class tax cuts by a year is the kind of "bold" move that has defined the Obama presidency. Economists can't say much with certainty, but they do say with a decent degree of it that the middle class isn't going to be out of the woods in the next year. Or two. Or three. So why throw people who have been treated like dogs what feels like a bone?

**Tax cuts popular**

**Schoen 7/9**/12 – political strategist and news contributor (Doug, “What Obama Really Needs To Do”, http://www.forbes.com/sites/dougschoen/2012/07/09/what-obama-really-needs-to-do/2/)

President Obama’s announcement today that he favored an extension of the Bush tax cuts for all those Americans earning under $250,000 a year expertly changed the subject of the political debate away from Friday’s anemic jobs report to a subject he was more comfortable with, promoting fairness and tax equity in America.

By advocating an extension of the Bush tax cuts for upwards of 97% of the populace and higher taxes for the rich, the President continued to drive his class based message which has thus far been effective in neutralizing Governor Romney’s attempts to make the performance of the Obama administration the central issue in this election.

For the second time in less than a month President Obama succeeded in changing the subject. With the economy worsening in June, the President’s announcement on immigration framed the political debate in a way that uniquely and centrally benefitted the President, particularly with Hispanic voters in swing states. By now pivoting away from the healthcare decision, which ratified the Affordable Care Act as being constitutional because the mandate represented a constitutionally protected tax, and the poor job numbers, the President was able to once again trump Governor Romney tactically.

While this is a short-term win for the President, it may not provide long-term dividends in November. This strategy misses the point of what the American people need and what swing voters want to hear about. Swing voters want to hear about more than short-term tax cuts and short-term fixes to the immigration laws. Swing voters, and indeed all Americans, want to hear about large scale and comprehensive fiscal reform that will keep us from going over what has been referred to as the “fiscal cliff.” The American people want, and require, solutions to our problems. So far the President and Governor Romney have failed to deliver.

The only difference between the two candidates is that Governor Romney has been far less adept than President Obama at shifting our attention.

The real losers in this scenario are the American people whose concerns about the national debt and deficit, economic growth and unemployment have been largely unaddressed. The real challenge facing both campaigns is to not waste the rest of the campaign debating class based solutions, initiatives and fixes that have nothing to do with our real world problems.

There is another strategy available to Obama that he has yet to consider. It’s a strategy that could catapult him in the polls and in the process help America significantly. It would even revitalize the Democratic Party and offer them the boost they desperately need.

The strategy for Obama should be to stop playing politics. Stop using classed based politics as his go-to strategy. Stop attacking Romney for outsourcing, for foreign bank accounts and for Bain Capital. Just stop it all.

Obama needs to rise above. He needs to tell the electorate that he gets it. He should say, “You know what, I want to talk about our economic problems, our budgetary problems and I want to develop a clear, new initiative.”

He should hold nothing back. Put it all on the table. The tax cuts, tax reform, spending cuts, entitlement reform – all out there for negotiation. Even his hallmark legislation, the Affordable Care Act, should be in the mix.

**Americans support lowering taxes over government spending – especially independents**

**Agiesta 11** – AP Polling Director (Jennifer, 12/15/11, “Most Americans want payroll tax extension, remain furious with Congress, politics”, http://ap-gfkpoll.com/featured/congress-and-the-payroll-tax)

As for how to balance the federal budget, more now favor cutting government services as the best means to bring federal spending into balance. Sixty percent think lawmakers should focus on budget cuts over tax increases. That figure had been as low as 53 percent in August, during the showdown over raising the country’s debt limit.

The biggest shift on that question has come from independents. In the August poll, 37 percent said lawmakers should focus on increasing taxes and 42 percent said cutting services. Now, that divide stands at 28 percent for raising taxes and 59 percent for cutting services.

**Tax cuts popular - polls**

**WPO 2/16**/12 – (World Public Opinion, program managed by the Program on International Policy Attitudes, “Public Consultation Finds Bipartisan Support for Extending Bush-Era Tax Cuts, But Only for Income Under $250k”, <http://www.worldpublicopinion.org/pipa/articles/brunitedstatescanadara/710.php> lb=btgov&pnt=710&nid=&id=)

In conclusion, seven in ten (71%) favored extending the cuts for income below $250,000. This included 22% who favored extending the cuts for all income levels, as well as 49% who favored limiting the extension to income below $250,000.

A similar margin (73%) favored terminating the cuts for income over $250,000. This included 24% who favored terminating them for all income levels, as well as the 49% who favored terminating them only for income above $250,000.

These positions were relatively consistent regardless of party affiliation. Extending cuts for household income below $250,000 was supported by 74% of Republicans, 65% of Democrats, and 76% of independents. Letting cuts expire for higher incomes was supported by 65% of Republicans, 83% of Democrats, and 67% of independents.

### Keynes Spending Fails

Deficit spending fails – the Ricardian equivalence theorem – more debt causes people reduce consumption

Cochrane 9 – Professor of Finance at the University of Chicago Booth School of Business, former head of the National Bureau of Economic Research asset pricing group (John, 9/11/9, “John Cochrane’s Response to Paul Krugman”, http://modeledbehavior.com/2009/09/11/john-cochrane-responds-to-paul-krugman-full-text/)

Most of all, Krugman likes fiscal stimulus. In this quest, he accuses us and the rest of the economics profession of “mistaking beauty for truth.” He’s not that clear on what the “beauty” is that we all fell in love with, and why one should shun it. And for good reason. The first siren of beauty is simple logical consistency. Paul’s Keynesian economics requires that people make plans to consume more, invest more, and pay more taxes with the same income. The second siren is even vaguely plausible assumptions about how people behave. Keynesian economics requires that the government is able to systematically fool people again and again. It presumes that people don’t think about the future in making decisions today. Logical consistency and vaguely plausible foundations are indeed “beautiful” but to me they are also basic preconditions for “truth.”

In economics, stimulus spending ran aground on Robert Barro’s Ricardian equivalence theorem. This theorem says that debt-financed spending can’t have any effect because people, seeing the higher future taxes that must pay off the debt, will simply save more. They will buy the new government debt and leave all spending decisions unaltered. Is this theorem true? It’s a logical connection from a set of “if” to a set of “therefore.” Not even Paul can object to the connection.

Deficit spending bad for the economy – it results in tax hikes which massively outweigh the benefits of stimulus

Mountford and Uhlig 5 - \*Andrew Mountford is a professor of economics at University of London, \*\*Harald Uhlig is a professor of economics and business at Humboldt University (“What are the Effects of Fiscal Policy Shocks?”, <http://sfb649.wiwi.hu-berlin.de/papers/pdf/SFB649DP2005-039.pdf>)

An important lesson one can draw from the results is that while a deficit-financed expenditure stimulus is possible, the eventual costs are likely to be much higher than the immediate benefits. For suppose that government spending is increased by two percent, financed by increasing the deficit: this results, using the median values from Table 5, at maximum, in less than a three percent increase in GDP. But the increased deficit needs to be repaid eventually with a hike in taxes. Even ignoring compounded interest rates, this would require a tax hike of over two percent. 8 This tax hike results in a seven percent drop in GDP. Thus unless the policy maker's discount rate is very high the costs of the expansion will be much higher than the initial benefit.

This general line of reasoning is consistent with the balanced budget spending shock whose impulses are shown in Figure 9. This shows that when government spending is financed contemporaneously that the contractionary effects of the tax increases outweigh the expansionary effects of the increased expenditure after a very short time.

Keynesian stimulus fails – it results in ambiguous strategies to pay off the debt which deters investment and stops the benefits of stimulus

Barro 11 – professor of economics at Harvard University and a senior fellow at the Hoover Institution (Robert, 9/10/11, “How to Really Save the Economy”, http://www.nytimes.com/2011/09/11/opinion/sunday/how-to-really-save-the-economy.html?pagewanted=all)

The poor results should not surprise us given the macroeconomic policies the government has pursued. I agree that the recession warranted fiscal deficits in 2008-10, but the vast increase of public debt since 2007 and the uncertainty about the country’s long-run fiscal path mean that we no longer have the luxury of combating the weak economy with more deficits.

Today’s priority has to be austerity, not stimulus, and it will not work to announce a new $450 billion jobs plan while promising vaguely to pay for it with fiscal restraint over the next 10 years, as Mr. Obama did in his address to Congress on Thursday. Given the low level of government credibility, fiscal discipline has to start now to be taken seriously. But we have to do even more: I propose a consumption tax, an idea that offends many conservatives, and elimination of the corporate income tax, a proposal that outrages many liberals.

These difficult steps would be far more effective than the president’s failed experiment. The administration’s $800 billion stimulus program raised government demand for goods and services and was also intended to stimulate consumer demand. These interventions are usually described as Keynesian, but as John Maynard Keynes understood in his 1936 masterwork, “The General Theory of Employment, Interest and Money” (the first economics book I read), the main driver of business cycles is investment. As is typical, the main decline in G.D.P. during the recession showed up in the form of reduced investment by businesses and households.

What drives investment? Stable expectations of a sound economic environment, including the long-run path of tax rates, regulations and so on. And employment is akin to investment in that hiring decisions take into account the long-run economic climate.

The lesson is that effective incentives for investment and employment require permanence and transparency. Measures that are transient or uncertain will be ineffective.

And yet these are precisely the kinds of policies the Obama administration has pursued: temporarily cutting the payroll tax rate, maintaining the marginal income-tax rates from the George W. Bush era while vowing to raise them in the future, holding off on clean-air regulations while promising to implement them later and enacting an ambitious overhaul of Wall Street regulations while leaving lots of rules undefined and ambiguous.

Obama undermines the plan – he’ll continue his ambiguous economic strategy which deters investment and stops the benefits of Keynesian spending

Barro 11 – professor of economics at Harvard University and a senior fellow at the Hoover Institution (Robert, 9/10/11, “How to Really Save the Economy”, http://www.nytimes.com/2011/09/11/opinion/sunday/how-to-really-save-the-economy.html?pagewanted=all)

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Is there a better way? I believe that a long-term fiscal plan for the country requires six big steps.

