# Neg

# A2 – Case Advs

### No Inherency – A2 Keystone won’t happen now

#### Keystone Pipeline is on track for construction this summer.

Leslie Mira. Journalist. 6/26/12. Platts. “Keystone XL is on track for initial construction this summer: TransCanada. <http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Oil/6421340>

TransCanada has one of three required permits from the US Army Corps of Engineers to build the southern portion of its controversial Keystone XL crude pipeline, and the company is still eyeing a start of construction this summer, the company said Tuesday. "TransCanada still requires approvals from the Tulsa and Fort Worth Districts" of the US Army Corps of Engineers, TransCanada spokesman Shawn Howard said in an email. "We continue to believe that we will be in a position to begin construction later this summer and are working with the Corps and others to secure the approvals and permits we require," Howard said. The overall Keystone XL pipeline project would ship Canadian crude oil from Hardisty, Alberta, to the US Gulf Coast. TransCanada plans to build the $2.3 billion, 485-mile southern segment, dubbed the Gulf Coast Project, from Cushing, Oklahoma, to Nederland, Texas, while it waits for a State Department permit for the section that crosses the US-Canada border. It expects to have oil flowing on the southern segment in the second half of 2013. The Corps on Monday gave TransCanada an NWP 12 permit for the Galveston District, a Corps spokesman said Monday. "The Galveston District made a decision on June 25, 2012 that the work associated with the proposed GCPP in waters of the United States meets the terms and conditions... and could proceed," spokeswoman LaDonna Davis said in an email. Davis said the Fort Worth, Texas, and Tulsa, Oklahoma, districts "have performed or are in the process of performing a thorough review" of water crossing and wetlands to ensure that "impacts to these areas are avoided and minimized where possible." If the Corps "does not notify an applicant of its permit decision within 45 days from receipt of a complete preconstruction notification package, under the conditions of the NWPs, approval is assumed and the applicant can begin construction," Davis said in her email. "However, the applicant does so at their own risk. They must still adhere to the numerous conditions of the NWPs. Non-compliance with any of the general or regional conditions may result in an enforcement action," she said. Environmentalists reiterated previous criticism that President Barack Obama was allowing the Corps to "rubber-stamp" the pipeline project. "President Obama abandoned Texans and Oklahomans to the whims of Big Oil and an Army Corps that appears only too willing to serve them," Kim Huynh of Friends of the Earth said Tuesday in a statement. "The Army Corps has shown a willful disregard for the concerns of residents whose health, land and livelihoods are at stake if Keystone XL is rubber-stamped, which is why we're urging Administrator Lisa Jackson to step in and call for a full environmental review." Asked to comment about the EPA's role in oversight of the pipeline, EPA spokesman David Bloomgren on Monday referred a reporter to the Corps.

## A2: Economy Adv

### A2 Jobs

#### Keystone has a minimal effect on jobs

**CUGLI** September **2011** (Cornell University Global Labor Institute- Part of Cornell’s Institute for Industrial and Labor Relations) “Pipe Dreams?” http://www.ilr.cornell.edu/globallaborinstitute/research/upload/GLI\_KeystoneXL\_Reportpdf.pdf

A calculation of the direct jobs that might be created by KXL can begin with an examination of the jobs on-site to build and inspect the pipeline. The project will create no more than 2,500-4,650 temporary direct construction jobs for two years, according to TransCanada’s own data supplied to the State Department. 9 The State Department’s FEIS considers each component of construction labor, and provides jobs data for the construction spreads, pump stations, and tank farms: » Construction of the pipeline is planned to occur in 17 construction spreads or completed lengths (Table 3.10.1-13). Ten spreads are planned along the proposed Steele City Segment, six spreads along the proposed Gulf Coast Segment, and one spread along the proposed Houston Lateral. Final spread configurations and construction schedules could result in shorter spreads. » Approximately 500 to 600 construction and inspection personnel would work on each spread, except for the proposed Houston Lateral which would require approximately 250 workers. Each spread would require 6 to 9 months to complete. Construction of new pump stations would require 20 to 30 additional workers at each site. Construction of all pump stations would be completed in 18 to 24 months. Tank farm construction would require approximately 30 to 40 construction personnel over a period of 15 to 18 months. 10 Based on jobs information provided by TransCanada for the FEIS, KXL US on-site construction and inspection creates only 5,060-9,250 person-years of employment (1 person-year = 1 person working full time for 1 year). This is equivalent to 2,500-4,650 jobs per year over two years. On-site construction labor thus accounts for only a small share (about 5-10%) of overall KXL US project costs. 11 Stated another way, KXL US on-site employment is only about 1-2 person-years per $1 million project cost. 12

#### No economic benefit from Keystone XL

Weiss, 2/22/2012 (Daniel, Senior Fellow and the Director of Climate Strategy at American Progress, Politicians say they want to support the “Keystone Economy.” Here’s why that vision means fewer jobs, no impact on gas prices, and more pollution, p, http://thinkprogress.org/climate/2012/02/22/429981/keystone-vision-economic-mirage/)

Same oil prices for the United States. The analysis determined that the pipeline will only have a tiny impact on the price of crude and other products: “Under the KXL scenario, delivered prices for [oil sands]…into PADD3 Gulf Coast are lower than under the No KXL case and those for PADD2 [Midwest], higher. The effect is limited, no more than around $0.70/bbl.” This means that gasoline prices in the Gulf Coast region would at best be only one and three quarter cents lower per gallon. Meanwhile gasoline prices would increase in the Midwest if Keystone is built because the oil glut there now is keeping prices lower. Time magazine concurred that Keystone would have almost no impact on gasoline prices: “Keystone would have little immediate [price] effect, especially since there’s already sufficient pipeline infrastructure in place for the next few years.” • Relatively few jobs created. The State Department’s “Executive Summary of the Final Environmental Impact Statement for the Proposed Keystone XL Project” predicts that the construction workforce would only “consist of approximately 5,000 t0 6,000 workers.” These are far fewer jobs than the claims of the big oil companies promoting Keystone. In contrast, the Recovery Act investments in clean energy technologies created 733,000 direct jobs through 2010 according to the Economic Policy Institute and the Blue Green Alliance.

#### Keystone XL only benefits oil companies

Droitsch 1/11/2012 (Danielle-Director at the Natural Resources Defense Council, Don't be fooled - the Keystone XL tar sands pipeline is not a jobs plan, but an oil export plan, Natural Resources Defense Council p. http://switchboard.nrdc.org/blogs/ddroitsch/dont\_be\_fooled\_-\_the\_keystone.html)

You’ll hear the GOP, the American Petroleum Institute, and the U.S. Chamber of Commerce make wild claims about the job creation potential of the Keystone XL tar sands pipeline. Don’t be fooled. The pipeline company itself admits only “a few hundred permanent jobs” are created by Keystone XL. The debate over whether Keystone XL creates jobs is a convenient diversion from something oil company backers don’t want you to know: this is an export pipeline to help them access foreign markets and bypass the United States. Oil companies will make bigger profits and oil prices for Americans will increase. That’s not a project that helps Americans. It’s a project that helps Big Oil.

#### Number of jobs created by Keystone XL is greatly overstated

DeCock 3-7-12 (John- former president of Clean Water Action, 9 year term as Executive Director of the Sierra Club) http://www.huffingtonpost.com/john-decock/keystone-xl-vs-high-speed\_b\_1327461.html

The jobs which will be created by the pipeline are few in number and temporary. TransCanada, the company behind the pipeline, claims 20,000 jobs will be created. Although that is a fairly humble number of jobs for which to sacrifice the future of the planet, it is greatly overstated. The Chamber of Commerce advances the fanciful notion that the pipeline will create "250,000" permanent jobs. Yee haw! However the United States State Department sees things differently. They project 5,000-6,000 jobs U.S. jobs. But wait there's more! An analysis by the Cornell University Global Labor Institute sites even lower projections. They project only 500 to 1400 temporary construction jobs. Their projections are burdened by rigorous research and analysis so they cannot be as optimistic as TransCanada who would make billions of dollars in revenue. That's not to say that jobs won't be created. They just won't be created in the U.S. This leads us to the second point. The oil extracted at great cost to all of us will not be for the United States market. Most of this oil is being exported, along with the jobs they will create. The pipeline ends at a sea port city for a reason. The Keystone XL pipeline won't do a damn thing about gas prices, but there are those who find comfort in fantasy.

#### Keystone XL Jobs number is overstated

Henry 1-18-12 (Terrence- bachelor’s degree in International Studies, former editor for The Atlantic)

http://stateimpact.npr.org/texas/2012/01/18/why-obama-decided-against-the-keystone-xl-pipeline/

Many estimates of the potential jobs created by the pipeline are way off. “Regarding employment,” the report says, “the construction of the Keystone XL pipeline would likely create several thousand temporary jobs associated with construction; however, the project would not have a significant impact on long-term employment in the United States.” It goes on to note that while some have projected hundreds of thousands of jobs as a result of the pipeline, “this inflated number appears to be a misinterpretation of one of the economic analyses prepared on the pipeline.” In fact, the pipeline would only result in a few thousand jobs. “Based on the amount of money the applicant projects it would spend on labor in building the pipeline, and the number of construction crews likely to be used in constructing the pipeline, the final EIS [Environmental Impact Study] estimated there would be approximately 5,000 to 6,000 direct construction jobs in the United States that would last for the two years that it would take to build the pipeline,” the report says. And the overall economic impact would be minimal. Relying on the Environmental Impact Study prepared by the State Department for the pipeline in late August, the administration says that “over the remainder of this decade, even if no new cross-border pipelines were constructed, there is likely to be little difference in the amount of crude oil refined at U.S. refineries, the amount of crude oil and refined products such as gasoline imported to (or exported from) the United States, the cost of crude oil or refined products in the United States, or the amount of crude oil imported from Canada.”

### AT: Perryman Group

#### The Perryman Group number is a miscalculation --- Keystone barely creates jobs and raises gas prices

**Alter**, 3/1/**2012** (Jonathan – Bloomberg View columnist, Keystone Pipeline brings Pain at Pump, Bloomberg, p. <http://www.bloomberg.com/news/2012-03-02/keystone-pipe-brings-pain-at-pump-few-jobs-commentary-by-jonathan-alter.html>)

The project would increase domestic oil prices by more than $6 a barrel and prices at the pump in parts of the country by about 20 cents a gallon. You read that right. At a time when rising gas prices threaten President Barack Obama’s re-election, the Republicans’ most ballyhooed remedy -- a new pipeline -- would make the problem worse. Before I explain why, here’s a little background on Keystone’s other practical shortcomings beyond its broader threat to a clean energy future. The same Republicans who opposed the auto bailouts that saved about 1.5 million jobs (according to the Center for Automotive Research) claim that Obama’s delay of a decision on Keystone until after the election is a travesty because it’s a “job-killer.” The president’s announcement in January that he would punt was highly political; he didn’t want to offend environmentalists in the Democratic base. But it’s a myth to say unemployment will rise as a result. TransCanada Corp., the company building the pipeline, initially estimated that the project would create “a few hundred” permanent jobs. The State Department put the number at 20. Experts I consulted say that maintenance of the specialty pipe used in Keystone is more complicated than the State Department figures indicate. Presumably the refineries processing the additional oil might add some jobs. So the total number of permanent jobs could perhaps be closer to 1,000. Knowing that such paltry figures would harm their efforts to sell the project to the U.S. public, TransCanada underwrote a study by an outfit called the Perryman Group claiming that Keystone XL will create 119,000 total jobs. But according to a report by the Cornell Global Labor Institute, the Perryman study is bogus. It included the vaguely calculated multiplier effects of $1 billion spent for a section of the pipeline in Kansas and Oklahoma that has already been built and isn’t part of the controversial extension.

