## HSR NEG: 4 Week Tournament Updates

## Warming Advantage Updates

### AT: Other Nations Will Model—Wirth Evidence

#### (--) Wirth assumes CAFÉ and ANWAR—they do neither:

**Wirth et al 3** (Timothy E, President of the UN Foundation – along with C. Boyden Gray and John D. Podesta – also of the UN Foundation, “The Future of Energy Policies,” Foreign Affairs, http://www.cerium.ca/IMG/pdf/Jeudi\_apres\_midi\_-\_The\_future\_of\_Energy\_Policy.pdf)

No issues symbolize the numbing lack of progress on energy policy more clearly than the debates over drilling in the Arctic National Wildlife Refuge and increasing corporate average fuel economy. Both issues have been argued over exhaustively, frequently, and fruitlessly. Indeed, the acronyms “anwr” and “cafe” have themselves become shorthand for a quarter century of legislative gridlock.

#### (--) Wirth assumes a lot more than they do:

**Wirth et al 3** (Timothy E, President of the UN Foundation – along with C. Boyden Gray and John D. Podesta – also of the UN Foundation, “The Future of Energy Policies,” Foreign Affairs, http://www.cerium.ca/IMG/pdf/Jeudi\_apres\_midi\_-\_The\_future\_of\_Energy\_Policy.pdf)

The time has come to craft a long-term strategic approach to energy. A central feature must be public-private coalitions for change that bring together business, labor, and environmental advocates. The first step must be to focus on what is important and define what needs to be accomplished. Three far-reaching, 25-year goals encapsulate America’s long-term interests and should guide its energy policies. First, America should address its dependence on oil by cutting U.S. oil consumption **by a third,** setting an example for the rest of the world and breaking the grip of the global oil cartel. Second, to take on the dangers faced by the world’s climate, America should cut its carbon emissions by a third, as a stimulus to a two-thirds global reduction by the end of the century. Finally, the United States should develop, deploy, and disseminate clean energy technologies and **institute trade policies** that can increase the access of poor people around the world to modern energy services and agricultural markets. Such moves will improve the lives of billions of people, stimulate economic growth, and create new markets for American goods and services.

#### (--) Wirth says your plan is massively inadequate to solve global warming:

**Wirth et al 3** (Timothy E, President of the UN Foundation – along with C. Boyden Gray and John D. Podesta – also of the UN Foundation, “The Future of Energy Policies,” Foreign Affairs, http://www.cerium.ca/IMG/pdf/Jeudi\_apres\_midi\_-\_The\_future\_of\_Energy\_Policy.pdf)

Preventing catastrophic climate change is, at its core, an energy challenge. Globally, fossil fuel production and use accounts for nearly 60 percent of the emissions that are causing the earth’s atmospheric greenhouse to trap more heat. In the United States, the number is 85 percent. To avoid worsening the problem, governments around the world would have to take immediate, far-reaching steps: dramatically reducing the burning of fossil fuels, slowing deforestation, altering agricultural practices, and stemming the use of certain chemicals.

### AT: Braking Solves Energy Needs of HSR

#### (--) Lack of a smart grid means power from regenerative braking is wasted:

Brian **Dodson, 7/11/2012** (staff writer, “Smart grid leads to more efficient electric trains,” Accessed 7/24/2012 at <http://www.gizmag.com/smart-grid-electric-trains/23239/>, rwg)

Electric commuter trains, while quiet and fast, have one glaring inefficiency – when they brake at a station, the energy of the moving train is lost, even when the motors are electrically reversed. Capturing the electrical energy generated during braking is simple, but **efficiently redistributing it** through the power grid is not. The result, in too many systems, is that **the braking energy is simply wasted**. Now an energy storage project in Philadelphia aims to capture and efficiently utilize that braking energy, providing a clear view into the potential of the forthcoming smart grid.

#### (--) Here’s the technical explanation—third rail voltage restrictions mean you can’t capture the energy from regenerative braking:

Brian **Dodson, 7/11/2012** (staff writer, “Smart grid leads to more efficient electric trains,” Accessed 7/24/2012 at <http://www.gizmag.com/smart-grid-electric-trains/23239/>, rwg)

In a conventional electric train, the electrical energy generated while stopping is fed immediately into the third rail (or the overhead power lines). The problem is that the third rail has a very limited capacity for absorbing a sudden flood of electrical energy. As a result, the voltage of the third rail rises considerably. However, the third rail voltage is controlled within narrow limits to avoid system instabilities. If the voltage rises too much (as when slowing at a passenger stop), the **excess energy must be dissipated**. The third rail is then connected to a resistive load, and the braking energy is converted into waste heat.

#### (--) Only limited potential to recover energy via braking:

**UIC, 2003** (International Union of Railways, “Regenerative braking in freight trains,”

<http://www.railway-energy.org/static/Regenerative_braking_in_freight_trains_43.php>, Accessed 7/29/2012, rwg)

Due to high average weights of freight trains and the fact that only locomotive axles are powered, high shares of braking power comes from the mechanical brakes in the freight cars, and only a small share is added by the locomotive itself. Based on conventional freight trains, there exists limited potential to raise the share of recovered braking energy.

### AT: Oil Outweighs Power Plants as Source of Warming

**(--) Power plants emit three times the pollution of cars—make up majority of global warming pollution in the U.S**

Environment America 9 (11-24-2009, <http://www.environmentamerica.org/news/ame/new-report-power-plants-emit-three-times-pollution-all-nation%E2%80%99s-cars>, “New Report: Power Plants Emit Three Times the Pollution of All the Nation’s Cars”, jn)

The nation’s power plants emitted 2.56 billion tons of global warming pollution in 2007, which is equivalent to the pollution from nearly 450 million of today’s cars – nearly three times the number of cars registered in the United States in 2007, according to a new analysis of government data released today by Environment America. More than 70 percent of this pollution came from plants – primarily coal plants – built before 1980. ¶ “It's time for the oldest and dirtiest power plants to clean up their act,” said Environment America Global Warming Associate Courtney Abrams. “Coal-fired giants have dominated our electricity for decades and have been allowed to pollute without license. In order to stop global warming and reap all the benefits of clean energy, we must require old coal-fired clunkers to meet modern standards for global warming pollution.”¶ Coal is the dirtiest of all fuels, but it supplies more of America's electricity than any other source. Coal plants currently do not have to meet any global warming pollution standard, meaning that they are an unchecked contributor to global warming. In fact, coal plants are the nation’s single largest source of global warming pollution.

#### (--) And high speed rail relies heavily on power plants, no environmental benefits—Berkely study proves

Cosgrove 9 (Christine, editor at UC Berkely, <http://innovations.coe.berkeley.edu/vol3-issue9-nov09/highspeedrail> “A Reality Check on High-Speed Rail for California”, jn)

Proponents of California high-speed rail tout its energy-saving, greenhouse gas–eliminating characteristics. But panelist Arpad Hovath, also a CEE professor, reported on research showing that, unless ridership is very high, rail cannot perform better than air travel. To compare the carbon footprint of rail with air or driving, he explained, far more than just tailpipe emissions must be taken into account.¶ Horvath’s life-cycle analysis of the three modes suggests that high-speed rail will produce some 10 million metric tons of CO2 per year during construction. Furthermore, electricity to run the trains must be generated from coal-fired plants, leading to additional greenhouse gas emissions once HSR is operational.¶

#### (--) Power plants are the number one emitter of greenhouse gases

Cappiello, Associated Press, 12

(Dina, 1/11/2012, “EPA: Power plants are main global warming culprits” <http://www.usatoday.com/money/industries/environment/story/2012-01-11/greenhouse-gases-power-plants/52502466/1,lkh>)

WASHINGTON – The most detailed data yet on emissions of heat-trapping gases show that U.S. power plants are responsible for the bulk of the pollution blamed for global warming.¶ Power plants released 72% of the greenhouse gases reported to the Environmental Protection Agency for 2010, according to information released Wednesday that was the first catalog of global warming pollution by facility. The data include more than 6,700 of the largest industrial sources of greenhouse gases, or about 80 percent of total U.S. emissions.¶ According to an Associated Press analysis of the data, 20 mostly coal-fired power plants in 15 states account for the top-releasing facilities.¶ Gina McCarthy, the top air official at the EPA, said the database marked "a major milestone" in the agency's work to address climate change. She said it would help industry, states and the federal government identify ways to reduce greenhouse gases.¶ The Obama administration plans to regulate emissions of heat-trapping gases under existing law. A proposed regulation to address pollution from new power plants could be released as early as this month. Eventually, the EPA will have to tackle facilities already in operation. The largest emitters will be the first in line.¶ The largest greenhouse gas polluter in the nation in 2010, according to the EPA's data, was the Scherer power plant in Juliette, Ga., owned by Southern Company. That coal-fired power plant reported releasing nearly 23 million metric tons of carbon dioxide, the chief greenhouse gas, in 2010.¶ Two other power plants owned by Southern were the second- and third-largest polluters nationally: the Bowen plant in Bowen, Ga., and the James H. Miller, Jr. power plant in Quinton, Ala.¶ American Electric Power, another large coal-fired power producer, has three power plants in the top 20. They are in Rockport, Ind., Cheshire, Ohio, and St. Albans, W. Va.¶ "This is just another way to identify the largest coal-fired power plants in the country," said AEP spokesman Pat Hemlepp. "We always assumed we would be No. 1 in greenhouse gas emissions or No. 2 behind Southern Co. Us and Southern are the two largest consumers of coal."¶ The other states with high-polluting power plants are Texas, Michigan, Missouri, Montana, Pennsylvania, Arizona, Wyoming, North Carolina, Kansas and Kentucky.¶ Refineries were the second-largest source of greenhouse gas emissions, with 5.7% of the reported total. The top states in greenhouse gas emissions from power plants and from refineries were Texas, Pennsylvania, Florida, Ohio, and Indiana.¶ Congress required industries to report their emissions as part of a 2008 spending bill. Until now, the agency has estimated greenhouse gas emissions by industry sector.

#### (--) Power plants emit 3 times as much global warming pollution as cars

Environment America, News Release, 9

(November 24, 2009 “New Report: Power Plants Emit Three Times the Pollution of All the Nation’s Cars”, <http://www.environmentamerica.org/news/ame/new-report-power-plants-emit-three-times-pollution-all-nation%E2%80%99s-cars>, lkh)

¶ Washington, DC — The nation’s power plants emitted 2.56 billion tons of global warming pollution in 2007, which is equivalent to the pollution from nearly 450 million of today’s cars – nearly three times the number of cars registered in the United States in 2007, according to a new analysis of government data released today by Environment America. More than 70 percent of this pollution came from plants – primarily coal plants – built before 1980. ¶ ¶ “It's time for the oldest and dirtiest power plants to clean up their act,” said Environment America Global Warming Associate Courtney Abrams. “Coal-fired giants have dominated our electricity for decades and have been allowed to pollute without license. In order to stop global warming and reap all the benefits of clean energy, we must require old coal-fired clunkers to meet modern standards for global warming pollution.”¶ Coal is the dirtiest of all fuels, but it supplies more of America's electricity than any other source. Coal plants currently do not have to meet any global warming pollution standard, meaning that they are an unchecked contributor to global warming. In fact, coal plants are the nation’s single largest source of global warming pollution. ¶ The new report, America's Biggest Polluters: Carbon Dioxide Emissions from Power Plants in 2007, was released nationally and in 22 states today. The report looks at carbon dioxide emissions from power plants across the country using 2007 data from the U.S. Environmental Protection Agency; 2007 is the most recent year for which final data is available. The report examines both age of and pollution from power plants to document the fact that we are reliant on an energy infrastructure that is both old and polluting. The key findings include the following for 2007:¶ U.S. power plants released 2.56 billion tons of carbon dioxide, equivalent to the amount produced by 449 million of today’s cars – that's more than three times the number of passenger cars registered in the United States in 2007. Coal-fired power plants are responsible for a disproportionate amount of this pollution – though coal produced two-thirds of U.S. fossil fuel electricity, coal plants emitted over 80 percent of fossil fuel global warming pollution. Coal plants emitted about one-third of the nation's total global warming pollution.¶ Georgia, Alabama, Indiana, Texas, and Michigan are home to the most polluting power plants in the country. Texas, Ohio, Florida, Indiana, and Pennsylvania ranked as the states with the most carbon dioxide emissions from power plants in 2007.¶ The oldest operating power plants in the country – located in Indiana, Wisconsin, New York, Iowa, and North Carolina – were built in the same decade that the television first became commercially available. Many of the nation's power plants are decades-old. In fact, two-thirds of the electricity generated from fossil fuels in the United States in 2007 came from power plants built before 1980. ¶ Old and dirty tend go hand-in-hand. Power plants built three decades ago or more produced 73 percent of the total global warming pollution from power plants in 2007. ¶ “America's power is both decades-old and dangerously polluting. We’re reliant on technology that’s as old as the very first commercially available televisions. Televisions have gone from black-and-white clunkers to super high-definition flat screens, but they’re still powered by the same dirty electricity,” Abrams said.¶ “Clean energy holds the future of America—to make our nation energy independent, create millions of new jobs, and stop the worst effects of global warming. In order to realize this clean energy future, coal plants must stop polluting with impunity,” continued Abrams.¶

