# High Speed Rail Negative

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### AT: Solves Economy

#### Doesn’t stimulate

Richard Stegemeier, Retired Chairman and CEO of Unocal, 2010, “Richard Stegemeier: High-speed rail economics bleak,” http://www.ocregister.com/articles/speed-234453-high-rail.html

High-speed rail is a wonderful concept because it uses electricity and could reduce our dependence on fossil fuels sometime in the distant future. But it's also far more expensive than commercial airlines and will require a new source of electricity from solar, wind or nuclear power. The president assures us there will be no pork in the $3.8 trillion federal budget for 2011. That may be true if we ignore the proposed $2.3 billion high-speed-rail grant for California. An undetermined amount of that money would be spent as a down payment on a $42.6 billion proposal to connect Anaheim with House Speaker Nancy Pelosi's San Francisco and Los Angeles with Senate Majority Leader Harry Reid's Las Vegas. That's an "oink-oink" if I ever heard one. I can understand the Las Vegas high-speed link to accommodate the thousands of Californians who want to flee to Nevada to escape California's high taxes. High-speed rail as part of a short-term economic stimulus package is nonsense if it takes a decade or two to build. The environmental impact statement itself will take years. Acquiring 680 miles of right-of-way will be contested in thousands of eminent domain lawsuits and will take at least a decade to complete. If high-speed rail serves intermediate cities then it will increase travel time, create noise and interrupt traffic flow at thousands of intersections. If it bypasses smaller cities to gain the advantage of speed, then it serves only the end terminals and disadvantages everyone in-between.

#### Tax increases offset gains

Sam Staley, Director of Urban Growth and Land Use Policy for Reason Foundation, 8-18-2009, “Why High-Speed Rail Fails as a Jobs Program,” http://reason.com/archives/2009/08/18/why-high-speed-rail-fails-as-a

Of course, rail proponents argue that spending money now on high-speed rail is a long-term investment that will pay off in higher economic productivity over the long-haul. But these job creation and income estimates they use are based on spending for freight rail, not passenger rail. Freight rail in America is a crucial part of our transportation infrastructure, accounting for 43 percent of the shipment of goods and services from one city to the other. Thus, investments in freight rail have a direct impact on the bottom line for American businesses, increasing the speed and reliability of goods shipment and improving productivity. Passenger rail in the U.S. is a different story. Passenger rail currently carries a very small portion of city-to-city travel—the market targeted by high-speed rail—and it's likely to remain modest well into the future. In 2008, Amtrak carried 28.7 million passengers. By comparison, there were 687 million airline passengers in 2008, in part because air service provides frequent high-speed travel to geographically distant cities. Then there's our well-developed highway network that makes automobiles very competitive with rail for distances under 200 miles. In most cases, once travel and wait times to train stations are factored in, travelers will spend as much time in route on the train as they will in a car. Consider a trip from Los Angeles to San Francisco, or Chicago to St. Louis, for a typical high-speed train traveler. You'll likely have to drive to the train station and pay to park. Once arriving in downtown St. Louis or San Francisco, you will likely have to take a taxi or rent a car to get to your hotel or meeting place (which is likely to be outside the central business district). The reliable, diverse, and nimble transit system that many advocates envision surrounding high-speed rail stations simply doesn't exist in most cities today, limiting the appeal of trains. To compensate for these disadvantages, taxpayers will have to steeply subsidize train ticket prices for the business travelers and tourists that are most likely to use them. Ultimately, high-speed rail's impacts on American travel patterns and employment productivity are going to be negligible, and the actual job creation potential for high speed rail is much more modest than proponents admit. Take, for example, the Ohio Hub corridor linking Cincinnati, Cleveland, Columbus, and Toledo to regional destinations such as Chicago and Toronto. Ohio is one of the nation's largest state economies, employing 5.3 million people. As an old-line manufacturing state, Ohio has lost 300,000 jobs just in the past year. Needless to say, Ohioans will be attracted to the optimistic rhetoric of rail's job creation potential. Moreover, preliminary estimates by independent consultants suggest the Ohio Hub may actually cover its annual operating costs (although supporters are counting on the federal government covering 80 percent of capital costs of the $3.7 billion project). Yet, even with these federal subsidies the consultant reports suggest that a $2.3 billion investment in building the rail corridor would generate only 54,540 jobs over the projected nine-year construction phase. That works out to 2,635 jobs per year at a cost of $42,170 per job. Further analysis found 16,700 permanent jobs would be created by the system once the system was up and running, assuming optimistically that ridership reaches forecasted levels and fares are set to cover its operating costs. While that might seem like a lot of jobs, the effort will do little to stem the economic tide turning against Ohio and other states facing the headwinds of global competition and a rising services-based economy. For transportation investments to have a meaningful economic impact, they will need to cost-effectively improve America's ability to move goods, services, and people from one place to another. High-speed rail doesn't do that. It is an extremely costly way to achieve limited portions of these goals, and it inevitably fails as a broad-based solution to the country's transportation challenges.

### AT: Solves Economy

#### Studies disprove economic benefits

Kenneth Button, 3-6-2012, Professor George Mason University School of Public Policy, Is there any economic justification for high-speed railways in the United States?, Journal of Transport Geography, Volume 22, May 2012, Pages 300–302

Full economic analysis of the potential HSR in the US is relatively limited, and tends to be of a narrow economic impact kind, e.g. regarding Florida (Lynch, 2002) and California (Bay Area Council Economic Institute, 2008). Edward Glaeser has critiqued the case for HSR in the US, and in particular the costs and benefits of a link between Dallas and Houston9 that he estimates would entail a net social cost of about $490 million a year (Table 1).

#### Default neg

Kenneth Button, 3-6-2012, Professor George Mason University School of Public Policy, Is there any economic justification for high-speed railways in the United States?, Journal of Transport Geography, Volume 22, May 2012, Pages 300–302

Any ex ante economic analysis of HSR involves a high degree of uncertainty in forecasting (Brownestone et al., 2010). Some of the problems are of a purely technical kind in specifying underlying factors influencing costs and utilization, but there is often a significant degree of capture of predictions by those favoring a particular policy. This is highlighted by [Flyvbjerg et al., 2002] and [Flyvbjerg et al., 2010] who, looking at forecasting across a range of countries, found a tendency for over-prediction of capacity utilization and under-prediction of the outcome costs of investments, e.g. for ten rail projects examined, the passenger forecasts overestimated traffic by 106% while costs of 58 rail projects indicate overruns averaging nearly 45%; 40.8% for US projects.10

### AT: Solves Economy

#### Empirics go neg – their sweeping claims can’t be verified

David M. Levison, Networks, Economics, and Urban Systems Research Group, University of Minnesota, Department of Civil Engineering research was funded by New York University, May 2012, “Accessibility impacts of high-speedrail,” Journal of Transport Geography, Volume 22, Pages 288–291.

3. Economic development effects There is no grounded empirical work to date on the economic development impacts of high-speedrail in the United States, since such services do not exist. Little has been written from objective (as opposed to vested) sources. The Congressional Research Service has tried to balance the arguments (Peterman et al., 2009). The job estimates from California4 would be enormous if they could be validated. A single infrastructure project creating 450,000 jobs (out of a total civilian employment of under 16 million5) gives a total of almost 3% of the state’s workforce. The construction related jobs alone are 1% of the state’s workforce. Presently, construction is estimated at 577,000 jobs, so this project would absorb on the order of one-third to one-fourth of all construction jobs in the state. While the propaganda of project promoters may not be plausible, logically there are some regional effects. An argument could be made about strengthening intercity linkages to refashion the current metropolitan system into a megalopolitan system, where people more regularly interact between cities. One could envision this as Switzerland writ large. If, as Adam Smith suggests, the division of labor is limited by the extent of the market, and transportation can be used to expand the market, the division of labor can therefore increase (i.e. be more specialized), which should have some positive effects for the economy (akin to agglomeration economies). Melo et al. (2009) conduct a meta-analysis of estimates of urban agglomeration economies from 34 studies. The ranges of effects are quite large, and no clear conclusions about the magnitudes can be drawn. The authors write “The findings support the intuition that agglomeration estimates for any particular empirical context may have little relevance elsewhere.”

#### Their models are flawed

David M. Levison, Networks, Economics, and Urban Systems Research Group, University of Minnesota, Department of Civil Engineering research was funded by New York University, May 2012, “Accessibility impacts of high-speedrail,” Journal of Transport Geography, Volume 22, Pages 288–291.

High-speedrail lines have been built and proposed in numerous countries throughout the world. The advantages of such lines are a higher quality of service than competing modes (air, bus, auto, conventional rail), potentially faster point-to-point times depending on specific locations, faster loading and unloading times, higher safety than some modes, and lower labor costs. The disadvantage primarily lies in higher fixed costs, potentially higher energy costs than some competing modes, and higher noise externalities. Whether the net benefits outweigh the net costs is an empirical question that awaits determination based on location specific factors, project costs, local demand, competition, and network effects (depending on what else in the network exists). The optimal network design problem is hard (in the mathematical sense of “hard”, meaning optimal solutions are hard to find because of the combinatoric possibilities of different network configurations), so heuristics and human judgment are used to design networks. The network architecture of high-speedrail lines has tended to be in a hub-and-spoke pattern, connecting a hub city (e.g. Paris, Madrid, Tokyo) to secondary cities in tree-like architecture. The networks have occasional crossing links, typically at both lower speed, lower frequency, and lower cost of construction than the mainline. As these systems were designed nationally, and the largest city is often the capital (as in Paris, Madrid, and Tokyo), which is also (roughly) centrally located, it is no surprise that the hub was based where it was. Germany has fewer very highspeed links (faster than 300 km/h), and a flatter (less-hubbed) network, perhaps reflecting its strong federalism, relative decentralization into a multi-polar urban structure and late formation into a nation-state. Italy has centered its hub in Milan, the largest metropolitan area in the country. The reason for the hub-and-spoke architecture is to achieve economies of density in track usage and network effects at the hub city which enable frequent service to multiple destinations. Multiple paths between origins and destinations would diffuse the network effects and result in less frequent service, and therefore reduce demand. The hub-and-spoke architecture, while benefitting the network as a whole when demand is insufficient to enable frequent point-to-point service, clearly serves the hub cities the most, as they gain from all the incoming flows which create additional demand, and thus greater service. In air transportation, airlines often use hub-and-spoke networks, and if they have a large market share at a hub airport, will use that advantage to charge a premium for travel, thereby capturing some, if not all, of the benefits consumers receive from being located in a hub airport city. 2. Hubs and spokes “The spatial impacts of the new lines will be complex. They will favour the large central cities they connect, especially their urban cores, and this may threaten the position of more peripheral cities.” (Hall, 2009) “[T]he wider economic benefits of high-speedrail are difficult to detect, as they are swamped by external factors”, but are likely to be larger in more central locations than more peripheral locations.” (Preston and Wall, 2008) As used here, a hub is a center of activity, from which multiple (at least three) spokes (links connecting the hub with other locations) emanate. On a network with a tree structure, the primary hub is the point from which the maximum number of spokes emerge. There may be secondary and tertiary hubs on the network as well. The proposed US Program (Upper Right of Fig. 1) has no well-thought out national architecture. There were a number of independent proposals that have been drawn on a single map. These can be thought of as hubs (metro area 2010 Census ranking in parentheses) based in New York (1), Los Angeles (2), Chicago (3), Dallas (4), Atlanta (9), Phoenix (14), Seattle (15), Denver (21), and Orlando (26).1 The Florida network (Orlando Hub) has been canceled by the Governor, though in transportation, nothing is permanently dead. The US High-speedRail Association network includes even more cities.