#### **Indict of the Perryman Study**

CUGLI September 2011 (Cornell University Global Labor Institute- Part of Cornell’s Institute for Industrial and Labor Relations) “Pipe Dreams?” http://www.ilr.cornell.edu/globallaborinstitute/research/upload/GLI\_KeystoneXL\_Reportpdf.pdf

In conclusion, the industry’s claim that KXL will create 119,000 total jobs (direct, indirect, and induced) jobs is based on a flawed and poorly documented study, which fails to apply its own standards for conducting a quality job study. Most notably, Perryman wrongly includes over $1 billion in spending and over 10,000 person-years of employment for a section of the Keystone project in Kansas and Oklahoma that is not part of KXL and has already been built.

### AT: TransCanada Stats

#### **KXL Makes Very Few Jobs**

Kohn, 1/18/2012 (Sally, political Commentator, Six reasons Keystone XL was a bad deal all along, p. www.foxnews.com/opinion/2012/01/18/six-reasons-keystone-xl-was-bad-deal-all-along/)

In 2008, TransCanada’s original permit application to the State Department said the Keystone XL pipeline would create “a peak workforce of approximately 3,500 to 4,200 construction personnel” in temporary jobs building the pipeline. By 2011, now facing growing opposition to the pipeline, TransCanada had inflated these numbers (using undisclosed formulas) to 20,000. Supporters of the proposal, backed by big oil, have since trumpeted these trumped up numbers.

### A2: Trade Deficits

#### KXL can’t solve oil production.

Brad Plumer Washington Post 5/10/12 True oil independence is an unrealistic dream http://www.washingtonpost.com/blogs/ezra-klein/post/oil-independence-is-an-impossible-dream/2012/05/10/gIQAy2EoFU\_blog.html?wprss=rss\_ezra-klein

The only way the United States could completely shield itself from global swings in price, the CBO notes, is by cutting itself off from the world oil markets and preventing its domestic producers from ever selling crude abroad. Even then, CBO notes, this could only work if the United States kept discovering large new domestic fields and could somehow force multinational oil companies to keep investing in the United States even if they found it unprofitable to do so. In other words, it’s an unrealistic goal. Now, it’s true that more production in the United States could, potentially, increase the world’s overall supply of oil, lowering the absolute price of crude a bit. But even here, the CBO is doubtful that more U.S. production would have a large impact on global prices — most likely, producers in other countries would cut back on production in response, “diminishing or eliminating the effect.” (Saudi Arabia, for instance, recently announced that it would reduce a planned drilling expansion because of increased production in Brazil and Iraq.) This doesn’t mean that boosting U.S. oil production is pointless. Importing less oil from abroad would help shrink the U.S. trade deficit. Dollars spent on oil would stay within the country rather than flee overseas. That’s not nothing. But according to the CBO, even a massive surge in production wouldn’t likely do very much to buffer the United States from the sorts of wild and harmful swings in the oil market that are becoming increasingly common. The only real protection against oil volatility, the report concludes, is to become more fuel-efficient and ramp up alternatives to crude.

#### See Answers to Oil – internal link is domestic oil.

### Trade deficits good

#### US Trade deficit is a sign of a healthy economy

Don Lee, LA times writer, 5/10/12, U.S. trade deficit widens, suggesting lower GDP growth, Los Angeles News , [http://articles.latimes.com/2012/may/10/business/la-fi-mo-trade-deficit-20120510 Accessed: 7/4/](http://articles.latimes.com/2012/may/10/business/la-fi-mo-trade-deficit-20120510%20Accessed:%207/4/)12

Washington — For all the growth in domestic manufacturing and exports, the ballooning U.S. trade deficit continues to be a thorn in the side of the U.S. economy. The Commerce Department said Thursday that the nation’s trade deficit widened to a larger-than-expected $51.8 billion in March, up from $45.4 billion in February. The U.S. posted record exports of $186.8 billion in March, but imports also hit a new monthly high of $238.6 billion. Unlike in recent months, the jump in the deficit wasn’t mostly because of higher oil imports. Instead, a spike in overseas purchases of capital goods, such as computers and telecommunications equipment, and consumer products (including television sets and cell phones) accounted for the bulk of the fatter trade imbalance. Rising imports aren’t all bad as they reflect growing domestic demand; American consumers have been spending – and borrowing -- more recently. And some of the imports are high-tech goods that were designed in the U.S. and assembled overseas with domestically produced parts. Still, a rising trade deficit indicates more dollars are going overseas rather than returning to support production and jobs in the U.S. Analysts said Thursday’s report means that American economic output, or gross domestic product, was probably smaller in the first quarter than the government’s 2.2% preliminary estimate. “Since the economic recovery began in June 2009, the trade deficit has doubled and GDP growth has averaged a disappointing 2.4% a year,” said Peter Morici, a University of Maryland professor and former chief economist at the U.S. International Trade Commission. “Consumers are spending again - the process of winding down household debt that followed the Great Recession,” he wrote in an analysis of Thursday’s trade report. But “too many consumer dollars go abroad to purchase Middle East oil and Chinese consumer goods.” Analysts see weaker import growth in coming months, but also a slowdown in exports, particularly to debt-troubled Europe and China. China’s trade data for April, released Thursday, showed decelerating growth year-over-year especially for imports, even as the Asian giant recorded an $18.4-billion trade surplus with the world for the month. Diane Swonk, chief economist at Mesirow Financial in Chicago, said China’s latest trade figures “were not encouraging” as far as the U.S. is concerned. “Moving forward,” she added in a research note, “much will depend on how we are affected by instability in Europe and concerns that China is heading for a hard instead of a soft landing.”

## A2: Oil Adv

### A2: Oil Dependence

#### Status Quo Solves- Current Pipelines can transport oil to the U.S.

**Swift 2012** (Anthony- Energy Analyst at the National Resource Defense Council, BA in political science and biology) “Keystone XL: A Tar Sands Pipeline to Increase Oil Prices” http://www.nrdc.org/energy/keystone-pipeline/files/Keystone-Oil-Prices-Report.pdf

Keystone XL is not a pipeline to the United States, but one through it. Existing pipelines from Canada to the United States provide enough capacity to move all the oil that Canada produces. In fact, Canada’s current oil production uses only approximately half of its export pipeline capacity. In 2010, Canada exported less than 2 million bpd of crude oil. The vast majority of these exports were produced in western Canada and transported to the United States. Canada already has an excess of crude oil export pipelines—enough to export nearly 4.1 million bpd (see table 2: Total Capacity of Canada’s Existing Export Pipelines). Tar sands oil production in Canada is at approximately 1.6 million bpd. Tar sands production would have to reach nearly 4.1 million bpd for Keystone XL to begin to transport additional crude into the United States. Even if Canadian tar sands oil production increases at the highly aggressive pace that its oil industry predicts—reaching 3.7 million bpd by 2025—it would take more than 15 years to fill the existing pipelines to the United States.

#### **Even if Keystone XL happened, the oil would not remain in the U.S.**

Turner, 2-24-12 (Ted- Founder and Chairman of the United Nations Foundation, founder of the Nuclear Test Initiative) “Stop Keystone Pipeline before it’s too late” <http://www.cnn.com/2012/02/22/opinion/turner-keystone-pipeline/index.html>

Meanwhile, the pro-pipeline lobby is pushing the public to accept Keystone XL with fuzzy promises about jobs and security. But TransCanada's jobs claims have been widely discredited, and there is no guarantee the oil transported by the pipeline would remain in the United States for sale. An attempt in Congress to require the oil to be consumed in the United States was rejected just last week, and it has been widely detailed that Gulf Coast refineries plan to export the finished product to Europe and Latin America. How do we become more energy secure under that scenario?

#### **KXL Doesn’t Reduce Oil Dependency**

Kohn, 1/18/2012 (Sally, political Commentator, Six reasons Keystone XL was a bad deal all along, p. www.foxnews.com/opinion/2012/01/18/six-reasons-keystone-xl-was-bad-deal-all-along/)

The oil to be sent through Keystone XL pipeline was never destined for US markets. In its own presentation to investors about the proposed pipeline extension, TransCanada (the company behind Keystone XL) boasted that most if not all of the extracted and refined oil would be exported --- sold in overseas markets where oil fetches a higher price (and thus turns a higher profit for the company).

#### The oil from tar sand will be exported, not used in America

Kretzmann 8/31/2011 (Steve- Executive Editor Director at Oil Change International, Report: Exporting Energy Security: Keystone XL Exposed, Oil Change International p. http://priceofoil.org/2011/08/31/report-exporting-energy-security-keystone-xl-exposed/)

In pushing for the Obama Administration’s approval of TransCanada’s proposed Keystone XL tar sands pipeline, the North American oil industry and its political patrons argue that the pipeline is necessary for American energy security and its construction will help wean America of dependence on Mideast oil. But a closer look at the new realities of the global oil market and at the companies who will profit from the pipeline reveals a completely different story: Keystone XL will not lessen U.S. dependence on foreign oil, but rather transport Canadian oil to American refineries for export to overseas markets. A new report from Oil Change International lays out the case, based on data and documents from the U.S. Energy Information Administration and the Canadian National Energy Board, corporate disclosures to regulators and investors, and analysis of the rapidly shifting oil market. Keystone XL is an export pipeline. The Port Arthur, Texas, refiners at the end of its route are focused on expanding exports to Europe, and Latin America. Much of the fuel refined from the pipeline’s heavy crude oil will never reach U.S. drivers’ tanks. Valero, the key customer for crude oil from Keystone XL, has explicitly detailed an export strategy to its investors. Because Valero’s Port Arthur refinery is in a Foreign Trade Zone, the company can carry out its strategy tax-free. In a shrinking U.S. market, Keystone XL is not needed. Since the project was announced, the oil industry acknowledges that higher fuel economy standards and slow economic growth mean declining U.S. oil demand, even as domestic production is booming. Oil from Keystone XL will therefore displace American crude from new, “unconventional” domestic fields in Texas or North Dakota. “To issue a presidential permit for the Keystone XL, the Administration must find that the pipeline serves the national interest,” said Stephen Kretzmann, executive director of Oil Change International. “An honest assessment shows that rather than serving U.S. interests, Keystone XL serves only the interests of tar sands producers and shippers, and a few Gulf Coast refiners aiming to export the oil.” Valero has contracted to take at least 100,000 barrels of tar sands crude a day from Keystone XL until 2030. It’s publicly disclosed business model relies on refining heavy sour crude for export. It is upgrading its Port Arthur refinery to process heavy sour into diesel fuel. Its investor presentations clearly show it plans to ship diesel to Latin America and Europe. Valero – the Texas independent behind last year’s attempt to overturn California’s clean fuel standards – is the only U.S. company among the six customers who have jointly committed to purchase 76 percent of Keystone XL’s initial capacity. The other refiners are Shell, which is part of Motiva, a joint venture between Royal Dutch Shell and the Saudi government, and Total of France, both of which have newly upgraded facilities in Port Arthur tax-free trade zones. There are also two Canadian producers and one international oil-trading firm in the group of six customers. “Oil is a fundamentally global market – the idea that the pipeline enhances our energy security is a scam.” said Kretzmann. “Let’s hope the Obama Administration doesn’t fall for it. In fact, the only way to truly reduce our dependence on foreign oil is to reduce our dependence on all oil. Let’s not fool ourselves that we will achieve ‘energy independence’ by serving as a middleman for access to overseas markets.”