Three of them were identified by the Bowles-Simpson deficit reduction commission: reforming Social Security and Medicare by increasing ages of eligibility and shifting to an appropriate formula for indexing benefits to inflation; phasing out “tax expenditures” like the deductions for mortgage interest, state and local taxes and employer-provided health care; and lowering the marginal income-tax rates for individuals.

I would add three more: reversing the vast and unwise increase in spending that occurred under Presidents Bush and Obama; introducing a tax on consumer spending, like the value-added tax (or VAT) common in other rich countries; and abolishing federal corporate taxes and estate taxes. All three measures would be enormously difficult — many say impossible — but crises are opportune times for these important, basic reforms.

A broad-based expenditure tax, like a VAT, amounts to a tax on consumption. If the base rate were 10 percent, the revenue would be roughly 5 percent of G.D.P. One benefit from a VAT is that it is more efficient than an income tax — and in particular the current American income tax system.

I received vigorous criticism from conservatives after advocating a VAT in an essay in The Wall Street Journal last month. The main objection — reminiscent of the complaints about income-tax withholding, which was introduced in the United States in 1943 — is that a VAT would be a money machine, allowing the government to readily grow larger. For example, the availability of easy VAT revenue in Western Europe, where rates reach as high as 25 percent, has supported the vast increase in the welfare state there since World War II. I share these concerns and, therefore, favor a VAT only if it is part of a package that includes other sensible reforms. But given the likely path of government spending on health care and Social Security, I see no reasonable alternative.

Abolishing the corporate income tax is similarly controversial. Any tax on capital income distorts decisions on saving and investment. Moreover, the inefficiency is magnified here because of double taxation: the income is taxed when corporations make profits and again when owners receive dividends or capital gains. If we want to tax capital income, a preferred method treats corporate profits as accruing to owners when profits arise and then taxes this income only once — whether it is paid out as dividends or retained by companies.

Liberals love the idea of a levy on evil corporations, but taxes on corporate profits in fact make up only a small part of federal revenue, compared to the two main sources: the individual income tax and payroll taxes for Social Security and Medicare.

In 2009-10, taxes on corporate profits averaged 1.4 percent of G.D.P. and 8.6 percent of total federal receipts. Even from 2000 to 2008, when corporations were more profitable, these taxes averaged only 1.9 percent of G.D.P. and 10.3 percent of federal receipts. If we could get past the political fallout, we could get more revenue and improve economic efficiency by abolishing the corporate income tax and relying instead on a VAT.

I had a dream that Mr. Obama and Congress enacted this fiscal reform package — triggering a surge in the stock market and a boom in investment and G.D.P. — and that he was re-elected.

This dream could become reality if our leader were Ronald Reagan or Bill Clinton — the two presidential heroes of the American economy since World War II — but Mr. Obama is another story. To become market-friendly, he would have to abandon most of his core economic and political principles.

More likely, his administration will continue with more of the same: an expansion of payroll-tax cuts, short-term tax credits, promises to raise future taxes on the rich, and added spending on infrastructure, job training and unemployment benefits. The economy will probably continue in its sluggish state, possibly slipping into another recession. In that case, our best hope is for a Republican president far more committed to the principles of free markets and limited government than Mr. Bush ever was.

### AT: Deficit

**Tax brackets on the rich solve**

**Weston 7/9**/12 – Professor of Psychology and Psychiatry at Emory University; the founder of Westen Strategies, a strategic messaging firm (Drew, “Let's Cap the Tax Cut at $253,571.33”, http://www.huffingtonpost.com/drew-westen/obama-tax-cut\_b\_1660814.html)

Worried about the deficit? That's why God created the possibility of 75% tax rates on the highest earners (15% less than during the Eisenhower years -- last I looked, a Republican administration). You can milk 98 percent of the people of their incomes and savings after a year, in misbegotten efforts to bring down the deficit created because so many of those middle and working class people got laid off because of the greed of the .01%, or you can create tax brackets that break at half a million, a million, 5 million, 10 million, and above 10 million, and have a tax code that is fair, progressive, and wildly popular. And impose a 75% tax on incomes above, say, 10 million, and CEOs might decide that, instead of giving themselves that extra 15 million dollar bonus, they'll keep their 5 million dollar salary and just 5 million of that bonus (because now they're only going to get 25% of it) and give $2000 each to each of their 5000 employees, who helped earn them that bonus and won't be taxed at 75 percent.

### Ryan Tax Cuts

**Tax cuts save the economy and competitiveness**

**Ferrara 6/21**/12 – Director of Entitlement and Budget Policy for the Heartland Institute, General Counsel for the American Civil Rights Union, and Senior Fellow at the National Center for Policy Analysis, White House Office of Policy Development under Reagan, Associate Deputy Attorney General under H.W. Bush (Peter, “President Obama's Perfect Plan For The Economic Decline Of America”, http://www.forbes.com/sites/peterferrara/2012/06/21/president-obamas-perfect-plan-for-the-economic-decline-of-america/2/)

Under President Obama’s plan, on January 1 of next year the top tax rates of virtually every major federal tax will increase, as already enacted under current law. That is because the tax increases of Obamacare would go into effect, and the Bush tax cuts would expire, which Obama refuses to renew for singles making over $200,000 a year, and couples making over $250,000. The English translation of that target for the tax increases is the nation’s small businesses, job creators and investors.

As a result, with the Bush tax cuts just expiring for these targeted taxpayers, the top 2 income tax rates would jump by nearly 20%, the capital gains tax would soar by nearly 60%, the tax on dividends would nearly triple, the Medicare payroll tax would skyrocket by 62% for the above disfavored taxpayers, and the top death tax rate would rise from the grave to 55%.

That is all on top of the highest corporate tax rate in the industrialized world at nearly 40%; counting the federal corporate rate of 35% and state corporate rates on average. But under Obama, there is no relief in sight. Instead, Obama is pushing still more tax increases. Under his proposed Buffett rule, the capital gains tax rate would increase by 100%, and would be the fourth highest in the industrialized world. Many OECD countries, in fact, impose no capital gains tax because it is just another layer of taxation on capital income on top of the corporate and individual income taxes. All of this would leave American businesses uncompetitive in the global economy.

How is this going to produce strong sustained growth and generate good middle class jobs? It is going to do just the opposite, as the multiple tax rate increases would only sharply reduce the incentive for productive activities, such as savings, investment, business expansion, business start ups, and job creation. That will simply encourage even more capital flight from the U.S., and a continued capital strike by the capital that remains. All this translates into yet another recession next year, with fewer jobs, rising unemployment, and soaring deficits and debt. This does not signal Obama fighting for the middle class; instead it points to him trashing the economic chances of the very voters whose favor he seeks.

The alternative GOP vision is spelled out in the budget produced by House Budget Committee Chairman Paul Ryan, which was passed by the Republican controlled House, and is supported by Romney. That includes individual tax reform closing loopholes and reducing tax rates to 25% for couples earning over $100,000 per year, and 10% for those making less, and corporate tax reform slashing crony capitalist loopholes and reducing the 35% federal rate to an internationally competitive 25%. And then the aforementioned Obama tax increases would be repealed. CBO has scored these tax reforms as restoring federal revenues to their long term, postwar, historical average from 1948 to 2008 of 18.5% of GDP.

The reduced tax rates under such reform would produce exactly the opposite results of Obama’s tax rate increases, increasing incentives for all of the above productive activities. That would restore traditional American prosperity and job creation as a result.

But in his speech in Cleveland, Obama opposed tax reform that would lower rates and close loopholes. He said it would be a tax increase on the middle class. The problem for Obama is that Ryan’s tax reform plan does not involve any tax increase for the middle class. His plan cuts tax rates for every taxpayer, including those in the middle class. And that has always been the Republican position.

President Reagan cut tax rates across the board for everyone, including the middle class, and expanded the personal exemption, which benefits middle and lower income taxpayers the most. President Bush cut tax rates for everyone, and for lower income workers by a greater proportion than for higher income workers. As a result, by 2007, before President Obama had even entered office, official IRS data showed that the middle 20% of all income earners, the true middle class, paid only 4.7% of all federal income taxes.

What Obama has done throughout his Presidency is the opposite of tax reform. He has expanded the loopholes and increased rates. Those loopholes have included new and expanded welfare tax credits and corporate welfare like his green energy handouts. When his own Simpson-Bowles Commission recommended real tax reform closing loopholes in return for reducing rates, Obama only paid lip service to it, but didn’t lift a finger to advance the proposal.

Problematic for Obama is that higher tax rates with more loopholes reduce economic growth, jobs and prosperity. The higher rates discourage critical job creating, pro-growth investment, and the loopholes distort markets and promote inefficiency and waste, which is a further drag on growth. Tax reform with lower rates and fewer loopholes, by sharp contrast, promotes powerful pro-growth incentives while reducing the inefficient drag of market distorting loopholes. That is why the bipartisan tax reform of 1986 under President Reagan, when America was under adult supervision, was so powerful in fueling the generation long, 25 year, Reagan boom from 1982 to 2007.

### AT: Ryan Proposal Will Pass

**It won’t pass – the democratic senate will block it.**

Douglas and Lightman 3/20/12 – reporters for McClatchy (William and David, “House GOP lays out election-year budget plan, Democrats reject it”, http://www.mcclatchydc.com/2012/03/20/142548/house-gop-lays-out-election-year.html#storylink=cpy)

WASHINGTON — Republicans in the House of Representatives unveiled their latest federal budget proposal Tuesday, an election-year manifesto that GOP presidential and congressional candidates embraced and President Barack Obama and congressional Democrats dismissed.

House Budget Committee Chairman Paul Ryan’s proposal has no chance of becoming law — it won’t pass the Democratic-controlled Senate — but it’s likely to rekindle last year’s fierce partisan bickering on Capitol Hill over budget deficits and debt.