### HSR Can’t Solve Warming

#### (--) HSR will not solve warming –uses electricity and no ridership

Bosworth, 11/19/2011 campaigner for Friends of the Earth, long track record of working on environmental issues and transport campaigner for the environmental campaigning charity, 11/19

(Tony, 11/19/11, “How green is high-speed rail?” ,http://www.cnn.com/2011/11/18/world/how-green-is-hsr/index.html, kaw)

So what's stopping high speed rail being a major part of a greener transport future in Britain?¶ ¶ Over two thirds of the world's electricity comes from fossil fuels so until (or unless) power stations are weaned off fossil fuels, electric trains will still have a significant climate impact.¶ -- although rail travel is still better than flying or driving.¶ ¶ Secondly, will high speed rail entice people off the roads and short-haul flights? French TGVs and the Channel Tunnel rail link have succeeded, but official calculations estimate that only 16 per cent of anticipated passengers for the London to Birmingham line will have swapped from planes or cars.¶ ¶ One of the main factors is cost. Despite soaring fuel prices, motoring and flying are still expected to be cheaper than high speed rail. If faster rail travel is to become a realistic alternative it must be affordable too.¶ ¶ The UK's high speed rail link is expected to cost a whopping $54 billion. But living as we do in cash-strapped times there's surely a strong case for investing some of that that money in less grandiose, but more effective, projects.¶ ¶ Perhaps some high speed rail money could be diverted to upgrade commuter and longer-distance services, making life easier and cheaper for ordinary passengers -- and making a bigger and fast contribution to cutting emissions.¶ ¶ High speed rail can play a major role in tackling climate change around the world -- if it's affordable, powered by clean energy and gets people out of their cars and off planes, we really will be speeding in the right direction.¶

#### (--) Trains can’t replace the automobile—they can’t solve warming:

Gerry **Mooney,** 11/10/20**10** (General Manager, Global Government & Education @ IBM, “Making Transportation More Sustainable,” <http://www.environmentalleader.com/2010/11/10/making-transportation-more-sustainable/>, Accessed 7/24/2012, rwg)

While the growth of rail will help boost sustainability, trains will never dethrone the personal automobile as the world’s preferred mode of transportation. Our planet is currently home to more than one billion cars, and over the next two decades, that number is predicted to double, as car ownership in countries like China and India explodes. Anything we can do to reduce congestion and improve traffic flow will have immediate environmental benefits.

### Warming False

#### Warming is a hoax; researchers use alarmist tactics in order to gain funding- their authors are biased

Claude et al 12

(Claude, former director of the Institute for the Study of the Earth, University of Paris; J. Scott Armstrong, cofounder of the Journal of Forecasting and the International Journal of Forecasting; Jan Breslow, head of the Laboratory of Biochemical Genetics and Metabolism, Rockefeller University; Roger Cohen, fellow, American Physical Society; Edward David, member, National Academy of Engineering and National Academy of Sciences; William Happer, professor of physics, Princeton; Michael Kelly, professor of technology, University of Cambridge, U.K.; William Kininmonth, former head of climate research at the Australian Bureau of Meteorology; Richard Lindzen, professor of atmospheric sciences, MIT; James McGrath, professor of chemistry, Virginia Technical University; Rodney Nichols, former president and CEO of the New York Academy of Sciences; Burt Rutan, aerospace engineer, designer of Voyager and SpaceShipOne; Harrison H. Schmitt, Apollo 17 astronaut and former U.S. senator; Nir Shaviv, professor of astrophysics, Hebrew University, Jerusalem; Henk Tennekes, former director, Royal Dutch Meteorological Service; Antonio Zichichi, president of the World Federation of Scientists, Geneva, “No need to panic about global warming”, http://online.wsj.com/article/SB10001424052970204301404577171531838421366.html, ns)

Alarmism over climate is of great benefit to many, providing government funding for academic research and a reason for government bureaucracies to grow. Alarmism also offers an excuse for governments to raise taxes, taxpayer-funded subsidies for businesses that understand how to work the political system, and a lure for big donations to charitable foundations promising to save the planet. Lysenko and his team lived very well, and they fiercely defended their dogma and the privileges it brought them.

#### Author bias; correct skeptics afraid to speak up in fear of losing jobs

**Allegre et. al 12**

(Claude, former director of the Institute for the Study of the Earth, University of Paris; J. Scott Armstrong, cofounder of the Journal of Forecasting and the International Journal of Forecasting; Jan Breslow, head of the Laboratory of Biochemical Genetics and Metabolism, Rockefeller University; Roger Cohen, fellow, American Physical Society; Edward David, member, National Academy of Engineering and National Academy of Sciences; William Happer, professor of physics, Princeton; Michael Kelly, professor of technology, University of Cambridge, U.K.; William Kininmonth, former head of climate research at the Australian Bureau of Meteorology; Richard Lindzen, professor of atmospheric sciences, MIT; James McGrath, professor of chemistry, Virginia Technical University; Rodney Nichols, former president and CEO of the New York Academy of Sciences; Burt Rutan, aerospace engineer, designer of Voyager and SpaceShipOne; Harrison H. Schmitt, Apollo 17 astronaut and former U.S. senator; Nir Shaviv, professor of astrophysics, Hebrew University, Jerusalem; Henk Tennekes, former director, Royal Dutch Meteorological Service; Antonio Zichichi, president of the World Federation of Scientists, Geneva, “No need to panic about global warming”, http://online.wsj.com/article/SB10001424052970204301404577171531838421366.html, ns)

Although the number of publicly dissenting scientists is growing, many young scientists furtively say that while they also have serious doubts about the global-warming message, they are afraid to speak up for fear of not being promoted—or worse. They have good reason to worry. In 2003, Dr. Chris de Freitas, the editor of the journal Climate Research, dared to publish a peer-reviewed article with the politically incorrect (but factually correct) conclusion that the recent warming is not unusual in the context of climate changes over the past thousand years. The international warming establishment quickly mounted a determined campaign to have Dr. de Freitas removed from his editorial job and fired from his university position. Fortunately, Dr. de Freitas was able to keep his university job.

## Great Reset Advantage Updates

### Economy Growing Now

#### Global economy predicted to grow—IMF and WEO predictions

Connerly ’12

(Bill, PhD from Duke in business/economics, professor, speaker, 4-24-2012, http://www.forbes.com/sites/billconerly/2012/04/24/international-economic-forecast-2012-2013/2/, AP)

The global economy will continue to expand, though risks from Europe and the Persian Gulf could slow expansion considerably. The International Monetary Fund’s recent World Economic Outlook predicts 3.5 percent growth in world GDP this year, 4.1 percent next year. Both years have been revised upward since the Autumn 2011 forecast.? My own judgment is that the world economy? will do a little better than the IMF forecast, though the risks are even greater. My disagreement with the IMF forecast is within the range of normal professional differences. Their projections are certainly plausible. Business leaders could well use the IMF forecasts as their own base case projections for market potential around the world. And the price of the IMF forecast is right: free.? The most likely outcome is slightly better than the IMF forecast, in my judgment. I’ve shown the two greatest risks in the accompanying chart. The height of the line shows a crude estimate of the probability of that growth rate for 2012. The highest peak is my most likely forecast, and the lesser humps are the keys risks. There could be an upside hump—but there isn’t. It’s hard to conceive of an event that would be as positive as those potential risks are negative.

#### Economy predicted to get better—multiple signs of improvement

Davies ‘12

(Richard, 1-2-12, http://abcnews.go.com/blogs/business/2012/01/2012-forecast/, AP)

U.S. financial markets are closed today. So here’s a look at America’s prospects for 2012. The economy might be headed for a stronger growth track, but there are least three potential obstacles to watch for: Europe, China and political gridlock.? First the positive signs, of which there are plenty: the jobs market is looking up, housing sales and construction have been showing recent signs of improvement, business sales and profits are rising, and even many consumers are in better shape today than they were in 2010.? “Households have actually made a lot of progress in terms of working down that debt,” says Greg Ip, U.S economics editor of the Economist magazine. Credit card companies in December reported the lowest delinquency rates in years.? Brian Hamilton, CEO of financial information firm Sageworks, said, “The jobs numbers are getting better.” Surveys of privately owned business sales show “the numbers are looking good.”? This week’s economic reports might offer fresh clues on whether the recovery really is picking up. The Institute for Supply Management comes out with findings on manufacturing and services-oriented companies. The government releases monthly reports on factory orders, construction and monthly employment.? While all the numbers could point to growth, the U.S. economy faces potentially severe headwinds from Europe. “Next year will no doubt be more difficult than 2011,” Germany’s Chancellor Angela Merkel said on New Year’s Eve. Europe is facing “its harshest test in decades.”? Slower growth in China is another potential negative, while Washington political gridlock and a fierce election campaign might also take a toll. “Our political system is getting worse, not better,” the Economist’s Ip says. “Every economist that you talk to says we should have short-term fiscal stimulus and long-term deficit reduction. And because of the battles in Washington, we seem to be getting the opposite.”