### A2: Oil Shocks

#### KXL can’t solve oil shocks.

Brad Plumer Washington Post 5/10/12 True oil independence is an unrealistic dream http://www.washingtonpost.com/blogs/ezra-klein/post/oil-independence-is-an-impossible-dream/2012/05/10/gIQAy2EoFU\_blog.html?wprss=rss\_ezra-klein

The only way the United States could completely shield itself from global swings in price, the CBO notes, is by cutting itself off from the world oil markets and preventing its domestic producers from ever selling crude abroad. Even then, CBO notes, this could only work if the United States kept discovering large new domestic fields and could somehow force multinational oil companies to keep investing in the United States even if they found it unprofitable to do so. In other words, it’s an unrealistic goal. Now, it’s true that more production in the United States could, potentially, increase the world’s overall supply of oil, lowering the absolute price of crude a bit. But even here, the CBO is doubtful that more U.S. production would have a large impact on global prices — most likely, producers in other countries would cut back on production in response, “diminishing or eliminating the effect.” (Saudi Arabia, for instance, recently announced that it would reduce a planned drilling expansion because of increased production in Brazil and Iraq.) This doesn’t mean that boosting U.S. oil production is pointless. Importing less oil from abroad would help shrink the U.S. trade deficit. Dollars spent on oil would stay within the country rather than flee overseas. That’s not nothing. But according to the CBO, even a massive surge in production wouldn’t likely do very much to buffer the United States from the sorts of wild and harmful swings in the oil market that are becoming increasingly common. The only real protection against oil volatility, the report concludes, is to become more fuel-efficient and ramp up alternatives to crude.

#### Keystone XL will have no impact on prices --- global market distribution checks

**Washington Post**, 3/2/**2012** (Will the Keystone XL pipeline lower gasoline prices?, p. http://www.washingtonpost.com/blogs/fact-checker/post/will-the-keystone-xl-pipeline-lower-gasoline-prices/2012/03/01/gIQAtWkXlR\_blog.html)

But we are interested in his assertion that Keystone “will…help bring down prices at the pump.” Is this correct? The Facts First of all, even if the Keystone XL pipeline were suddenly approved, it would not be completed until at least 2014, so building it would have no impact on gasoline prices this summer, predicted to be near record highs. We could not find any experts, even those referred to us by Upton’s staff, to say that the prospect of the pipeline being built in the future would somehow impact the price of gasoline today. Still, Upton did not specifically claim that this supposed decline at the pump would happen anytime soon, though a tweet from House Speaker John Boehner on Feb. 17 claimed “House GOP acts to address rising gas prices” after the bill containing the Keystone XL provision was approved. Second, the price of gasoline depends on a complex array of factors, though the largest one is the price of crude oil. (See this handy tutorial by the Energy Information Administration.) The Keystone XL pipeline, which would carry 1.1 million barrels per day, is specifically designed to deal with the fact that increased production of crude oil in Canada and the Great Plains has left a glut in that area — overwhelming refinery demand — and it is difficult to get the oil to the Gulf Coast, the center of U.S. refining. This has depressed the price of crude oil in the Midwest, though the Midwest refiners have not passed on the savings to consumers. (The price of gasoline in that area essentially is dependent on the global price because otherwise refiners would not ship the gasoline there.) A historical note: West Texas Intermediate crude oil is priced at Cushing, Oklahoma, and historically traded at a premium to other crude oils. Cushing pipelines flow to the Midwest, not to the Gulf Coast, but the price of WTI crude has recently traded at a discount because of the oversupply in the Midwest. (Here’s a map that shows the route.) There is a lively debate among oil-industry analysts about whether Keystone will impact gasoline prices in the Midwest. Philip K. Verleger, a noted oil economist, has argued that the pipeline would increase gasoline prices in the upper Midwest. He said yesterday that he stands by that estimate, figuring it would amount to between five and ten cents per gallon. “Overall, the pipeline will have no impact on prices consumers pay. None. The reason is that the products produced from the crude will be sold into the world market -- exported -- if prices fall below world levels,” he said in an email. “This means that consumers outside the Midwest will get no benefit from the line while consumers in the upper Midwest may pay more.”

#### No impact: Oil Shocks are unlikely to pan out. Even if its Serious, it wont Happen

Steve A. **Yeriv** University professor of political Science and international studies.

http://www.washingtonpost.com/opinions/conflict-with-iran-unlikely-to-spike-oil-prices/2012/03/30/gIQAbqn7lS\_story.html Date : 3/30/**12**

**Oil prices are up more than 30 percent from six months ago amid fears that Israel or the United States may strike Iran. Concerns have spread that military conflict would cause a major shock to oil prices, damaging the US and global economies.** While the situation is serious, **such predictions are unlikely to pan out.** **Understanding how such fears are exaggerated would clarify the stakes in the standoff and underscore how scholars, market analysts and oil traders often overestimate the effect geopolitical events will have on prices**.   For starters, Iran and Saudi Arabia have been at loggerheads since Iran’s 1979 revolution, with Tehran intermittently trying to undermine the Saudi regime. The last thing Sunni-dominated Saudi Arabia wants is a nuclear Shiite Iran to which it would have to kowtow. The Saudis are ready to use their spare and idle oil capacity to make up for any disruption in the 2.4 million barrels Iran exports per day, as the Saudi oil minister recently noted.   In the event of war, it is almost certain that the United States would coordinate an oil release with the International Energy Agency. The IEA requires each of its 28 members to hold enough oil in the form of international oil company stocks and/or strategic petroleum reserves to withstand a total cutoff of imports for 90 days. **When the US-led coalition attacked Iraqi forces in Kuwait in 1991, a US-IEA joint release helped significantly lower world oil prices.   Even if the IEA does not act, the United States has strategic oil reserves it could release on its own.** IEA members hold more than 1.6 billion barrels of oil, with the United States alone holding well over 700 million barrels. That capacity could be used to defray the loss of Iran’s oil exports for many months. President Obama referred to this capacity Friday when noting that new sanctions that target Iran’s oil exports on Iran would not harm allies.   Recent tensions sparked fears that Iran would close the Strait of Hormuz, through which 17 percent of the world’s oil flows. Tehran can certainly disrupt oil transit, but, whatever its threats, it does not have the capability to challenge the US Navy for long. Such a fight would be one of history’s biggest mismatches.   Another concern is that terror groups Hamas and Hezbollah, which are linked to Iran and sometimes viewed as its proxies, would attack Israel if the Jewish state or the United States strikes Iran. That is quite possible. But such **conflicts have little to do with oil disruptions. Oil traders would eventually understand that an Israeli border conflict means little for oil prices unless it triggers a wider Middle East battle, such as the 1973 Arab-Israeli war. The chances of that are slim** unless one believes that Sunni, Arab Egypt — a state in chaos — would suddenly align with Shiite, Persian Iran, an unprecedented alliance. And without Egypt, a broader war is not possible.   Those concerned about the fallout of a war with Iran should also consider that Libya’s oil exports, which were cut off from February to October last year, are likely to reach pre-conflict levels in the next three to six months. That is one less constraint on the global oil supply.   We should also consider that Europe’s economic woes, the lackluster US economy and China’s slowing rate of growth are restraining the global demand for oil. Prices would jump much more if an Iran war coincided with higher global economic growth and oil demand.   And what of oil speculators? They are driving prices higher, hoping to make a quick buck on rate changes. Speculators would probably start to sell oil futures as war breaks out, seeking to cash in on their bets. This is another factor that would cause prices to fall.   Would all these conditions remain the same if Israel, and not the United States, were to attack Iran? Probably, because the United States, the IEA and Saudi Arabia are committed to price stability during major crises and because markets will work regardless of antagonists. The Saudis would act in part because they want to see Iran fail. And Washington would likely be dragged into any conflict.   During the past two decades, oil traders and security analysts have repeatedly overestimated the effect global crises would have on oil prices. Last year, for example, it was feared that the Arab Spring would undermine the Saudi regime and drive oil prices through the roof, but this never happened. Consider, too, that Turkey’s invasion of northern Iraq in 2008, to squash the Kurdish rebels, drove oil prices higher — even though the action had no impact on oil supply and delivery.   The potential crisis with Iran may well turn out to be another example of exaggerated fears. If war comes, oil prices will surely rise. But contrary to conventional wisdom, they are not likely to stay high for long.