The 100-page budget represents a GOP campaign blueprint, drawing sharp fiscal contrasts between Republicans on one side and Obama and his Democratic allies in Congress on the other.

The Wisconsin Republican's budget plan takes aim at favorite GOP whipping targets, calling for repealing Obama’s health care law, eliminating Fannie Mae and Freddie Mac, and shifting Medicaid and the Supplemental Nutrition Assistance Program \_ commonly called food stamps \_ to block-grant programs for states.

On taxes, Ryan proposes collapsing the six tax brackets into just two: 10 percent for low-income earners and 25 percent for higher wage earners and corporations. That would be down from the current top rate of 35 percent. The biggest winners would be those who earn more than $200,000.

“The president’s budget is putting us on a path of a debt crisis, of decline…,” Ryan said. “Here is what the path to prosperity proposes. We propose to get our budget on a sustainable path.”

White House officials quickly dismissed Ryan’s budget as a partisan non-starter.

“The House economic plan draws on the same wrongheaded theory that led to the worst recession of our lifetimes and contributed to the erosion of middle-class security,” White House Communications Director Dan Pfeiffer said.

Ryan’s budget calls for cutting discretionary spending to $1.028 trillion in 2013, less than the $1.047 trillion spending cap that Democrats and Republicans agreed to last August in a hard-fought debt deal. Top Senate Democrats quickly accused Ryan of a "breach of faith" because of that.

Ryan also reprises his controversial pitch to revamp Medicare, a proposal that Democrats pounced on last year by accusing Republicans of reneging on the federal government’s commitment to senior citizens. Ryan renews his call to cap spending on future retirees and offer them a subsidy to buy private health insurance from federal insurance exchanges.

He added a new wrinkle: He’d keep traditional Medicare as an option. However, seniors could end up paying more for traditional coverage if that proved to be more expensive than private plans.

“We preserve the Medicare guarantee for today’s seniors so they can count on the benefit that they’ve organized their retirement around and we preserve the guarantee for tomorrow’s seniors by empowering them with choices, including a fee-for-service traditional option within a premium-support system,” Ryan said.

He crafted the traditional option with Sen. Ron Wyden, D-Ore., but other House and Senate Democrats made it clear Tuesday that the idea — along with the rest of Ryan’s budget — will win little or no support from them.

“The Republican proposal would end the Medicare guarantee, shift costs to seniors and let Medicare die on the vine, while providing billions in tax breaks for big oil and special interests, and destroying American jobs,” said House Minority Leader Nancy Pelosi, D-Calif. “The American people have already rejected this plan before, and this year will be no different.”

Independent budget analysts said politics was likely to outweigh policy.

“Chances are nothing is going to get done because it’s an election year,” said Robert Bixby, the executive director of the Concord Coalition, a bipartisan group devoted to fiscal discipline. “It’s a marker for Republicans to take into the political campaign. It’s got two very good ideas: the Medicare provision and the limiting of tax expenditures. However, there’s a lot more work to be done for it to work in a legislative way.”

Bixby questioned how Ryan could win lower tax rates without tackling some of “the sacred cows of the tax code.”

“You’d have to eliminate the exclusion of employee-provided health care, the mortgage interest deduction, charitable deductions,” Bixby said. All of those have strong political support.

Ryan’s plan reopened the bitter rift between Democrats and Republicans over spending and debt, and the debate that raged throughout the day previewed the coming election fight.

Democrats reacted with a predictable wave of outrage.

## Minimum Wage CP

### 1NC

#### Text: The United States Federal Government should raise the federal minimum wage to $9.50 an hour.

#### Raising the minimum wage solves the stimulus effect without increasing government spending

Callahan, 2012 (David, June co-founder of Demos and now edits the Demos blog PolicyShop.nethttp://www.policyshop.net/home/2012/6/7/how-to-stimulate-growth-without-new-government-spending.html How to Stimulate Growth Without New Government Spending)

Of course, though, such new spending is a heavy -- perhaps impossible -- lift right now thanks to a relentless campaign to paint past stimulus efforts as a failure. Elected leaders who care about pulling the economy out of a ditch shouldn't stop pushing for new spending, particularly on infrastructure, but they also need to give more attention to other options that don't involve new outlays or losses in tax revenue. One obvious option is to raise wages, putting more money in the hands of Americans who are likely to spend it immediately. Congress could do this by increasing the minimum wage, as proposed just yesterday by Jesse Jackson, Jr., and a group of House Democrats, who introduced a bill called the "Catching Up to 1968 Act," or H.R. 5901. The bill would raise the minimum wage to $10 an hour, which is roughly where that wage would be today if it had kept pace with inflation since 1968. What's more, this increase would take effect immediately, as opposed to being phased in over time -- increasing its stimulative effects. And it would index the minimum wage to inflation, so that the wage doesn't keep falling behind as Congress dawdles (with the help of business lobbyists.) The fairness case for raising the minimum wage is well known. This wage, which Congress has only raised three times in the past 30 years, is absurdly low. A full-time worker making minimum wage pulls in just $15,000 a year, which doesn't get you very far. It is impossible to afford a two-bedroom apartment on this money anywhere in the United States, much less a studio apartment in most cities. Even two full-time workers making a few dollars above the minimum wage and living together are looking at serious hardship in most places. That's not right in a country that valorizes work and believes this virtue should be rewarded. But the stimulus case for raising the minimum wage is also compelling. A study by the Federal Reserve Bank of Chicago found that: Following a minimum wage hike, household income rises on average by about $250 per quarter and spending by roughly $700 per quarter for households with minimum wage workers. Most of the spending response is caused by a small number of households who purchase vehicles. This makes sense. Low-income workers live on the edge, spending every dollar that comes to them (in contrast to rich people who tend to use tax breaks to simply save more), and many are driving older, unreliable vehicles. Give these households a wage boost, and they'll not only spend it immediately, but feel confident borrowing more to spend beyond their wage increase and buy a better car. The borrowing part is not necessarily a great thing, but it helps growth. A study by the Economic Policy Institute in 2009 found that if President Obama fulfilled his campaign promise to raise the minimum wage to $9.50 an hour by 2011, this step would have generated $60 billion in stimulus over two years. Not only would existing workers be doing better, but all their new spending would help create jobs for others.

### AT: Minimum Wage Does Not Solve Stimulus

#### **Empirics prove by raising the minimum wage it solves stimulus**

Filion 9 (Kai, May 28, a policy analyst for the Economic Policy Institute, A SteAlthy StimuluS¶ how boosting the minimum wage is helping to ¶ support the economy, <http://epi.bluestatedigital.com/page/-/IssueBrief255_Final.pdf>)

The recently enacted American Recovery and Reinvestment Act included policies to help struggling families and ¶ create jobs. But an extremely effective and simple policy that achieves both of these goals is often overlooked: ¶ increases in the minimum wage. Each increase provides financial relief directly to minimum wage workers and ¶ their families and helps to stimulate the economy. By increasing workers’ take-home pay, families gain both financial ¶ security and an increased ability to purchase goods and services, thus creating jobs for other Americans.¶ In 2007, Congress passed a three-step federal minimum wage increase. The first two increases took effect in ¶ July 2007 and July 2008, and the final will take effect in July 2009. These increases boost consumer spending and ¶ stimulate the economy in the following ways:¶ • The first two increases will have generated an estimated $4.9 billion of spending by July 2009, precisely when our ¶ economy needed it the most. ¶ • The final increase in July 2009 is expected to generate another $5.5 billion over the following year. ¶ • The increase to $9.50 by 2011 that President Obama promised during the campaign would generate an estimated ¶ $60 billion of additional spending over a two-year period.

#### Raising the minimum wage solves stimulus

Reuters 9 (May 28, U.S. minimum wage hike a stimulus to economy: report, <http://www.reuters.com/article/2009/05/28/us-economy-usa-wage-idUSTRE54R6YD20090528>)

The Economic Policy Institute, a liberal think-tank based in Washington, said recent rises in the minimum wage have acted as a "stealth stimulus," preventing the worst recession in generations from spiraling out of control.¶ The study found that the bottom-rung pay increases will boost spending by $4.9 billion.¶ Such findings counter conventional wisdom among economists, who tend to argue that mandated wage increases hurt businesses' bottom line, putting a crimp on hiring.¶ On the contrary, say EPI analysts, who argued that further growth in low-end incomes would go a long way toward engendering an economic recovery.¶ "An increase in the minimum wage would not only benefit low-income working families, but it would also provide a boost to consumer spending and the broader economy," said Kai Filion, an analyst at EPI.¶ In the first increase in over a decade, the minimum wage was raised to $5.85 two years ago after a tough battle in Congress.¶ The EPI study found the July 2007 minimum wage hike benefited over 700,000 families and added $1.7 billion in additional spending over the following year.¶ A July 2008 increase benefited over 1.3 million families and added $3.1 billion in additional spending over the following year, the EPI analysts added.

#### Minimum Wage Increase Solves Stimulus and Jobs; It can’t fail

Jamieson 11 (Dave, August 7, the Huffington Post’s workplace reporter, Minimum Wage Increase Would Help Sluggish Economy, Say Experts, <http://www.huffingtonpost.com/2011/06/07/minimum-wage-increase-help-economy-experts_n_872617.html>)

The economists made their argument at a time when the American economy remains stubbornly sluggish. On Friday, the federal government released a disappointing report showing that the economy hasn't been adding jobs at the pace it needs to for a robust recovery. The unemployment rate has risen to 9.1 percent, and many experts believe it will be several years before it drops to pre-recession levels. Many of the jobs being added also happen to be lower-wage positions.¶ The current federal minimum wage is $7.25, or about $15,000 a year for a full-time worker. The minimum wage had been stuck at $5.15 for over 10 years until 2007, when a series of increases were put into effect. Seventeen states currently have a minimum wage set higher than the federal standard, and a number of states are considering giving their lowest-paid workers another raise.¶ The economists arguing for a minimum-wage boost compared it to stimulus action, saying that it pumps money into local economies and can even lead to job growth. Such an increase is like food stamps or unemployment benefits in that the recipients, who tend to be low-wage workers and their family members, usually have to spend the money rather than sock it away. Heidi Shierholz, an economist at the left-leaning Economic Policy Institute, said it's one way to shift money from corporate profits -- which companies often sit on -- to low-income workers, who can do more immediate spending.¶ "When you get an increase in the minimum wage, you're getting a wage increase to the people that are low-wage families who depend on these earnings to make ends meet," said Shierholz. "They have no choice but to spend that money in their local economy. That's the stimulus you get."