## Oil DA Updates

### **Oil Uniqueness—Oil Prices High Now**

#### **High oil prices right now**

Greaber 12 (Daniel, senior analyst, July 12, 2012, “EIA: Retail Gasoline Prices to Slip in 2013”, <http://oilprice.com/Energy/Gas-Prices/EIA-Retail-Gasoline-Prices-to-Slip-in-2013.html>, ak)

U.S. retail gasoline prices should drop below the July average by 2013 amid depressed consumer demand and continuing declines in crude oil prices. U.S. lawmakers were in panic mode when the average price of gasoline hovered at around $4 per gallon in April. While relatively low compared with European markets, U.S. consumer sentiment historically turns negative when retail gasoline prices pass the $4 per gallon threshold. By next year, however, it's likely the prices at the pump will be below the current average of $3.41 per gallon, the U.S. Energy Department said. In early January, some analysts had predicted retail gasoline prices would hit the $5 per gallon mark in the United States. Prices continued a steady [climb](http://www.eia.gov/petroleum/gasdiesel/) toward $4 per gallon by April, causing some lawmakers to consider the possibility of tapping into strategic petroleum reserves to allay consumer concerns. By February, a former chief executive at Shell Oil [warned](http://www.cnbc.com/id/46342617/Get_Ready_for_5_Gas_This_Year_Ex_Shell_CEO) there was a "better than 50 percent chance" gasoline prices would continue their march above $4 per gallon. The U.S. Energy Department, in its short-term monthly outlook, [projected](http://www.eia.gov/forecasts/steo/pdf/steo_full.pdf) that world oil demand would peak for the year during the third quarter of 2012. The department's Energy Information Administration attributed the expected seasonal peak to the U.S. summer driving season and a surge in electricity demand for countries in the Middle East. By then, the EIA said, oil consumption should exceed production by around 700,000 barrels per day. Nevertheless, the administration said the impact would be far less than in previous years. Last year, third-quarter consumption outpaced oil supplies by 1.8 million bpd. One year ago this week, the average price for a gallon of regular unleaded gasoline was $3.60, about 5 percent lower than the average price reported by the EIA for the second week in July 2012. In terms of oil prices, the EIA said prices for West Texas Intermediate crude, the benchmark for New York Mercantile Exchange's oil futures contracts, stood at around $98 per barrel for October delivery. For this year, the EIA said WTI for October delivery during the five-day period ending July 5 stood at $85 per barrel. The increase in retail gasoline prices in 2012 mirrored trends in 2005 when retail prices climbed nearly every week from January to April, increasing 50 cents per gallon and adding another $7.8 billion to total consumer gasoline bills that year. The more consumers are forced to spend on gasoline, the less money they have for other purchases and expenses. Taxes, refining costs, distribution and, most significantly, crude oil prices determine consumer prices at the pump. The EIA's estimates on WTI, in general, should correspond to [prices](http://www.eia.gov/energyexplained/) at the pump. The EIA said better fuel efficiency and depressed consumer demand should factor into retail gasoline prices. Coupled with an expected increase in domestic crude oil production, U.S. retail gasoline prices should top out at around $3.50 this year before settling at $3.28 in 2013. Should forecasters *anticipate a move toward $5 during the first quarter of 2013, historic trends as reported by the EIA should override those predictions.*

#### Oil Prices at two month high

**AFP 7/20** (NQA, <http://news.yahoo.com/oil-prices-retreat-strong-gains-115720002.html> “Oil strikes two-year high; soya scores record high” )

Oil prices hit two-month highs this week, driven by Federal Reserve stimulus hopes and Middle East unrest, while soyabeans soared to a record high as US supplies were hit by drought.¶ Other commodities enjoyed mixed fortunes as traders tracked the latest twists and turns in the eurozone debt crisis.¶ Markets were rattled on Friday by growing jitters over Spain, whose 10-year government bond yields hit danger levels above 7.0 percent.¶ OIL: World oil prices soared to their highest levels since May, before running into profit-taking.¶ Brent North Sea crude jumped as high as $108.18 per barrel and New York's light sweet crude for August hit $92.94 on Thursday.¶ "Prices have climbed ... primarily on the back of geopolitical risks," said Commerzbank analyst Carsten Fritsch.¶ "The conflict in Syria, which has already been underway for 16 months, appears to be escalating," he said.¶ "The Iran conflict is also coming into increasingly sharp focus, Israel having blamed Iran for the attack on Israeli tourists in Bulgaria."¶ Oil rallied for most of this week, first on assurances by the US Federal Reserve that they would intervene should the economy falter and then on increasing tensions in Syria and Iran.¶ In late Thursday trade, crude jumped more than $2.50 as fighting raged in Damascus, while China and Russia vetoed UN Western resolutions on the conflict.Meanwhile, Israel accused Iran and Lebanese group Hezbollah of carrying out a suicide bomb attack that killed six Israeli tourists in Bulgaria, raising speculation of a retaliatory attack.¶ By late Friday on London's Intercontinental Exchange, Brent North Sea crude for delivery in September jumped to $105.98 from $102.23 for the August contract a week earlier.¶ On the New York Mercantile Exchange, West Texas Intermediate (WTI) or light sweet crude for August rallied to $90.91 a barrel from $86.82.¶ GRAINS AND SOYA: Grains soared and soyabean rocketed to a record high as drought hampered supplies in key producer the United States.¶ "There is a buzz around soft commodities at the moment, largely focussed on corn, wheat, soyabean," said CMC Markets analyst Michael Hewson.¶ He added: "This year's drought in the United States continues to hit soya and corn crops and further erode inventories while the Black Sea region and a lack of rain in South America is also hitting crop yields."¶

#### Oil Prices hit 8week high

**Financial Post 7/19** (NQA, <http://business.financialpost.com/2012/07/19/oil-prices-hit-8-week-high-as-mideast-tensions-raise-fears-of-supply-disruptions/?__lsa=918058cf>, “Oil prices hit 8-week high as Mideast tensions raise fears of supply disruptions”)

Oil prices defied expectations and raced to an eight-week high on Thursday, up for a seventh straight session, as concerns that Middle East tensions could result in supply disruptions trumped worries about slumping demand due to the weak global economy.¶ ¶ Crude for August delivery jumped US$2.79, or 3.1%, to settle at US$92.66 a barrel on the New York Mercantile Exchange. The price has risen 10% in seven days of gains. Brent oil for September advanced US$2.64, or 2.5%, to settle at US$107.80 a barrel on the London-based ICE Futures Europe exchange.¶ ¶ ¶ People are getting wrapped up in some of these geopolitical tensions and that has driven a whole pile of short covering¶ “People are getting wrapped up in some of these geopolitical tensions and that has driven a whole pile of short covering,” said Martin King, vice-president of institutional research at First Energy Capital Corp. in Calgary. Also, “there seems to be vague hope floating around in the market that there will be some form of quantitative easing [by the U.S. Federal Reserve] at some point, and that is feeding on itself.”¶ ¶ Mr. King said he remains cautious about oil prices and sees the oil surge as “a bit overdone.”¶ ¶ Prices of Canadian crudes also moved up, as did the Canadian dollar, which rose 0.29¢ to US99.23¢, its highest close since May 15. The differential between Canadian crude and U.S. crude has narrowed from early in the year when it as about $35, but remains in the $20 range.

#### Crude Prices at 7-week Record at over 106$

Press TV 7/19 (NQA, <http://www.presstv.ir/detail/251718.html>, “Global crude prices hit 7-week record at over $106”)

Brent crude continued its upward trend over the past week, rising to USD 106.49 and even hitting $106.63 earlier in the morning. ¶ Meanwhile, New York light sweet crude stands at USD 90. ¶ Over the past week, prices have climbed by more than eight percent to hit their highest levels since May 30. ¶ The US-engineered EU sanctions against Iran’s oil exports and insecurity in the oil-rich Persian Gulf region caused by the increased presence of the US Navy are the reasons behind the hike in the crude prices.¶ Under US pressure, the European Union (EU) implemented sanctions against Iranian oil and financial sectors on July 1. ¶ The US-engineered sanctions bar some EU member states from purchasing Iran's oil or extending insurance coverage for tankers carrying Iranian crude. ¶ Meanwhile, the US has been weighing various alternatives to boost its military presence in the Middle East, particularly across the Persian Gulf. ¶ Over the past month, the US has added five warships to its Fifth Fleet in Bahrain.

#### Oil Prices will remain high rest of year - experts

CIS Business and Financial Newswire 7/20

(7-20-2012, <http://search.proquest.com.proxy1.cl.msu.edu/docview/1027189322/1381BBD3B86751207C3/8?accountid=12598>, “Brent crude to remain at $100/barrel in 2012 – experts”, Proquest, WL)

Oil and gas market experts think that the price of Brent crude will stay at $100 per barrel in 2012.¶ Tamara Kandelaki, the director of the Oil and Gas Institute named after Academician Leybenzon, believes that this price will hold out until 2014. "There are a plethora of investment projects in the world that would not yet be prosperous otherwise. That's why prices will hold out. After 2014, once these projects are launched, there might be changes," she said at a roundtable entitled 'The Oil Factor and Financial Stability.'¶ AFK Sistema's (RTS: AFKS) chief economist Yevgeny Nadorshin agrees with this forecast. Oil price growth stems from two main factors: one is the tension surrounding Iran and Syria, and the other is measures aimed at supporting the dollar and the development of the Chinese economy, he said.¶ However, the expert does not rule out that oil could cheapen to between $80 and $90 per barrel. "I do not expect aggressive stimulation. In the best case, [it might happen] at the end of the year. I'm not sure that China can allow itself to have active economic stimulation. If the conflict with Iran subsides and the issue with Syria is resolved, everything will lead to oil possibly standing at $80-$90 in the next few months. Lower than that is unlikely," Nadorshin said.¶ Head of the Fuel and Energy Complex Department of the Institute for Energy Strategy, Alexei Belogoryev, has a different opinion. He believes that "The Iran factor has already played out" and that the conflict in Syria will not significantly impact the oil price. "The revolutionary fermentations in the Middle East don't play a role. There could only be some sort of serious influence if wide-scale military action is initiated," he said. Belogoryev forecasts the oil price at $104 this year, with a possible increase to $110 next year.¶ The European Union placed an embargo on Iranian oil imports on July 1, with the reasoning that Iran, being deprived of revenues from oil exports, will be forced to cut investments in its nuclear programs.¶ Meanwhile, the Iranian parliament has crafted a draft law that envisages blockading the Strait of Hormuz, which is the chief transportation artery for Middle Eastern oil, if the EU embargoes oil from Iran.

### Oil Links

#### (--) HSR reduces US oil consumption

Druce ’11 (Paul, Bad arguments for high speed rail: Oil consumption, June 29, 2011, http://reasonrail.blogspot.com/2011/06/bad-arguments-for-high-speed-rail-oil.html, JZG)

While HSR can be an important and worthy endeavor, it's important to make sure that arguments in its favor are actually valid ones rather than a simple throwing out of various minor benefits. We might distinguish this best as primary benefits and ancillary benefits. A primary benefit such as road and air traffic mitigation is one where high speed rail is highly cost-effective and performs best. Ancillary benefits, such as relatively minor reductions in environmental pollution, are nice to have, but the project is not a cost-effective means of reaching those goals and they do not necessarily provide major gains (which, admittedly, is a large part of the reason that they are not cost-effective). Ancillary benefits, because of their cost-ineffectiveness, should not be highlighted and used as major talking points in support of high speed rail, as opposition think-tanks will seize upon this and use it to help convince independents that high speed rail should not be supported. One of the ancillary benefits which is often inappropriately highlighted as a primary benefit by high speed rail proponents is that of reducing American oil consumption. Often, our reliance upon foreign oil, including some from Middle East nations such as Saudi Arabia, is seized upon by such proponents and the defense costs added to the price of oil. This, however, is a flawed notion that ignores the interconnected nature of global trade. Even if we were completely independent from foreign oil, or at least oil not from North America and Europe, including our shipping, we would still fund foreign militaries and place troops in these areas. A sudden lack of oil shipments from Saudi Arabia would cause major oil price shocks globally, not merely to those depending on oil from Saudi Arabia. Even if we were, by perhaps some magical free energy device, completely free from oil use except in raw industrial processes, we would still be gravely damaged economically because our economy depends on foreign trade. Major economic recessions or depressions in our trading partners will cause the same problems here as well. Now, for the actual matter at hand, that of high speed rail's role in reducing our dependence on oil. The California High Speed Rail Authority estimates that, by 2030, the high speed rail system will be saving 12.7 million barrels of oil per year. This, however, represents only sixteen hours worth of US consumption in 2009 and only 1.9% of California's annual consumption (one week's worth). Clearly it would have minimal, if any, effect on oil prices or oil dependence.Ultimately, the problem of oil consumption is going to be best handled through regulations and industrial subsidies (such as paying Ford to bring over the 65mpg Fiesta ECOnetic) which increase the average fleet fuel efficiency from its currently pitiful 22.6 miles per gallon to a rather higher figure. Saving fuel via HSR is helpful, but it is nothing more than a bandaid compared to what really must be done and it is a far from economical means of so doing.