#### TURN: Higher global growth means there’s likely to be higher oil prices. Oil shocks are not bad.

Mark Johnston Professor and head of the Economics department. http://econfix.wordpress.com/2011/10/22/oil-shocks-–-are-they-bad-for-the-global-economy/ Date 11/22/11

Tobias Rasmusses and Agustin Roitman, two IMF economists, in a recent paper have argued that **oil shocks are not that bad** for an importing country. They have suggested that a 25% increase in oil prices will cause a loss of real GDP in oil-importing countries of less than 0.5%, spread over two to three years. “One **likely explanation for this relatively modest impact is that part of the greater revenue accruing to oil exporters will be recycled in the form of imports or other international flows**, thus contributing to keep-up demand in oil-importing economies” However in considering the impact of higher oil prices one must look at what caused them to rise in the first place. There have been supply-side and demand-side reasons. **What** **it is important to remember is that when there is higher global growth there likely to be higher oil prices, which is a positive**. Supply-side policies also play a role – 1970’s and 1990-91 – especially the disruption to supply in Libya this year. “Finding that **the negative impact of higher oil prices has generally been quite small** does not mean that the effect can be ignored.” Rasmusses and Roitman do not rule out more adverse effects from a future shock that is driven largely by lower oil supply than the more demand-driven **increases in oil prices that have been the norm in the last two decades.**

### Domestic Production Turn

#### Keystone will stop domestic oil production.

BRIAN MILNER 3/18/12 'Saudi America' heads for energy independence The Globe and Mail http://www.theglobeandmail.com/globe-investor/investment-ideas/features/taking-stock/saudi-america-heads-for-energy-independence/article2373074/

The U.S. really behaves like three different countries when it comes to oil – the East Coast, West Coast and the vast middle, which he calls “Saudi America”, stretching from the Appalachians in the east to Utah in the west. “ ‘Saudi America’ is moving very quickly to energy independence,” says Mr. Verleger, president of Colorado-based research firm PKVerleger LLC. Refiners in the midwest have more gasoline than they know what to do with. “By summertime, a wall of gasoline is going to be working down the Mississippi, pushing on refiners down there.” All of which will ease pressure at the pump. But even bigger changes in the market lie just down the road. That’s because the U.S. is in the midst of a remarkable transformation that will end its dependence on foreign imports, including Canadian oil, much faster than anyone realizes and give its manufacturers a huge comparative advantage over competitors from China and other high-cost energy markets. Mr. Verleger has circled November, 2023, as the magic date, exactly 50 years after then president Richard Nixon called for the U.S. to meet all its own energy needs by 1980. Now, the shale gas explosion and increased production from offshore and unconventional oil sources in the U.S. heartland are turning the impossible dream into reality. “It is a very good news story for the [U.S.] economy, leaving the [presidential] campaign aside,” says Mr. Verleger, who retired last year as a professor of strategy at the University of Calgary. “And it’s a good news story for Canada, if you respond quickly and realize the best thing that ever happened [to the industry] was Keystone getting delayed.” The U.S. Midwest is awash in crude and natural gas supplies, “so what are we going to do with the Canadian oil? The smartest thing the Canadians could do is take a look at the rapidly changing energy situation in the United States and realize that what you’re doing is pumping oil into the middle of the United States and it’s just going to sit here. We could have a situation of $1 a gallon gasoline in Houston and $5 a gallon in New York City. And there’s no way for the stuff to get out [of the country]. We don’t have any export ports.”

### Oil shocks Good

**Oil shocks increase economic growth and increase flow of goods, buffers Neg impacts**

Roger **Pielke,** professor of environmental studies at the [Center for Science and Technology Policy Research](http://sciencepolicy.colorado.edu/) at the University of Colorado at Boulder,appointments as a Research Fellow, [Risk Frontiers, Macquarie University](http://www.riskfrontiers.com/index.html); Visiting Senior Fellow, [Mackinder Programme, London School of Economics](http://www2.lse.ac.uk/researchAndExpertise/units/mackinder/Home.aspx); and Senior Visiting Fellow at the [Consortium for Science, Policy and Outcomes](http://www.cspo.org/) of Arizona State University20**11,** August 31, 2011, (<http://rogerpielkejr.blogspot.com/2011/08/oil-shocks-and-good-times-for-global.html>) Accessed- 7/4/12-JS.

Our **findings indicate that oil prices tend to be surprisingly closely associated with good times for the global economy.** Indeed, we find that the United States has been somewhat of an outlier in the way that it has been negatively affected by oil price increases. Across the world, **oil price shock episodes have generally not been associated with a contemporaneous decline in output but, rather, with increases in both imports and exports**. There is evidence of lagged negative effects on output, particularly for OECD economies, but the magnitude has typically been small. Controlling for global economic conditions, and thus abstracting from our finding that **oil price increases generally appear to be demand-driven,** makes the impact of higher oil prices stand out more clearly. For a given level of world GDP, we do find that oil prices have a negative effect on oil-importing countries and also that cross-country differences in the magnitude of the impact depend to a large extent on the relative magnitude of oil imports. The effect is still not particularly large, however, with our estimates suggesting that a 25 percent increase in oil prices will cause a loss of real GDP in oil-importing countries of less than half of one percent, spread over 2–3 years. One likely explanation for this relatively modest impact is that part of **the greater revenue accruing to oil exporters will be recycled in the form of imports or other international flows, thus contributing to keep up demand in oil-importing economies**. We provide a model illustrating this effect and find supporting empirical evidence. The finding that the **negative impact of higher oil prices has generally been quite small** does not mean that the effect can be ignored. Some countries have clearly been negatively affected by high oil prices. Moreover, our results do not rule out more adverse effects from a future shock that is driven largely by lower oil supply than the more demand-driven increases in oil prices that have been the norm in the last two decades. In terms of policy lessons, our findings suggest that efforts to reduce dependence on oil could help reduce the exposure to oil price shocks and hence costs associated with macroeconomic volatility.13 At the same time, **given a certain level of oil imports, developing economic linkages to oil exporters could also work as a natural shock absorber**. If **oil shocks are** not so bad in aggregate, and **associated with "good times for the global economy"** then maybe the price of oil should be higher?

### Turn – Plan Increases Gas Prices

#### Keystone expands tar sand extraction which drastically harms the environment and undermines the move for clean energy. Keystone will deplete US oil supply and increase gas prices.

Swift, Anthony, 2012, National Defense Counsel, Keystone XL: A Tar Sands Pipeline to Increase Oil Prices

One of the most misunderstood issues surrounding the proposed Keystone XL tar sands pipeline is the project’s impact on U.S. gasoline prices. The Keystone XL tar sands pipeline would pump up to 830,000 barrels per day (bpd) of some of the world’s dirtiest oil, which is strip mined and drilled from under Canada’s Boreal forests, straight through the heart of America’s breadbasket to reﬁneries on the Texas Gulf Coast. By allowing tar sands access to the lucrative international market, Keystone XL would ﬁnance further expansion of tar sands extraction, worsening climate change and undermining efforts to move to clean energy. Pipeline supporters cite high gasoline prices as a reason to build the project. The truth is that Keystone XL is likely to both decrease the amount of gasoline produced in U.S. reﬁneries for domestic markets, and increase the cost of producing it, leading to even higher prices at the pump.

#### Keystone depletes national oil supply and increases the price of US oil by adding to the cost per barrel of Canadian crude oil.

Swift, Anthony, 2012, National Defense Counsel, Keystone XL: A Tar Sands Pipeline to Increase Oil Prices

The Keystone XL tar sands pipeline would divert oil from the Midwest to reﬁneries on the Gulf Coast of Texas. Midwestern reﬁneries produce more gasoline per barrel than reﬁneries in any other region in the United States. That gasoline is then sold to U.S. consumers. In contrast, reﬁneries on the Gulf Coast of Texas produce as much diesel as possible, much of which is exported internationally. By taking oil from midwestern gasoline reﬁneries to Gulf Coast diesel reﬁneries, Keystone XL will decrease the amount of gasoline available to American consumers. Meanwhile the Keystone XL pipeline will increase the price that gasoline producing reﬁneries in the Midwest pay for crude oil. TransCanada, the company sponsoring the pipeline, pitched the pipeline to Canadian regulators as a way of increasing the price of crude in the United States.1 Right now, Midwestern reﬁneries are buying crude oil at a discount—a deep discount. This allows them to produce products more cheaply than they would otherwise be able to. Building Keystone XL would change that. If TransCanada’s analysis is accurate, under current market conditions Keystone XL would add $20 to $40 to the cost of a barrel of Canadian crude—increasing the cost of oil in the United States by tens of billions of dollars.

#### **Keystone decreases global supply. This causes an increase on gas prices for Americans.** Swift, Anthony, **2012,** National Defense Counsel, Keystone XL: A Tar Sands Pipeline to Increase Oil Prices

Given current differences between the gasoline yields of midwestern and Texas Gulf reﬁneries, the fact that the Keystone XL pipeline will siphon up to 830,000 barrels per day of crude oil from the Midwest to the Gulf Coast would decrease U.S. gasoline supplies by 80,000 bpd, or 1.2 billion gallons a year.15 5 And this analysis does not yet account for the fact that gasoline yields in Gulf reﬁneries may continue to decline and the majority of ﬁnished gasoline produced in Texas Gulf reﬁneries is exported internationally. Even without incorporating these factors, the numbers show that by reducing available gasoline supplies in the United States, the Keystone XL pipeline will likely increase pressure on retail gasoline prices.

#### Increased oil supply in the US will reduce gasoline production and deplete the diesel output in TX.

Swift, Anthony, 2012, National Defense Counsel, Keystone XL: A Tar Sands Pipeline to Increase Oil Prices

The proposed Keystone XL tar sands pipeline will likely increase gasoline prices in large areas of the United States through two mechanisms:n Substantially increasing the cost of crude for reﬁneries in the Midwest and Rocky Mountain states, leading them to either increase the price of their products or reduce their output n Diverting oil from reﬁneries in the Midwest that maximize gasoline production to those on the Texas Gulf Coast that maximize diesel output, reducing gasoline production in the U.S. market

#### Sending oil to be refined in the gulf coast increases international fuel prices.

Swift, Anthony, 2012, National Defense Counsel, Keystone XL: A Tar Sands Pipeline to Increase Oil Prices

Keystone XL will take oil currently reﬁned in the Midwest and Rockies and send it to the Gulf Coast where it can be sold on the international market. Oil supplies dedicated to the United States will decline while the Keystone XL pipeline provides the international market with access to that Canadian crude previously meant for the U.S. market. This will have a powerfuliImpact on oil prices in the Midwest and the Rockies—increasing the price of Canadian crude by $20 to $30 a barrel in the 2012 U.S. market, while doing nothing to decrease world oil prices. There are three reasons why the Keystone XL pipeline will not signiﬁcantly lower international crude prices:

#### **Increasing US oil prices causes OPEC to reduce their international supply of oil.**

Swift, Anthony, 2012, National Defense Counsel, Keystone XL: A Tar Sands Pipeline to Increase Oil Prices

The international market is more than twenty times larger than the midwestern and Rocky Mountain oil markets. Keystone XL could reduce Midwest and Rocky Mountain oil supplies by more than 20 percent while adding a fraction of a percent to global oil supplies. In the highly unlikely event that additional Canadian supplies had a measurable impact on world oil prices, Organization of the Petroleum Exporting Countries (OPEC) has the power to reduce international oil supply accordingly. OPEC produces more than 30 million bpd and already keeps an additional 2.5 million bpd off the market. Were additional Canadian supplies to measurably decrease international prices, OPEC could take an additional amount off the market to compensate. n TransCanada’s economic rationale for the Keystone XL project requires the pipeline to increase U.S. oil prices without affecting international prices. Tar sands producers will have to pay larger pipeline fees to send oil from Keystone XL to the Gulf of Mexico rather than the Midwest. TransCanada has stated that Keystone XL will increase the price of Canadian crude to equal the cost of Mexican Maya. Based on 2012 prices, that is an increase of approximately $25 per barrel.