#### Minimum wage increase is long overdue; it wouldn’t just help low wage worker it would help the economy

Woo 12 (Nicole, July 20, the director of domestic policy at the Center for Economic and Policy Research, An Increase in the Minimum Wage Is Long Overdue, <http://www.usnews.com/opinion/blogs/economic-intelligence/2012/07/20/an-increase-in-the-minimum-wage-is-long-overdue>)

And with unemployment still over 8 percent, an increase in the minimum wage would help the overall economy. Since low-wage workers tend to plow any extra wages right back into their local communities—whether that means getting their cars or homes fixed, going out for a meal with their families, or buying clothes for their growing kids—raising the minimum wage to $9.80 per hour over three years would boost economic activity by over $25 billion over those years. This would create about 100,000 jobs, according to the Economic Policy Institute.¶ ¶ An increase of the minimum wage is long overdue. Not only is it the right thing to do for struggling American families, but it's good for the rest of us as well.

### AT: Minimum Wage Not Popular with the Public

#### Raising Minimum Wages is Popular with the Public

Jamieson 11 (Dave, August 7, the Huffington Post’s workplace reporter, Minimum Wage Increase Would Help Sluggish Economy, Say Experts, <http://www.huffingtonpost.com/2011/06/07/minimum-wage-increase-help-economy-experts_n_872617.html>)

Yet public opinion polls consistently show that voters like seeing the minimum wage raised, said Celinda Lake, president of polling firm Lake Research Partners. "When we've done public polls, anywhere from 86 to 67 percent say they support an increase in the minimum wage," Lake said at the CAP event. "A solid majority of voters believe that raising the minimum wage will help the economy."

#### Polls say that raising the minimum wage is popular with the public

Woo 12 (Nicole, July 20, the director of domestic policy at the Center for Economic and Policy Research, An Increase in the Minimum Wage Is Long Overdue, <http://www.usnews.com/opinion/blogs/economic-intelligence/2012/07/20/an-increase-in-the-minimum-wage-is-long-overdue>)

Raising the minimum wage also is popular; a national poll has found that nearly three in four likely voters support increasing the minimum wage to $10 and indexing it to inflation. Sen. Tom Harkin and Rep. George Miller propose to raise the minimum wage to $9.80 by 2014, adjust it to keep up with the rising cost of living (as 10 states already do), and also raise the even lower minimum wage for waiters, bartenders, and other tipped workers.

### AT: Minimum Wage Kills Jobs

#### **Employers won’t take any hits from raising the minimum wage**

Jamieson 11 (Dave, August 7, the Huffington Post’s workplace reporter, Minimum Wage Increase Would Help Sluggish Economy, Say Experts, <http://www.huffingtonpost.com/2011/06/07/minimum-wage-increase-help-economy-experts_n_872617.html>)

WASHINGTON -- A group of economists made the case on Tuesday for raising the federal and state minimum wages across the country as a way to boost the stagnant economy and improve the standard of living among low-wage earners.¶ Backed by what they described as 15 years' worth of research, a panel at progressive think tank the Center for American Progress (CAP) argued that higher minimum wages flush more money into the economy without cutting into job growth -- the latter a long-held contention of business interests and many conservatives.¶ Michael Reich, an economics professor and director of the Institute for Research on Labor and Employment at the University of California, Berkeley, said his research has shown that businesses don't suffer from having to dish out slightly higher wages to their lowest-paid employees. In fact, he argued there are benefits to employers.¶ "The labor market absorbs the minimum wage," said Reich. "Turnover goes way down when there's a minimum-wage increase. Employees -- when they stay longer, they'll be more experienced and more productive. And the employers will have lower turnover costs."

### AT: Minimum Wages not Popular in Congress

#### Raising Minimum Wages is Popular with the Public

Jamieson 11 (Dave, August 7, the Huffington Post’s workplace reporter, Minimum Wage Increase Would Help Sluggish Economy, Say Experts, <http://www.huffingtonpost.com/2011/06/07/minimum-wage-increase-help-economy-experts_n_872617.html>)

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#### Polls say that raising the minimum wage is popular with the public

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#### Public Popularity is key for salient bills

Brandice Canes-Wrone, Massachusetts Institute of Technology and Scott de Marchi, Duke University, 02 “Presidential Approval and Legislative Success”, THE JOURNAL OF POLITICS, http://journals.cambridge.org/action/displayFulltext?type=1&fid=1886900&jid=JOP&vol umeId=64&issueId=02&aid=1886892&bodyId=&membershipNumber=&societyETOCS ession=, [Stolarski]

Ever since Neustadt (1960) characterized public prestige as a keystone of presidential power, political scientists have been interested in whether approval ratings facilitate presidential success in Congress. Our main contribution has been to establish the necessary conditions for this relationship. In particular, we find that only for legislation that is both complex and salient will popularity translate into policy influence. That different researchers have found varying results when considering bills in the aggregate is thus not surprising. It is only when these attributes are taken into account jointly that the role of presidential approval is explained. This finding resurrects approval as a significant resource for presidents in the legislative arena. Furthermore, our explanation is useful not only for post hoc analysis but also for predicting a president’s chance of capitalizing upon approval for a given legislative item. Moreover, while highly popular presidents may bemoan the finding that approval does not facilitate influence over all types of legislation, a good deal of reassurance can be offered. First, the class of legislation over which approval does facilitate influence is not at all trivial. Even focusing exclusively upon the complex and highly salient sample, it comprises one-third of our data, and we have excluded foreign policy issues, which are generally complex. Second, presidents can increase the salience of issues through plebiscitary activities such as speechmaking (Canes-Wrone 2001; Cohen 1995). Given that even marginal increases in salience augment the impact of approval for complex issues, this capacity offers a valuable means by which presidents can translate popularity into legislative influence. Finally, although presidents cannot alter issue complexity, they have some degree of choice over the legislation that they promote. In the example with which we began this paper, Bush was not forced to expend his historic approval ratings on the simple issue of crime. Our results indicate that a president can capitalize on such popularity if he champions legislation that is salient and complex. Thus, our analysis not only has implications for the relationship between a president’s approval and legislative success, but also for the type of policy agenda that a popular president should adopt.

## Do Nothing CP

### 1NC

#### Text: The United States Federal Government should stop all intervention with the free market.

#### No Government Intervention solves the economy. Empirics Prove

Higgs 9 (Robert, February 9, s senior fellow in political economy for The Independent Institute, editor of The Independent Review, and author of "Depression, War, and Cold War, Instead of stimulus, do nothing – seriously, <http://www.csmonitor.com/Commentary/Opinion/2009/0209/p09s01-coop.html>)

As we wait to see how the politicians in Washington will alter the stimulus package the Obama administration is pushing, many questions are being raised about the measure's contents and efficacy. Should it include money for the National Endowment for the Arts, Amtrak, and child care? Is it big enough to get the economy moving again? Does it spend money fast enough? Hardly anyone, however, is asking the most important question: Should the federal government be doing any of this? In raising this question, one risks immediate dismissal as someone hopelessly out of touch with the modern realities of economics and government. Yet the United States managed to navigate the first century and a half of its past – a time of phenomenal growth – without any substantial federal intervention to moderate economic booms and busts. Indeed, when the government did intervene actively, under Herbert Hoover and Franklin D. Roosevelt, the result was the Great Depression.¶ Until the 1930s, the Constitution served as a major constraint on federal economic interventionism. The government's powers were understood to be just as the framers intended: few and explicitly enumerated in our founding document and its amendments. Search the Constitution as long as you like, and you will find no specific authority conveyed for the government to spend money on global-warming research, urban mass transit, food stamps, unemployment insurance, Medicaid, or countless other items in the stimulus package and, even without it, in the regular federal budget.¶ This Constitutional constraint still operated as late as the 1930s, when federal courts issued some 1,600 injunctions to restrain officials from carrying out acts of Congress, and the Supreme Court overturned the New Deal's centerpieces, the National Industrial Recovery Act and the Agricultural Adjustment Act, and other statutes. This judicial action outraged President Roosevelt, who fumed that "we have been relegated to the horse-and-buggy definition of interstate commerce." Early in 1937, he responded with his court-packing plan. Although Roosevelt lost this battle, he soon won the war. As the older, more conservative justices retired, the president replaced them with ardent New Dealers such as Hugo Black, Stanley Reed, Felix Frankfurter, and William O. Douglas. The newly constituted court proceeded between 1937 and 1941 to overturn its anti-New Deal rulings, abandoning its traditional, narrow view of interstate commerce and giving the federal government carte blanche to spend, tax, and regulate virtually without limit.¶ After World War II, the government enacted the Employment Act of 1946, codifying the government's declared responsibility for managing the economy "to promote maximum employment, production, and purchasing power," and it has actively intervened ever since, purportedly to attain these declared ends. Its shots have often misfired, however, and we have endured booms and busts, a decade of stagflation, bouts of rapid inflation, and stock-market crashes. The present recession may become the worst since the passage of the Employment Act.¶ Federal intervention rests on the presumption that officials know how to manage the economy and will use this knowledge effectively. This presumption always had a shaky foundation, and we have recently witnessed even more compelling evidence that the government simply does not know what it's doing. The big bailout bill enacted last October; the Federal Reserve's massive, frantic lending for many different purposes; and now the huge stimulus package all look like wild flailing – doing something mainly for the sake of being seen to be doing something – and, of course, enriching politically connected interests in the process.¶ Our greatest need at present is for the government to go in the opposite direction, to do much less, rather than much more. As recently as the major recession of 1920-21, the government took a hands-off position, and the downturn, though sharp, quickly reversed itself into full recovery. In contrast, Hoover responded to the downturn of 1929 by raising tariffs, propping up wage rates, bailing out farmers, banks, and other businesses, and financing state relief efforts. Roosevelt moved even more vigorously in the same activist direction, and the outcome was a protracted period of depression (and wartime privation) from which complete recovery did not come until 1946.¶ The US government has shown repeatedly that as an economic manager it is not to be trusted. What we need most are authorities wise enough to follow the dictum, "First, do no harm." The stimulus package will do enormous harm. The huge debt burden it entails, by itself, ought to condemn the measure. America is already drowning in debt. But the measure will also wreak harm in countless other directions by effectively reallocating resources on a grand scale according to political priorities, rather than according to individual preferences and economic rationality. As our history shows, the economy can recover strongly on its own, if only the politicians will stay out of the way.