### AT: Solves Economy

#### Their authors exaggerate benefits

Kenneth Button, 3-6-2012, Professor George Mason University School of Public Policy, Is there any economic justification for high-speed railways in the United States?, Journal of Transport Geography, Volume 22, May 2012, Pages 300–302

An underlying argument for the development of HSR is that, following Aschauer’s (1989) work, virtually any form of infrastructure investment generates a significant economic return. Winston (1991) and others, however, highlight the limitations of this, pointing to serious statistical problems of aggregation and specification bias in the empirical work that has been done. Aggregate data, however, does provide policy-makers with superficial arguments for investing especially when ex ante studies focus on the benefits of the investment with little discussion of the opportunity costs involved. But even at the micro-level there are a number of issues. Flyvbjerg et al. (2010) point to a number of factors influencing the situation. Informed debate requires full, or at least nearly, full and impartial information; asymmetric information can lead to strategic deception, a particular problem when there are divisions between principals and agents. In the case of HSR much of the planning and project appraisal is done at the local level, with at least part of the funding coming from central government. The problem is particularly acute if powerful individuals, groups, or coalitions, are in a position to use public moneys for essentially their own narrow interests; the “Bridge to Nowhere” situation; in the HSR case it is the lobbying of “gricers”, to use an English term, that is the problem.11

#### No empirical basis

Edward L. Glaeser, economics prof at Harvard, 2009, “Is High-Speed Rail a Good Public Investment?” http://economix.blogs.nytimes.com/2009/07/28/is-high-speed-rail-a-good-public-investment/

Yet the public must be wary every time our leaders decide to spend billions of our tax dollars The Government Accountability Office’s comprehensive report on high-speed rail that reminds us that While some U.S. corridors have characteristics that suggest economic viability, uncertainty associated with rider and cost estimations and the valuation of public benefits makes it difficult to make such determinations on individual proposals. Research on rider and cost has shown they are often optimistic and the extent that U.S. sponsors quantify and value public benefits vary. The founders of transportation economics, like John Meyer and the deeply missed John Kain, found that the benefits of passenger rail rarely exceeded the costs. Their views were caricatured by generations of Harvard graduate students as “Bus Good, Train Bad.” Is money really better spent on fast trains than on educating our children?

### AT: Solves Economy

#### Math disproves their claim

Edward L. Glaeser, economics prof at Harvard, 2009, “Is High-Speed Rail a Good Public Investment?” http://economix.blogs.nytimes.com/2009/07/28/is-high-speed-rail-a-good-public-investment/

Is President Obama’s vision of hyper-fast trains racing through America a sound transportation policy or a costly boondoggle? Last week, I began a four-part series on the costs and benefits of high-speed rail. The readers of last week’s post seemed particularly eager to get to traffic congestion and the environment, but space constraints compel me to push these off until next week. Today I will get mired in the sometimes dull arcana of rail costs and direct benefits to users I’m going to frame the discussion around an imaginary 240-mile link between Dallas and Houston, but the basic formula for direct costs and benefit is general Number of Riders times (Benefit per Rider minus Variable Costs per Rider) minus Fixed Costs. I’m simplifying, but a formula needs to be simple if interested parties can seriously debate the numbers, and the only way that America is going to get to the right answer on public investments is if numbers trump rhetoric. I will plug illustrative figures into the formula, but not only am I well aware that every number here is debatable, I am hoping for just that debate. Last week, I cited data from the Government Accountability Office suggesting that $50 million a mile was a reasonable construction cost figure. To make this one-time cost comparable to everything else, which is an annual flow, the fixed cost needs to be converted into an annual cost, which is done by multiplying by an interest rate, capturing the opportunity cost of capital. If that cost of capital is 5 percent (as I said, everything is debatable), then the up-front capital cost is $2.5 million a mile per year, or $600 million for a 240-mile line. The other cost that is independent of the number of riders is track maintenance. One recent European estimate puts that cost at $140,000 a mile per year for a two-track system. A feasibility study of high-speed rail in Britain came up with the considerably higher figure of $493,000 a mile for surface trains. I’ll stay closer to the lower estimate and go with $200,000 a mile per year, which brings the fixed costs of the track up to $648 million per annum Other train costs — rolling stock purchase and maintenance, personnel — more or less scale up or down with the number of passenger miles. Unfortunately, there is plenty of range on these cost estimates. A 12-year-old classic in this field has a number of 10.5 cents a mile (in today’s dollars), but one recent European study comes out at 50 cents a passenger mile. Amtrak’s operating expenses run at about 45 cents a passenger mile. I’ll average between 10 and 50 and plug in 30 cents a passenger mile in operating costs, which comes to $72 for a 240-mile trip. I estimate benefits by comparing rail to air. A train going from Dallas to Houston at 150 miles an hour would take 96 minutes. Southwest Airlines takes an hour for the same route, but the need to arrive early could add on an extra hour. I’ll add on an extra 36 minutes for the driving time to the airports, which means that the train saves an hour. The per-passenger benefit from the high-speed rail line is the saved cost of the Southwest ticket ($80) plus an hour’s worth of time (let’s say $40, which seems generous), plus any added benefits from the comfort of the train (let’s say $20 more). All told, benefits per trip are $140. Since the variable costs are $72 for the trip (30 cents a mile times 240 miles), benefits minus variable costs come to $68 a trip. If these numbers were right (and I think that they are very kind to rail), then the system should be able to run a healthy operating surplus. How many riders will take high-speed rail between Houston and Dallas? Amtrak gets about 11 million customers in the Northeast Corridor, which has four large consolidated metropolitan areas together totaling 44 million people. If that four-to-one ratio held in Texas, then the high-speed rail link could expect three million riders, and more to come as Texas grows. But as President Obama has said one of the appeals of high-speed rail is “walking only a few steps to public transportation, and ending up just blocks from your destination.” That’s bad news for Texas. In Dallas less than 5 percent of the population takes public transportation to work, and more than 60 percent of all jobs are more than 10 miles from the city center. For these reasons, driving will continue to be extremely attractive for travelers who want to save parking fees and need cars once they arrive. I’ll go with 1.5 million trips a year (even including future growth), which would make the new rail line about as popular as all airplane flights between the two cities are today Now it’s just down to multiplying: 1.5 million trips times $68 a trip means $102 million for benefits minus operating costs. Annual capital costs came in $648 million, more than six times that amount. If you think that the right number is three million trips, then the benefits rise to $200 million, and the ratio between the per rider net benefits and costs drops to one-to-three. This is the cruel arithmetic faced by people, like myself, who would love to be pro-rail. One hint for train lovers who would like to make this comparison look better: make a compelling case that the interest rate should be much lower, as nothing else makes nearly as much difference. Also keep in mind that I haven’t brought in the environment or congestion. They’re up next week.

### AT: Economy – Heg

#### Economic decline doesn’t kill heg—military and political power outweigh and one decline isn’t enough to kill heg

Robert Kagan, former senior associate at the Carnegie Endowment for International Peace and former deputy for policy in the Bureau of Inter-American Affairs and Middle East and expert and frequent commentator on Egypt and the Middle East and U.S. national security and U.S.-European relations, 1-11-2012, “Not Fade Away: The myth of American decline,” The New Republic, <http://www.tnr.com/article/politics/magazine/99521/america-world-power-declinism?passthru=ZDkyNzQzZTk3YWY3YzE0OWM5MGRiZmIwNGQwNDBiZmI>

Powerful as this sense of decline may be, however, it deserves a more rigorous examination. Measuring changes in a nation’s relative power is a tricky business, but there are some basic indicators: the size and the influence of its economy relative to that of other powers; the magnitude of military power compared with that of potential adversaries; the degree of political influence it wields in the international system—all of which make up what the Chinese call “comprehensive national power.” And there is the matter of time. Judgments based on only a few years’ evidence are problematic. A great power’s decline is the product of fundamental changes in the international distribution of various forms of power that usually occur over longer stretches of time. Great powers rarely decline suddenly. A war may bring them down, but even that is usually a symptom, and a culmination, of a longer process. The decline of the British Empire, for instance, occurred over several decades. In 1870, the British share of global manufacturing was over 30 percent. In 1900, it was 20 percent. By 1910, it was under 15 percent—well below the rising United States, which had climbed over the same period from more than 20 percent to more than 25 percent; and also less than Germany, which had lagged far behind Britain throughout the nineteenth century but had caught and surpassed it in the first decade of the twentieth century. Over the course of that period, the British navy went from unchallenged master of the seas to sharing control of the oceans with rising naval powers. In 1883, Britain possessed more battleships than all the other powers combined. By 1897, its dominance had been eclipsed. British officials considered their navy “completely outclassed” in the Western hemisphere by the United States, in East Asia by Japan, and even close to home by the combined navies of Russia and France—and that was before the threatening growth of the German navy. These were clear-cut, measurable, steady declines in two of the most important measures of power over the course of a half-century. SOME OF THE ARGUMENTS for America’s relative decline these days would be more potent if they had not appeared only in the wake of the financial crisis of 2008. Just as one swallow does not make a spring, one recession, or even a severe economic crisis, need not mean the beginning of the end of a great power. The United States suffered deep and prolonged economic crises in the 1890s, the 1930s, and the 1970s. In each case, it rebounded in the following decade and actually ended up in a stronger position relative to other powers than before the crisis. The 1910s, the 1940s, and the 1980s were all high points of American global power and influence.

### AT: Economy – Resilient

#### Aftershocks are expect – economy is fundamentally resilient

Ken Rogoff, Harvard economist, 1-27-2011, “Global economy is showing signs of resiliency,” Marketplace, http://marketplace.publicradio.org/display/web/2011/01/27/am-global-economy-is-showing-signs-of-resiliency/

ROGOFF: Well I think the recovery's reached a point where it's resilient but not robust. It happens like day follows night: you have a big financial crisis around the world, and a few years later you start seeing countries default on their debts. But it's usually been an aftershock, and not enough to shake off the recovery. But it's one of the reasons the recovery is not as robust as we're accustomed to.

#### Savings and loose fiscal and monetary policy

Joachim Fels, staff writer, 5-16-2011, “Global economy – resilience, rebalancing and repression,” Investment Postcards from Cape Town,, http://www.investmentpostcards.com/2011/05/16/resilience-rebalancing-and-repression/

We don’t share these doubts: Our big-picture view on growth remains unchanged from last month. We are constructive on economic growth; we think the global economy is quite resilient to the shocks we’ve seen; and we think that this recovery will be quite sustainable because of global rebalancing. Being constructive on growth does not mean we are blindly bullish. We don’t believe that global GDP will continue to grow at the 5% snapback pace we saw in 2010. Rather, we expect GDP to moderate to a little over 4% this year (4.2% to be precise) and we look for 4.6% next year. The important point is that we look for global growth to be above its long-term trend rate, which is 3.6% for the last 40 years. Too young to die: Keep in mind that this global recovery is only two years old – it only started in the middle of 2009. On average, recoveries in the global economy have lasted a little more than six years. The shortest one over the past 40 years took place in the second half of the 1970s and lasted only four years. The longest one was in the 1980s and ended after eight years. Recoveries typically end when major imbalances in an economy have developed and become unsustainable – such as overinvestment in the late 1990s or overconsumption in the late 2000s – and when monetary policy becomes very tight. Neither is true now. The global economy is relatively resilient: Despite the oil price shock, initial conditions are favourable because household and corporate balance sheets have improved since the financial crisis. Balance sheet clean-up and repair in the private sector has partly come at the expense of the public sector balance sheet, but that’s another story. Personal savings rates have increased in former bubble economies like the US and the UK, and corporate profit margins have widened to record highs. This implies that the capacity of both households and companies to absorb shocks from higher oil and commodity prices has increased. Global monetary and fiscal conditions are still very expansionary: Most governments are shying away from tightening fiscal policy despite large deficits. The global real short-term interest rate is still negative and way below the growth rate of the economy, indicating very easy monetary policies. Long-term interest rates are also very low and have eased further recently. As for the monetary policy tightening in China and other EM countries, we think that much of this is not genuine tightening. For example, the many increases in banks’ required reserves imposed by the People’s Bank of China are largely aimed at neutralising the hot money inflows that pump up domestic liquidity. This is not a genuine tightening, but rather an attempt to make sure that liquidity doesn’t get even more abundant. Moreover, while many central banks have been raising nominal interest rates, in most cases the increases in policy rates have lagged behind the increase in inflation. So, real rates have eased further in many cases. In short, monetary and fiscal conditions are still very easy around the world and should make the recovery quite resilient for now.