#### (--) HSR reduces U.S. oil dependence

Perl, Professor of Urban Studies and Political Science at Simon Fraser University, 11/19

(Dr. Anthony, 11/19/11, “How green is high-speed rail?”,http://www.cnn.com/2011/11/18/world/how-green-is-hsr/index.html, kaw)

Any debate about the future of high-speed rail must consider where this mobility option fits into the 'big picture' of how transportation systems meet looming economic, energy and environmental challenges. In a world where 95% of motorized mobility is currently fueled by oil, high-speed rail offers a proven means of reducing dependence on this increasingly problematic energy source.¶ ¶ This value of using proven electric propulsion technology should not be underestimated when both the time and money to deploy energy alternatives are in short supply.¶ ¶ In our recent book Transport Revolutions, Richard Gilbert and I documented the economic, environmental and political dividends to be gained from replacing the internal combustion engines powering today's aircraft, cars, and motor vehicles with traction motors that can be powered by multiple energy sources delivered through the electric grid.¶ ¶ Since electricity is an energy carrier, it can be generated from a mix of sources that incorporate the growing share of geothermal, hydro, solar, and wind energy that will be produced in the years ahead. And because electric motors are three to four times more efficient than internal combustion engines, an immediate improvement will precede introducing renewable energy into transportation¶ Grid-connected traction offers the only realistic option for significantly reducing oil use in transportation over the next 10 years.¶ ¶ If such a shift does not begin during this decade, the risk of a global economic collapse and/or geo-political conflict over the world's remaining oil reserves would become dangerously elevated. Making a significant dent in transportation's oil addiction within 10 years is sooner than fuel cells, biofuels, battery-electric vehicles and other alternative energy technologies will be ready to deliver change.¶ ¶ Biofuels that could power aircraft now cost hundreds of dollars per gallon to produce. Batteries that a big enough charge to power vehicles between cities are still too big and expensive to make electric cars and buses affordable.¶ ¶ But grid-connected electric trains have been operating at scale and across continents for over a century. And when the Japanese introduced modern high-speed trains through their Shinkansen, in 1964, the utility of electric trains was greatly extended.¶ ¶ Since the 1980s, countries across Asia and Europe have been building new high-speed rail infrastructure to deploy electric mobility between major cities up to 1,000 kilometers apart. For intercity trips between 200 and 1,000 kilometers, high-speed trains have proven their success in drawing passengers out of both cars and planes, as well as meeting new travel demand with a much lower carbon footprint than driving or flying could have done.¶ ¶ If we are serious about reducing oil's considerable risks to global prosperity and sustainability, we will not miss the opportunity offered by high-speed rail to decrease transportation's oil consumption sooner, rather than later.¶

#### (--) HSR decreases dependence on foreign oil.

**SoulOfAmerica** ’09 (Bullet Trians Seen As Key to U.S. Transportation Future, February 3, 2009, http://www.soulofamerica.com/index.php?id=7566,13579,0,0,1,0, JZG)

Thomas Dorsey urges President Obama and Congress to allocate at least $7 billion of the bail-out stimulus package to shovel-ready HSR projects. HSR consist of passenger trains, nicknamed “bullet trains,” that reach a top speed of at least 125 mph. In addition to creating thousands of high-paying jobs, HSR will reduce greenhouse gases and decrease dependence on foreign oil.

#### (--) HSR decreases demand which lowers oil prices.

**Grabianowski and Bonsor ’12** (Ed, Kevin, HowStuffWorks.com, “How Gas Prices Work”, July 23, 2012, http://auto.howstuffworks.com/fuel-efficiency/fuel-consumption/gas-price.htm, JZG)

Typically, the demand for gas spikes during the summer, when lots of people go on vacation. Holidays like Memorial Day and the Fourth of July create logjams of tourist traffic during the summer. This high demand usually translates into higher gasoline prices. Cleaner-burning summer-grade fuels, which are more expensive to produce, can increase the price as well, but prices don't always go up in summer. For instance, while gas prices soared 31 cents in April and early May of 2001, reaching $1.71 per gallon (which seems inexpensive compared to today's prices), prices actually declined during the 2001 summer. **So the opposite is true. Low demand equals lower prices.**

#### HSR decreases U.S. dependence on foreign oil

Melaniphy, President and CEO of American Public Transportation Association, 7/18

(Michael, 7/18/12, “High-Speed Rail Solves Tough Questions”, <http://transportation.nationaljournal.com/2012/07/highspeed-rail-in-california.php>, kaw)

High-speed rail provides the answer to many of the challenges we face today in America. It creates jobs, expands mobility, reduces congestion and decreases our dependence on foreign oil. Today, traffic congestion costs $140 billion in lost time and productivity. On the other hand, every $1 we invest in high-speed rail creates $4 in economic benefits, in addition to providing transportation relief to a tight area. The funding bill signed by Gov. Brown today is expected to create 600,000 full-time construction jobs over the course of building the project and 450,000 permanent new jobs from economic growth over the next 25 years.

#### HSR reduce U.S. foreign oil dependence

Goodbaum, writer for the Industry Market Trends, 7/10

(Beth, 7/10/12, “24 Countries on Track for High-Speed Rail”, <http://news.thomasnet.com/IMT/2012/07/10/24-countries-on-track-for-high-speed-rail/,kaw>)

HSR systems have proven to be effective at bridging the gap between vast geographic distances and isolated regions in a relatively short time span, and they are also an alternative to conventional but less eco-efficient plane and auto transportation. Worldwatch cites the Center for Neighborhood Technologies’ analysis of greenhouse gas emissions, which reveals that HSR lines produce 30-70 grams of carbon dioxide per passenger kilometer, compared to 170 for airplanes and 150 for automobiles.¶ ¶ The benefits of HSR systems go beyond travel and eco-friendliness. Jobs created for such networks could boost the economy. A high-speed network that operates electric trains could also reduce U.S. dependency on foreign oil. Discovery provides a list of the additional benefits of high-speed rail.

### Oil Internals—US Affects World Markets

#### (--) Global Oil prices are predicated on US oil demand.

**Amadeo ’12** (Kimberly, M.S., Sloan School of Business, M.I.T. and M.S. Planning, Boston College, How Oil Prices Are Determined?, February 22, 2012, <http://useconomy.about.com/od/commoditiesmarketfaq/f/oil_prices.htm>, JZG)

There are many factors that commodities traders look at when developing the bids that create oil prices: Current supply in terms of output, especially the production quota set by [OPEC](http://useconomy.about.com/od/glossary/g/OPEC.htm). If traders believe supply will decline, they bid the price up. If they believe supply will increase, they willing to pay as much for oil, and the price falls. Oil reserves, including what is available in U.S. refineries and what is stored at theStrategic Petroleum Reserves. These reserves can be accessed very easily, and can add to the oil supply if prices get too high. Saudi Arabia also has a large reserve capacity. If it promises to tap those reserves, traders allow oil prices to fall. Oil [demand](http://useconomy.about.com/od/demand/a/demand_primer.htm), particularly from the U.S. These estimates are provided monthly by the Energy Information Agency . Demand usually rises during the summer vacation driving season. To predict summer-time demand, forecasts for travel from AAA are used to determine potential gasoline use. During the winter, weather forecasts are used to determine potential home heating oil use.

#### **(--) US oil demand key to world prices:**

Goren 12

(7-13-12, Arie Goren, http://seekingalpha.com/article/720241-america-s-huge-appetite-for-oil “America's Huge Appetite For Oil” Seeking Alpha Statistics, tas)

I have recommended investing in oil with a long term perspective. One of the main reasons for my recommendation was the impressive growth in the demand for crude oil from developing countries like, China, India, South Korea, Brazil and others. But in order to find out if now is the time to invest in oil, it is most important to analyze the fundamental parameters of this important resource, production, consumption and reserves regarding the U.S, the world biggest economy.¶ The U.S. population is about 4.5% of the world population, but according to the BP Statistical Review of World Energy 2012, released on June 26, 2012, the U.S. consumed 21.4% of the world total oil consumption in 2011. The U.S. consumed 18.835 million barrels/day in 2011, about twice more than the second biggest consumer China which consumed 9.758 million barrels/day in the same year. But while the world's oil consumption increased 0.7% in 2011, The U.S. consumption decreased by 1.9%, in contrast to the high Chinese oil consumption growth which was 5.5% in 2011.¶ U.S. Oil Production¶ Total U.S. oil production declined from 9.01 million barrels per day in 1965 to 7.84 million barrels per day in 2011, Compound Annual Growth Rate - CAGR : -0.30% This production data includes crude oil, shale oil, oil sands and NGLs, and excludes liquid fuels from other sources, such as biomass and coal derivatives.¶ Data: BP Statistical Review of World Energy 2012¶ U.S. Oil Consumption¶ Total U.S. oil consumption rose from 11.52 million barrels per day in 1965 to 18.83 million barrels per day in 2011, Compound Annual Growth Rate - CAGR : 1.07%. This consumption data includes inland demand plus international aviation and marine bunkers and refinery fuel and loss. Consumption of fuel ethanol and biodiesel is also included.¶ We can see that in the long term the U.S. oil consumption is rising at a much higher rate than its production. The difference between consumption and production, which must be fulfilled by import, rose from 2.51 million barrels per day in 1965 to 10.99 million barrels per day in 2011, Compound Annual Growth Rate - CAGR : 3.26%.¶ Data: BP Statistical Review of World Energy 2012¶ Data: BP Statistical Review of World Energy 2012¶ U.S. Proved Oil Reserves¶ Total U.S. proved oil reserves declined from 36.53 billion barrels in 1980 to 30.87 billion barrels in 2011, Compound Annual Growth Rate - CAGR : -0.54%. The U.S. proved reserves ranked 11th in the world and are equivalent to 4.5 years of U.S. consumption in 2011 rate.¶ Data: BP Statistical Review of World Energy 2012¶ U.S Oil Demand in 2012¶ According to the International Energy Agency, Oil Market Report, released on June 13, 2012:¶ Revised US demand data for March averaged 18.2 mb/d, a y‐o‐y decline of 5.6%, with consumption lower across all of the main product categories. The sharpest contractions were seen in residual fuel oil, and naphtha, with reductions in excess of 20%. Relatively speaking, motor gasoline fell by a lesser degree, with demand down 1.3% to 8.6 mb/d, as the pace of the decline showed signs of bottoming‐out following the falls of the past four years.¶ For the year as a whole, a US demand contraction of around 165 kb/d (‐0.9%) to 18.7 mb/d is forecast, as the predicted decline rate falls throughout the year, supported by further price appeasement and a continuation of the gentle pace of economic recovery.¶ Conclusion¶ U.S oil demand pace of the decline is showing signs of bottoming‐out following the falls of the past four years, and considering that consumption of other developing countries like, China, India, South Korea, Brazil and others, is growing at a very high rate, all that could cause shortages and a higher price of oil.