### Do Nothing Solvency

Search Terms Government Intervention Bad Economy

#### The Government is the reason why we are in such bad financial times

Woods 9 (Thomas, May 6, is a New York Times bestselling author of nine books, and a senior fellow at the Ludwig von Mises Institute, Government Intervention for Economy Makes Things Worse, http://www.dailyreckoning.com.au/government-intervention-for-economy-makes-things-worse/2009/05/06/

In March 2007 then-Treasury secretary Henry Paulson told Americans that the global economy was "as strong as I've seen it in my business career." "Our financial institutions are strong," he added in March 2008. "Our investment banks are strong. Our banks are strong. They're going to be strong for many, many years." Federal Reserve chairman Ben Bernanke said in May 2007, "We do not expect significant spillovers from the subprime market to the rest of the economy or to the financial system." In August 2008, Paulson and Bernanke assured the country that other than perhaps $25 billion in bailout money for Fannie and Freddie, the fundamentals of the economy were sound. Then, all of a sudden, things were so bad that without a $700 billion congressional appropriation, the whole thing would collapse. In the wake of this change of heart on the part of our leaders, Americans found themselves bombarded with a predictable and relentless refrain: the free market economy has failed. The alleged remedies were equally predictable: more regulation, more government intervention, more spending, more money creation, and more debt. To add insult to injury, the very people who had been responsible for the policies that created the mess were posing as the wise public servants who would show us the way out. And following a now-familiar pattern, government failure would not only be blamed on anyone and everyone but the government itself, but it would also be used to justify additional grants of government power. The truth of the matter is that intervention in the market, rather than the market economy itself, was the driving factor behind the bust. F.A. Hayek won the Nobel Prize for his work showing how the central bank's intervention into the economy gives rise to the boom-bust cycle, making us feel prosperous until we suffer the inevitable crash. Most Americans know nothing about Hayek's theory (known as the Austrian theory of the business cycle), and are therefore easy prey for the quacks who blame the market for problems caused by the manipulation of money and credit. The artificial booms the Fed provokes, wrote economist Henry Hazlitt decades ago, must end "in a crisis and a slump, and...worse than the slump itself may be the public delusion that the slump has been caused, not by the previous inflation, but by the inherent defects of 'capitalism.'" Although my recently released book, Meltdown explains the process in more detail, an abbreviated version of Austrian business cycle theory might run as follows: Government-established central banks can artificially lower interest rates by increasing the supply of money (and thus the funds banks have available to lend) through the banking system. This is supposed to stimulate the economy. What it actually does is mislead investors into embarking on an investment boom that the artificially low rates seem to validate but that in fact cannot be sustained under existing economic conditions. Investments that would have correctly been assessed as unprofitable are falsely appraised as profitable, and over time the result is the squandering of countless resources in lines of investment that should never have been begun. If lower interest rates are the result of increased saving by the public, this increase in saved resources provides the material wherewithal to see the additional investment through to completion. The situation is very different when the lower interest rates result from the Fed's creation of new money out of thin air. In that case, the lower rates do not reflect an increase in the pool of savings from which investors can draw. Fed tinkering, in other words, does not increase the real stuff in the economy. The additional investment that the lower rates encourage therefore leads the economy down a path that is not sustainable in the long run. Investment decisions are made that quantitatively and qualitatively diverge from what the economy can support. The bust must come, no matter how much new money the central bank creates in a vain attempt to stave off the inevitable day of reckoning. The recession or depression is the necessary, if unfortunate, correction process by which the malinvestments of the boom period, having at last been brought to light, are finally liquidated. The diversion of resources into unsustainable investments out of conformity with consumer desires and resource availability comes to an end, with businesses failing and investment projects abandoned. Although painful for many people, the recession/depression phase of the cycle is not where the damage is done. The bust is the period in which the economy sloughs off the malinvestments and the capital misallocation, re- establishes the structure of production along sustainable lines, and restores itself to health. The damage is done during the boom phase, the period of false prosperity that precedes the bust. It is then that the artificial lowering of interest rates causes the squandering of capital and the initiation of unsustainable investments. It is then that resources that would genuinely have satisfied consumer demand are diverted into projects that make sense only in light of the temporary and artificial conditions of the boom. Adding fuel to the fire of the most recent boom was the so-called Greenspan put, the unofficial policy of the Greenspan Fed that promised assistance to private firms in the event of risky investments gone bad. The Financial Times described it as the view that "when markets unravel, count on the Federal Reserve and its chairman Alan Greenspan (eventually) to come to the rescue." According to economist Antony Mueller, "Since Alan Greenspan took office, financial markets in the U.S. have operated under a quasi-official charter, which says that the central bank will protect its major actors from the risk of bankruptcy. Consequently, the reasoning emerged that when you succeed, you will earn high profits and market share, and if you should fail, the authorities will save you anyway." The Financial Times reported in 2000, in the wake of the dot-com boom, of an increasing concern that the Greenspan put was injecting into the economy "a destructive tendency toward excessively risky investment supported by hopes that the Fed will help if things go bad." When things do go bad, pumping more money into the banking system, thereby lowering interest rates once again, only exacerbates the problem, because it encourages the continued wasteful deployment of capital in unsustainable lines that will eventually have to be abandoned anyway, and it forces healthy, wealth-generating firms to have to go on competing with bubble firms for labor and capital. When interest rates are made artificially low, they encourage the kind of investment that would normally occur only if more saved resources existed to fund them than actually do. Continuing to force interest rates down only perpetuates the allocation of capital into outlets that the economy's current resource base cannot sustain.

#### The Federal Government can never solve the economy, only the free market can

Dennis 9 ( Jan, Business and Law Editor, May 9, Government intervention stifling economic growth and recovery, expert says, http://news.illinois.edu/news/09/0609economicgrowth.html)

CHAMPAIGN, Ill. – Massive bailouts and other moves by the U.S. government to stem a near-epic economic meltdown could set the U.S. economy back by more than a half-century, a University of Illinois business expert warns. Instead of mending the bruised economy, Rajshree Agarwal says government intervention is stifling innovation, entrepreneurship and other free-market dynamics that fuel long-term growth. “Politicians are looking for quick fixes, but the issue is not so much whether this current crisis can be fixed,” she said. “The larger issue is that in trying to find a quick solution we risk throwing the baby out with the bath water, setting our economy back 50, 60 or 70 years.” Government intervention flies in the face of economic theory, said Agarwal, a professor of business administration who studies factors that influence economic expansion. She wrote a research paper in 2007 examining economist Joseph Schumpeter’s long-held theory of “creative destruction,” which maintains economies grow when innovation kills off old, inefficient businesses and spawns new ones. Agarwal found that growth also follows an alternative path of “creative construction,” which allows for win-win scenarios as established firms adapt to change and are joined by new businesses seeking to cash in on breakthroughs in knowledge. But government bailouts are throttling the free-market competition that fuels growth, she said. By handing over billions of dollars to prop up large, existing firms, government is giving them an unfair edge that chases away potential rivals. “There should have been zero bailouts, and government should have just let the market correct itself,” she said. “By buying into the ‘too-big-to-fail’ fallacy, the bailouts have set our economy back because economic power now resides in inefficient firms who ignored basic risk-return relationships and who weren’t able to navigate the downturn on their own. More importantly, we’ve removed the underpinnings for growth.” “The rebuttal to that could be that without bailouts the entire financial system implodes,” she said. “Indeed, you could have had a crisis that would have made the Great Depression look like a picnic. But if you go back to the origins of the depression, as documented by Alan Greenspan himself, it was caused by government intervention and Federal Reserve Bank policies, not the free market.” Agarwal says federal intervention during the current crisis has also wrongly shifted economic power away from market forces and into the hands of government, mirroring policies that once stalled economic growth in India and Russia. She says recent U.S. policy marks a disturbing trend towards big government, big business and big labor, where corporations survive not because of their entrepreneurial decision-making but because of government pull and political power. “When businesses and consumers make economic decisions in a free market, any one being wrong is not a big deal,” Agarwal said. “But if only the government is deciding, the consequences of not getting it right can be catastrophic to the economy.” More than 250 banks turned down bailouts through the federal Troubled Assets Relief Program as of late April, which Agarwal says is evidence that the free market best regulates the economy, not government. “Why say no to ‘free’ money? Because of the strings attached,” she said. “These banks are the ones that were fiscally responsible in the first place. And they quickly realized that government dictates on what, to whom and how loans should be given would hurt their ability to do business and be successful.” Government should move toward deregulation and fewer “big brother” policies as it mulls ways to ward off future recessions, said Agarwal, who will who appear this month on “First Business,” a nationally syndicated financial program that airs on about 150 television affiliates in the U.S. and is distributed internationally. Agarwal, who also will be a panelist at a U. of I. economic forum June 13 in Chicago, says pro-free market arguments have mustered little support in the current politico-economic climate, where capitalism is being blamed for the deepest economic downturn in decades. But she argues that government policies are the real culprit, and says a free-market approach is the best route to restore prosperity. “The U.S. was the biggest bastion of capitalism and individual rights,” she said. “What’s most depressing is that now we’re turning back. And if that doesn’t change, we may be leading the rest of the world back.”