### AT: Economy – Resilient

#### The economy is resilient – Great Power peace, declining inflation and tech connectivity

Fareed Zakaria, Editor of Newsweek International, 12-21-2009, “The Secrets of Stability,” Newsweek, http://www.newsweek.com/id/226425

Others predicted that these economic shocks would lead to political instability and violence in the worst-hit countries. At his confirmation hearing in February, the new U.S. director of national intelligence, Adm. Dennis Blair, cautioned the Senate that "the financial crisis and global recession are likely to produce a wave of economic crises in emerging-market nations over the next year." Hillary Clinton endorsed this grim view. And she was hardly alone. Foreign Policy ran a cover story predicting serious unrest in several emerging markets. Of one thing everyone was sure: nothing would ever be the same again. Not the financial industry, not capitalism, not globalization. One year later, how much has the world really changed? Well, Wall Street is home to two fewer investment banks (three, if you count Merrill Lynch). Some regional banks have gone bust. There was some turmoil in Moldova and (entirely unrelated to the financial crisis) in Iran. Severe problems remain, like high unemployment in the West, and we face new problems caused by responses to the crisis—soaring debt and fears of inflation. But overall, things look nothing like they did in the 1930s. The predictions of economic and political collapse have not materialized at all. A key measure of fear and fragility is the ability of poor and unstable countries to borrow money on the debt markets. So consider this: the sovereign bonds of tottering Pakistan have returned 168 percent so far this year. All this doesn't add up to a recovery yet, but it does reflect a return to some level of normalcy. And that rebound has been so rapid that even the shrewdest observers remain puzzled. "The question I have at the back of my head is 'Is that it?' " says Charles Kaye, the co-head of Warburg Pincus. "We had this huge crisis, and now we're back to business as usual?" This revival did not happen because markets managed to stabilize themselves on their own. Rather, governments, having learned the lessons of the Great Depression, were determined not to repeat the same mistakes once this crisis hit. By massively expanding state support for the economy—through central banks and national treasuries—they buffered the worst of the damage. (Whether they made new mistakes in the process remains to be seen.) The extensive social safety nets that have been established across the industrialized world also cushioned the pain felt by many. Times are still tough, but things are nowhere near as bad as in the 1930s, when governments played a tiny role in national economies. It's true that the massive state interventions of the past year may be fueling some new bubbles: the cheap cash and government guarantees provided to banks, companies, and consumers have fueled some irrational exuberance in stock and bond markets. Yet these rallies also demonstrate the return of confidence, and confidence is a very powerful economic force. When John Maynard Keynes described his own prescriptions for economic growth, he believed government action could provide only a temporary fix until the real motor of the economy started cranking again—the animal spirits of investors, consumers, and companies seeking risk and profit. Beyond all this, though, I believe there's a fundamental reason why we have not faced global collapse in the last year. It is the same reason that we weathered the stock-market crash of 1987, the recession of 1992, the Asian crisis of 1997, the Russian default of 1998, and the tech-bubble collapse of 2000. The current global economic system is inherently more resilient than we think. The world today is characterized by three major forces for stability, each reinforcing the other and each historical in nature. The first is the spread of great-power peace. Since the end of the Cold War, the world's major powers have not competed with each other in geomilitary terms. There have been some political tensions, but measured by historical standards the globe today is stunningly free of friction between the mightiest nations. This lack of conflict is extremely rare in history. You would have to go back at least 175 years, if not 400, to find any prolonged period like the one we are living in. The number of people who have died as a result of wars, civil conflicts, and terrorism over the last 30 years has declined sharply (despite what you might think on the basis of overhyped fears about terrorism). And no wonder—three decades ago, the Soviet Union was still funding militias, governments, and guerrillas in dozens of countries around the world. And the United States was backing the other side in every one of those places. That clash of superpower proxies caused enormous bloodshed and instability: recall that 3 million people died in Indochina alone during the 1970s. Nothing like that is happening today. Peace is like oxygen, Harvard's Joseph Nye has written. When you don't have it, it's all you can think about, but when you do, you don't appreciate your good fortune. Peace allows for the possibility of a stable economic life and trade. The peace that flowed from the end of the Cold War had a much larger effect because it was accompanied by the discrediting of socialism. The world was left with a sole superpower but also a single workable economic model—capitalism—albeit with many variants from Sweden to Hong Kong. This consensus enabled the expansion of the global economy; in fact, it created for the first time a single world economy in which almost all countries across the globe were participants. That means everyone is invested in the same system. Today, while the nations of Eastern Europe might face an economic crisis, no one is suggesting that they abandon free-market capitalism and return to communism. In fact, around the world you see the opposite: even in the midst of this downturn, there have been few successful electoral appeals for a turn to socialism or a rejection of the current framework of political economy. Center-right parties have instead prospered in recent elections throughout the West. The second force for stability is the victory—after a decades-long struggle—over the cancer of inflation. Thirty-five years ago, much of the world was plagued by high inflation, with deep social and political consequences. Severe inflation can be far more disruptive than a recession, because while recessions rob you of better jobs and wages that you might have had in the future, inflation robs you of what you have now by destroying your savings. In many countries in the 1970s, hyperinflation led to the destruction of the middle class, which was the background condition for many of the political dramas of the era—coups in Latin America, the suspension of democracy in India, the overthrow of the shah in Iran. But then in 1979, the tide began to turn when Paul Volcker took over the U.S. Federal Reserve and waged war against inflation. Over two decades, central banks managed to decisively beat down the beast. At this point, only one country in the world suffers from -hyperinflation: Zimbabwe. Low inflation allows people, businesses, and governments to plan for the future, a key precondition for stability. Political and economic stability have each reinforced the other. And the third force that has underpinned the resilience of the global system is technological connectivity. Globalization has always existed in a sense in the modern world, but until recently its contours were mostly limited to trade: countries made goods and sold them abroad. Today the information revolution has created a much more deeply connected global system. Managers in Arkansas can work with suppliers in Beijing on a real-time basis. The production of almost every complex manufactured product now involves input from a dozen countries in a tight global supply chain. And the consequences of connectivity go well beyond economics. Women in rural India have learned through satellite television about the independence of women in more modern countries. Citizens in Iran have used cell phones and the Internet to connect to their well-wishers beyond their borders. Globalization today is fundamentally about knowledge being dispersed across our world. This diffusion of knowledge may actually be the most important reason for the stability of the current system. The majority of the world's nations have learned some basic lessons about political well-being and wealth creation. They have taken advantage of the opportunities provided by peace, low inflation, and technology to plug in to the global system. And they have seen the indisputable results. Despite all the turmoil of the past year, it's important to remember that more people have been lifted out of poverty over the last two decades than in the preceding 10. Clear-thinking citizens around the world are determined not to lose these gains by falling for some ideological chimera, or searching for a worker's utopia. They are even cautious about the appeals of hypernationalism and war. Most have been there, done that. And they know the price. In fact, the most remarkable development in the last few years has been the way China, India, Brazil, and other emerging markets have managed their affairs prudently, taming growth by keeping interest rates up and restricting credit in the middle of the bubble—just as an economics textbook (and common sense) would advise. Instead it was the advanced industrial world, which had always lectured everyone else about good political and economic management, that handled its affairs poorly, fueling bubble after bubble, being undisciplined in the boom, and now suffering most during the bust. The data reflect this new reality. By 2014 the debt of the rich countries in the G20 will be 120 percent of GDP, three times the level of debt in the big emerging-market countries. The students of the global system are now doing better than their teachers. Among the many realities that have become apparent in the last year, this is perhaps the most consequential. People in the West were quick to write off the developing nations after the crash, sure that they could not survive a recession in the centers of the global economy. But the strongest of the emerging markets have actually emerged. They have become large, mature, and connected enough that while affected by the West, their fortunes are not entirely dependent on it.

#### No global economic collapse and it wouldn’t cause conflict

Daniel Drezner, professor of international politics at the Fletcher School of Law and Diplomacy at Tufts University, 8-12-2011, “Please come down off the ledge, dear readers,” Foreign polivy, http://drezner.foreignpolicy.com/

So, when we last left off this debate, things were looking grim. My concern in the last post was that the persistence of hard times would cause governments to take actions that would lead to a collapse of the open global economy, a spike in general riots and disturbances, and eerie echoes of the Great Depression. Let's assume that the global economy persists in sputtering for a while, because that's what happens after major financial shocks. Why won't these other bad things happen? Why isn't it 1931? Let's start with the obvious -- it's not gonna be 1931 because there's some passing familiarity with how 1931 played out. The Chairman of the Federal Reserve has devoted much of his academic career to studying the Great Depression. I'm gonna go out on a limb therefore and assert that if the world plunges into a another severe downturn, it's not gonna be because central bank heads replay the same set of mistakes. The legacy of the Great Depression has also affected public attitudes and institutions that provide much stronger cement for the current system. In terms of publuc attitudes, compare the results of this mid-2007 poll with this mid-2010 poll about which economic system is best. I'll just reproduce the key charts below: The headline of the 2010 results is that there's eroding U.S. support for the global economy, but a few other things stand out. U.S. support has declined, but it's declined from a very high level. In contrast, support for free markets has increased in other major powers, such as Germany and China. On the whole, despite the worst global economic crisis since the Great Depression, public attitudes have not changed all that much. While there might be populist demands to "do something," that something is not a return to autarky or anything so drastc. Another big difference is that multilateral economic institutions are much more robust now than they were in 1931. On trade matters, even if the Doha round is dead, the rest of the World Trade Organization's corpus of trade-liberalizing measures are still working quite well. Even beyond the WTO, the complaint about trade is not the deficit of free-trade agreements but the surfeit of them. The IMF's resources have been strengthened as a result of the 2008 financial crisis. The Basle Committee on Banking Supervision has already promulgated a plan to strengthen capital requirements for banks. True, it's a slow, weak-assed plan, but it would be an improvement over the status quo. As for the G-20, I've been pretty skeptical about that group's abilities to collectively address serious macroeconomic problems. That is setting the bar rather high, however. One could argue that the G-20's most useful function is reassurance. Even if there are disagreements, communication can prevent them from growing into anything worse. Finally, a note about the possibility of riots and other general social unrest. The working paper cited in my previous post noted the links between austerity measures and increases in disturbances. However, that paper contains the following important paragraph on page 19: [I]n countries with better institutions, the responsiveness of unrest to budget cuts is generally lower. Where constraints on the executive are minimal, the coefficient on expenditure changes is strongly negative -- more spending buys a lot of social peace. In countries with Polity-2 scores above zero, the coefficient is about half in size, and less significant. As we limit the sample to ever more democratic countries, the size of the coefficient declines. For full democracies with a complete range of civil rights, the coefficient is still negative, but no longer significant. This is good news!! The world has a hell of a lot more democratic governments now than it did in 1931. What happened in London, in other words, might prove to be the exception more than the rule. So yes, the recent economic news might seem grim. Unless political institutions and public attitudes buckle, however, we're unlikely to repeat the mistakes of the 1930's. And, based on the data we've got, that's not going to happen.

#### ( ) Economy resilient – 911, war, and elections prove.

Sean McKibbon, economic analyst, 1-14-2009, “Obama Stimulus Plan Will Likely Soften Blow From U.S. Recession, CBOC Report Says,” CEP News, http://www.actionforex.com/latest-news/us-economy/obama-stimulus-plan-will-likely-soften-blow-from-u.s.-recession,-cboc-report-says-2009011475063/

The CBOC report forecasts the U.S. current account deficit will improve to $346 billion in 2009 on the back of a combination of weak oil prices and weak import growth. Exports will grow, but weakly, slackening from the 8.1% growth observed in 2008 to an anticipated 2.1% in 2009, the report says. "The United States is quickly dealing with the crisis engulfing its financial sector; and while an economic recovery is many months away, the flexible nature of the economy should enable it to eventually emerge largely intact. It is important to remember that the U.S. economy is incredibly resilient, as evidenced by its ability to emerge relatively unscathed from terrorist attacks, accounting scandals, wars, and a contested presidential election in the first half of this decade alone," the report says.

#### ( ) Economy is self-correcting

Bill Conerly, principal of Conerly Consulting LLC and chairman of the board of Cascade Policy Institute, 1-11-2009, “Economic Stimulus: More Harm Than Good,” http://businomics.typepad.com/businomics\_blog/2009/01/economic-stimulus-more-harm-than-good.html

The consensus of the economic forecasting profession, as surveyed by the Philadelphia Federal Reserve and The Wall Street Journal, is that economic growth will resume this summer. This point may need some explanation, because many of us have trouble believing that things will ever be different. (Digging out from a major snowstorm it's hard to believe that we'll be sweltering come August.) Here's how the economic recovery will unfold. First, the economy tends to be self-correcting. If not, we would have spiraled out of control many times already. Second, the Federal Reserve has pushed a tremendous amount of stimulus into the economy. There's a long time lag between cause and effect, but monetary policy always works -- it just appears not to be working for months before it finally kicks in. Third, consumers are cutting their spending disproportionately to the decline in incomes. Eventually, the money they are saving will burn a hole in their pockets, leading to a resumption of spending.