#### (--) US economy drives global oil prices

Amadeo, , President of WorldMoneyWatch.com, MA degree in Business at MIT, 20 years senior-level experience in economic analysis and business strategy working for major international corporations,2/20

(Kimberly, 2/20/12, “What Makes Oil Prices So High”, About.com US Economy, <http://useconomy.about.com/od/commoditiesmarketfaq/p/high_oil_prices.htm>, kaw)

This bubble soon spread to other commodities. Investor funds swamped wheat, gold and other related futures markets. This speculation drove up food prices dramatically around the world. The result? Food riots in less-developed countries by people facing starvation. (Source: BBC News,Commodity Boom Continues to Roll, January 16, 2008; CNN, Riots, Instability Spread as Food Prices Skyrocket, February 18, 2008)¶ High oil prices are also driven by a decline in the dollar. Most oil contracts around the world are traded in dollars. As a result, oil-exporting countries usually peg their currency to the dollar. When the dollar declines, so do their oil revenues, but their costs go up. Therefore, OPEC must raise the price of oil to maintain its profit margins and keep costs of imported goods constant. (Source: USA Today,Oil Briefly Spurts Near $104 per Barrel, March 3, 2008)¶ However, OPEC doesn't want oil prices too high, or alternative fuel sources start to look good. OPEC has said its target price for oil is between $70-$80 a barrel. In 2008, Saudi Arabia announced it would increase supply. This was one reason prices started to drop. (See High Oil Prices Caused by Wall Street, Not OPEC)Oil prices are expected to remain around $100 a barrel throughout the year. Prices are being driven by faster economic growth in the U.S., which the EIA forecasts will remain around the healthy 2% growth rate. The Federal Energy Information Agency EIA forecasts the price says there is only a 6% chance that it will rise above $125 a barrel. If it happens, it would be during the summer driving season. (Source: EIA, Short-Term Forecast)¶ If the global economy is healthier than in 2008, why wouldn't oil prices be higher? That's because there are many more outlets for investment funds. In 2008, the global markets were so risky and uncertain, investors turned from stocks, bonds and even housing to the U.S. dollar, gold and oil. In 2012, despite uncertainty around the eurozone crisis, investors have many more options. The stock market is rising, the bond market is less risky, and even housing is seen as less dismal. Although the global market is still in slow growth mode, it is stabilizing, and that means oil prices shouldn't break the peak hit in 2008.

#### (--) America drives oil prices

Pyle, President of the Institute for Energy Research, Policy Analyst for the Major Whip of the US House of Representatives, B.A in political science, 5/12/11

(Thomas J., 5/11/11 , “American Production Sways Oil Prices”, National Journal Subscriber, <http://energy.nationaljournal.com/2011/05/what-sways-global-oil-prices.php>, kaw)

America is the third largest oil producer in the world. Combined, America and Canada produce almost as much oil per day as Saudi Arabia. Oil produced in America, Canada, and Mexico provides almost 60 percent of our domestic consumption. So, when ‘experts’ try to explain away high oil prices by stating that we have no choice but to be subject to state-owned oil companies, many of which are from countries whose leaders interests are antithetical to ours, it is a clear sign that they are either misguided, deliberately misleading, or both.¶ Their claims that America is home to a mere two percent of the world’s oil are equally disingenuous. While America’s proven oil reserves are equal to approximately 21 billion barrels of oil, that number does not include the resources that the government has placed off limits to energy production.A recent Congressional Research Service study found that the United States has the largest fossil fuel resource base in the world, including over 162 billion barrels of technically recoverable oil. That number doesn’t include the 2 trillion barrels of oil in oil shale that the Obama Administration has placed off limits.¶ The current administration only offers 2.2 percent of federal offshore areasand less than 6 percent of federal lands onshore for energy production. As a result, at least 60 billion barrels of America’s domestic oil resources are off limits. On top of that, the Obama Administration stopped all drilling in the Gulf of Mexico for the past year and has only recently issued permits, albeit at a snail’s pace. The consequence of that slowdown has decreased oil production in the Gulf of Mexico by 360,000 barrels per day from EIA’s expectations.¶ Needless to say, the government is playing a major role in the rising price of oil. While oil demand is rapidly rising in the developing world, the Obama Administration has essentially sent a signal to the market that the world’s third largest producer is closed for business. It should come as no surprise that prices are rising.

#### (--) Oil is traded on a global market—actions in any area of the world affect the global price of oil:

**Wirth et al 3** (Timothy E, President of the UN Foundation – along with C. Boyden Gray and John D. Podesta – also of the UN Foundation, “The Future of Energy Policies,” Foreign Affairs, http://www.cerium.ca/IMG/pdf/Jeudi\_apres\_midi\_-\_The\_future\_of\_Energy\_Policy.pdf)

Diversification of U.S. oil imports is not an adequate answer. Oil is like any other commodity—the last unit sold determines its price. The United States could shift all its purchases to sources that are relatively safe politically, such as Canada and Mexico, and it would still not be protected. The global price is what matters most. This means, for example, that if a terrorist sets off a “dirty bomb” in the

Saudi port of Ras Tanura, the price of oil will **spike everywhere in the world**, dramatically affecting the U.S. economy.

## Auto Industry DA Updates

### Auto Industry Increasing Now

#### (--) US auto industry regaining confidence

Burroughs 12(Jason, staff writer for property resource mentor, 7/23/12“latest surveys shows US auto companies are regaining confidence,” <http://www.propertymentorgroup.com/latest-survey-shows-u-s-auto-companies-are-regaining-confidence-f-gm-tsla/12588/> MPH)

Executives in the U.S. auto industry, which is fortified with rising sales and strong financial position, predict to add workers and expand plants in the coming year, according to a latest survey released by KPMG LLP, the audit, tax, and advisory firm. Despite their optimism in general, executives mention some major setbacks ahead, including continuing pricing pressures, an increasing gap in qualified labor, and the current European revenue setback.¶ The survey results reveal that U.S. auto companies are regaining confidence, according to Gary Silberg, who is a national automotive industry leader for KPMG LLP. Although the overall economic revival appears weak, that is not the case in the automotive industry, Gary noted.¶ .

#### (--) US auto industry increasing now

Goncalves 12(Manuel, director of media relations At KPMG, 7-20-12“Us auto industries will add employees and expand facilities this year; predict strong revenue and capital spending:KPMG survey,” <http://www.marketwatch.com/story/us-auto-companies-will-add-employees-and-expand-facilities-this-year-predict-strong-revenue-and-capital-spending-kpmg-survey-2012-07-20> MPH)

DETROIT, July 20, 2012 /PRNewswire via COMTEX/ -- Armed with growing revenues and strong balance sheets, and to keep up with increasing vehicle demand, U.S. auto executives expect to boost domestic headcount and expand facilities in the coming year, according to a recent survey by KPMG LLP, the audit, tax, and advisory firm. Despite their overall bullishness, executives cite some significant challenges ahead, including persistent pricing pressures, a growing gap in qualified labor, and the ongoing European sales slowdown.¶ In the 2012 KPMG Automotive Industry Outlook survey, two-thirds say they've added personnel over the last year, and nearly three-quarters (72 percent) say their companies will continue to hire more domestic employees in the coming year - up significantly from 62 percent in KPMG's 2011 survey. Twenty-three percent of execs predict their companies' will increase personnel by more than 7 percent, 21 percent predict the range will be 4-6 percent, and 28 percent expect 1-3 percent headcount growth. Interestingly, when asked to predict when their company's U.S. headcount would return to pre-recession levels, nearly a third (32 percent) said they are already at pre-recession levels, or will be by the end of 2012.

#### (--) Auto industry strong now- Gas prices

Bennet and Warner 12(Jeff and Melodie, staff writers for the Wall Street Journal, 7/3/12, “June US auto sales remain strong,” http://online.wsj.com/article/SB10001424052702304299704577504433416076536.html MPH)

Spurred by stable gas prices and greater access to credit, U.S. car shoppers flocked to showrooms last month, with 20% or better volume-sales gains by Chrysler Group LLC, Toyota Motor Corp., Honda Motor Co. and Nissan Motor Co. Overall, U.S. new-vehicle sales were at a nearly 14.1 million annualized pace in June, according to market researcher Autodata Corp.¶ Some auto industry executives suggested sales strengthened over May's pace as gasoline prices in the U.S. remained near or below $3.50 a gallon and more consumers found access to loans after being turned away earlier in the year.

#### **(--) US automaker confidence increasing now**

Gardner 12(Greg, staff writer for US auto industry at Detroit free press, 7/20/12, “US auto industry regains confidence, survey shows,” <http://www.freep.com/article/20120720/BUSINESS01/207200354/U-S-auto-industry-regains-confidence-survey-shows> MPH)

Despite growing losses in Europe and slowing growth in the U.S., nearly three-quarters of American auto executives plan to hire over the next 12 months, and 83% expect their firm's revenue to be higher a year from now, according to an annual survey by the audit, tax and consulting firm of KPMG.¶ "The survey results clearly demonstrate a U.S. automotive industry that is regaining confidence," said Gary Silberg, leader of KPMG's U.S. automotive practice.¶ The survey reflects responses that 100 senior executives from automakers and suppliers gave in late May.¶ Silberg said the optimism in the U.S. is a reflection of the painful decisions made by General Motors, Chrysler, Ford and the U.S. Treasury during the dark days of 2009. Despite growing losses in Europe and slowing growth in the United States, most of the auto companies will hire more people to build more vehicles over the next year to keep up with increasing consumer demand for new vehicles.

#### (--) US auto industry growth increasing now

In Auto News 12(Website dedicated to finding news about the automotive industry, 7/20/12, “Auto companies hire more to keep up with increasing demand,” <http://www.inautonews.com/auto-companies-to-hire-more-to-keep-up-with-increasing-demand-%E2%80%93-report> MPH)

According to a report from KPMG, nearly 75 percent of US auto executives plan to hire over the next 12 months, and 83 percent expect their firm’s revenue to be higher a year from now.¶ “The survey results clearly demonstrate a U.S. automotive industry that is regaining confidence,” Gary Silberg, KPMG’s national auto industry leader, said in a statement.¶ Most of the auto executives have said demand for new vehicles should continue to drive sales as the average age of vehicles on US roads is at an all-time high of almost 11 years.¶ Last month automakers reported big gains. Chrysler posted its best June in five years. Sales soared at Volkswagen, which is on track for its best year in the U.S. since 1973. The results allayed fears that growth would stall after a strong start to 2012. Earlier this spring, sales were on track to reach 14.5 million this year, boosted by mild weather and the post-earthquake return of Japanese cars to showrooms.

#### (--) Auto Industry growing now- Sales, Supply and demand, and need for new cars

ADORD 12(Area Development Online Research Desk, 7/3/12, “Booz survey identifies Key forces shaping automotice industry’s future, <http://www.areadevelopment.com/Automotive/7-3-2012/Key-Forces-Shaping-Automotive-Industry-266522.shtml> MPH)

What’s behind this optimism? For one thing, car sales are climbing, estimated to register 14 million this year — up 9 percent over 2011 figures. It’s true that this is down from 17 million annually just a few years ago, but manufacturers believe that by better aligning supply and demand they can realize more profitable sales. ¶ In fact, 65 percent of the respondents cited the auto industry’s restructuring as one of the key drivers of strong performance. Better product offerings are also contributing to industry growth, with new vehicle launches offering higher levels of performance, safety, and fuel efficiency. Moreover, the gap between domestically produced vehicles and imports has narrowed considerably in this regard. ¶ Today the average U.S. car is more than 10 years old and has been driven more than 100,000 miles. With consumer confidence and fuel prices rising, many are now deciding to replace that old vehicle with a more fuel-efficient model. And automakers are attempting to build brand equity with these consumers by improving their buying experience and competing globally. The new approach involves fewer, but more profitable sales, allowing automakers to maintain low inventories.