## Monetary Stimulus CP

### 1NC

**CP: The United States Federal Reserve should implement a third round of monetary stimulus.**

**Monetary stimulus continues job creation**

**Gustin 4/6**/12 – Business reporter for Time (Sam, Time, “QE3 Watch: Will Slowing Jobs Picture Spur More Fed Stimulus?”, http://business.time.com/2012/04/06/qe3-watch-will-slowing-jobs-picture-spur-more-fed-stimulus/#ixzz217my1nBb)

Friday’s jobs report painted a disappointing picture about the U.S. employment situation, but it shouldn’t have come as much of a surprise. Last week, Fed Chairman Ben Bernanke warned that the economy is not growing fast enough to sustain the jobs momentum of the last few months. The question now is whether Fed policymakers feel the stalling jobs picture warrants a third round of Fed monetary stimulus, or quantitative easing (QE3).

The prospects of further easing seemed to dim earlier in the week after payroll services firm ADP estimated that 209,000 jobs were created last month, and the Labor Dept. said that initial claims for state unemployment benefits fell to a seasonally adjusted 357,000, the lowest level since April 2008. On Tuesday, the Fed released minutes from its last meeting suggesting that as the economy improves, policy-makers are cooling to a third round of action.

But the official Labor Dept. unemployment report — which was roundly viewed as disappointing — seemed to revive the QE3 chatter. Many economic analysts suggested that while the weak jobs report doesn’t ensure another round of Fed stimulus, in which the central bank would buy up bonds, it does mean that the Fed will be weighing that option closely.

“In terms of policy, we do not believe this number alone is sufficient to propel the Fed into action at the April FOMC meeting (April 24-25),” Michael Gapen, an economist at Barclay’s Capital Research, wrote in a note to clients. “That said, the soft employment numbers certainly leave the door open for further accommodation and may shift the decision point to the June FOMC as the Fed continues to monitor the incoming data.”

There appears to be a decidedly mixed appetite at the central bank for another round of easing. Last week, Fed Chairman Ben Bernanke hinted that QE3 remains on the table in a speech because stronger growth — which Fed action could help trigger — is needed to keep the economy creating jobs. “Further significant improvements in the unemployment rate will likely require a more rapid expansion of production and demand from consumers and businesses, a process that can be supported by continued accommodative policies,” Bernanke said.

# Climate Adv. CP’s

## Artificial Trees CP

### 1NC

#### Text: The United States Federal Government should implement a strategy to use artificial trees.

#### Artificial Trees take in CO2 which Solves Warming

Bland 9 (Eric, April 16, Eric Bland writes about science and technology for Discovery News, ARTIFICIAL TREES COULD COOL CLIMATE, <http://news.discovery.com/tech/artificial-trees-cool-climate.html>

A new kind of tree could cool the planet by removing a major greenhouse gas from the planet's atmosphere.¶ What researchers are calling artificial trees, actually towers filled with various materials that adsorb carbon dioxide from the air, could play a major role in reducing climate change -- if they prove profitable.¶ "This is an industry still in its infancy," said Billy Gridley of Global Research Technologies, LLC, the company creating the C02-scrubbing towers. "This will eventually rival the size of today's energy markets."¶ GRT's artificial tree is based on an environmentally friendly resin, originally developed by Klaus Lackner, a professor at Columbia University in New York. The alkaline resin reacts with acidic carbon dioxide, holding it in place. After one hour exposed to the air, the resin is completely saturated with CO2.¶ Dry resin soaks up the CO2. Adding water releases the CO2, which is then captured and stored. Drying the resin again restores its abilities, a cycle that can be repeated indefinitely.¶ Over 24 hours Gridley estimates an artificial tree, containing about 32,800 feet of resin, will harvest about one ton of CO2 each day.¶ When the first artificial tree is ready, two to three years from now, it will cost about $150 for each ton, Gridley estimates. When the technology is fully mature, the price will be as low as $20.¶ GRT plans to sell the purified CO2 to a range of buyers. Oil and natural gas companies are probably the biggest customers for the artificial trees. Petroleum companies pump CO2 underground to raise the pressure and force oil to the surface. Greenhouses could pump in extra C02 to help plants grow. Fizzy soda drinks and sanding auto parts also require concentrated CO2.¶ All of these customers currently get CO2 by truck or by pipeline, most of which originates in Texas. The advantage of the artificial trees is that they can be placed next to whatever factory needs CO2 without having to ship it in.¶ Another use for the artificial trees would be in the cap-and-trade carbon credit system. The idea is that companies that produce CO2 would pay another company, like GRT, to get rid of it. The most likely place to put the C02 is in the salt-lined caverns that once held oil, a process known as carbon sequestration.¶ Wherever the CO2 is placed, at least it is out of the atmosphere, said David Keith, a professor at the University of Calgary in Canada, who developed his own artificial, C02-catching towers years ago and is working to refine his models. Keith, GRT, and other organizations aren't trying to profit from climate change; they are looking to prevent or at least slow it.¶ "Nobody doubts that this is doable," said Keith. "It's a matter of doing it at cost, and right now it's still unclear how that can be done."

#### Building Artificial is the best way to solve warming

Banks 9 (Michael, April 27, Michael Banks is news editor of Physics World, Engineers call for 'artificial trees' to reduce CO2, <http://physicsworld.com/cws/article/news/2009/aug/27/engineers-call-for-artificial-trees-to-reduce-carbon-dioxide>)

Constructing a forest of 'artificial trees' is one of the most promising technologies to remove carbon dioxide (CO2) from the atmosphere, according to a report published by the Institution of Mechanical Engineers in the UK. The report also calls for a national UK programme for research and development into "geoengineering" projects that could provide a better understanding of the risks and costs of manipulating the climate.¶ Most attempts to deal with climate change involve reducing emissions of CO2 and in December the United Nations Convention on Climate Change in Copenhagen will attempt to set binding targets for lowering such emissions for the first time. Yet even an agreement to cut CO2 emission by 50% by 2050 may not be enough to stop the planet's average temperature rising by 2 °C by the end of the century.¶ Geoengineering – deliberate intervention into the climate system to counteract man-made global warming – offers an alternative approach. The new report, Geoengineering – Giving us Time to Act?, looks at different geoengineering options for tackling climate change, including adding iron to the oceans to produce phytoplankton blooms that then absorb CO2 and constructing giant sunshades in space that can reflect the Sun's rays.The authors – led by Tim Fox, head of environment and climate change at the Institution of Mechanical Engineers – found that constructing fly-swat-shaped "artificial trees" is the most promising approach to reducing CO2. Such a tree would work by letting air pass through into the structure and then catching the CO2 via a "sorbant" material, such as sodium hydroxide. The CO2 is then removed and buried underground in a similar manner to conventional carbon capture and storage.¶ According to the report, constructing 100,000 such "trees" – each costing around $20,000 – would require 600 hectares of land but would be enough to remove the CO2 from the UK's homes and transport system.

#### Artificial trees solve better than the AFF, we can take CO2 out of the atmosphere

MSNBC No Date (Green-energy ideas so crazy they just might work, http://www.msnbc.msn.com/id/38730065/ns/technology\_and\_science-future\_of\_energy/t/green-energy-ideas-so-crazy-they-just-might-work/#.UBH04LSe6So)

Chances are that CO2-emitting forms of energy generation are not going to completely go away any time soon, and even if they do, the atmosphere would retain their legacy of greenhouse gases. That's where the structure shown in this drawing comes into play. Researchers are hoping it will behave like a tree and scrub carbon dioxide from the atmosphere. The so-called artificial tree is one of several ideas under development that use a proprietary absorbent material to trap carbon dioxide from the air. The gas is then stored, and the absorbent material is recycled to capture even more carbon dioxide.

## Iron Dumping CP

### 1NC

#### Text: The United Nations should allow and implement a strategy of Ocean Fertilization.

#### Ocean Fertilization solves Warming; Decreases the Amount of CO2

Horton 8 ( Jennifer, March 18, raduated from Emory University, where she earned a B.S. in environmental studies. How can adding iron to the oceans slow global warming?, <http://science.howstuffworks.com/environmental/green-science/iron-sulfate-slow-global-warming2.htm>)

[Global warming](http://science.howstuffworks.com/environmental/green-science/global-warming.htm) has become one of the leading issues of the 21st century. As scientists predict more ominous scenarios, like [Florida](http://maps.howstuffworks.com/maps-of-florida.htm)being underwater within decades, people are demanding action. Enter forward-thinking scientists and companies like Planktos and Climos, who propose adding [iron](http://science.howstuffworks.com/iron.htm) to the world's [oceans](http://geography.howstuffworks.com/oceans-and-seas/the-geography-of-oceans.htm) to reduce atmospheric carbon dioxide levels and, in turn, to decrease temperatures. The idea of dumping iron in the oceans to lower temperatures has been around since the late 1980s and has been known variously as carbon sinking, ocean seeding or iron fertilization. The premise is act­ually simple. Iron acts as a fertilizer for many plants, and some, like the phytoplankton that form the base of the marine food web, need it to grow. Adding iron to the water stimulates phytoplankton growth, which in turn gobble up carbon dioxide through photosynthesis. The resulting decrease in carbon dioxide is supposed to help reduce temperatures since carbon dioxide is one of the main gases responsible for trapping ­heat on the earth's surface through the greenhouse effect. Numerous iron dumping trials have been conducted since oceanographer John Martin suggested the idea more than 15 years ago [source: [Haiken](http://science.howstuffworks.com/environmental/green-science/iron-sulfate-slow-global-warming2.htm)]. One trial conducted in 2004 indicated that each atom of iron added to the water could draw between 10,000 and 100,000 atoms of carbon out of the atmosphere by encouraging plankton growth [source: [Schiermeier](http://www.bioedonline.org/news/news.cfm?art)]. Some scientists theorize that adding iron to the Southern Ocean alone could reduce carbon dioxide levels by 15 percent [source: [Schiermeier](http://www.bioedonline.org/news/news.cfm?art)]. Scientist Oliver Wingenter suggests a more cautious approach, arguing that adding massive amounts of iron to the ocean could cause a major cooling of more than 10 degrees Celsius [source: [Wingenter](http://climos.com/news/articles/slowingglobal.htm)]. He recommends fertilizing just 2 percent of the Southern Ocean to cause a 2 degree Celsius cooling and to set back the tipping point of global warming 10 or more years [source: [Wingenter](http://climos.com/news/articles/slowingglobal.htm)]. Instead of focusing on cutting carbon dioxide levels, Wingenter's research concentrated on increasing other gases that result from the phytoplankton blooms, namely dimethyl sulfide, or DMS. DMS is largely responsible for cloud formation in the polar region and could increase cloud reflectivity, which would in turn reduce temperatures. During his iron fertilization experiments, Wingenter found that adding iron increased the concentration of DMS five-fold [source: [Wingenter](http://climos.com/news/articles/slowingglobal.htm)].