### AT: Economy – War

#### ( ) No wars from econ collapse.

Morris Miller, Winter 2000, Interdisciplinary Science Reviews, “Poverty as a cause of wars?” V. 25, Iss. 4, p pq

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

#### no impact—recession proves economic decline has no effect on world stability

Barnett 2009 – WPR columnist and editor for Esquire, senior managing director of Enterra Solutions (8/24, Thomas, World Politics Review, “The New Rules: Security Remains Stable Amid Financial Crisis”, http://www.worldpoliticsreview.com/articles/4213/the-new-rules-security-remains-stable-amid-financial-crisis)

When the global financial crisis struck roughly a year ago, the blogosphere was ablaze with all sorts of scary predictions of, and commentary regarding, ensuing conflict and wars -- a rerun of the Great Depression leading to world war, as it were. Now, as global economic news brightens and recovery -- surprisingly led by China and emerging markets -- is the talk of the day, it's interesting to look back over the past year and realize how globalization's first truly worldwide recession has had virtually no impact whatsoever on the international security landscape. None of the more than three-dozen ongoing conflicts listed by GlobalSecurity.org can be clearly attributed to the global recession. Indeed, the last new entry (civil conflict between Hamas and Fatah in the Palestine) predates the economic crisis by a year, and three quarters of the chronic struggles began in the last century. Ditto for the 15 low-intensity conflicts listed by Wikipedia (where the latest entry is the Mexican "drug war" begun in 2006). Certainly, the Russia-Georgia conflict last August was specifically timed, but by most accounts the opening ceremony of the Beijing Olympics was the most important external trigger (followed by the U.S. presidential campaign) for that sudden spike in an almost two-decade long struggle between Georgia and its two breakaway regions. Looking over the various databases, then, we see a most familiar picture: the usual mix of civil conflicts, insurgencies, and liberation-themed terrorist movements. Besides the recent Russia-Georgia dust-up, the only two potential state-on-state wars (North v. South Korea, Israel v. Iran) are both tied to one side acquiring a nuclear weapon capacity -- a process wholly unrelated to global economic trends. And with the United States effectively tied down by its two ongoing major interventions (Iraq and Afghanistan-bleeding-into-Pakistan), our involvement elsewhere around the planet has been quite modest, both leading up to and following the onset of the economic crisis: e.g., the usual counter-drug efforts in Latin America, the usual military exercises with allies across Asia, mixing it up with pirates off Somalia's coast). Everywhere else we find serious instability we pretty much let it burn, occasionally pressing the Chinese -- unsuccessfully -- to do something. Our new Africa Command, for example, hasn't led us to anything beyond advising and training local forces. So, to sum up: \*No significant uptick in mass violence or unrest (remember the smattering of urban riots last year in places like Greece, Moldova and Latvia?); \*The usual frequency maintained in civil conflicts (in all the usual places); \*Not a single state-on-state war directly caused (and no great-power-on-great-power crises even triggered); \*No great improvement or disruption in great-power cooperation regarding the emergence of new nuclear powers (despite all that diplomacy); \*A modest scaling back of international policing efforts by the system's acknowledged Leviathan power (inevitable given the strain); and \*No serious efforts by any rising great power to challenge that Leviathan or supplant its role. (The worst things we can cite are Moscow's occasional deployments of strategic assets to the Western hemisphere and its weak efforts to outbid the United States on basing rights in Kyrgyzstan; but the best include China and India stepping up their aid and investments in Afghanistan and Iraq.) Sure, we've finally seen global defense spending surpass the previous world record set in the late 1980s, but even that's likely to wane given the stress on public budgets created by all this unprecedented "stimulus" spending. If anything, the friendly cooperation on such stimulus packaging was the most notable great-power dynamic caused by the crisis. Can we say that the world has suffered a distinct shift to political radicalism as a result of the economic crisis? Indeed, no. The world's major economies remain governed by center-left or center-right political factions that remain decidedly friendly to both markets and trade. In the short run, there were attempts across the board to insulate economies from immediate damage (in effect, as much protectionism as allowed under current trade rules), but there was no great slide into "trade wars." Instead, the World Trade Organization is functioning as it was designed to function, and regional efforts toward free-trade agreements have not slowed. Can we say Islamic radicalism was inflamed by the economic crisis? If it was, that shift was clearly overwhelmed by the Islamic world's growing disenchantment with the brutality displayed by violent extremist groups such as al-Qaida. And looking forward, austere economic times are just as likely to breed connecting evangelicalism as disconnecting fundamentalism. At the end of the day, the economic crisis did not prove to be sufficiently frightening to provoke major economies into establishing global regulatory schemes, even as it has sparked a spirited -- and much needed, as I argued last week -- discussion of the continuing viability of the U.S. dollar as the world's primary reserve currency. Naturally, plenty of experts and pundits have attached great significance to this debate, seeing in it the beginning of "economic warfare" and the like between "fading" America and "rising" China. And yet, in a world of globally integrated production chains and interconnected financial markets, such "diverging interests" hardly constitute signposts for wars up ahead. Frankly, I don't welcome a world in which America's fiscal profligacy goes undisciplined, so bring it on -- please! Add it all up and it's fair to say that this global financial crisis has proven the great resilience of America's post-World War II international liberal trade order. Do I expect to read any analyses along those lines in the blogosphere any time soon? Absolutely not. I expect the fantastic fear-mongering to proceed apace. That's what the Internet is for.

### AT: Oil Dependence

#### No US oil dependence on the ME

Travis Hoium, staff writer, 8-31-2011, “America may not need Middle East Oil After All,” Daily Finance, http://www.dailyfinance.com/2011/08/31/america-may-not-need-middle-east-oil-after-all/

Between the "Drill Baby, Drill" political banter and the near-constant drone about our "reliance on foreign oil," you might think that the U.S. is in an energy crisis. What Crisis? That was true: From 1973 to 2005, net oil imports rose from 6,025 barrels per day to 12,549 barrels per day, or 60.3% of our consumption. But that's not the story any more. In fact, it may not be long till we can tell the Middle East: You're fired! Our dependence on foreign oil is actually falling, and the day we can rid ourselves of oil from the Middle East may now be on the horizon. While politicians talked about how burdensome regulations were, and how we should expand drilling to reduce our dependence on foreign oil, a magic thing happened: We started importing less oil. From 2005 to 2011, the percent of oil we net import has fallen from 60.3% of consumption to 47% of consumption. In the meantime, as people were talking about high oil prices, the industry started taking advantage of new technologies to extract oil profitably and domestically. Oil shale became all the rage, as companies from Kodiak Oil & Gas (KOG) to Continental Resources (CLR) started drilling wells as fast as they could. And even though it's only made a small dent, offshore drilling hasn't hurt, either. From 2005 to 2010 the amount of crude oil coming out of the Gulf of Mexico increased by 334,000 barrels per day. As drillers like Seadrill (SDRL), Transocean (RIG), and DryShips (DRYS) add more deepwater rigs to their fleets, the Gulf of Mexico should continue to add to our oil supply. Ohhh, Canada! Shale and offshore drilling haven't been alone in reducing our reliance on Middle Eastern oil. Oil sands in Canada could replace much of the oil supply now coming to us from across the Atlantic. According to the Canadian Association of Petroleum Producers, the Canadian oil sands yielded 1.47 million barrels of oil per day in 2010. That number's expected to jump to 3.7 million barrels per day by 2025. That growth has helped make Canada our No. 1 oil supplier, providing 26.9% of our oil in 2010, up from just 17.4% in 2005. The Mysterious Case of the Disappearing Demand As oil started to flow from new sources in North America, another strange thing happened: Oil consumption began falling. Yes, the recession hurt demand, but demand has fallen every year since 2005, and overall consumption is down 8.9% over that time. That trend should continue as vehicles get more efficient in the U.S. Ford (F), General Motors (GM), and other auto manufacturers recently agreed to increased fuel efficiency standards that will keep the downward consumption trend going. By 2025, the company's fleets of cars and light trucks will have to achieve 54.5 miles per gallon on average, saving another 2.2 million barrels of oil per day. We Don't Need Your Stinkin' Oil In 2010, we imported 1,711 thousand barrels of oil from the Persian Gulf, a decrease of 26.7% from 2005. OPEC imports, which include Venezuela and Nigeria, have also fallen 12.2% over that time. As efficiency rises, oil shale and offshore production increases, and countries like Canada and Brazil step up production, we may finally be able to stop sending our money to the Middle East for oil. At the very least, we're headed in the right direction. And with countries like China increasing demand and importing more oil (which, I've pointed out, could lead to an energy crisis in that country), this change may have arrived just in time.

### AT: Oil Dependence

#### No incentive to use oil exports strategically – exporters are more dependent on oil revenue than we are on consumption

Philip Auerswald, assistant professor and director of the Center for Science and Technology Policy at the School of Public Policy, George Mason University, June 2007, “The Irrelevance of the Middle East,” The American Interest, http://www.the-american-interest.com/article.cfm?piece=269

Theory and history both indicate that oil is an inherently feeble strategic weapon. The most common arguments to the contrary typically rest on an undergraduate-level economic analysis that assumes technological stagnation even as growth in demand outpaces that in supply. Currently, demand is growing because 15 years of very low oil prices eroded U.S. consumer interest in energy conservation, and because long-suppressed economies in China, India, Vietnam and elsewhere have surged forward. The spare production capacity of OPEC countries is today down to less than two million barrels per day, or about 2 percent of global demand. (Twenty years ago, when gas was last at $3 per gallon in real terms, spare capacity was 15 million barrels per day, or about a quarter of global demand.) Under these conditions, a simple application of “Econ 101” would seem to suggest that oil exporters can cripple the economies of import-reliant countries by sharply reducing supply and driving up prices. In the real world, however, it’s not so simple. Petro-alarmism focused on the Middle East ignores the adverse impact on oil-producing countries of withholding output. The near-apocalyptic scenarios frequently offered up require oil producers to behave in ways that would be at least as damaging to their own interests as to those of oil-consuming countries. 2 2. See James Woolsey, Testimony Before the Senate Committee on Agriculture, Nutrition and Forestry, May 6, 2004; and Anne Myers Jaffe, “United States and the Middle East: Policies and Dilemmas”, National Commission on Energy Policy, Ending the Energy Stalemate (December 2004). In reality, the economies of the oil-producing countries of the Middle East are even more dependent on oil revenues than the economies of consuming countries are on the crude they import. (Saudi oil export revenues account for 90–95 percent of the Kingdom’s export earnings, 70–80 percent of its state revenues and roughly 40 percent of the country’s GDP.) As a result, producers have at least as much reason to be concerned about sustained high oil prices as do oil consumers. Regardless of the strident, politically motivated pronouncements selected leaders from the late Saddam Hussein to Ayatollah Ali Khomenei may make about their “oil weapon”, it does them (and their local political patrons) little good to sell at very high prices today if the effect is to provide their globally distributed customers with an incentive to develop substitutes for their product tomorrow. Producers who wish to maximize long-term revenue will seek stable oil prices at the highest level that does not induce substantial investment in substitutes. They will want particularly to dissuade research investments by customers with an advanced ability to develop alternatives—a category that includes the United States. For the past twenty years, oil producers have had good reason to celebrate success in this regard. That leading oil producers care at least as much about future profits as they do about present ones is borne out by both word and deed. Adel al-Jubeir, a former foreign policy adviser to then-Saudi Crown Prince Abdullah and now Saudi Arabia’s Ambassador to the United States, offered this candid summary for the May 27, 2004, Wall Street Journal, when the strategic leverage of oil producers was arguably at its height: “We’ve got almost 30 percent of the world’s oil. For us, the objective is to assure that oil remains an economically competitive source of energy. Oil prices that are too high reduce demand growth for oil and encourage the development of alternative energy sources.” The Saudi response to the recent surge in oil prices provides credence to this claim: The U.S. Energy Information Agency estimates that from 2002 to the first half of 2005 Saudi Arabia’s total oil production increased dramatically from 8.5 to 11.1 million barrels per day. Explaining why the Saudis chose to “help” the United States and other oil-importers by boosting production does not require resorting to conspiracy theories. It requires only understanding Saudi self-interest. For those not persuaded by theory, consider the historical record between 1981 and 1999: An Islamic fundamentalist regime consolidated power in Iran; Iran and Iraq fought an eight-year war literally within eyeshot of oil and gas installations; Hizballah bombers killed more than 300 U.S. Marines in Lebanon; al-Qaeda staged multiple successful attacks on U.S. interests, including the first attack on the World Trade Center; the first Gulf War came and went; and the first Palestinian intifada raged in the West Bank and Gaza. Yet oil prices, adjusted for inflation, trended downward throughout this entire period. The price fluctuations that did occur were by no reasonable measure greater than fluctuations in other globally traded commodities during that interval. If anything the numbers suggest that the price of oil is less volatile than other such commodities.33. I am hardly the first to point out all of this. Already in the early 1980s the economist Eliyahu Kanovsky predicted an extended period of low real oil prices. For this he was ridiculed and excoriated, but he proved to be correct. Peter Schwartz reached similar conclusions and provided lucrative advantages to those of his corporate clients who took him seriously.