#### Automobile industry climbing—increased hiring, sales rising

Liu 12

(Michael, analyst for FranchiseHelp.com and is a graduate of the New York University’s Stern School of Business, <http://www.franchisehelp.com/industry-reports/automotive-franchise-industry-report>, AP)

Car makers such as General Motors, Ford, and Chrysler have been sparking headlines in the past few years over disappointing demand and sales results. While it’s true that these Big Three automakers have had to cut costs and redevelop their strategy, the automotive industry remains a significant contributor to the United States’ economy and has begun to climb back from the difficult challenges they have faced in recent years.? High oil prices in the mid 1990s caused many consumers to shift away from high fuel dependent vehicles like SUVs and Hummer’s that the US automakers were producing to lighter and more compact cars. Sales dropped dramatically as more and more people preferred the smaller and more fuel efficient Japanese cars to the more high powered American ones. The financial crisis in 2008 made matters worse as car sales further plummeted and the Big Three needed billions of dollars in government bailout funds.? As of 2010, the automotive market contributed to approximately 4% of the United States’ GDP and employed millions of workers. Sales have risen 11% since last year and is expected to maintain stable growth for the next few years.? These recent events have changed the landscape of the automotive market, but they have also created large amounts of opportunities for aspiring business owners to capitalize on the recent transformation of the automotive industry.? What does the Automotive Franchise Industry Do?? The automotive industry is involved in the process of designing, manufacturing, and selling motor vehicles. However, it is not just about selling cars to consumers. The services required to maintain and distribute cars after the car’s initial sale are part of the automotive aftermarket, a 257 billion dollar market. These services include the car accessories and repairs vital for the automobile ecosystem to function.? Interesting Automotive Franchise Industry Business ? There are very few instances in history where the automotive industry have experienced as big of changes as they are right now.? Energy Cars? As fuel prices remain high and there is greater concern for the environment, more energy efficient cars are increasing in demand. Moreover, as part of their bailout specifications, the Big Three automakers are required to quickly release more energy efficient vehicles to the market. This increasing popularity for hybrid and electric cars are going to affect the industry in big ways as it will create a new market for businesses to cater to these new forms of vehicles.? People are holding their cars longer? As the United States slowly recover from a recession, consumers are still tight on their budgets and conserving the amount of luxury goods they purchase including new cars and other vehicles. According to the automotive industry research firm R.L. Polk & Co., consumers are holding their cars, on average, for 63.9 months, which is up 4.5 months from the previous year. Additionally, the quality of cars have increased leading people to hold their cars for longer periods of time without the need to purchase new ones. While this can lead to reduced car sales, it can increase the need for repair and maintenance as people choose to keep their older cars.? Used Cars? Interestingly, growth in used car sales are lower than new car sales as people are preferring to purchase newer cars as opposed to buying used ones. A big part of that has to deal with the fact that there is a reduced supply of used cars raising the price of these cars leading people to just buy new cars.? Automotive Franchise Growth and Opportunities? The size and importance of the automotive industry have created many opportunities for people to get involved. According to the Franchise Business Economic Outlook 2011, automotive franchise establishments are expected to increase 3.9% from the previous year. General automotive industry trends and an improving economy are revealing opportunities for anyone with a passion in the auto industry to get involved.? In some parts of the automotive aftermarket industry, there is a significant advantage through franchising versus starting a shop on your own. In the oil change and lubrication market, the top few companies reap in a significant amount of the entire industry’s profits. There are also other opportunities that exist where people can benefit from.? Auto repair will continue to play a big role in the automotive industry. In addition to the routine car and repairs every car owner must go through, there is going to be higher demand for specialized parts and repairs required of hybrid and electric cars. Currently, there is a low supply of shops capable of fixing these hybrid cars despite its increasing demand. The auto repair industry includes numerous franchising segments including automobile body, transmissions, and oil franchises.? The auto accessories market is a $32 billion dollar market with data showing 92% percent of consumers are willing to buy auto accessories. With consumers holding their cars longer and disposable income increasing, auto accessories are beginning to look like a prudent investment for car owners.? The car rental market, which puts 1.6 million cars on the road, is currently seeing a bounce back from the damage the financial crisis created. Companies such as Hertz and Enterprise had to drastically cut costs and keep older vehicles in order to deal with the decreased demand in rental cars. As the economy improves, these companies are hiring more and switching their old cars for newer, fewer mileage cars.

The automobile industry is not going anywhere soon. As the trends in the automotive industry continue, there exists both old and new opportunities available for those interested in franchising to get involved. Car maintenance, repairs, and body services are regularly going to be in demand regardless of whether people prefer to buy new cars or keep their old ones.? The green movement has hit the automotive industry as all car manufacturers are focusing their attention on producing more environmentally friendly and fuel efficient vehicles. As this infant market matures, there will be a demand for services from businesses that understands how to cater to these specific types of vehicles.? For potential business owners who have an interest in the automotive industry, partaking in an automotive franchise provides a good opportunity for everyone.

#### Auto Industry growing strong—more hired workers

Gardner 12 (Greg, He has covered the auto industry for the Free Press, Ward’s Communications and Bloomberg News from 1988 through 2000. Greg also has worked in marketing and corporate communications with Visteon Corp. and Harbour Consulting.7-20-12, <http://www.freep.com/article/20120720/BUSINESS01/207200354/U-S-auto-industry-regains-confidence-survey-shows>, AP)

Despite growing losses in Europe and slowing growth in the U.S., nearly three-quarters of American auto executives plan to hire over the next 12 months, and 83% expect their firm's revenue to be higher a year from now, according to an annual survey by the audit, tax and consulting firm of KPMG.? "The survey results clearly demonstrate a U.S. automotive industry that is regaining confidence," said Gary Silberg, leader of KPMG's U.S. automotive practice.? The survey reflects responses that 100 senior executives from automakers and suppliers gave in late May.? Silberg said the optimism in the U.S. is a reflection of the painful decisions made by General Motors, Chrysler, Ford and the U.S. Treasury during the dark days of 2009.? "It was gut-wrenching," Silberg said. "But they had to restructure. As a result, the overall break-even level fell to about 10 million vehicles a year, and the market is now running at an annual selling rate of 14 million. That means the profits are quite strong."? In a major change from previous years' results, North America was cited as the primary growth market by the largest majority (63%) of respondents, compared with 44% who see more growth from China.? Still, the pace of the recovery is slow.

#### Auto industry employment rising

AP ’12 (Associated Press, 7-20-2012, http://www.businessweek.com/ap/2012-07-20/survey-auto-industry-will-keep-adding-people, AP)

DETROIT (AP) — Auto industry executives in the U.S. expect to hire more people and expand their factories in the coming year to handle rising sales, according to an annual survey of executives.? The executives are concerned about finding enough trained workers and they see economic challenges ahead, including slowing auto sales in Europe, according to the survey by accounting and advisory firm KPMG LLP.? The auto industry is going strong, even as the overall U.S. economy remains weak. Pent-up demand for cars and trucks is expected to carry the industry for several years, said Gary Silberg, automotive industry leader for KPMG, in a statement.? "As a result, auto companies and suppliers are ramping up their hiring and production activities, and investing heavily in new products and facility expansion," he said.? Auto and parts manufacturing employment bottomed out at 624,400 people in June of 2009 as the Great Recession officially came to an end, according to government statistics. Since then, the industry has added more than 150,000 jobs, reaching 774,600 last month as automakers and parts companies staffed up to tackle growing sales.? The average age of cars and trucks in the U.S. is approaching 11 years, a record for the industry, according to the Polk research firm. Fearing that their jobs weren't secure, many people kept their older cars longer because they didn't want to take on more debt.? But this year, people have been heading to dealerships to replace their old clunkers. Through the first six months of the year, U.S. auto sales are running at an annual rate of 14.3 million, far above last year's 12.8 million, although short of the 2005's 17 million. Many analysts expect pent-up demand to push sales over 15 million next year and beyond.? But analysts and dealers keep watching for signs that the weak economy will discourage car buyers. There are signs that the pace of sales slowed during the first half of July. But that was also the case in June, yet sales finished the month strong.? Two-thirds of the 100 auto executives surveyed by KPMG said they have added people during the past year, and 72 percent said they will keep hiring in the coming year. That figure is up from 62 percent in the 2011 survey, KPMG said. Nearly one-third said employment at their companies had returned to or would return to pre-recession levels by the end of this year.? Also, 73 percent said their company will increase capital spending during the next year, with investments going to new products and services and expanding facilities, according to the survey.? KPMG said the survey was taken in May of executives at industry firms with annual revenues from $100 million to more than $10 billion.? Many in the auto industry are worried that parts companies don't have enough people or factory capacity to keep up as sales continue to rise.

#### Auto industry growing, confidence rising, employment rates high.

Reuters ’12 (7-19-2012, http://articles.chicagotribune.com/2012-07-19/classified/sns-rt-us-usautos-studybre86j04y-20120719\_1\_kpmg-survey-executives, AP)

(Reuters) - Auto companies will hire more people and expand plants over the next year to keep up with increasing consumer demand for vehicles to replace aging cars and trucks, according to a report released on Friday.? Despite worries about declining demand in Europe caused by the debt crisis and pressures on vehicle pricing, U.S. auto executives surveyed by advisory firm KPMG are bullish about their companies' prospects.? "The survey results clearly demonstrate a U.S. automotive industry that is regaining confidence," Gary Silberg, KPMG's national auto industry leader, said in a statement.? "Even though the overall economic recovery remains weak, that is not the case in automotive where pent-up demand for vehicles in the U.S. is expected to carry over for years," he added. "As a result, auto companies and suppliers are ramping up their hiring and production activities, and investing heavily in new products and facility expansion."? Industry executives have said demand for new cars and trucks should continue to drive sales as the average age of vehicles on U.S. roads is at an all-time high of almost 11 years.? Nearly three-quarters of the executives polled said their companies will continue to hire in the coming year, up significantly from the 62 percent in the 2011 survey, according to KPMG.? Almost a quarter said their companies will increase the number of employees by more than 7 percent. Twenty-one percent said personnel would increase by 4 to 6 percent, while 28 percent said the increase would be 1 to 3 percent.? In addition, 67 percent of those polled said their companies have significant cash and almost the same number said they would invest that cash before the end of the year, KPMG said. Seventy-three percent said they would increase capital spending over the next year, with the highest priority on new products or services and expanding factories.? In another use of that cash, almost half of those surveyed said their companies will be involved in a merger or acquisition, KPMG said.? Nevertheless, the executives surveyed are not predicting an overall economic turnaround for years, KPMG said. More than 80 percent predicted the U.S. economy will remain flat or see only moderate improvement next year, with 60 percent saying a full recovery would not happen until 2014 or later.? Nearly three-quarters of the executives surveyed expect the weak European auto market to continue for another 18 months, including 15 percent who said the slowdown will linger for more than three years, KPMG said.? But 63 percent of executives in the survey said North America was their primary growth market, followed by China (44 percent) and South America (30 percent), KPMG said.

### Auto Industry Key to Economic Growth

**Auto industry key to economy**

**Papatheodorou and Harris 07** (Yorgos, senior project manager CH2M HILL and Michelle, Project Consultant, P.E. Jan 5 “The Automotive Industry: Economic Impact And Location Issues” <https://docs.google.com/viewer?a=v&pid=gmail&attid=0.1&thid=138a16fcdd1277b3&mt=application/vnd.openxmlformatsofficedocument.wordprocessingml.document&url=https://mail.google.com/mail/u/0/?ui%3D2%26ik%3D9a0179bc7c%26view%3Datt%26th%3D138a16fcdd1277b3%26attid%3D0.1%26disp%3Dsafe%26realattid%3Df_h4ufxpkt0%26zw&sig=AHIEtbTiHUaeEsmC7868khz6B_gKLV8ISw> lj)

The Automotive Industry: Economic Impact And Location Issues¶ Despite problems with overcapacity and low profitability, the automotive industry retains strong influcence and importance.¶ The automotive industry is a major industrial and economic force worldwide. It makes 60 million cars and trucks a year, and they are responsible for almost half the world's consumption of oil. The industry employs 4 million people directly, and many more indirectly.¶ Despite the fact that many large companies have problems with overcapacity and low profitability, the automotive industry retains very strong influence and importance. The industry also provides well-paying jobs with good benefits, has heavy linkages with supplier industries (which gives it an oversized role in economic development), and has a strong political influence.¶ The power of linkages is given by the following real but anonymous example of forecasted economic impacts of a proposed automotive assembly plant.