#### **Keystone increases gas prices**

Schilling 6/20/2012 (Vincent, award winning native American journalist, NRDC Report: Keystone XL Pipeline Will Raise US Gas Prices, p. http://indiancountrytodaymedianetwork.com/2012/06/20/nrdc-report-keystone-xl-pipeline-will-raise-us-gas-prices-2-119390)

During a press conference call on May 21, experts speaking on behalf of the Natural Resources Defense Council (NRDC) said American drivers would face higher gas prices if the proposed Keystone XL Pipeline stretching from Canada to the Gulf of Mexico is built. The NRDC conference also released a report on the group’s analysis, entitled “Keystone XL: A Tar Sands Pipeline to Increase Oil Prices,” which is available online. In addition to the tele-conference claims made by the NRDC, TransCanada also admitted to Congress and reporters that the pipeline would increase gas prices to the Midwest and that one of the main goals is to ship refined oil from the gulf to the more lucrative overseas market. Anthony Swift, who authored the NRDC’s report said, “The pipeline’s proponents say it’s the solution to high gas prices. The truth is exactly the opposite—the pipeline would raise gas prices. This is one of the most misunderstood issues surrounding this misguided Canadian project.” In his report Swift explained that the “Keystone XL Pipeline would transport up to 830,000 barrels per day of the world’s dirtiest oil which is strip mined and drilled from under Canada’s Boreal forests, straight through the heart of America’s breadbasket to refineries on the Texas Gulf Coast. By allowing tar sands access to the lucrative international market, Keystone XL would finance further expansion of tar sands extraction, worsening climate change and undermining efforts to move to clean energy. Pipeline supporters cite high gasoline prices as a reason to build the project. The truth is that Keystone XL is likely to both decrease the amount of gasoline produced in U.S. refineries for domestic markets, and increase the cost of producing it, leading to even higher prices at the pump.” Swift said that northern Midwestern refineries produce 22 gallons of gasoline from every barrel of crude, while refineries on the Gulf Coast have produced only 17 gallons per barrel—25 percent less yield which would result in an estimated 1.2 billion gallons of gasoline per year. Ian Goodman of The Goodman Group, an economic research company, and co-author of the report, later explained another reason prices for consumer gasoline prices would rise. “Crude prices in the U.S. Midcontinent are now substantially below prices on the Gulf Coast (which reflect imports from the global oil market). In effect, the U.S. Midcontinent is getting a discount, because it is now close to the source,” he said. He said that while Alberta tar sands crude going to the Midwest is designated for American consumers in the form of gasoline, the Keystone XL Pipeline is meant to divert crude to the gulf coast for diesel production and an easier ability to export to the global market from the gulf. “So KXL will reduce gasoline supply, and it will also increase production costs for gasoline,” Goodman said. TransCanada’s 2008 Permit Application itself states “Existing markets for Canadian heavy crude, principally PADD II [U.S. Midwest], are currently oversupplied, resulting in price discounting for Canadian heavy crude oil. Access to the USGC [U.S. Gulf Coast] via the Keystone XL Pipeline is expected to strengthen Canadian crude oil pricing in [the Midwest] by removing this oversupply. This is expected to increase the price of heavy crude to the equivalent cost of imported crude. The resultant increase in the price of heavy crude is estimated to provide an increase in annual revenue to the Canadian producing industry in 2013 of US $2 billion to US $3.9 billion.”

#### High gas prices hurt the economy --- causes a decline in consumer spending and inflation

**Aversa**, April 28, **2011** ( Jeannine, associated press- CNS news, “Economy Slowed by High Gas Prices, Bad Weather”p. http://cnsnews.com/news/article/economy-slowed-high-gas-prices-bad-weather

The economy slowed sharply in the first three months of the year as **high gas prices cut into consumer spending**, bad weather delayed construction projects and the federal government slashed defense spending by the most in six years. The Commerce Department said Thursday that the economy grew at a 1.8 percent annual rate in the January-March quarter. That was weaker than the 3.1 percent growth rate for the October-December quarter. And it was the worst showing since last spring when the European debt crisis slowed growth to a 1.7 percent pace. Federal Reserve Chairman Ben Bernanke and other economists say the slowdown last quarter is a temporary setback. They generally agree that gas prices will stabilize and the economy will grow at a 3 percent pace in each of the next three quarters. But gas prices are still going up. The national average on Thursday was $3.88 a gallon, an increase of 30 cents from a month ago when the first quarter ended. An inflation gauge in the report showed consumer prices rose last quarter at the fastest pace in nearly three years, with most of the increase coming from higher fuel costs. **Rising gas prices are draining most of the extra money that Americans are receiving this year from a Social Security payroll tax cut.** In the January-March quarter, consumers boosted spending at a 2.7 percent pace. That was down from a 4 percent pace in the prior quarter and was the weakest pace since last summer. Consumer spending is important because it accounts for roughly 70 percent of overall economic activity. Pump prices were mostly blamed for the pullback, although harsh winter weather also kept people from shopping. "All things considered, it could have been worse," said economist Paul Dales at Capital Economics. Even though consumers spent less, the pace of spending by historical standards is decent. Winter storms \_ including rare snow that blanketed the South \_ also forced builders to delay construction projects, a big factor holding back overall economic activity. Builders slashed spending on commercial construction, such as office buildings and factories, at a 21.7 percent annualized pace, the deepest cuts since late 2009. Home building also was hurt. Builders cut spending on housing projects by a 4.1 percent annualized rate. Bernanke at a news conference on Wednesday suggested that the crippled housing market will continue to weigh on the economic recovery. He pointed out that home building and commercial construction were both "very weak" in the first quarter. Normally, construction spending is a big part of economic recoveries. The housing market's collapse thrust the economy into a deep recession, and economists say it will take years for the industry to heal. Two years after the recession has ended, the housing market remains depressed. That's one of the reasons why the United States is experiencing a relatively slow recovery, Bernanke explained. Another factor holding back the economy last quarter: Deep cuts by the federal government on military projects. That spending was cut by an annualized rate of 11.7 percent, the most since the end of 2005. Bernanke and other economists expect government defense spending and consumer spending will rebound in the next quarter. "Most of the factors that account for the slower growth in the first quarter appear to us to be transitory," Federal Reserve Chairman Ben Bernanke said at a news conference Wednesday. Economists in a new Associated Press survey predict the economy is growing at a 3.2 percent pace this quarter and that growth will steadily improve over the remainder of the year. An inflation gauge tied to the report showed that consumer prices rose sharply last quarter. Prices rose at an annual rate of 3.8 percent, the most since the summer of 2008, when gasoline prices hit a record high of $4.11 a gallon nationwide. But stripping out energy and food prices, inflation rose at a rate of 1.5 percent. That's at the low end of the range of inflation the Federal Reserve believes is needed for a healthy economy.

### High Prices Hurt the Economy

#### High gas prices hurt economy

FOX news 2/29/2012( U.S. Associated press of FOX news, “Will higher gas prices derail the economy?”, p. <http://www.foxnews.com/us/2012/02/29/will-higher-gas-prices-derail-economy/>)

The price of gas has jumped 45 cents since Jan. 1 and is the highest on record for this time of year, an average of $3.73 a gallon. On Wall Street, talk has turned from the European debt crisis to another worry: Will higher gas prices derail the economic recovery?Not yet, economists say. They argue that the United States is in much better shape than early last year, when a similar surge in fuel prices weighed on economic growth by squeezing household budgets. Americans spent less on clothes, food and everything else.Rising gas prices **hurt** less when an economy is improving than when it's slowing down. So economists expect other spending won't be badly hurt, at least for now. If gas breaks its record of $4.11 a gallon, however, all bets are off."Can the economy withstand the increase we've seen so far? The answer is yes," says David Kelly, chief market strategist at J.P. Morgan Funds.The reasons: Jobs. The country has added 2 million over the past year. Those 2 million people with paychecks will spend them, which helps the economy. Lower unemployment also makes people feel better about the economy — and less likely to cut other spending way back.Job security. Unemployment claims, the best measure of layoffs, are at a four-year low. Fewer Americans are worrying about losing their job, so they can take the punch of higher gas prices and move on.A steadier housing market, the Dow Jones industrial average's clearing 13,000 and other signs of an improving economy also help. Add them together and consumer confidence is the highest in a year. More confidence makes people more likely to keep spending on other things even if gas goes up."The public will howl as we approach $4 gas, but they will probably continue to increase spending," says Carl Riccadonna, a senior economist at Deutsche Bank.Gas wasn't the only thing getting more expensive last year. Prices for milk, meat, bread and other foods were rising because of higher prices for grains and other farm goods. Natural gas prices were also on the rise, making it more expensive for Americans to heat their homes.This year, natural gas prices have plummeted. Unlike like year, filling up the car's tank is about the only thing getting dramatically more expensive. Last year, when Americans were feeling it from all sides, they made tough choices, like cutting out expensive dinners. The increase in the price of gas has been more gradual this year, which could make it easier on the psyche of the American consumer. Last year, prices at the pump rose from $2.78 to a peak of $3.98 in mid-May. The national average for a gallon of regular on Wednesday was $3.73, up from $3.28 at the start of the year.The key is what impact gas prices have on other spending in the economy. All consumer spending isn't equal. A dollar spent on gas has less of an impact on the U.S. economy than a dollar spent in a restaurant or at a baseball game. The U.S. is an oil-importing country, so many of the dollars spent on gas ultimately leave the country.The rule of thumb among economists is that a 25-cent increase in gas knocks $25 billion to $30 billion off consumer spending in a year and lowers economic growth by 0.2 percentage points, says Carl Riccadonna, senior economist at Deutsche Bank.The price of gas averaged $3.51 last year, so a move above $4 should only divert $60 billion from consumer spending this year, Riccadonna says. Last year, it drained an estimated $120 billion."It's really a two-horse race," Riccadonna says. "There's rising energy costs, and then there is households' ability to handle those rising costs."So far, households appear to be keeping up. Economists think the economy will grow at a 2.2 percent annual rate in the first half of this year, compared with 0.9 percent while gas prices crept up in the first half of last year.

### Oil Companies Distort

#### According to the studies of many researchers, the Keystone XL serves as a purpose to scam the United States in order to gain control of more money.