### **2NC/1NR Solvency**

#### **Dumping Iron into the Oceans solves Warming; takes CO2 out of the atmosphere**

Reuters 12 (July 18, Ocean Fertilization Study Finds That Dumping Iron Might Help Remove Atmospheric Carbon Through Algae, http://www.huffingtonpost.com/2012/07/18/ocean-fertilization-study-iron\_n\_1684020.html)

Dumping iron in the seas can help transfer carbon from the atmosphere and bury it on the ocean floor for centuries, helping to fight climate change, according to a study released on Wednesday. The report, by an international team of experts, provided a boost for the disputed use of such ocean fertilisation for combating global warming. But it failed to answer questions over possible damage to marine life. When dumped into the ocean, the iron can spur growth of tiny plants that carry heat-trapping carbon to the ocean floor when they die, the study said. Scientists dumped seven tonnes of iron sulphate, a vital nutrient for marine plants, into the Southern Ocean in 2004. At least half of the heat-trapping carbon in the resulting bloom of diatoms, a type of algae, sank below 1,000 metres (3,300 ft). "Iron-fertilised diatom blooms may sequester carbon for timescales of centuries in ocean bottom water and for longer in the sediments," the team from more than a dozen nations wrote in the journal Nature. Burying carbon in the oceans would help the fight against climate change, caused by a build-up of carbon dioxide in the atmosphere that scientists say is raising temperatures and causing more floods, mudslides, droughts and higher sea levels. The study was the first convincing evidence that carbon, absorbed by algae, can sink to the ocean bed. One doubt about ocean fertilisation has been whether the carbon stays in the upper ocean layers, where it can mix back into the air. A dozen previous studies have shown that iron dust can help provoke blooms of algae but were inconclusive about whether it sank. Large-scale experiments with ocean fertilisation using iron are currently banned by the international London Convention on dumping at sea because of fears about side-effects. "CRYING SHAME" "I am hoping that these results will show how useful these experiments are," lead author Victor Smetacek of the Alfred Wegener Institute in Germany told Reuters. "It's a crying shame, honestly," he said of the moratorium, which he said meant that even small-scale experiments were too complex and costly for researchers. He said that ocean fertilisation should be overseen by the United Nations and should not be eligible for carbon credits under U.N. treaties. He said private companies should not be allowed to run experiments so that proper oversight can be ensured. Ocean fertilisation is one of several suggested techniques for slowing climate change known as "geo-engineering". Other possibilities include reflecting sunlight with giant mirrors in space. "Most scientists would agree that we are nowhere near the point of recommending ocean iron fertilisation as a geo-engineering tool," Ken Buessler of the Woods Hole Oceanographic Institution in the United States wrote in a commentary in Nature. But he added that many thought that bigger and longer experiments were needed to see if the technology worked. "If the 50 percent figure for algal bloom biomass sinking to the deep ocean is correct then this represents a whole new ball game in terms of iron fertilisation as a geo-engineering technique," said Dave Reay, a senior lecturer in carbon management at the University of Edinburgh who was not involved in the study. "Maybe such deliberate enhancement of carbon storage in the oceans has more legs than we thought but, as the authors acknowledge, it's still far too early to run with it," he said. Smetacek said the publication had been delayed since 2004 partly because of problems in checking that the 150 square km (60 square miles) patch of ocean where the iron was dumped - an eddy in the Antarctic Circumpolar Current - had not mixed with waters outside. The experts said that the input of iron was similar to that found after the melt of icebergs in the oceans - iron concentrations in coastal regions tend to be much higher. (Editing by Alessandra Rizzo)

#### Iron sinks CO2 to the ocean; Solves better than the AFF because we take it out of the air

Ingram 12 (Richard, July 18, reporter for the AFP, Ocean fertilization experiment stores CO2, <http://www.mnn.com/earth-matters/wilderness-resources/stories/ocean-fertilization-experiment-stores-co2>)

German researchers on Wednesday said they had evidence that sowing the ocean with iron particles sucks up and stores carbon dioxide, preventing the gas from stoking dangerous climate change.   But their work, touching on a fiercely controversial issue called geoengineering, came under attack from other scientists and environmentalists.   These said a far bigger question — whether such schemes could damage the marine biosphere — remained unanswered.   Published in the science journal Nature, the paper is one of the biggest and most detailed probes into ocean fertilization, a practice that is banned under international law although scientific research into it is permitted.   Its goal is to take CO2 from the atmosphere and store it in the deep sea so that it no longer adds to the greenhouse effect.   This would be done by scattering the ocean surface with iron dust, a nutrient for microscope marine vegetation called phytoplankton. As the plants gorge on the iron, they also suck up atmospheric CO2 thanks to natural photosynthesis.   In the next step, the phytoplankton die and sink to the deep ocean floor — taking with them the CO2, which would lie in the sediment, possibly for centuries.

# **Terrorism Advantage CP**

### 1NC

**Text: The United States Federal Government Should Fully Fund MPCA and GTRI.**

**Fully funding the MPCA and the GTRI prevents unauthorized access to fissile material and solves terrorism**

**Newman and Bunn, 9**. \*Research Associate, Project on Managing the Atom. AND \*\*Associate Professor of Public Policy, Co-Principal Investigator, Project on Managing the Atom (Andrew and Matthew. June 2009. “Funding for U.S. Efforts to Improve Controls Over Nuclear Weapons, Materials, and Expertise Overseas: A 2009 Update” http://belfercenter.ksg.harvard.edu/experts/1803/andrew\_newman.html?back\_url=%2Fpublication%2F18673%2Fpreventing\_nuclear\_terrorism.html&back\_text=Back%20to%20publication)

SECURING NUCLEAR WARHEADS AND MATERIALS

As noted earlier, if President Obama’s objective of securing all nuclear weapons and weapons-usable materials worldwide within four years is to be achieved, NNSA’s MPC&A and GTRI programs will play a central role, along with the smaller warhead site security and warhead transportation security programs in DOD’s Cooperative Threat Reduction (CTR) effort.

In May, the administration requested $700 million in FY 2010 funding for these and other programs to improve security and accounting for nuclear weapons and materials, $45 million below the FY 2009 appropriation.5 Some highlights:

MPC&A: Remarkably, the FY 2009 omnibus appropriation, the first in many years with a

Democrat in the White House and Democrats in control of both houses of Congress, was also the first in many years in which the Congress cut the request for the International Nuclear Material Protection and Cooperation. (The administration, however, chose to take these cuts in the Second Line of Defense component of the effort, discussed below under interdicting nuclear smuggling, rather than in the MPC&A program itself.) The Obama administration’s FY 2010 request of $280 million for the MPC&A program is $55 million more than the FY 2009 ap- propriation, but $87 million less than the FY 2008 appropriation and a substantial decline from the FY 2007 peak of $406 million.6 (The Obama administration’s FY 2009 supplemental request, approved by the House on May 12 and the Senate on May 14, adds $55 million to the MPC&A and brings total FY 2009 funding to $280 million, the same as the FY 2010 request.7) For the out-years, the budget documents envision steadily declining funding, as currently planned work in Russia and elsewhere is completed; even in the out-year projections, no funds have been included for expanded efforts to implement the President’s four-year goal. In essence, to avoid being criticized for carrying large unspent balances from one year to the next, the budget includes funding only for those areas where NNSA already has foreign countries’ agreement to do work, or was confident (when the budget was being prepared) that such agreement would be forthcoming, rather than including not-yet-agreed activities likely to be needed to imple- ment a four-year plan to achieve effective nuclear security worldwide. GTRI: While the FY 2010 request of $354 million is $41 million less than the FY 2009 appro- priation, Congress had boosted the FY 2009 appropriation to an unusually high level, far be- yond either the FY 2008 appropriation or the request for FY 2009. (The Congressional appropri- ation was $53 million above the $140 million request for FY 2008 and $55 million above the $340 million request for FY 2009.8) It appears that the GTRI budget includes some accelerated ac- tivities meant to meet the four-year target for parts of GTRI’s agenda. But as with the MPC&A program, the funds that would be needed to expand GTRI’s coverage to ensure that the full range of facilities and materials were addressed, or to provide incentives to countries and facili-ties to allow their weapons-usable material to be shipped away, are not included in the FY 2010 GTRI request. Indeed, under current plans, GTRI would be spending dramatically more after the four-year plan is over ($1.1 billion in 2014) than it would be in FY 2010 or FY 2011. (This is in part because high-density fuels required to convert some 27 of the reactors GTRI hopes to convert will not be available until the latter part of this period, requiring substantial spending on converting reactors and shipping away irradiated HEU once this high-density fuel becomes available.) It seems certain that if the four-year goal is to be achieved, GTRI’s budgets for FY 2010 and FY 2011 will have to be substantially higher than those in the current request. In particular, more money would be needed to accelerate conversion of the 38 HEU-fueled research reactors that could convert to proliferation-resistant low-enriched uranium (LEU) with LEU fuels already available. GTRI is planning to provide funds to accelerate private sector ef- forts to establish fabrication capability for the new high-density LEU fuels, and that is likely to be costly. Additional funds could also accelerate the pace of removing nuclear material from vulnerable sites around the world (in part because here, too, prices are escalating). More mon- ey is also needed to secure radiological sources and research reactors around the world—in- cluding in the United States, where upgrades are needed for some 1,800 locations with sources of 1,000 curies or more, and for the nation’s 32 domestic research reactors, both of which have now been included in GTRI’s scope.9 Moreover, GTRI is so far planning to return only a small fraction of the U.S.-origin HEU abroad; while most of the remainder is in developed countries, in many cases there is good reason to bring this material back as well, and more funds would be required to give these facilities incentives to give up their HEU. Finally, NNSA does not yet have a program focused on giving underutilized HEU-fueled reactors incentives to shut down—in many cases likely to be a quicker and easier approach than conversion. All told, an increase of $200 million or more would be needed for GTRI to move forward as rapidly as pos- sible in reducing these risks—though managing such a large single-year increase would pose a challenge.10