#### Oil is a fungible global commodity – single producers have very little effect and world markets react to prevent shocks

Philip Auerswald, assistant professor and director of the Center for Science and Technology Policy at the School of Public Policy, George Mason University, June 2007, “The Irrelevance of the Middle East,” The American Interest, http://www.the-american-interest.com/article.cfm?piece=269

Because oil, like all other commodities, is traded on global markets, U.S. import prices are determined by world aggregate output and demand, not simply by the output of countries that supply the United States. Even if all U.S. oil imports came from Canada and Mexico, we would still pay the world price. The upward trend in oil prices in this decade has closely tracked that of other global commodities not concentrated in the Middle East, strongly suggesting that events in Baghdad and Tehran have less to do with energy price levels than do those in Shanghai and Mumbai. Nonetheless, it is possible that leadership in one or more of the major Middle Eastern oil-exporting countries might at some point put ideological objectives ahead of economic ones, thus acting “irrationally” from a profit-maximizing standpoint. The primary economic weapon at the disposal of such a rogue oil-exporting country would be to sharply reduce exports in an effort to destabilize prices. In doing so, a rogue state would drive prices only marginally higher, but it would punish itself with sharply reduced revenues. It would also benefit other oil producers and induce consumers to change their behavior. In short, the rogue would suffer, oil-producing competitors would absorb the abandoned market share, and users would substitute. The worst-case scenario most frequently cited in this regard is a sudden change of regime in Saudi Arabia, resulting in an abrupt termination of Saudi oil exports. Those with such concerns forget that we have seen a close approximation of that scenario once before. A look at the output behavior of Iran following the ascent of Ayatollah Khomeini is instructive. An initial sharp drop in Iranian oil output between 1979 and 1980 was followed by steady output growth through the 1980s (despite a war with Iraq) and that accelerated its pace in the 1990s. The bottom line is that, for the past quarter century, the oil output decisions of Islamic Iran have been no more menacing or unpredictable than Canada’s or Norway’s.

### AT: Oil Dependence

#### Adaptation empirically resolves supply problems resulting from Mid-East instability

Jeremy Kahn, staff writer, 2-13-2011, Boston Globe, “Crude reality”, <http://articles.boston.com/2011-02-13/news/29336191_1_crude-oil-shocks-major-oil-producers>

Among those asking this tough question are two young professors, Eugene Gholz, at the University of Texas, and Daryl Press, at Dartmouth College. To find out what actually happens when the world’s petroleum supply is interrupted, the duo analyzed every major oil disruption since 1973. The results, published in a recent issue of the journal Strategic Studies, showed that in almost all cases, the ensuing rise in prices, while sometimes steep, was short-lived and had little lasting economic impact. When there have been prolonged price rises, they found the cause to be panic on the part of oil purchasers rather than a supply shortage. When oil runs short, in other words, the market is usually adept at filling the gap. One striking example was the height of the Iran-Iraq War in the 1980s. If anything was likely to produce an oil shock, it was this: two major Persian Gulf producers directly targeting each other’s oil facilities. And indeed, prices surged 25 percent in the first months of the conflict. But within 18 months of the war’s start they had fallen back to their prewar levels, and they stayed there even though the fighting continued to rage for six more years. Surprisingly, during the 1984 “Tanker War” phase of that conflict — when Iraq tried to sink oil tankers carrying Iranian crude and Iran retaliated by targeting ships carrying oil from Iraq and its Persian Gulf allies — the price of oil continued to drop steadily. Gholz and Press found just one case after 1973 in which the market mechanisms failed: the 1979-1980 Iranian oil strike which followed the overthrow of the Shah, during which Saudi Arabia, perhaps hoping to appease Islamists within the country, also led OPEC to cut production, exacerbating the supply shortage. In their paper, Gholz and Press ultimately conclude that the market’s adaptive mechanisms function independently of the US military presence in the Persian Gulf, and that they largely protect the American economy from being damaged by oil shocks. “To the extent that the United States faces a national security challenge related to Persian Gulf oil, it is not ‘how to protect the oil we need’ but ‘how to assure consumers that there is nothing to fear,’ ” the two write. “That is a thorny policy problem, but it does not require large military deployments and costly military operations.” There’s no denying the importance of Middle Eastern oil to the US economy. Although only 15 percent of imported US oil comes directly from the Persian Gulf, the region is responsible for nearly a third of the world’s production and the majority of its known reserves. But the oil market is also elastic: Many key producing countries have spare capacity, so if oil is cut off from one country, others tend to increase their output rapidly to compensate. Today, regions outside the Middle East, such as the west coast of Africa, make up an increasingly important share of worldwide production. Private companies also hold large stockpiles of oil to smooth over shortages — amounting to a few billion barrels in the United States alone — as does the US government, with 700 million barrels in its strategic petroleum reserve. And the market can largely work around shipping disruptions by using alternative routes; though they are more expensive, transportation costs account for only tiny fraction of the price of oil.

#### Energy independence by 2023

Brian Milner, staff writer, 3-18-2012, “‘Saudi America’ heads for energy independence,” The Globe and Mail, http://www.theglobeandmail.com/globe-investor/investment-ideas/features/taking-stock/saudi-america-heads-for-energy-independence/article2373074/

But even bigger changes in the market lie just down the road. That’s because the U.S. is in the midst of a remarkable transformation that will end its dependence on foreign imports, including Canadian oil, much faster than anyone realizes and give its manufacturers a huge comparative advantage over competitors from China and other high-cost energy markets. Mr. Verleger has circled November, 2023, as the magic date, exactly 50 years after then president Richard Nixon called for the U.S. to meet all its own energy needs by 1980. Now, the shale gas explosion and increased production from offshore and unconventional oil sources in the U.S. heartland are turning the impossible dream into reality. “It is a very good news story for the [U.S.] economy, leaving the [presidential] campaign aside,” says Mr. Verleger, who retired last year as a professor of strategy at the University of Calgary. “And it’s a good news story for Canada, if you respond quickly and realize the best thing that ever happened [to the industry] was Keystone getting delayed.”

### AT: Oil Shocks

#### No impact to oil shocks – they have minimal effects, the economy is resilient

Philip Auerswald, assistant professor and director of the Center for Science and Technology Policy at the School of Public Policy, George Mason University, June 2007, “The Irrelevance of the Middle East,” The American Interest, http://www.the-american-interest.com/article.cfm?piece=269

Finally, what of the oft-mentioned threat of a terrorist strike on a critical node in the Middle Eastern oil production infrastructure? Amory Lovins and his co-authors have written that “[o]ne attack on a key Saudi oil facility could crash the world economy at any moment.”55. Lovins, E. Kyle Datta, Odd-Even Bustnes, Jonathan G. Koomey and Nathan J. Glasgow, “Winning the Oil Endgame: Innovation for Profits, Jobs, and Security”, Rocky Mountain Institute (2004). Gal Luft and Anne Korin made a similar argument in the November/December 2006 issue of this magazine, citing a terrorist near-miss in attacking the Saudi Abqaiq facility in February 2006. Macroeconomic evidence to support such dramatic claims is simply non-existent. Even with reference to the oil shocks of the 1970s, the causal link between oil supply disruption and economic downturn is not as clear as is widely believed. Among macroeconomists who have studied that era, policy decisions—in particular, monetary policy and Nixon-initiated price controls from 1971 to 1979—are generally agreed to have been important, if not the dominant, contributing factors to the recessions of that period. Indeed, a study co-authored by current Federal Reserve chairman Ben Bernanke in 1997, based on 1965–95 data, found that interest rate adjustments historically accounted for most of the depressing effects of oil price shocks on the economy. While one can construct a macroeconomic model in which oil shocks do cause recessions of the magnitude observed in the mid 1970s, early 1980s and early 1990s, most models predict substantially smaller effects. A rough consensus suggests that a 100 percent increase in oil prices today should lead to a 1 percent drop in aggregate output. And, as already noted, recent experience indicates that even this far-from-cataclysmic impact is likely an overestimate. Nearly everyone agrees, moreover, that thanks to policy, organizational and technological innovations, the oil-consuming economies of developed countries are far more resilient in the face of short-term oil supply disruptions today than they were thirty years ago. The strategic oil reserves of the OECD countries have grown to more than a billion barrels, representing a significant short-term response capability. We also use energy inputs far more efficiently than we did thirty years ago. And for all their negative lessons, Hurricanes Katrina and Rita demonstrated that the U.S. economy can adapt quickly to infrastructure disruption. How many terrorist cells would it have taken to damage Gulf Coast production and refining facilities as thoroughly as did those two storms? And even then, with the aggravating impact of the war in Iraq and speculative activity in the oil markets, the observed macroeconomic impact has been negligible.

### AT: Oil Shocks

#### Only a small part of the real economy

Tobias Rasmussen, Senior Economist, Middle East and Central Asia Department, IMF, and Agustin Roitman, Economist IMF, 8-25-2011, “Oil shocks around the world: are they really that bad?” http://voxeu.org/index.php?q=node/6905

To put these numbers in perspective, it is useful to think of an economy where oil accounts for 4% of total expenditure and where aggregate spending is determined entirely by demand. If the quantity of oil consumption remains unchanged, then a 25% increase in the price of oil will cause spending on other items to decrease and, hence, real GDP to contract by 1% of the total. From this reference point, one would expect the possibility of substituting away from oil to reduce the overall impact on GDP. At the same time, there could also be factors working in the opposite direction, via, for example, confidence effects, market frictions, or changes in monetary policy. With our estimates of the GDP loss at only about half the level implied by the direct price effect on the import bill, the results presented here suggest the size of any such magnifying effects, if present, is not substantial across countries. Are oil price increases really that bad? Conventional wisdom has it that oil shocks are bad for oil-importing countries. This is grounded in the experience of slumps in many advanced economies during the 1970s. It is also consistent with the large body of research on the impact of higher oil prices on the US economy, although the magnitude and channels of the effect are still being debated. Our recent research indicates that oil prices tend to be surprisingly closely associated with good times for the global economy. Indeed, we find that the US has been somewhat of an outlier in the way that it has been negatively affected by oil price increases. Across the world, oil price shock episodes have generally not been associated with a contemporaneous decline in output but, rather, with increases in both imports and exports. There is evidence of lagged negative effects on output, particularly for OECD economies, but the magnitude has typically been small. Controlling for global economic conditions, and thus abstracting from our finding that oil price increases generally appear to be demand-driven, makes the impact of higher oil prices stand out more clearly. For a given level of world GDP, we do find that oil prices have a negative effect on oil-importing countries and also that cross-country differences in the magnitude of the impact depend to a large extent on the relative magnitude of oil imports. The effect is still not particularly large, however, with our estimates suggesting that a 25% increase in oil prices will typically cause a loss of real GDP in oil-importing countries of less than half of 1%, spread over 2 to 3 years. These findings suggest that the higher import demand in oil-exporting countries resulting from oil price increases has an important contemporaneous offsetting effect on economic activity in the rest of the world, and that the adverse consequences are mostly relatively mild and occur with a lag.

#### Others offset

Edmund O’Sullivan, staff writer, 8-18-2011, “Dispelling the myth of the oil price shock,” MEED, http://www.meed.com/sectors/oil-and-gas/oil-upstream/dispelling-the-myth-of-the-oil-price-shock/3107205.article

US politicians are angry about Opec and gasoline prices, but there is new evidence that oil price increases do not seriously damage the world economy Still toying with the idea of running in the 2012 US presidential race, Donald Trump once more piled into oil producers group Opec about high American gasoline prices in an interview with Fox News in August. Oil should be $30 a barrel and not $100, he said. The only reason why it is not is because Opec conspires against the US and should be broken up. Not only will sharply lower oil prices be bad for oil-exporting nations, it will do little to help the world economy generally and the developing world in particular Economics will be the big issue in next year’s elections and opinion polls this summer suggest it will end President Obama’s presidency with a landslide for any credible Republican Party contender. Opec is an irresistible target for everyone hoping to tap US voters’ anger about joblessness, still accounting for 9 per cent of the US labour force. But it is also conventional wisdom among economists that oil price rises are bad, not only for the US, but for the world. A new report released by the IMF in August falsifies this argument. Using a global dataset covering the years since 1970, IMF economists Tobias Rasmussen and Agustin Roitman indeed demonstrate that oil price rises hurt the US economy, but America is the exception. For the rest of the world, the story is different. “…We find no evidence of a widespread contemporaneous effect (from oil price rises) on economic output across oil-importing countries, but rather value and volume increases in both imports and exports,” say the authors. “These findings suggest that the higher import demand in oil-exporting economies resulting from oil price increases has an important and immediate offsetting effect on economic activity in the rest of the world, and that the adverse consequences are mostly relatively mild and occurring with a lag.” So what is happening everywhere except in the US is that the increased income enjoyed by oil-exporting nations usually leads to higher imports from those countries. The US is the exception. Its main problem is that it imports too much petroleum and exports too little to oil-exporting nations. These are policy issues for Washington and not for Opec. The US has got it wrong, not oil-exporters. The IMF report suggests that the charge that Opec and oil-exporting nations have damaged the global economy by “artificially” increasing prices is wrong. Far from impoverishing the world, Opec nations have used the proceeds from the higher price of what remains their main source of hard currency to promote development at home and stimulate exports overseas. The beneficiaries have often been low-income nations in the Indian subcontinent and the Far East that have provided labour to work in Opec countries. The oil-producers group was founded in 1960 to secure a fair price for oil-exporting countries. It was also inspired by a desire to promote economic development in the Middle East, Africa, Latin America and Asia. Underpinning Opec’s purpose was the conclusion that the US and Western Europe were unequally enjoying too much of the world’s economic output. Opec did indeed succeed in raising oil prices, but it is far more than a market-fixing cartel. It’s been – through its domestic and international investment programmes – one of the most important engines of growth for five decades in some of the world’s poorest countries. The evidence also suggests that those calling for oil prices to fall are motivated by narrow self-interest. Not only will sharply lower oil prices be bad for oil-exporting nations, it will do little to help the world economy generally and the developing world in particular. The era of low prices after the 1986 oil slump had no general economic merit. Its main achievement was to provide motorists in the US and other advanced economies with cheap gasoline. That point has been made before. The IMF report provides facts to substantiate it.