Stockman, Lorne, 2012, May 22, Research Director of Oil Change (International), <http://priceofoil.org/2012/05/22/keystone-xl-gas-price-myth-busted/> , 6/26/2012

NRDC, Oil Change International and ForestEthics Advocacy released a report today that blows apart the tar sands industry’s claims that building the Keystone XL pipeline would lower gasoline prices in America. The report lays out how Keystone XL would reduce gasoline supplies in America by diverting Canadian tar sands crude from the Midwest to the Gulf Coast. The findings show that the industry mantra, “more supply = lower prices” just doesn’t play out when it comes to the way the oil industry is configured today. The mantra should actually read, more pipelines = more profits. Building Keystone XL will likely raise gasoline prices in America for the following reasons. The pipeline would not add to oil supply coming into America for at least 15 years. This is because there is currently around 2 million barrels per day of spare pipeline capacity between Canada and the United States. Keystone XL would therefore divert oil that would have been processed in the Midwest to the Gulf Coast. The Gulf Coast produces less gasoline per barrel of oil than the Midwest. Midwest refineries are configured to produce much more gasoline from a barrel of crude and over 90% of the gasoline produced in Midwest refineries stays in the United States. Gulf coast refineries are configured to produce more diesel than gasoline. The majority of gasoline and diesel produced in Gulf Coast refineries is exported. Midwest refineries have been enjoying discounted crude oil prices for the past 18 months. This is due to the glut of Canadian and American oil in the region. The stated purpose of Keystone XL is to relieve that glut and raise the price tar sands producers receive for their oil both in the Midwest and in Canada. Midwest refineries will pay more for their crude and will either pass on the cost to consumers or reduce their production, which eventually will have the same effect. So put simply, Keystone XL moves existing crude oil supply from refineries that have been producing gasoline predominately for the US market to refineries that are predominately producing diesel for the export market. This will lower the amount of gasoline produced in America, raise the price Midwest refineries pay for crude oil and lead to higher gasoline prices. None of this should be a surprise. The industry has no interest in lowering gas prices, why should it? It has for a long time enjoyed a monopoly on transportation fuel. Today, as demand trends shift slowly towards greater efficiency and alternatives, the prospects of raising American demand for oil are fading. The response is to export in order to maintain revenues and maintain prices. The industry is doing its fiduciary duty to its shareholders to maintain and grow profits in a changing global market. It has no such duty to consumers and citizens. This report should help dispel the myth that somehow the oil industry is striving to lower prices and help consumers and that this is worth the risks and costs of pollution and climate destruction while justifying [subsidies](http://priceofoil.org/fossil-fuel-subsidies/). When it comes to gas prices and energy security, America is being sold a boondoggle in the shape of Keystone XL. It’s high time its supporters recognized the truth and end their cover for the scam.

## A2: Canada

### A2: KXL key

#### Other factors will cause Canada to diversify

**Mintz**, 1/25/**2012** (Jack – the Palmer Chair of Public Policy at the School of Public Policy at the University of Calgary, Canada downgraded, relations with U.S. at lowest point in 25 years, Financial Post, p. <http://opinion.financialpost.com/2012/01/25/jack-mintz-canada-downgraded-relations-with-the-u-s-at-lowest-point-in-25-years/>)

With the U.S. economy growing slowly for many years to come and with booming emerging markets, Canada will naturally diversify trade. The role of Canadian federal and provincial governments is therefore to make sure policies are not inhibiting trade and capital flows. Seen in this light, the Canadian government is moving in the right direction to negotiate free-trade agreements with various Asian countries as well as Europe. It should make sure its infrastructure — ports, pipelines, and transport — is in place to take advantage of these new opportunities. Canada should develop more investment and tax treaties to remove the tax and regulatory barriers that inhibit the flow of capital in new markets.

#### US/Canada relations resilient

**Ek**, 4/17/**2012** (Carl-Coordinator for the Congressional Research Service, Canada-U.S. Relations, Congressional Research Service, p. http://www.fas.org/sgp/crs/row/96-397.pdf)

Relations between the United States and Canada, though generally close, have undergone changes in tenor **over the past three decades**. During the 1980s, **the two countries** generally **enjoyed very good relations.** The early 1990s brought new governments to Ottawa and Washington, and although Canada’s Liberal Party emphasized its determination to act independently of the United States when necessary, relations continued to be cordial. In early 2006, a minority Conservative government assumed power in Ottawa. It was regarded as being more philosophically in tune with the George W. Bush Administration than the Liberals had been; some observers believe that this compatibility helped facilitate bilateral cooperation. This cooperation has continued with the election of President Obama in November 2008, despite the differences in the two leaders’ governing philosophies. The two North American countries continue to cooperate widely in international security and political issues, both bilaterally and through numerous international organizations. Canada’s foreign and defense policies are usually in harmony with those of the United States. Areas of contention have been relatively few, but sometimes sharp, as was the case in policy toward Iraq. Since September 11, the United States and Canada have cooperated extensively on efforts to strengthen border security and to combat terrorism, particularly in Afghanistan. Both countries were also active participants in the U.N.-sanctioned NATO mission in Libya. The United States and Canada maintain the world’s largest bilateral trading relationship, one that has been strengthened over the past two decades by the approval of two major free trade agreements. Although commercial disputes may not be quite as prominent now as they have been in the past, the two countries in recent years have engaged in difficult negotiations over items in several trade sectors, including natural resources, agricultural commodities, and intellectual property rights. The most recent clash centered around the Buy America provision of the 2009 economic stimulus law. However, these disputes affect but a small percentage of the total goods and services exchanged. In recent years, energy has increasingly emerged as a key component of the trade relationship. In addition, the United States and Canada work together closely on environmental matters, including monitoring air quality and solid waste transfers, and protecting and maintaining the quality of border waterways.

#### US/Canada relations are fine despite Keystone

Suver 2-16-12 (Roman- Research Associate for the Council on Hemispheric Affairs)

http://www.coha.org/keystone-decision-what-%E2%80%9Cdowngrade%E2%80%9D-%E2%80%93-canada-u-s-still-cozy/

While Jack Mintz presents a fairly coherent and almost convincing argument for his views on the crumbling condition of Canada-USA relations, he fails to embrace a number of important, if embarrassing truths in his analysis. If these were included, they would serve to give valuable insights into the bilateral decision-making process and the various motivations of U.S. officials, including President Obama. These additional factors, such as the realities of U.S. domestic politics, existing ties to other oil-producing nations, uncertainty over domestic energy policy, and the pending presidential election – offer a less-ominous and more practical explanation for the decision to reject the proposed design of the Keystone XL pipeline. Furthermore, these same realities reinforce the notion that it is simply untrue that any real decline in Canada-USA relations is being witnessed at all, but rather Dr. Mintz’s assertions are more alarmist exaggerations than accurate assessments.

Mintz uses the White House’s decision to reject the current Keystone XL proposal as the launching pad of his stance, in a “last straw” riposte to support the authenticity of his central notion: that this is conclusive evidence of a “downgrade” in the relations between Canada and the U.S. In reality, as with the other instances cited by Mintz, the action is more attributable to domestic American considerations rather than a message to Ottawa. As for the two main benefits of Keystone XL cited by Mintz – energy security and jobs – both are overstated in terms of their importance. With relation to the security of its energy, the U.S. would surely prefer to produce domestically in order to extend full control over supply, but nonetheless has secured long-term supply guarantees from various nations, including Saudi Arabia and Iraq – the “undesired” sources of oil at the heart of the matter. Increasing the current share of Canadian petroleum exports to the U.S. – even to the maximum capacity afforded by Keystone XL – would not have much bearing on Washington’s reliance on Middle-East crude, due to the miniscule increase in supply the pipeline would provide. Keystone XL would increase output by approximately 700,000 barrels of oil per day, which equates to a meagre one-thirtieth of current American daily domestic demand.[2][3] As such, Mintz’s (and others’) assertions that the pipeline promises to reduce dependence on Middle-East oil and heralds the arrival of energy security are not based on any realistic facts. Likewise, as has been widely documented and reported by non-partisan sources, and analyzed by independent firms free of TransCanada’s influence, the true economic impact of the pipeline has been grossly overstated by the company, its affiliates, and self-serving Republican Party candidates.[4] Their initial estimate of close to 120,000 jobs is more than 17 times higher than the U.S. State Department’s most generous estimate of 5,000-7,000 jobs.[5] The company has since recently revised its official estimate to 20,000 jobs, which is still about three times higher than the government findings indicate.[6] Both of these arguments, therefore, become much weaker when considering the facts, and point to less of a cause and incentive for American decision-makers to approve the project. While it is true that appeasing environmental groups was a consideration in President Obama’s decision, the much more important spectre of a potential environmental disaster that would accompany a contamination of the Ogallala Aquifer, and the subsequent forced relocation of Americans, makes the matter a much larger bona fide political issue. The more one examines the multifarious nature of the U.S. domestic debate on the issue and the far-flung implications of approving the current route, the more it becomes fully apparent that the decision was rooted firmly in consideration of American interests, with Canadian corporate contentment as largely a secondary thought. Rather than being an indicator of U.S. affinity towards the Great White North, the decision was merely a practical one for the U.S., and hardly signals a “downgrade” or referendum on relations. After all, as Mintz stated, Canada is the U.S.’s largest trading partner, and will continue to be for the foreseeable future.

#### **US-Canada Relations Still Good – Despite Keystone**

**White** 6-14-**12** (Keith Edmund- Editor in chief of CUSLI News Nexus, former operations director for presidential campaigns, member of the Debating Union) http://www.cuslinexus.com/2012/06/nytimes-gets-it-wrong-keystone-xl.html

Now if you read Rosenthal’s piece that point was probably lost one you: since the entire narrative she constructs comes awfully close to: ‘The U.S. Rejection of Canada’s Pipeline Jeopardizes the Canada-U.S. Energy Relationship.’ Sure, the Keystone rejection was driven by domestic politics, and did come at an economic cost to the United States. But the scale of this cost seems rather minimal: (1) Canada was pushing a pipeline in the US to avoid its own domestic opposition to westward pipelines in Canada, (2) the U.S.-Canada energy relationship (whether in terms of oil supply, refinery operations, or construction of pipelines) is still ongoing and growing, and (3) work on Keystone continues. And the environmental concerns that led Obama to ‘cave’ to an interest group, well guess what? There even stronger in Canada.

#### US and Canada Relations are Strong

**Government of Canada**, 3/22/**11** (Canada and the United States: No two nations closer, The Government of Canada, p. http://www.canadainternational.gc.ca/can-am/Closer-etroites.aspx?view=d)

But the true strength and resilience of the relationship is perhaps best illustrated when Canada and the U.S. disagree. As sovereign nations, with at times divergent interests, the two countries are sometimes confronted by difficult issues. Disagreements, such as those on softwood lumber and on beef imports, have tested the relationship. But on every occasion, because they are good neighbors and have so much in common, solutions have been found. At its core, **the Canada-U.S. relationship is** so **strong**, so mutually important, that the two nations realize the common interests that unite them are far greater than the irritants that may momentarily divide them.