**No weapons spread**

**Ferguson, 6**—fellow for science and technology at the Council on Foreign Relations, professor in the School of Foreign Service at Georgetown University. (Charles D. March 2006. “Preventing Catastrophic Nuclear Terrorism” *www.fundforpeace.org/web/images/pdf/ferguson.pdf*)

Although reducing the growth of terrorist groups is vitally important for the United States to have success in the wider “war on terrorism,” no matter how many terrorists there are, they cannot launch a nuclear attack without access to weapons-usable nuclear materials or intact nuclear weapons. Consequently, securing and eliminating vulnerable nuclear materials and weapons offer points of greatest leverage in preventing nuclear terrorism. For these activities, much more national and international action is urgently needed to address the problems of Pakistan’s highly enriched uranium and nuclear arsenal; Russia’s highly enriched uranium; highly enriched uranium at more than one hundred civilian facilities in dozens of countries; and tactical nuclear weapons. Here, the focus is on how to block terrorists from acquiring these vulnerable nuclear materials and weapons.

Preventing nuclear terrorism is also closely connected to stopping the spread of nuclear weapons to other countries. By reducing the number of countries with nuclear weapons or weapons-usable nuclear materials, terrorists will have fewer places to buy or steal these critical components of nuclear terrorism. The International Atomic Energy Agency (IAEA) is at the forefront of multilateral efforts to inspect nuclear facilities to try to detect diversion of weapons-usable nuclear materials. Presently, 650 IAEA inspectors are responsible for inspecting nine hundred nuclear facilities in ninety-one countries. The annual budget of the IAEA is about $120 million—comparable to the payroll of the Washington Redskins football team.

### Solves Terror

**Empirically MPC&A has put into place effective technologies and security measures in locations all over the world.**

**Bunn, 3—**Associate Professor of Public Policy; Co-Principal Investigator, Project on Managing the Atom. (March 2003. **“Securing Nuclear Warheads and Materials: Materials Protection Control and Accounting” http://www.nti.org/e\_research/cnwm/securing/mpca.asp#top)**

**Key technologies and approaches.** The key technologies and approaches being implemented in the MPC&A program range from "rapid upgrades" such as bricking over windows, placing huge concrete blocks on top of material or in front of doors, and the like to comprehensive security and accounting systems, including fences, locked vaults, detectors, sensors, access controls, security cameras, tamper-resistant seals, and the like. One particularly important technology being widely implemented is the portal monitor detectors at doors and other key points that will set off an alarm if some one carrying plutonium or HEU out of the building. (See discussion in Technical Background.) In addition to such equipment upgrades, the program is working with recipient countries to train personnel in modern MPC&A approaches, get appropriate MPC&A procedures adopted at the relevant facilities, put in place effective MPC&A regulation, and build an infrastructure to supply and maintain MPC&A equipment, to ensure that effective security and accounting for nuclear material can be achieved, and sustained for the long haul.

**Shifting approaches.** Different activities have been included in the MPC&A program at different times. Originally, the program focused on security and accounting upgrades for weapons-usable nuclear material separated plutonium and highly enriched uranium (HEU) outside of nuclear warheads themselves. After successful cooperation to upgrade security and accounting for Russian HEU naval fuel, the Russian Navy requested that the program help secure Russian naval warhead sites as well, and this has become a major program focus in 1999, now being expanded to include some other Russian warhead sites as well. (See discussion in Warhead Security section.)

Also in 1999, the program added the "Material Consolidation and Conversion" (MCC) initiative, focused on consolidating potentially vulnerable nuclear material in fewer sites and buildings, so as to achieve higher long-term security for the remaining sites at lower cost. After the Russian economic crisis of 1998 when guards were leaving their posts to forage for food, and at some sites the electricity that ran the security systems was shut off when the sites did not pay their bills the program added a substantially greater focus on measures to ensure the "sustainability" of the upgrades over time. In fiscal year 2002, DOE's "Second Line of Defense" program, focused on interdicting nuclear smuggling after material has been stolen, was folded in to the MPC&A program. (See "Interdicting Nuclear Smuggling.") After the attacks of September 11, 2001, when concern over the possibility of radiological "dirty bombs" increased, the program expanded to address urgent concerns over control of radiological sources in the former Soviet Union as well. (See "Radiological Material Control".)

The geographic focus of the effort has also shifted over time. The program has carried out security and accounting upgrades for facilities throughout the former Soviet Union. By May 1999, security and accounting system upgrades had been declared completed at all of the nine sites in the non-Russian states of the former Soviet Union where separated plutonium or HEU is still located. These sites were then moved out of the MPC&A program to another part of DOE. Since September 11, however, the MPC&A program has put renewed emphasis on ensuring continuing security at these non-Russian sites, and has begun exploring MPC&A cooperation with other states outside the former Soviet Union, including China, India, and Pakistan.[[8]](http://www.nti.org/e_research/cnwm/securing/mpca.asp" \l "_edn8)

**GTRI is effective in decreasing the risks of a nuclear terrorist attack, but more funding is key.**

**Sheely, 9**—NNSA Associate Assistant Deputy Administrator Global Threat Reduction Initiative (9/14/2009. Kenneth. “GTRI: Testimony before the House Committee on Homeland Security, Subcommittee on Emerging Threats, Cybersecurity, and Science and Technology” http://ipradiationsecurity.com/2009/09/18/gtri-testimony-before-the-house-committee-on-homeland-security-subcommittee-on-emerging-threats-cybersecurity-and-science-and-technology/)  
III.  GTRI’S ROLE IN MITIGATION OF RISKS GTRI works very closely with its federal partners, each of which has a unique role ensuring a comprehensive system of oversight, prevention, and protection of civilian radiological sources.  DHS’s mission is to prevent terrorist attacks within the United States; reduce the vulnerability of the United States to terrorism; and, minimize the damage, and assist in the recovery, from any terrorist attacks that do occur within the United States across multiple sectors (e.g. nuclear, chemical, etc.), leading the Government Coordinating Council(s) (GCC) and collaborating with the industry-led Sector Coordinating Council(s) (SCC) to protect critical infrastructure and key resources.  NRC’s mission is to license and regulate the Nation’s civilian use of byproduct, source, and special nuclear materials to ensure adequate protection of public health and safety, promote the common defense and security, and protect the environment.  The Federal Bureau of Investigation (FBI) is the lead Federal law enforcement agency and plays a significant role preventing, interdicting, and investigating potential acts of nuclear and radioactive theft, sabotage or terrorism.  NNSA brings the science and expertise of our National Laboratories to create innovative solutions to prevent the acquisition of nuclear and radiological materials for use in weapons of mass destruction (WMD) and other acts of terrorism.  Specifically, GTRI and the DOE laboratories provide unique expertise to evaluate radiological issues and threats because of our significant work both internationally and domestically which allows us to identify “best practices” available in each circumstance.

To address the risks outlined above, GTRI, in cooperation with its federal partners, has initiated a number of voluntary security efforts to further mitigate these potential threats.  These include eliminating unwanted sources, hardening kits for specific irradiators, facility wide voluntary security enhancements, specialized training courses for security and law enforcement personnel, and table top exercises for first responders.  GTRI’s voluntary security enhancements complement and do not replace NRC’s increased controls requirements.  When requested by the licensee, GTRI works to assess existing security conditions, provide recommendations on security enhancements, and when warranted, fund the procurement and installation of jointly agreed upon security best practices.  GTRI considers all 14 isotopes of concern above threshold quantities (10 Ci or greater), and addresses several areas of security including Deterrence, Control, Detection, Delay, Response, and Sustainability.

GTRI’s voluntary security enhancement efforts have been endorsed by the NRC, DHS, FBI, Organization of Agreement States (OAS), and Conference of Radiation Control Program Directors, Inc. (CRCPD).  NRC has issued Regulatory Information Summaries (RIS) describing both the IDD and voluntary security enhancement efforts of GTRI and recommends that licensees volunteer for these GTRI efforts.

III.A  Elimination – Removing Unwanted Sources Since 1997 GTRI’s Off Site Source Recovery Project (OSRP) operated by Los Alamos National Laboratory, Idaho National Laboratory and the CRCPD has reduced the radiological risk by recovering and eliminating disused and unwanted sealed sources.  GTRI, in coordination with NRC, developed recovery prioritization criteria based on risk reduction.  As of August 31, 2009, GTRI has recovered over 22,700 sources (totaling more than 720,000 curies) in twelve years.

At present, only 14 states in the U.S. have access to commercial disposal for sealed sources (with the exception of Ra-226 sources which have a commercial disposal pathway in all 50 states).  With the decline in commercial disposal options, GTRI has seen an increase in the number of sources being registered as excess and unwanted.  GTRI has found that without disposal access, source owners have no option other than long-term storage, which increases the  vulnerability of becoming lost or forgotten.