**Auto industry key to economy**

**Box 12** (Terry, Reporter at Dallas News, Sports, Weather and Traffic from the Dallas Morning News, May 15 “Auto industry provided half of U.S. economic growth in first quarter” <http://bizbeatblog.dallasnews.com/2012/05/auto-industry-provided-half-of.html/> lj)

Was it only three or four years ago that our noble politicians in Washington were grilling auto-industry executives, insinuating that their dinosaur industry might have outlived its usefulness?¶ Get this: The auto industry’s remarkable comeback since 2009 contributed fully half of the 2.2 percent national economic growth in the first quarter of this year, according to Bloomberg.¶ You have to wonder where the D.C. suits are now.¶ No one denies that the auto industry is highly cyclical and has weathered some major challenges in the last few years, including the bailouts and devastating bankruptcies of General Motors Corp. and Chrysler Group LLC.¶ But with auto sales up 15.2 percent in the first quarter, the industry’s economic impact was felt throughout the economy. Production rose at all three domestic automakers, which kept hundreds of suppliers and other industry-related businesses humming along.¶ Moreover, Bloomberg noted, the National Association of Manufacturers estimates that every dollar spent on a new vehicle spurs an additional $2.02 in economic activity.¶ Sales in the four-county Dallas-Fort Worth area were even more robust, increasing 18 percent in the first quarter, according to The Freeman Metroplex Recap.¶ Despite the auto activity, automaker stock prices remain flat. Although a key automotive index was up 1.5 percent in the first quarter, it remains down 31 percent over the last year.¶ However, industry officials expect U.S. auto sales to hit 14 million this year and possibly 16 million in the next couple of years – a level equal to sales in some years before the recession.

**Auto industry key to economy**

**Szczesny 09** (Joseph, Journalist and The Detroit Bureau, Jun. 4 “Auto Industry Key to Future Economic Growth” <http://www.thedetroitbureau.com/2009/06/auto-industry-key-to-future-economic-growth/> lj)

The domestic automobile industry is an important element in innovation engine that is critical to prosperity in the U.S., suggests a new study from a Washington think tank.¶ America’s future depends on its ability to translate new ideas into investment, jobs, and long-term productivity growth, said Kent Hughes, director of the Science, Technology, America, and the Global Economy program at the Woodrow Wilson Center in Washington D.C., and one of the authors of the new study.¶ “In the debate over handling the bankruptcies of Chrysler and General Motors,” he said, “the impact on innovation and the U.S. industrial base has been largely ignored.¶ “The auto sector – including its parts suppliers, engineers, and related services – is a key part of our innovation system that encompasses much more than the goal of producing new, fuel-efficient cars,” Hughes said.¶ “We need an even stronger industrial base so that we can pay our way in the world, instead of borrowing hundreds of billions of dollars from China, Japan, Germany, and many oil-rich states. It is hard to envision America having the capacity to produce hundreds of billions of dollars of manufactured goods in the future without a strong, innovative automotive sector,” he said.¶ In fact, visitors to the Telematics 2009 conference in Novi., Mi., this week, said automakers are pushing for new futures that could help spark sales.¶ “By 2016, the majority of consumers will consider in-vehicle connectivity and the ability of driver/passenger-centric, contextual information as important as traditional automobile features such as high safety and fuel efficiency standards,” says Thilo Koslowski vice president and automotive practice leader at the consulting firm of Gartner Inc. of Stamford, Conn.¶ “The continued rise of connected consumer devices, such as smartphones and mobile Internet devices, will increase consumer expectations for always-on data availability throughout their work and home, and when being mobile – including when driving,” Kosowski said.¶ GM vice chairman Robert Lutz made the same point last week when he said there seems to be a growing realization in Washington D.C., or at least on the part of the Obama administration, that if the U.S. wanted to remain a factor in world affairs, it needed to be able to back up its words with economic might.¶ “It took 30 years for somebody to finally figure it out,” said Lutz, adding, “They want to revitalize the American automobile industry. There finally is a realization that our country cannot remain economically strong and militarily strong and have a global impact if it’s not backed up by wealth-producing industries.¶ Hughes said the role of the government has become more complex. It must act as lender, owner, regulator, and strategist, working toward energy efficiency and energy security, he said.¶ The auto industry’s challenges, however, also come from the market, he added.¶ “Demand for autos is down and the U.S.-based auto sector has to contend with highly competitive exchange rates in China and other parts of East Asia as well as overseas incentives to lure production offshore,” Hughes said.¶ “Going forward,” Hughes warned, “we need national policies that support the auto and other industrial sectors coupled with national investments in advanced manufacturing. We neglect the industrial base at our peril.”

#### Auto industry key to economic and job growth

**Waldron 5/23** – Travis, Reporter for [thinkprogress.org](http://thinkprogress.org)

(5/23/12, “ Auto Industry Adds Thousands of Jobs to Meet Growing Demand, Proving Auto Rescue’s Success Yet Again, <http://thinkprogress.org/economy/2012/05/23/489024/auto-industry-add-jobs/>, CS)

The automobile industry has been a [consistent bright spot](http://thinkprogress.org/economy/2012/04/27/472704/auto-industry-economic-growth/) in the American economy over the last several months, as automakers have added jobs to meet growing demand. And news from the industry is only getting better, as new estimates expect automakers to sell 14.3 million cars in the United States in 2012 — 1.5 million more than they sold last year.¶ Factories for both foreign and domestic automakers are now working “[at maximum capacity](http://content.usatoday.com/communities/driveon/post/2012/05/auto-plants-ford-gm-chrysler/1#.T7zWxfn4Ju9)” and the industry is adding shifts and jobs to keep up with that rising demand, the USA Today reports:¶ Some plants are adding third work shifts. Others are piling on worker overtime and six-day weeks. And Ford Motor and Chrysler Group are cutting out or reducing the annual two-week July shutdown at several plants this summer to add thousands of vehicles to their output.¶ “We have many plants working at maximum capacity now,” says Ford spokeswoman Marcey Evans. “We’re building as many (cars) as we can.”¶ Chrysler and General Motors, the major beneficiaries of the auto rescue, have both reported their [best profits](http://thinkprogress.org/economy/2012/02/01/416100/chrysler-profit-97/) in more than a decade, and both were already [planning to add jobs](http://www.nytimes.com/2012/02/02/business/chrysler-earned-225-million-in-4th-quarter.html?ref=business) this year. With factories now struggling to meet demand, both foreign and domestic auto companies are planning to add [even more jobs](http://content.usatoday.com/communities/driveon/post/2012/05/auto-plants-ford-gm-chrysler/1#.T7zWxfn4Ju9) — and, as the Center for American Progress’ Adam Hersh and Jane Farrell noted in April, the industry has added [more than 139,000 jobs](http://thinkprogress.org/economy/2012/04/06/459857/auto-industry-bright-spot/) in the last three years.¶ The strength of the auto industry is yet another sign that letting it fail would have been [a major mistake](http://thinkprogress.org/economy/2012/02/21/429291/infographic-auto-industry-rescue/). Not only would it have cost more than [a million jobs](http://thinkprogress.org/economy/2012/02/17/427489/insiders-slam-romney-autos/) at a time when the economy was struggling, it would have prevented the current growth that is helping both the industry and the American economy recover.

#### Auto Industry key to recovery: new hiring and increased sales

**Baldwin 11**

(Claire, reporter for Reuters, 8/1/11, <http://www.reuters.com/article/2011/08/01/us-kpmg-idUSTRE7700TR20110801>, “Auto industry could lead US economic recovery: survey, CS)

DETROIT(Reuters) - The auto industry could lead an economic recovery in the United States, according to a recent survey by audit, tax and advisory firm KPMG.¶ Auto executives plan to do more hiring and more capital spending than executives in any other sector in the next year, according to the survey.¶ Sixty-two percent of auto executives said they expect to hire people in the coming year, compared with an average of only 52 percent of executives across all sectors. Similarly, 71 percent of autos executives said they expect to increase their capital spending in the coming year compared with an average of 59 percent of all executives.¶ Two years after the end of the U.S. recession, unemployment remains above 9 percent, U.S. consumer confidence hit a near two and a half-year low earlier this month and the U.S. government reached a last-minute deal late Sunday to avoid a U.S. debt crisis. All this has raised questions about the speed and strength of a U.S. recovery.¶ The U.S. auto industry was hit hard during the financial crisis, which saw both General Motors Co ([GM.N](http://www.reuters.com/finance/stocks/overview?symbol=GM.N)) and Chrysler seek bankruptcy protection and government bailouts. It was hit again in March when an earthquake, tsunami and nuclear crisis in [Japan](http://www.reuters.com/places/japan) disrupted the supply chain.¶ While the sector is improving -- U.S. July auto sales are expected to hit an annual rate of around 12 million vehicles, an improvement over May and June -- that figure still lags the 17 million-plus number sold in 2000.¶ A full recovery could take years, but the next 12 months could see an improvement, according to the survey.¶ Seventy-two percent of the autos executives surveyed said they expect their revenue to increase in the coming year. North America is still seen as the most important market, but more revenue is expected to come from other markets including [China](http://www.reuters.com/places/china) and South America. New models and products, acquisitions and joint ventures are also expected to add to revenue.¶ Fifty-five percent of those surveyed expect to make an acquisition in the coming year; 5 percent expect to sell. Access to new markets, technologies and products is expected to drive the M&A activity.¶ The auto sector survey, which included the responses of 100 autos executives, was conducted in June. KPMG is releasing the results of its other sector surveys separately.

#### US economy dependent on auto industry

**Hirsch 11**

(Jerry, reporter for Los Angeles Times, 8/25/11, <http://articles.latimes.com/2011/aug/25/business/la-fi-autos-economy-20110825/2>, “Carmakers’ rebound is driving jobs in US: The industry that once needed bailing out could be the one to stave off recession, CS)

Taxpayers bailed out much of the U.S. auto industry. Now the carmakers might be what saves the nation's economy from falling back into recession.¶ After a massive restructuring and several high-profile bankruptcies, a leaner, more aggressive auto industry is making a comeback, **hiring workers and ramping up manufacturing plants.** From a trough two years ago, Ford Motor Co., General Motors Co., Chrysler Group and other auto companies have added almost 90,000 manufacturing jobs, a 14% increase, according to federal employment data.¶ Job growth in Michigan, which was devastated by the downturn, is even more robust. That's why Michigan's jobless rate stood at 10.9% in July, well below the 12% rate of California.¶ And it's not just the Big Three American manufacturers that are thriving. Nissan, VW and other foreign-based firms are expanding in the United States, putting billions of dollars into building and refurbishing plants. Start-ups Tesla Motors in Palo Alto, Fisker Automotive in Anaheim and Coda Automotive in L.A. are hiring and spending hundreds of millions of dollars designing and launching electric and hybrid vehicles.¶ Dealers are having a banner year, making more money per sale than they have in years and hiring back some workers shed during the recession.¶ "I have been adding dozens of employees for sales and sales support," said Mike Bowsher, who owns Chevrolet and Buick dealerships in Atlanta; Nashville, Tenn.; and Orlando, Fla. "The economy is crazy, but our retail business is still growing and getting better."¶ The Commerce Department said Wednesday that orders for autos and auto parts jumped 11.5% in July, the most in eight years. That followed an earlier government report on industrial production that showed the auto industry was the strongest segment of the manufacturing economy last month.¶ This kind of expansion is important to the economy. Including factories, suppliers and dealers, the U.S. auto industry employs about 1.7 million workers and supports an additional 6.3 million private-sector jobs, according to the Center for Automotive Research in Ann Arbor, Mich. The center said those positions represent more than $500 billion in annual compensation and more than $70 billion in personal tax revenue.¶ "Autos are certainly picking up. As we get into next year, this all depends on the state of the consumer," said Gary Schlossberg, senior economist Wells Capital Management.¶ Auto sales peaked at about 17 million in 2000 and held near that level until 2007 before crashing to just 10.4 million two years later. They were heading back into the 13-million range — helped by a wave of new models, low interest rates and improving consumer confidence — only to be upended by the Japanese earthquake in March.¶ Shutdowns at Japanese-owned factories in Japan and the United States created inventory shortages that led to sharply higher car prices, lower demand and hundreds of thousands of lost sales for dealers. But with those disruptions now in the rearview mirror, the industry is looking for sales to improve over the rest of the year.¶ The **health of the U.S. economy is so dependent on autos** that economists such as UCLA's David Shulman are watching car sales to assess whether the nation's recovery will accelerate or stall.¶ "If you see a 13-million-unit sales rate in the fourth quarter, that would help a lot," said Shulman, senior economist at the UCLA Anderson Forecast. "It would be very **hard to see how the U.S. would go into recession with cars selling at that rate**."