#### US-Canada Relations Among the Closest in the World

**Covais, 2005** (Ronald, On Board of Directors for The Canadian American Business Council and The Canada-US Fulbright Program, past-Vice President, International Operations, for Lockheed Martin Corporation’s International Business Development, Furthering U.S. – Canada Relations, Frontline Defense, <http://www.frontline-canada.com/Defence/index_archives.php?page=1881>)

There will certainly continue to be times when Canada and the U.S. disagree. No relationship with the depth, complexity and scale of these two countries’ can be trouble-free. But the positive aspects of the relationship far outweigh the negative—and enable the two countries to work together to overcome them. Political and other differences will occur from time to time – this is to be expected especially in the post September 11, 2001 environment. But we should never lose sight of the key issue – the “overall relationship” between our two nations. The resilience, the importance and the spirit of our relationship has always, and will always bring us back to being good partners. Canadians and Americans have developed a working relationship, a modus operandi, that has fostered a cooperative bilateral relationship that is among the closest and most extensive in the world. It has traditionally been based on defense and trade.

### A2: Quebec

#### Quebec will not succeed from Canada under any circumstance

**The Canadian Press**, 4/24/**12**, (The Canadian Press- Top Canadian News, Ignatieff backpedals on Quebec secession, http://www.ctvnews.ca/ignatieff-backpedals-on-quebec-secession-1.800309#axzz1z1vAuqta)

MONTREAL - Michael Ignatieff has clarified he doesn't actually believe Quebec's secession from Canada is inevitable. The former Liberal leader was forced to backpedal Tuesday after his prediction of Canada's eventual breakup was repudiated by federalist allies, the party he used to lead and, most directly, by his former college roommate, old friend and erstwhile leadership rival, Bob Rae. "Nothing is inevitable in politics and nothing would be so undesirable as separation," Ignatieff said in an email to The Canadian Press. In an attached letter to the editor of the Globe and Mail newspaper, Ignatieff proclaimed his unwavering belief in Canadian unity. "Remarks of mine, taken out of context in an interview with BBC Scotland, have caused some distress to federalist friends across the country, both francophone and anglophone," he wrote. "Since I passionately want Quebec to remain part of the Canadian fabric and since these friends have defended this idea with courage and pride, it causes me pain to think that anything I said could be used against a cause -- the national unity of my country -- that they and I hold dear." Ignatieff went on say he opposes the separation of Quebec from Canada, as well as that of Scotland from the United Kingdom, and that any threat to unity must be met with "determination and resolve." If he failed to make his views clear in the BBC interview, Ignatieff added, "I can only re-affirm them now to my federalist friends across Canada and repeat that I will never betray the cause that we share." The volte face followed a day in which Ignatieff's interview was hailed by Quebec separatists, denounced by federalists and used by Conservatives and New Democrats to try to further sideline the Liberal party, which has long portrayed itself as the party of national unity. Ignatieff told the BBC that Canada underwent a "pretty radical devolution" of powers to Quebec after the near-death experience in the 1995 referendum. He called decentralization "a kind of way station." "You stop there for a while but I think the logic eventually is independence, full independence." Citing Quebec's control over immigration, natural resource development, health and education, he also said that Canada and Quebec are effectively "almost two separate countries" already. Rae, the interim Liberal leader, didn't mince words when asked about Ignatieff's thesis. "I think that's completely wrong, on two counts," Rae said. He noted Canada has always been a relatively decentralized federation and said Ignatieff's assertion that Quebec gained radical new powers after the 1995 referendum is "just factually incorrect." Rae said provinces have always had jurisdiction over health, education and natural resources. "That's called the Constitution of Canada. That was passed in 1867." Rae also categorically rejected Ignatieff's prediction that Quebec's secession is inevitable. "I don't think that in any way, shape or form separation is inevitable. Quite the opposite. I think a glorious future for Canada and Quebec lies in a great federation which Canada is. And I actually don't think Michael Ignatieff thinks it is either." Rae said Ignatieff sent him an email first thing Tuesday morning "saying that he hoped no one would think that he thought that the dissolution of the country was inevitable, he never thought that at all." Other federalist allies were equally puzzled by Ignatieff's remarks. "What I will tell you is a strong majority of Quebecers believe in Canada," Quebec Premier Jean Charest said in Montreal. He agreed with Ignatieff -- that the country is a decentralized federation -- and he said "important progress" has been made on that score since he took office nine years ago. But he said he hadn't heard Ignatieff's interview so he couldn't comment further. A poll on Quebecers' attitudes, coincidentally, appeared in Tuesday's Montreal La Presse newspaper. It pegged support for independence at 36 per cent -- well below the historic highs of the early 1990s and even lower than the level in the first sovereignty referendum, more than three decades ago. The CROP online poll of 1,000 Quebecers was conducted from April 18 to 23. Ignatieff's BBC interview prompted a gleeful response from Quebec sovereigntists Tuesday. The Bloc Quebecois praised Ignatieff for having travelled Canada, observing it, and finally understanding that it deserved to be two separate countries. Parti Quebecois Leader Pauline Marois also had high praise: "In my opinion, he remains a high-level intellectual." But federalists in Quebec City and Ottawa worked to play down the remarks. Stephane Dion, longtime unity warrior and one-time Liberal leader whom Ignatieff replaced at the helm of the party, suggested Ignatieff was simply voicing frustration that everyone in the country feels from time to time. But he said the result of sticking together is worth it. "Sometimes, all of us may have moments of doubt -- and after a while we keep hope that we'll keep our country together and we continue to fight for it," Dion, now the Liberals' intergovernmental affairs critic, said in an interview. Dion dismissed suggestions Ignatieff's comments will give a boost to the separatist cause. "It doesn't strengthen at all the argumentation for secession that is very weak. And it's important for all of us, and I'm sure Mr. Ignatieff will do it, to explain why it's weak and not the right solution for Quebecers, as well as for all Canadians." Contrary to Ignatieff's view that radical decentralization is a "way station" on the road to secession, Dion noted that there has always been a "lively debate" over whether Canada is too centralized or decentralized. He said he believes the flexible, decentralized nature of Canada's federation has actually made it a model to the rest of the world. "I'm very pleased to be in a decentralized federation where we Quebecers have a kind of a universe of our own, where other Canadians are welcome but not very active. "It's part of what Canada is and it's fine with me because I know that when it's the time to act together and to build something together, Quebecers and westerners and other Canadians, well, we're great." Dion said political differences in the country -- such as regional ones pitting East against West -- are greatly exaggerated and magnified by Canada's electoral system. He said the first-past-the-post system hides the fact that many Albertans, for instance, are left-leaning while many Quebecers lean right.

## A2: Environment

### A2 China - Tankers

#### Canada has already begun to sell their oil to China

Wheeler 6/14/2012 (Carolynne- Beijing-based journalist, China's appetite for energy puts pressure on Canada;

Besides the oil sands' resources, a stable Western partner could be a training ground as China works to become a global player, The Globe and Mail p. LexisNexis)

With China pouring $16-billion into Canada's oil and gas industry in the last two years alone, the pressure is on for Canada to develop the pipelines that will move oil and liquefied natural gas to the West Coast for shipping to Asia. Prime Minister Stephen Harper has pledged to streamline the environmental review process required for projects like the contentious Northern Gateway championed by Enbridge Inc., and recently upped the review threshold for foreign investment to $1-billion from $330-million to better accommodate growing Chinese investment. But China's unquenchable thirst for energy is not the whole story. The world's second-largest economy is also trying to learn how to be a world player in the oil market, on the level of a BHP Billiton Ltd., or Exxon Mobil Corp. Canada has provided a useful training ground in those efforts. "If Canada can supply some additional oil through the pipeline, or LNG, to Asia, this could be an additional source to the Chinese market. But it is not the mainstay, not the priority for Chinese investors and stakeholders," said Xu Xiaojie, head of the international energy program with the Chinese Academy of Social Sciences, a policy adviser to the government. "Investment in Canada may be aimed at some benefit, or technical know-how, at gaining a better understanding of working with Western counterparts and companies," said Mr. Xu, author of a new book about China's energy ambitions, Energy Black Swan. "We now realize investment in Canada may act as a bridge for China and the developed world." As a stable country with both rule of law and proven oil reserves, Canada provides a safe alternative to countries like Libya and Sudan, where political turmoil served as a rude awakening to Chinese state-owned oil majors trying to play in the big leagues. Not only did China lose billions in Libya during that country's civil war, it is facing the repercussions of currying favour with the wrong dictator now that Moammar Gadhafi is dead. But Canada is not the only stable democracy with rich energy assets. "China is not desperate for our oil," said Wenran Jiang, a senior fellow at the Asia-Pacific Foundation and special adviser on China to the U.S.- and Canada-based Energy Council. China has shown "serious concerns about whether they will have access to it in the future because they have put so much money into it," he said. "China can learn from us. They can also learn from the U.S., where they are now investing ... Canada is not the only player when it comes to learning Western technology, management and know-how," Mr. Jiang said. Small quantities of Canadian oil are already going to China. In February, Cenovus Energy Inc. announced it had delivered 250,000 barrels, or half a shipload, of oil to a Chinese customer - an announcement likely designed to help ease China's worries about whether Canadian oil would ever land in China's refineries. The company hasn't revealed further numbers, but has confirmed that it is continuing to use its 11,500 barrels per day of service capacity on Kinder Morgan Inc.'s Trans Mountain pipeline to the Westridge Marine Terminal in Vancouver to sell oil at the dock to markets that include Asia. "We are definitely looking to maximize the amount of oil that we transport to the west coast," said Cenovus media relations adviser Jessica Wilkinson.