### AT: Oil Shocks

#### Obama will release the SPR

Alexis Simendinger, staff writer, 2-28-2012, “As Gas Prices Spike, Obama May Tap Oil Reserve,” Real Clear Politics, http://www.realclearpolitics.com/articles/2012/02/28/as\_gas\_prices\_spike\_obama\_may\_tap\_oil\_reserve\_113277.html

Expectations are high that President Obama will tap the nation's oil reserves by this summer to respond to rising gasoline prices as he seeks a second term, according to analysts who stand on all sides of the question. Because the administration released 30 million barrels from the Strategic Petroleum Reserve into world oil markets last summer during the Libyan uprising, the president has ample precedent -- his own and predecessors' -- to do so again if he believes gasoline prices in the United States threaten economic growth, or if oil supplies are disrupted by world events, observers suggest. The law permits release of reserves under either of those conditions. Although some Republicans say they would oppose “raiding” the nation’s reserves for reasons other than supply emergencies, history offers election-year models that could help shield Obama from accusations of political maneuvering, should he opt to sell reserve petroleum this year to try to tamp down gas prices. “The conditions are right for doing so,” said Daniel Weiss, senior fellow and director of climate strategy for the Center for American Progress Action Fund, “because we’re having high oil prices, in part because speculators are bidding up the price to take advantage of people’s fears about a supply disruption.” In 1996, President Clinton and House Republicans, including former Speaker Newt Gingrich, agreed to sell oil in two waves from the Strategic Reserve as part of a budget deal to raise nearly $500 million in revenues to lower deficits. At the time, the reserve was not as full as it is today. In 2000, another election year, there were three emergency exchanges of reserve petroleum, followed by other such exchanges during presidential election years 2004 and 2008, related to concerns about supply disruptions. Last Friday, Treasury Secretary Tim Geithner said the administration would consider tapping some of the 696 million barrels of oil currently stored deep in manmade caverns in Texas and Louisiana. And on Capitol Hill, some House Democrats recently urged the administration in writing to take such action to curb the price of gasoline, which has risen on average 13 percent per gallon nationwide since this time last year. “Obviously Iran can do a lot of damage to the global economy,” Geithner told CNBC. “And we're working very carefully to try to minimize that risk. Make sure there are alternative sources of supply from Saudi Arabia and others that help compensate for reduced export from Iran. That's an important part of our strategy. …There's a case for the use of the reserve in some circumstances, and we'll continue to look at those and evaluate that carefully.” Supporters of the move argue that the Strategic Reserve is at 96 percent capacity, meaning the president could opt to draw down tens of millions of barrels of oil and still have plenty on hand for future supply disruptions. Last summer’s contracts, which released more than 30 million barrels of oil over several months, helped lower gas prices between 5.9 percent and 8 percent, according to various studies. Because the contract sale prices exceeded $100 a barrel for oil that cost the government less than a third of that to stockpile, the return to the Treasury was lucrative.

### AT: Oil Wars

#### Oil shocks don’t cause war

Peter van der Windt, Graduate Fellow at Columbia's Center for the Study of Development Strategies, 4-28-2009, Oil Price Shocks and the Onset of Civil War, <http://www.columbia.edu/cu/polisci/pdf-files/miniapsavanderwindt.pdf>

Figure 3 gives the probability for the onset of civil war for different values of ∆it. It is clear from the figure that something strange is going on; it seems likely that the result is driven by a few outliers. Returning to the data this observation seems to be correct. Out of the 4915 observations for ∆it only 17 of them are over 2,000 percent.29 As a robustness check I therefore rerun regression 3 excluding the observations for which ∆it > 2, 000. The results are given in regression 6 in table 5 in the appendix. While a change a domestic price shock still seems to have a positive effect on the onset of civil war its significance is gone. The bottom figure in figure 3 gives the simulation again. Indeed, the effect of an oil price shock on the onset of civil war is extremely small. Taking 2,000 as the cutoff value seems − and is − arbitrary. However, similar results are obtained if one takes any other value.30 6.3 Different environments Finally, I ran regression 3 by including the two different environments that were discussed in section 4.2. That is, by making use of variable RESi, I ran a regression that separates countries with oil reserves from countries without oil reserves. The results are given in regression 7 in table 5 in the appendix. In addition, by making use of variable RESi, I ran a regression that separates countries that are dependent on oil revenues from countries that are not. The results are given in regression 8 in table 5 in the appendix. We do not obtain shockingly new results. 7 Conclusion This paper looked at the potential effects of shocks in the price of natural resources on the onset of civil war; this is in contrast to previous large-N studies that solely look at the abundance or dependence of a country on natural resources. Theoretically there are reasons why we should expect that a sudden shock in the price of a country’s natural resource could trigger a civil war from one year to the next. By looking at the yearly change in the price of oil, I do not find evidence that an oil price shock leads to civil war.

### AT: Oil Shocks Kill Econ

#### Oil shocks don’t effect the economy

National Post, 10-17-2007, “No need to fear oil shocks,” <http://www.canada.com/nationalpost/financialpost/comment/story.html?id=6f79f84b-df8c-47ae-a0fa-6ccb85c7eb63>

Although oil prices hit US$80, the inflation, unemployment and recession that supposedly follow oil-price shocks are nowhere on the macroeconomic radar screen. If the economy goes into a tailspin, it will be in response to bad news in the housing market, not the oil market. The lesson to be derived from this is pretty clear: While oil-price spirals are certainly nothing for consumers to celebrate, the health of the economy is not held hostage to oil markets. The orthodox view that governed our understanding of oil-price shocks until recently was that the economic damage associated with those shocks was not the result of oil-price increases per se. Higher oil prices, after all, simply make oil producers richer, and everyone else poorer. Over the long run, more money spent on oil equals less money spent on everything else. This reduces the demand for, and thus the price of, everything (including labour!) save for oil. As long as oil producers are spending and/or investing their increased profits, the net effect of all this -- from a macroeconomic perspective--is zero. All of this will eventually happen, but the length of time required to get oil consumers to adjust their behaviour in response to a price shock is what was thought to trigger the economic downside associated with an oil crisis. If wages and consumption rates outside the oil sector fail to go down, either unemployment will follow or inflation will result, because there's only so much money to go around, unless the Federal Reserve accommodates everyone's demand for money. The main dissenting view was most strongly forwarded by then Princeton University economist and now Federal Reserve Board chairman Ben Bernanke and his colleagues. They argued that different ("better") monetary policy -- more specifically, one that maintains the federal funds rate at a constant level, rather than raising it in the face of an oil shock -- could reduce or even eliminate the recessionary effect of oil shocks. Economists James Hamilton and Anna Herrera, however, were skeptical of that proposition. They argued that the "better" monetary policy advocated by Bernanke et al. effectively calls for massive declines in the federal funds rate over the entire course of an oil shock, something that is probably not possible in the real world. Moreover, the Federal Reserve would have to keep the funds rate below levels anticipated by market actors for 36 months in a row, which is, of course, an unlikely proposition. Interestingly enough, the Federal Reserve, now chaired by Ben Bernanke, is not pursuing the policies advocated by its chairman when the chairman was in the academy. That was the state of the debate until the most recent price shock. The economy's failure to respond to one of the steepest oil-price increases in history with a recession, however, sent economists back to the theoretical drawing board. All the new analyses agree that the more flexible economy that we have now allows us to cope more easily with oilprice shocks. It underscores the danger of the price-control regimes of the 1970s, something that politicians are increasingly flirting with as energy prices continue to climb and put into question a panoply of government programs.

#### No Impact to Oil Shocks

[Alan S. Blinder](http://www.voxeu.org/index.php?q=node/1140), Gordon S. Rentschler Memorial Professor of Economics and Public Affairs at Princeton University, [Jeremy Rudd](http://www.voxeu.org/index.php?q=node/2776), Senior economist in the Research and Statistics Division of the Federal Reserve Board13, January 2009, Oil shocks redux, <http://www.voxeu.org/index.php?q=node/2786>

A comparatively painless oil shock? But that still leaves us with a puzzle. If supply shocks were the key factor behind the poor macroeconomic outcomes of the 1970s and early 1980s, why didn’t the most recent run-up in oil prices have similarly dramatic effects? As has been documented by a number of authors – including Hooker (1996, 2002), [Blanchard](http://voxeu.org/index.php?q=node/63" \t "_blank) and Gali (2007), and Nordhaus (2007) – oil shocks have had smaller macroeconomic effects since the early 1980s. The basic stylised facts seem to be that the positive response of core inflation has diminished sharply over time and the negative responses of output and employment have nearly vanished. Why might that be? One reason is obvious. Thanks largely to an array of market reactions to higher energy prices after OPEC I and II, the US and other industrialised countries are now far less energy-intensive than they were in 1973. In the case of the US, the energy content of GDP (measured as the number of BTUs consumed per dollar of real output) has fallen dramatically since 1973 and is now about half of what it was then. By itself, this halving of the US economy’s energy intensity would also halve the macroeconomic impacts of oil shocks, with the reductions roughly equal for prices and quantities.

### AT: Peak Oil

#### Peak oil theory is flawed – only alarmists

Vaclav Smil, distinguished professor in the Faculty of Environment at the University of Manitoba, 2008, Global Catastrophes and Trends: The Next 50 Years, p. 78

A small army of experts has disseminated an alarmist notion of imminent global oil exhaustion followed by economic implosion, massive unemployment, breadlines, homelessness, and the catastrophic end of industrial civilization (Ivanhoe 1995; Campbell 1997; Laherrère 1997; Deffeyes 2001). Their alarmist arguments mix incontestable facts with caricatures of complex realities, and they exclude anything that does not fit preconceived conclusions in order to issue obituaries of modern civilization. Their conclusions are based on a lack of nuanced understanding of the human quest for energy. They disregard the role of prices, historical perspectives, and human inventiveness and adaptability. Their interpretations are anathema to any critical, balanced scientific evaluation, but, precisely for that reason, they attract mass media attention. These predictions are just the latest installments in a long history of failed forecasts but their advocates argue that this time the circumstances are really different and the forecasts will not fail. In order to believe that, one has to ignore a multitude of facts and possibilities that readily counteract their claims. And, most important, there is no reason that even an early peak to global oil production should trigger any catastrophic events.

#### No catastrophic impact to peak oil – high prices would trigger a shift to other energy sources

Vaclav Smil, distinguished professor in the Faculty of Environment at the University of Manitoba, 2008, Global Catastrophes and Trends: The Next 50 Years, p. 80-81

Steeply rising oil prices would not lead to unchecked bidding for the remaining oil but would accelerate a shift to other energy sources. This lesson was learned painfully by OPEC after oil prices rose to nearly $40/bbl in 1981, and it led Sheikh Ahmed Zaki Yamani (2000), the Saudi oil minister from 1962 to 1986, to conclude that high prices would only hasten the day when the organization would be left with untouched fuel reserves because new efficient techniques would reduce the demand for transport fuels and leave much of the Middle East’s oil in the ground forever. And yet, as noted, price feedbacks are inexplicably missing from all accounts of coming oil depletion and its supposedly catastrophic consequences. Instead, there is an assumption of demand immune to any external factors. In reality, rising prices do trigger powerful adjustments. Between 1973 and 1985 the U.S. CAFE (corporate automobile fuel efficiency) was doubled to 27.5 mpg, but further improvements were not pursued largely because of falling oil prices. A mere resumption of that rate of improvement (technically easy to do) would have automobiles averaging 40 mpg by 2015, and a more aggressive adoption of hybrids could bring the rate to 50 mpg, more than halving the current U.S. need for automotive fuel and sending oil prices into a tailspin. And although oil prices are still relatively low (adjusted for inflation and lower oil intensity of modern economies, even $100/bbl is at least 25% below the 1981 peak), they have already reinvigorated the quest for tapping massive deposits of nonconventional oil as well as the development of new gas fields aimed at converting the previously “stranded” reserves into a massively traded global commodity (liquefied natural gas). Technical advances will also make possible the conversion of that gas (and coal) into liquids, and increasing recoveries of coalbed methane and extraction of methane from hydrates will supply more hydrocarbons. But even if the global extraction of conventional crude oil were to peak within the next two decades, this would not mean any inevitable peak of overall global oil production, and even less so the end of the oil era, because very large volumes of the fuel from traditional and nonconventional sources would remain on the world market during the first half of the twenty-first century. As oil becomes dearer, we will use it more selectively and efficiently and intensify the shift from oil to natural gas and to renewable and nuclear alternatives. Finally, it must be stressed that fossil fuels will retreat only slowly because the dominant energy converters depend on their supply. The evolution of modern energy systems has shown a great deal of inertia following the epochal commercial introduction of new prime movers. All those overenthusiastic, uncritical promoters of new energy techniques would do well to consider five fundamental realities.