### Auto Industry Key to Heg

#### (--) Automotive industry is key to the steel industry

Zacks Equity Research 7/24/12; Zacks Equity Research provides the best of quantitative and qualitative analysis to help investors know what stocks to buy and which to sell for the long term “Steel Industry Stock Outlook - July 2012 - Industry Outlook; http://community.nasdaq.com/News/2012-07/steel-industry-stock-outlook-july-2012-industry-outlook(2).aspx?storyid=158325)

The automotive and construction markets have historically been the largest consumers of steel. The automotive sector is showing significant promise. In February 2012, total motor vehicle sales reached their highest level in the past 4 years at 15.1 million SAAR (Seasonally Adjusted Annual Rate). In May, many auto manufacturers made their best Memorial Day sales in over five years. In June, total motor vehicle sales were at 14.1 million, improving from 13.8 million in May. Domestic sales rose from 10.6 million SAAR in May to 11.1 million SAAR in June, almost close to the highest level of 11.4 million attained in February. The outperformance was somewhat helped by lower gasoline prices, which made domestic trucks more attractive and increased from 5.92 million SAAR in May to 6.14 million SAAR in June, the highest number of domestic trucks sold since March 2008. For the first half of 2012, sales averaged 14.3 million SAAR. We believe these upbeat numbers bode well for the steel industry

#### (--) The auto industry is key to the steel industry – Empirics prove

Anderson and Kreinin 07

(Mordechai E. Kreinin, University Distinguished Professor, Department of Economics, Michigan State University, Richard G. Anderson, Vice President, Federal Reserve bank of St. Louis, 4-3-07, “Labour Costs in the American

Steel and Auto Industries” <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-9701.1981.tb00351.x/pdf>, VN)

Data concerning the importance of steel as an input into motor vehicle manufacture can be obtained from the 1972 national input-output tables for the United States. In summary, direct purchases by motor vehicle manufacturers from primary iron and steel manufacturers were 13.7 per cent of total purchased inputs; additional indirect purchases were made through the purchase of screw machine products and stampings (43.3 per cent) and fabricated metals

#### (--) The steel industry is key to the U.S army – Land and Sea forces

AISI No date given

(American Iron and Steel Institute, No date given, The New Steel. Backbone Industry In National Defense, <http://www.steel.org/en/The%20New%20Steel/~/media/Files/AISI/Steel%20Markets/fs_backbone_defense_oct08.ashx>, VN)

Land-based applications include: Abrams tanks, where 187,000 tons of steel plate were consumed in the production of 8500 tanks. There are 22 tons of plate in each Abrams tank. Light armored Vehicles, where 30,000 tons of plate have been used, at the rate of eight tons per vehicle. The up-armored Humvee in use by the U.S Army includes steel plating around the cab of the vehicle, offering improved protection against small arms fire and shrapnel. Steel plating underneath is designed to survive up to eight pounds of explosives beneath the engine to four pounds in the cargo area.

Sea-based applications include: Aircraft Carriers, each of which contains 50,000 tons of steel plate. The 10 carriers constructed in recent years consumed 500,000 tons of plate. The USS John C. Stennis, which was commissioned in 1995, used 60,000 tons of steel. The USS Ronald Reagan, which was commissioned in 2003, used 70,000 tons of steel.

### Auto Industry Key to Heg

#### U.S Army is key to its hegemony

Posen 03

(Barry R. Posen is Professor of Political Science at the Massachusetts Institute of Technology and a member of its Security Studies Program. Summer, 2003. Command of the Commons: The Military Foundation of U.S. Hegemony <http://belfercenter.ksg.harvard.edu/files/posen_summer_2003.pdf>, VN)

One pillar of U.S. hegemony is the vast military power of the United States.

A staple of the U.S. debate about the size of the post–Cold War defense budget is the observation that the United States spends more than virtually all of the world’s other major military powers combined, most of which are U.S. allies. Observers of the actual capabilities that this effort produces can focus on a favorite aspect of U.S. superiority to make the point that the United States sits comfortably atop the military food chain, and is likely to remain there. This article takes a slightly different approach. Below I argue that the United States enjoys command of the commons—command of the sea, space, and air.

#### Automotive Industry is key to the Steel industry

**Miller 11** (John W. Miller covers steel and mining, as well as The News, for the Wall Street Journal; December 25, 2011; “Demand for Cars Helps Boost Steel Industry”; WSJ; http://blogs.wsj.com/drivers-seat/2011/12/25/demand-for-cars-helps-boost-steel-industry/

Buoyed by rising sales of cars, farm gear and oil-drilling equipment, steelmakers are increasing prices and expanding production after setbacks earlier this year when the U.S. recovery stalled and the European debt crisis deepened. Gerdau SA will invest $67 million to expand production at a plant in Monroe, Mich., which makes steel for aerospace and defense industries. Russian steelmaker OAO Severstal last month opened a new part of its plant in Columbus, Miss., a $550 million project that doubled annual capacity to 3.4 million tons. “If you take the [European Union] out of the equation, things look pretty good,” says Lou Schorsch, who oversees ArcelorMittal’s flat carbon operations in North and South America. Gerdau’s Michigan plant expansion came as a “result of our confidence in the recovery and growth of the North American market,” Chief Executive André Gerdau Johannpeter said last week. The strongest market: automotive. U.S. auto makers are expected to turn out 13.4 million vehicles in 2011, up from 10.4 million units in 2009, according to the Manufacturers Alliance for Productivity and Innovation. Shipments of steel, strip and coiled plate steel, used to make cars, were up 11.9% to 44.1 million tons in the first 10 months of 2011, compared to last year. Other markets are likewise strong, energy in particular. Gas and oil companies are buying more steel pipes to tap natural gas in shale basins. Michelle Applebaum, managing partner at Chicago-based research firm Steel Market Intelligence, noted that shipments of energy pipe were up 24.3% to 2.6 million tons in the first 10 months of 2011. That has helped keep prices strong in the U.S. relative to other parts of the world, she said. “The U.S. is ahead of everybody right now, thanks to pockets of activity” Ms. Applebaum added. Richard Robinson, president of Nebraska-based Norfolk Iron & Metal, a company that buys and distributes steel to car makers and other manufacturers, said demand for heavier flat rolled steel is high “thanks to agribusiness, and the push for gas drilling in the upper Midwest.” As a result, he expects recently announced price increases to stick “at least for the short term.” There are some bleak spots. Mr. Robinson said the company is selling less steel to makers of refrigerators, washing machines and other household appliances, which are typically big steel buyers. Household appliance production fell 4% in 2011, according to MAPI. Big manufacturers such as Whirlpool Corp. and Electrolux AB have cut jobs and output recently because of weak sales. Nonresidential construction has also suffered along with the real-estate market.

#### The auto industry is key to the steel industry – Empirics prove

Anderson and Kreinin 07

(Mordechai E. Kreinin, University Distinguished Professor, Department of Economics, Michigan State University, Richard G. Anderson, Vice President, Federal Reserve bank of St. Louis, 4-3-07, “Labour Costs in the American Steel and Auto Industries” <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-9701.1981.tb00351.x/pdf>, VN)

Data concerning the importance of steel as an input into motor vehicle manufacture can be obtained from the 1972 national input-output tables for the United States. In summary, direct purchases by motor vehicle manufacturers from primary iron and steel manufacturers were 13.7 per cent of total purchased inputs; additional indirect purchases were made through the purchase of screw machine products and stampings (43.3 per cent) and fabricated metals

## **States CP Updates**

### **AT: Congress Will Block Interstate Compacts**

#### (--) FIAT solves this—durable FIAT means the counterplan is enforced

(--) Congress Won’t Block Interstate Compacts

Pincus, Political Author, 4/22/09

(Matthew, 7/24/12, <http://www.columbia.edu/cu/jlsp/pdf/Summer2009/02Pincus.42.4.pdf>, “When should interstate compacts require congressional consent?” .bcd)

This Note argues that the current test to determine when interstate compacts require the consent of Congress should be ¶ overhauled.¶ 13¶ The U.S. Steel test potentially allows a coalition of ¶ states to set national policy, while making an end-run around the ¶ “finely wrought” procedures of bicameralism and presentment ¶ necessary for enacting federal legislation¶ 14¶ and the strict supermajoritarian requirements for amending the Constitution ¶ through Article V.¶ 15¶ If coalitions of states are able to effect nationwide change through interstate compacts, the inertia that ¶ normally hinders the federal legislative process will make it difficult for Congress to override their legislation. In this way, the ¶ use of interstate compacts can exploit the constitutional mechanisms designed to hamper Congress’s ability to create federal law ¶ for the purpose of making change more permanent. Accordingly, ¶ compacts that attempt to effect change on a national level should ¶ be invalid in the absence of Congressional consent. Ultimately, ¶ this Note recommends that the U.S. Steel test should be replaced ¶ with a comparatively simple judicial standard that would strike ¶ down interstate compacts not approved by Congress unless the ¶ subject matter of the compact is widely recognized as a traditional locus of state action.¶ 16¶ Part II of this Note begins by examining the original uses of ¶ interstate compacts, as well as when such agreements required ¶ congressional approval. Traditionally, this device was used to ¶ resolve disputes between small numbers of states concerning ¶ boundary issues, water rights, and other similar local issues. ¶ However, in the last few decades, proposals for using interstate ¶ compacts to address issues that are truly national have begun to ¶ gain traction. Part III examines the current state of the law concerning when such compacts require the consent of Congress, focusing particularly on the jurisprudential test of U.S. Steel.

(--) Congress won’t block IC’s that don’t challenge power balance

CGLG, No Date

(Council of Great Lake Governors, 7/24/12, <http://www.cglg.org/projects/water/CompactEducation/Congressional_Consent_and_other_Legal_Issues-CSGNCIC.pdf>, “Congressional Consent and other legal issues” .bcd)

¶ Although compact clause appears to require congressional consent in every case, the ¶ Supreme Court has determined that the clause is activated only by those agreements that ¶ would alter the balance of political power between the states and federal government or ¶ intrude on a power reserved to Congress. Virginia v. Tennessee, 148 U.S. 503 (1893). ¶ Thus, where an interstate agreement accomplishes nothing more than what the states are¶ otherwise empowered to do unilaterally, the compact does not intrude on federal interests ¶ requiring congressional consent. U.S. Steel Corp. v. Multistate Tax Comm’n, 434 U.S. ¶ 452 (1978). In this circumstance, the compact continues to be a contract between the ¶ states, the meaning of which may be subject to the Supreme Court’s original jurisdiction ¶ over disputes between the states. The compact is not, however, “federalized” for purposes ¶ of enforcement and interpretation.¶ However, where congressional consent is required because the compact intrudes on ¶ federal interests, the lack of congressional consent renders the agreement void as between ¶ the states. By contrast, where the compact does not intrude on federal interests, the ¶ agreement is not invalid for lack of congressional consent. New Hampshire v. Maine, 426 ¶ U.S. 363 (1976).¶ Even where congressional consent is given, the mere act of consent is not dispositive of ¶ whether the compact actually required consent. U.S. Steel Corp., supra, 470-71 (“The ¶ mere form of the interstate agreement cannot be dispositive . . . . The relevant inquiry ¶ must be one of impact on our federal structure.”).