### AT: Heg

#### No impact to heg

Christopher J. Fettweis, Department of Political Science, Tulane University, 9-26-2011, Free Riding or Restraint? Examining European Grand Strategy, Comparative Strategy, 30:316–332, EBSCO

It is perhaps worth noting that there is no evidence to support a direct relationship between the relative level of U.S. activism and international stability. In fact, the limited data we do have suggest the opposite may be true. During the 1990s, the United States cut back on its defense spending fairly substantially. By 1998, the United States was spending $100 billion less on defense in real terms than it had in 1990.51 To internationalists, defense hawks and believers in hegemonic stability, this irresponsible “peace dividend” endangered both national and global security. “No serious analyst of American military capabilities,” argued Kristol and Kagan, “doubts that the defense budget has been cut much too far to meet America’s responsibilities to itself and to world peace.”52 On the other hand, if the pacific trends were not based upon U.S. hegemony but a strengthening norm against interstate war, one would not have expected an increase in global instability and violence. The verdict from the past two decades is fairly plain: The world grew more peaceful while the United States cut its forces. No state seemed to believe that its security was endangered by a less-capable United States military, or at least none took any action that would suggest such a belief. No militaries were enhanced to address power vacuums, no security dilemmas drove insecurity or arms races, and no regional balancing occurred once the stabilizing presence of the U.S. military was diminished. The rest of the world acted as if the threat of international war was not a pressing concern, despite the reduction in U.S. capabilities. Most of all, the United States and its allies were no less safe. The incidence and magnitude of global conflict declined while the United States cut its military spending under President Clinton, and kept declining as the Bush Administration ramped the spending back up. No complex statistical analysis should be necessary to reach the conclusion that the two are unrelated. Military spending figures by themselves are insufficient to disprove a connection between overall U.S. actions and international stability. Once again, one could presumably argue that spending is not the only or even the best indication of hegemony, and that it is instead U.S. foreign political and security commitments that maintain stability. Since neither was significantly altered during this period, instability should not have been expected. Alternately, advocates of hegemonic stability could believe that relative rather than absolute spending is decisive in bringing peace. Although the United States cut back on its spending during the 1990s, its relative advantage never wavered. However, even if it is true that either U.S. commitments or relative spending account for global pacific trends, then at the very least stability can evidently be maintained at drastically lower levels of both. In other words, even if one can be allowed to argue in the alternative for a moment and suppose that there is in fact a level of engagement below which the United States cannot drop without increasing international disorder, a rational grand strategist would still recommend cutting back on engagement and spending until that level is determined. Grand strategic decisions are never final; continual adjustments can and must be made as time goes on. Basic logic suggests that the United States ought to spend the minimum amount of its blood and treasure while seeking the maximum return on its investment. And if the current era of stability is as stable as many believe it to be, no increase in conflict would ever occur irrespective of U.S. spending, which would save untold trillions for an increasingly debt-ridden nation. It is also perhaps worth noting that if opposite trends had unfolded, if other states had reacted to news of cuts in U.S. defense spending with more aggressive or insecure behavior, then internationalists would surely argue that their expectations had been fulfilled. If increases in conflict would have been interpreted as proof of the wisdom of internationalist strategies, then logical consistency demands that the lack thereof should at least pose a problem. As it stands, the only evidence we have regarding the likely systemic reaction to a more restrained United States suggests that the current peaceful trends are unrelated to U.S. military spending. Evidently the rest of the world can operate quite effectively without the presence of a global policeman. Those who think otherwise base their view on faith alone.

#### Heg is resilient – economy, military, and alliances

Robert Kagan, works for Brookings, 2-21-2012, “U.S. "decline" extremely "overstated": Scholar,” CBS, http://www.cbsnews.com/8301-505263\_162-57381571/u.s--decline-extremely-overstated-scholar/

Rose So, what are you saying about America's decline? Kagan: I'm saying we have tremendously overstated, and it's very premature to declare that decline. We are -- the truth is, the United States, both economically and militarily, and also in terms of its overall influence, really is as strong as it's ever been, and I think part of our problem is we have a mythical view of the past. People think that we were able to do everything we wanted, tell everybody what to do, order the whole world around in the past, and now we can no longer do it. The truth is, we've always had difficulties, it's always been a struggle, but I think the United States is still in a very strong position. Pat Buchanan: Western civilization on its last legs Rose: But there is this central fact. There has been a transfer of economic power to the East from the West. Kagan: Although most of that transfer has not actually come at the expense of the United States. If you look at the global share of Gross Domestic Product that the United States has, it's remained remarkably steady for the last 40 years -- about a quarter of overall world GDP. China's been rising mostly at the expense of Europe and Japan. Now of course, the Chinese rise is significant, it's going to mean a different kind of future, but I'm not sure it's a challenge that the United States can't meet and really will necessarily change the standing of the United States in the world. Rose: As you know, it's called 'The Rise of the Rest' by some people, and the point is that, there has got to be, in this kind of circumstance, a different sharing of power. Do you reject that idea? Kagan: I don't reject it; it's going to be different players involved. But if you think about, again, the Cold War, there was a significant 'rise of the rest' during the Cold War. Germany and Japan came out from nothing -- became economic powerhouses. You may remember, not so many years ago, we were worried about Japan taking over the world economically. The rise of those powers aided the United States and made the United States stronger in its competition with the Soviet Union. If you look at the current situation, if our leading competitor is going to be China in the decades to come, the rise of India is going to be an advantage to the United States. Rose: So, what role will we play today as China rises, and we see this movement of economic power, that's different from the role we have played when there were only two superpowers? Kagan: Well, we do face a more diverse, diffuse kind of power in the world. We have some strategic advantages in dealing with China. I think China's going to be economically powerful, but strategically, it faces powerful allies of the United States around its periphery, from Japan all the way around to India. We have to manage those alliances well. We have to engage both, including our European allies. I think those alliance structures remain the core of American influence in the world.

### AT: Heg

#### No transition crisis – powers integrate, they don’t challenge.

John Ikenberry, Albert G. Milbank Professor of Politics and International Affairs at Princeton, Summer 2011, “A World of Our Making,” Democracy, Issue #21, http://www.democracyjournal.org/21/a-world-of-our-making-1.php?page=2

Fourth, all the great powers have alignments of interests that will continue to bring them together to negotiate and cooperate over the management of the system. All the great powers—old and rising—are status-quo powers. All are beneficiaries of an open world economy and the various services that the liberal international order provides for capitalist trading states. All worry about religious radicalism and failed states. Great powers such as Russia and China do have different geopolitical interests in various key trouble spots, such as Iran and South Asia, and so disagreement and noncooperation over sanctions relating to nonproliferation and other security issues will not disappear. But the opportunities for managing differences with frameworks of great-power cooperation exist and will grow. Overall, the forces for continuity are formidable. Of course, there are many forces operating in the world that can generate upheaval and discontinuity. The collapse of the global financial system and an economic depression that triggers massive protectionism are possibilities. Terrorism and other forms of transnational violence can also trigger political panic and turmoil that would lead governments to shut down borders and reimpose restrictions on the movement of goods and people. But in the face of these seismic events in world politics, there are deep forces that keep the system anchored and stable.

#### Other factors prevent regional escalation – SQ retrenchment solves.

Joseph M. Parent (Assistant Professor of Political Science at the University of Miami) and Paul K. MacDonald (Assistant Professor of Political Science at Wellesley College) November/December 2011 “The Wisdom of Retrenchment” Foreign Affairs, http://www.ihavenet.com/World-United-States-The-Wisdom-of-Retrenchment-America-Must-Cut-Back-to-Move-Forward-Foreign-Affairs.html

Despite the erosion of U.S. military and economic dominance, many observers warn that a rapid departure from the current approach to foreign policy would be disastrous. The historian Robert Kagan cautions that "a reduction in defense spending . . . would unnerve American allies and undercut efforts to gain greater cooperation." The journalist Robert Kaplan even more apocalyptically warns that "lessening [the United States'] engagement with the world would have devastating consequences for humanity." But these defenders of the status quo confuse retrenchment with appeasement or isolationism. A prudent reduction of the United States' overseas commitments would not prevent the country from countering dangerous threats and engaging with friends and allies. Indeed, such reductions would grant the country greater strategic flexibility and free resources to promote long-term growth. A somewhat more compelling concern raised by opponents of retrenchment is that the policy might undermine deterrence. Reducing the defense budget or repositioning forces would make the United States look weak and embolden upstarts, they argue. "The very signaling of such an aloof intention may encourage regional bullies," Kaplan worries. This anxiety is rooted in the assumption that the best barrier to adventurism by adversaries is forward defenses -- the deployment of military assets in large bases near enemy borders, which serve as tripwires or, to some eyes, a Great Wall of America. There are many problems with this position. For starters, the policies that have gotten the United States in trouble in recent years have been activist, not passive or defensive. The U.S.-led invasion of Iraq alienated important U.S. allies, such as Germany and Turkey, and increased Iran's regional power. NATO's expansion eastward has strained the alliance and intensified Russia's ambitions in Georgia and Ukraine. More generally, U.S. forward deployments are no longer the main barrier to great-power land grabs. Taking and holding territory is more expensive than it once was, and great powers have little incentive or interest in expanding further. The United States' chief allies have developed the wherewithal to defend their territorial boundaries and deter restive neighbors. Of course, retrenchment might tempt reckless rivals to pursue unexpected or incautious policies, as states sometimes do. Should that occur, however, U.S. superiority in conventional arms and its power-projection capabilities would assure the option of quick U.S. intervention. Outcomes of that sort would be costly, but the risks of retrenchment must be compared to the risks of the status quo. In difficult financial circumstances, the United States must prioritize. The biggest menace to a superpower is not the possibility of belated entry into a regional crisis; it is the temptation of imperial overstretch. That is exactly the trap into which opponents of the United States, such as al Qaeda, want it to fall. Nor is there good evidence that reducing Washington's overseas commitments would lead friends and rivals to question its credibility. Despite some glum prophecies, the withdrawal of U.S. armed forces from western Europe after the Cold War neither doomed NATO nor discredited the United States. Similar reductions in U.S. military forces and the forces' repositioning in South Korea have improved the sometimes tense relationship between Washington and Seoul. Calls for Japan to assume a greater defense burden have likewise resulted in deeper integration of U.S. and Japanese forces. Faith in forward defenses is a holdover from the Cold War, rooted in visions of implacable adversaries and falling dominoes. It is ill suited to contemporary world politics, where balancing coalitions are notably absent and ideological disputes remarkably mild. Others warn that the U.S. political system is too fragmented to implement a coordinated policy of retrenchment. In this view, even if the foreign policy community unanimously subscribed to this strategy, it would be unable to outmaneuver lobbying groups and bureaucracies that favor a more activist approach. Electoral pressures reward lucrative defense contracts and chest-thumping stump speeches rather than sober appraisals of declining fortunes. Whatever leaders' preferences are, bureaucratic pressures promote conservative decisions, policy inertia, and big budgets -- none of which is likely to usher in an era of self-restraint. Despite deep partisan divides, however, Republicans and Democrats have often put aside their differences when it comes to foreign policy. After World War II, the United States did not revert to the isolationism of earlier periods: both parties backed massive programs to contain the Soviet Union. During the tempestuous 1960s, a consensus emerged in favor of détente with the Soviets. The 9/11 attacks generated bipartisan support for action against al Qaeda and its allies. Then, in the wake of the global financial crisis of 2008, politicians across the spectrum recognized the need to bring the wars in Afghanistan and Iraq to an end. When faced with pressing foreign policy challenges, U.S. politicians generally transcend ideological divides and forge common policies, sometimes expanding the United States' global commitments and sometimes contracting them. Today, electoral pressures support a more modest approach to foreign affairs. According to a 2009 study by the Pew Research Center, 70 percent of Americans would rather the United States share global leadership than go it alone. And a 2010 study by the Chicago Council on Global Affairs found that 79 percent of them thought the United States played the role of world policeman more than it should. Even on sacrosanct issues such as the defense budget, the public has demonstrated a willingness to consider reductions. In a 2010 study conducted by the Program for Public Consultation at the University of Maryland, 64 percent of respondents endorsed reductions in defense spending, supporting an average cut of $109 billion to the base-line defense budget. Institutional barriers to reform do remain. Yet when presidents have led, the bureaucrats have largely followed. Three successive administrations, beginning with that of Ronald Reagan, were able to tame congressional opposition and push through an ambitious realignment program that ultimately resulted in the closure of 100 military bases, saving $57 billion. In its 2010 defense budget, the Obama administration succeeded in canceling plans to acquire additional F-22 Raptors despite fierce resistance by lobbyists, members of Congress, and the air force brass. The 2010 budget also included cuts to the navy's fleet of stealth destroyers and various components of the army's next generation of manned ground vehicles. Thus, claims that retrenchment is politically impractical or improbable are unfounded. Just as a more humble foreign policy will invite neither instability nor decline, domestic political factors will not inevitably prevent timely reform. To chart a new course, U.S. policymakers need only possess foresight and will. THE VIRTUES OF RESTRAINT Even if a policy of retrenchment were possible to implement, would it work? The historical record suggests it would. Since 1870, there have been 18 cases in which a great power slipped in the rankings, as measured by its GDP relative to those of other great powers. Fifteen of those declining powers implemented some form of retrenchment. Far from inviting aggression, this policy resulted in those states' being more likely to avoid militarized disputes and to recover their former rank than the three declining great powers that did not adopt retrenchment: France in the 1880s, Germany in the 1930s, and Japan in the 1990s. Those states never recovered their former positions, unlike almost half of the 15 states that did retrench, including, for example, Russia in the 1880s and the United Kingdom in the first decade of the twentieth century. Retrenchment works in several ways. One is by shifting commitments and resources from peripheral to core interests and preserving investments in the most valuable geographic and functional areas. This can help pare back the number of potential flashpoints with emerging adversaries by decreasing the odds of accidental clashes, as well as reducing the incentives of regional powers to respond confrontationally. Whereas primacy forces a state to defend a vast and brittle perimeter, a policy of retrenchment allows it to respond to significant threats at the times and in the places of its choosing. Conflict does not become entirely elective, as threats to core interests still must be met. But for the United States, retrenchment would reduce the overall burden of defense, as well as the danger of becoming bogged down in a marginal morass. It would also encourage U.S. allies to assume more responsibility for collective security. Such burden sharing would be more equitable for U.S. taxpayers, who today shoulder a disproportionate load in securing the world. Every year, according to Christopher Preble of the Cato Institute, they pay an average of $2,065 each in taxes to cover the cost of national defense, compared with $1,000 for Britons, $430 for Germans, and $340 for Japanese. Despite spending far less on defense, the United States' traditional allies have little trouble protecting their vital interests. No state credibly threatens the territorial integrity of either western European countries or Japan, and U.S. allies do not need independent power- projection capabilities to protect their homelands. NATO's intervention in Libya has been flawed in many respects, but it has demonstrated that European member states are capable of conducting complex military operations with the United States playing a secondary role. Going forward, U.S. retrenchment would compel U.S. allies to improve their existing capabilities and bear the costs of their altruistic impulses. The United States and its allies have basically the same goals: democracy, stability, and trade. But the United States is in the awkward position of both being spread too thin around the globe and irritating many states by its presence on, or near, their soil. Delegating some of its responsibilities to allies would permit the U.S. government to focus more on critical objectives, such as ensuring a stable and prosperous economy. Regional partners, who have a greater stake in and knowledge of local challenges, can take on more responsibility. With increased input from others and a less invasive presence, retrenchment would also allow the United States to restore some luster to its leadership.

### Costs PC

#### Costs capital – fights

Daniel Wood, staff writer, 2-8-2011, “GOP critic calls Joe Biden's $53 billion high-speed rail plan 'insanity',” CSM.

Vice President Joe Biden Tuesday proposed that the US government infuse $53 billion into a national high-speed rail network. The announcement was met immediately by deep skepticism from two House Republicans that could be crucial to the plan's success, raising questions about whether it can clear Capitol Hill. House Transportation Committee Chair Rep. John Mica (R) of Florida said previous administration grants to high-speed rail projects were a failure, producing "snail speed trains to nowhere." He called Amtrak a "Soviet-style train system" and said it "hijacked" nearly all the administration's rail projects. Meanwhile, Railroads Subcommittee Chair Rep. Bill Shuster (R) of Pennsylvania said Mr. Biden's plan was "insanity," adding: "Rail projects that are not economically sound will not 'win the future' " – coopting the slogan President Obama coined in his State of the Union address. With Republicans controlling the House and dedicating themselves to deep budget cuts, any new spending proposed by the White House will face stiff scrutiny. But Congressman Shuster offers some hope of compromise. On Jan. 28 in Hartford, Conn., he proclaimed his support for expanding high-speed rail in the Northeast, backing a network that could stretch from Montreal to Washington, D.C.

#### Austerity climate means it costs PC

Petra Todorovich, assistant visiting professor at the Pratt Institute Graduate Center for Planning and the Environment, 2011, “High-Speed Rail: International Lessons for U.S. Policy Makers,” Policy Focus Report, Lincoln Institute of Land Policy.

In recent years, Congress has addressed the funding shortfall with short-term ﬁxes by transferring general fund revenues to the highway trust fund. However, the need to ﬁnd a long-term solution presents the opportunity to address existing surface transportation needs and high-speed and passenger rail all at once. At some point in the near future, Congress must address the shortfall in national transportation funding. At that time legislators could also dedicate revenues for high-speed and passenger rail as part of the surface transportation program, generated by a variety of small increases or reallocations of current transportation-related fees to provide at least $5 billion in annual funds. Several proposals are currently being considered. • Raise the gas tax by 15 cents a gallon (The National Commission on Fiscal Responsibility and Reform, 2010) or more. Each additional cent of gas tax generates approximately $1.4 billion annually (AASHTO 2011). Several cents could be devoted to passenger rail. • Add a $1 surcharge on current passenger rail tickets to produce approximately $29 million annually (Amtrak 2011d). Though this is a relatively small amount of revenue, it could become an important source of funds for expanding and maintaining the system as passenger rail ridership grows. • Or, shift from a national gas tax to a percentage tax on crude oil and imported reﬁned petroleum products consumed in the United States to fund all the nation’s transportation needs (RAND Corporation 2011). RAND estimated that an oil tax of 17 percent would generate approximately $83 billion a year (at midsummer 2010 prices of $72 per barrel). Five billion dollars of this amount could be dedicated to passenger rail. Alternatively, if the federal government switched from the current gas tax to a tax based on vehicle miles traveled (VMT) and two-tenths of a penny per mile were dedicated to passenger rail, $5.4 billion could be generated every year (U.S. DOT 2011d). The VMT tax as a source of transportation funding is supported by many transportation policy leaders, but has been disavowed by the Obama administration (Laing 2011b). Former Interior secretary and Arizona governor Bruce Babbitt has proposed that a gasoline tax surcharge in the Northeast Corridor states could pay for high-speed rail in that region (Langdon 2011). This alternative has the advantage of explicitly linking the revenue sources to beneﬁciaries of the system. Other regional taxes, such as a payroll tax on businesses along the corridor, could also be considered. Such a tax is now used in downstate New York to help fund New York City Transit. Any of these options will face the difﬁcult reality of the current political climate centered on austerity, in which large new infrastructure investments are easy targets for trimming government budgets. Under these conditions, direct government funding alone will not be sufﬁcient to develop high-speed rail. Innovative ﬁnancing solutions will require both the expansion of government subsidized ﬁnancing options and private ﬁnancing initiatives.

### Costs PC

#### Massive fight – lobbies, budget concerns, and competitors

Brian Kingsley Krumm, JD at U of Tennessee College of Law, 1994, Notes: High Speed Ground Transportation Systems: A Future Component of America's Intermodal Network?, Transportation Law Journal, 1994, 22 Transp. L. J. 309

V. Policy and Legislative Analysis

Such policy objectives are widely supported by a large segment of the traveling public, as well as politicians who see HSGT as a mechanism for bringing jobs and economic development to their states. However, a number of forces shaping the high speed rail legislation today have little to do with the development of a coherent, long-term transportation policy. The primary force is the federal budget deficit, a major "stumbling block" to the implementation of HSGT systems in the United States. n69 High speed ground transportation infrastructure is costly, and costs increase as the design speed increases. n70 Funding for HSGT projects and programs has not met expectations; the 1993 and 1994 appropriations for HSGT system development under ISTEA were not funded as authorized. The Clinton Administration's "incremental approach" to HSGT, which builds on existing infrastructure and requires little or no acquisition of rights-of-way, is at least in part a recognition that levels of funding anticipated for HSGT infrastructure development during the campaign, are unlikely to be realized in this period of fiscal restraint.

### Costs PC

#### HSR will cost massive capital and spending – critics are impassioned

Congressional Digest, 2011, High-Speed Rail Investing in a New National Transportation Infrastructure, www.congressionaldigestdebates.com

Although Congress has debated the feasibility of highspeed rail off and on since the 1960s, enthusiasm usually faded in the face of such obstacles as cost and competition with other transportation priorities. It returned in February 2009, however, with the provision of $8 billion for intercity passenger rail and high-speed rail projects in the American Recovery and Reinvestment Act, followed by an Obama Administration proposal announced last month to invest $53 billion in high-speed rail over the next six years. State governments, rail advocates, and environmentalists responded positively, and the “Buy America” requirement in the Administration’s proposal drew commitments from foreign as well as domestic rail manufacturers to expand their bases and hire American workers. In recent months, however, some aspects of the plan have begun to unravel, as newly elected Republican governors in Florida, Wisconsin, and Ohio have rejected Federal funding for high-speed rail initiatives in their States, saying that their share of the construction and operating costs made the projects impractical and unaffordable. High-speed rail promoters in Congress and around the country remain undeterred, viewing the technology as essential to developing a strong twenty-first century economy in the face of dwindling oil supplies, increasing highway and airport congestion, and the need to create new manufacturing jobs. They argue that if America fails to invest now in a modern domestic transportation infrastructure, the Nation will be unable to compete successfully in the global economy. America need only look to its past, they reason, when progress was possible because previous generations had the foresight to imagine and invest in bold infrastructure projects that citizens rely on and take for granted today. Opponents are equally vehement in their assertion that the costs are too high and the benefits too low for highspeed rail to be a viable transportation option for the United States. They maintain that the President’s proposal would commit the Nation to a perpetual stream of Federal subsidies to offset the operating costs of a national high-speed rail network — and that the program, in fact, could become the equivalent of another Federal “entitlement” in its impact on budget deficits. Critics are skeptical that a sufficient number of people would actually use the system, given the continued convenience of cars and predicted advancements in that technology. They also note that high-speed rail lines elsewhere in the world have yet to earn enough revenue to cover construction and operating costs, and rely heavily on government subsidies. In light of the United States’ lack of experience in highspeed rail, the many funding and other challenges projects are likely to face, and the variety of the arguments for and against its development, Congress has a lot to consider. Although the zeal among many for high-speed rail is not likely to be squelched, a commitment by public and private interests of all persuasions may be needed for such a major undertaking to become a reality.

#### HSR costs capital – long term benefits aren’t considered

Zhenhua Chen, PhD student at the George Mason University, School of Public Policy, and is currently working as a graduate research assistant under the supervision of Prof. Jonathan Gifford in the area of transportation policy, 2011, Transportation Law Journal, Article: Is the Policy Window Open for High-Speed Rail in the United States: A Perspectives from the Multiple Streams Model of Policymaking, Summer, 2011, 38 Transp. L. J. 115

One common objective for these HSR policy proposals is to build an efficient HSR system in the United States. However, neither lawmakers nor the President have personal experience with HSR. n67 Therefore, when the idea of HSR is addressed, reactions from both Congress and the White House are very cautious. n68 Under such a scenario, for HSR to be accepted, policymakers must be persuaded that HSR can benefit the nation. It seems that the long-term benefits, such as congestion alleviation and energy consumption reduction, are too far off in the future to see any practical immediate effects. n69 Consequently, those tangible advantages that can be seen in a short term are preferred by policy communities in order to prove its feasibility.