#### Canada will sell their oil regardless

Maxwell 6/8/2012 (John W- Professor at Indiana University, Canada will pursue trade with China regardless of U.S. energy policies, Billings Gazette p. http://m.billingsgazette.com/news/opinion/guest/guest-opinion-canada-will-pursue-trade-with-china-regardless-of/article\_5e34c374-1bfe-572a-80c3-4b8566839cbf.html)

Following the November elections, I believe that construction of the pipeline will go forward regardless of the outcome of the presidential election. The decision to delay the pipeline was based on a political calculation not to alienate Democratic supporters who identify themselves as environmentalists. However, building the pipeline will provide economic benefits at little or no environmental costs since Canadians will sell their oil regardless and so the eventual decision to proceed with the pipeline is almost inevitable. So why am I arguing against the notion that U.S. energy policy is forcing Canada to pursue a long-range trading pact with China? Simply because one should not make the mistake of equating short-term public discussion with long-term public policy. The Canadian government likely knows that the pipeline will be built and a delay of a few months is unlikely to affect long-term Canadian policy. It is a mistake, however, to believe that long-term Canadian trade and energy policies are driven by current U.S. energy policies. Simply put, the Chinese economy is far too important for Canada to ignore. In the past Canada found itself in the fortunate position of being the neighbor of the world’s unrivaled economic powerhouse, but that is not the reality we live in today. While the U.S. economy is still the world’s largest, China is gaining fast and Canadians would be foolish to ignore this fact. Canadians know full well that crude oil is a commodity that commands a world price no matter where it is sold. If that were the end of the story, then selling to America would be best because transportation and other transactions costs would be lower. That isn’t the end of the story, however. Under the North American Free Trade Agreement, the sale of Canadian crude oil to the United States cannot be restricted. The sale of crude oil, however, is less profitable than the sale of refined oil. Many Canadians feel their government negotiated a bad deal under NAFTA because they would like to sell refined, not crude, oil to the U.S. If Canada builds a pipeline over the Rocky Mountains to its west coast, it could refine the crude and sell the product to China at a greater profit than selling crude to the United States. At the same time, if Canada establishes itself as a reliable supplier of oil to China and other parts of Asia, it would raise its importance as a trading partner with these nations, which will only become more important in the future. We all know about the value of portfolio diversification, and with Asia surging while America struggles it is readily apparent to Canadians that diversification in trade is beneficial for them. Like any sovereign nation, Canada will pursue policies that are in its own best interest, and with a rising Asia, it is naive to assume that American energy policy is dictating Canada’s choices. A pipeline over the Rocky Mountains to Canada’s west coast may not be built, but if it isn’t, it will be due to opposition from Canada’s “greens” and skepticism about doing business with Chinese state-owned oil companies, not U.S. energy policies. It is interesting to note that environmentalists make the same naïve assumption about U.S. energy policy dictating Canadian actions. They want to stop Keystone XL because they think by doing so they will slow or stop oil sands — which they label tar sands — development. This is untrue; Canadians will develop their oils sands regardless. Ironically the U.S., if it chooses not to develop Keystone, will lose a bit of leverage regarding how these reserves are developed.

#### Double hulls prevent oil spill damage from tankers

**Houston Chronicle** March 11, **2009** (“Tanker’s double hull prevented major spill off Galveston”p. http://www.chron.com/news/houston-texas/article/Tanker-s-double-hull-prevented-major-spill-off-1731407.php)

Galveston Coast Guard Commander James Elliott on Wednesday credited the SKS Satilla’s sturdy double-hulled construction with preventing a major oil spill after the Norwegian tanker crashed into submerged debris late last week. An underwater examination of the ship, which was carrying 41 million gallons of crude oil, revealed a gaping hole in the port side of the vessel’s outer hull. The ship was awaiting permission Wednesday to sail to Portugal, where it will be placed in dry dock for repair. The Satilla was en route to an offshore lightering facility near Galveston when it struck the Ensco 74, a jackup oil rig swept from its moorings off the Louisiana coast by Hurricane Ike.

#### **Canada Will Export Oil to China**

Simon, 6/17/2012 (Scott, Chair of Taiwan studies at The University of Ottowa, Parliament Needs to Look at Chinese Oil Sands Investment, p. http://www.theepochtimes.com/n2/opinion/parliament-needs-to-look-at-chinese-oil-sands-investment-251399.html)

Prime Minister Harper’s February trip to China was portrayed as an attempt to promote Canadian oil sales, especially after the failure of TransCanada’s Keystone XL pipeline project that sought to gain rapid environmental approval in the United States. After Nebraska farmers and environmentalists voiced concern about risks to the Ogallala Aquifer, a democratic government delayed approval until environmental assessments could be completed. For Canada, Enbridge’s proposed Northern Gateway Pipeline, which would ship crude oil to Kitimat, British Columbia, for shipment to China, was suddenly endorsed as a new alternative. Advertisement Certainly, Harper’s challenge is not to sell oil. The Chinese, like the Americans, need a steady supply of oil to fuel their economic growth. They do not need to be convinced so by visiting politicians, as if Harper were peddling snake oil rather than petroleum. China’s recent entry into the oil sands, although unprecedented in Canadian history, is done according to Canadian law. And Harper’s legislative agenda may give China’s state-run oil companies an even stronger presence in Canada. Harper thus needs to sell his radical plans for Canada’s oil sands to Canadians. The auction of Canadian oil assets to China began under Harper’s watch. In the eight largest energy deals of 2010 and 2011, China invested $16 billion in the industry. The most significant deal happened when Chinese state-owned Sinopec purchased outright Daylight Energy for $2.2 billion in December 2011. Sinopec also contributed in 2011 to a consortium that provided over $100 million of upfront financing to Enbridge for the Northern Gateway Pipeline. And Sinopec owns a 9.3 percent stake in Syncrude. With all of these investments, China has already become a major player in the oil fields, in ways consistent with Canadian law. Harper’s challenge is not to sell oil. The Chinese, like the Americans, need a steady supply of oil to fuel their economic growth. This is why the focus of attention should be Parliament. In Beijing, Harper announced the conclusion of negotiations for a Canada-China Foreign Investment Promotion and Protection Agreement (FIPA), which will surely accelerate Chinese state investment in the sector, but which requires parliamentary oversight.

### A2: China – Climate Coop

#### Common strategic interests ensure strong relations

Pollack 3 (Jonathan, chair of the Strategic Research Department at the Naval War College, where he directs the College’s Asia-Pacific Studies Group, “China and the United States Post-9/11” Orbis Autumn)

The usual account given for this shift is that after 9/11, the United States identified a new primary adversary, which was not China but international terrorism and the states aligned with it. The United States’ strategic imperative was to assemble the broadest possible coalition to combat terrorism and prevent the proliferation of WMD, and to avoid needless diversions or distractions from these paramount goals. America’s focus on open-ended commitments to defend the U.S. homeland and to counter radical Islam meant that American power and energies would be directed elsewhere. China’s strategic imperative was to give the United States as much latitude as possible without endangering Chinese vital interests, and to buy time for unfettered pursuit of the country’s modernization goals. China would therefore be able to pursue its national strategies unimpeded by major worries about the United States. An alternative argument emphasizes the effects of the new administration’s forceful assertion of American strategic priorities on Chinese leadership calculations. In this view, leaders in Beijing quickly understood that the United States was intent on defending U.S. interests by all available means and grasped the need to conform to these new power realities, lest Washington identify China as a potential adversary. Moreover, China’s increasing dependence on access to the U.S. market and on the unimpeded flow of U.S. corporate investment into China were judged far too important to the country’s internal stability and sustained development to be jeopardized. China therefore had neither the means nor the incentives to challenge U.S. global dominance, at least not directly. Both arguments, however, are incomplete. Larger changes are animating political and strategic calculations in both capitals, especially Beijing. Although these changes do not guarantee open-ended Sino-American amity and cooperation, they foreshadow a redefined relationship that subordinates or obscures the more contentious dimensions of bilateral ties while enabling both countries to retain hedging options. In essence, both countries have opted to defer and potentially **avoid an open-ended strategic competition**, though perhaps with different long-term outcomes in mind. Still, the policy consequences for the near-to-mid-term remain the same: neither leadership is prepared to incur the potential liabilities associated with an unconstrained strategic rivalry.

#### Relations resilient

Stokes 5 (Bruce, PhD, Snr Fellow – Council on Foreign Relations, National Journal, 7-16, Lexis)

As Yuan suggests, as dynamic as China appears from the outside, insiders here fret about their country's domestic  
vulnerabilities. Tens of millions of Chinese are jobless and drifting around the country with no permanent home. The possibility of an economic slowdown that might increase this number sends shivers through the leadership. Moreover, millions more work unproductively on the land. At some point, these people need to find jobs in industry and services if Chinese agriculture is ever to become more efficient. In addition, the strength of the financial system, burdened as it is by bad loans, is a constant worry. Opinions differ on how serious the problem is. Green, from Standard Chartered Bank, says there is "good reason to believe that China can get through this." But the banking system is likely to be vulnerable for years to come. All of this uncertainty exists amid an environment of mounting civil unrest. The number of demonstrations and other citizen protests has increased dramatically in the past few years, and many are aimed at the tax system and at environmental abuses. This internal political insecurity is compounded, analysts here say, by a growing wariness of U.S. meddling. Well aware of the role that Washington played in funding successful opposition groups in Ukraine and elsewhere, the already insecure Chinese leadership views Bush administration talk of democracy promotion with grave concern. For these reasons, Chinese experts on Sino-American relations welcome the new high-level dialogue between China and the U.S. that is slated to commence this summer. The talks aren't intended to solve specific problems -- such as Taiwan -- but will focus on building trust about each other's long-term geopolitical and security intentions. The Chinese would like to see the dialogue take up the expanding U.S. role in Central Asia, how Americans see their future relationship with Japan, and how to peacefully manage mutual energy needs. Although Chinese praise the dialogue as a good beginning, they do not have high expectations for the first meetings. They realize that the process will be slow. For that reason, some Chinese experts believe that there is also a need for a quick-reaction, crisis-management dialogue that would focus more specifically on emerging flash points. But they hold out little hope for such an interchange, saying the Pentagon opposes it. So the challenges facing the U.S.-China relationship, as seen from Beijing, are daunting **but manageable**. The course of events may depend on how Washington handles mounting frustration with China in the United States. "This is going to be very difficult," said Susan Shirk, a professor of political science at the University of California (San Diego). "The history of pressuring the Chinese to do things is not one of great success. When we pressure them, they dig in their heels. It turns into a contest of wills. And you can't keep any of this from the Chinese people anymore. The Internet sets the agenda, and Beijing has to react. So if we start venting, they will start to vent." Fortunately, said Kenneth G. Lieberthal, a China expert and a professor of political science at the University of Michigan, the relationship has proven **quite resilient** over the years. "We are far beyond the era when one or two issues could break the relationship," he said.

### A2 Flaring

#### Bakken NGL pipeline solves flaring.

Bismark Tribune 6/14/12 Pipeline summit looks at moving oil http://bismarcktribune.com/news/local/govt-and-politics/pipeline-summit-looks-at-moving-oil/article\_2cc6c042-b66b-11e1-a11e-0019bb2963f4.html?comment\_form=true

Mick Urban, government relations manager for Oneok, said the company has investments between $3.2 billion and $3.7 billion planned for North Dakota. The company primarily deals with the gathering, processing and transportation of natural gas and natural gas liquids.

“This is a liquid-rich play,” Urban said.

The company is in the process of building the Bakken NGL Pipeline. The 525-mile pipeline will transport natural gas liquids from western North Dakota to northern Colorado. The cost of the project is between $595 million and $730 million. The pipeline, which is expected to be completed in the first half of 2013, would have an initial capacity of 60,000 barrels per day.

Urban said projects such as the Bakken NGL Pipeline will fill an “unmet need” in gathering natural gas in the Williston Basin, a large amount of which is being flared.

### Turn - KXL --> Warming

#### The plan would cause global warming through increased fossil fuel emissions

Nuccitelli ’11 (Dana, 8/23/11, writer for [Skeptical Science](http://www.skepticalscience.com/): part of the [Guardian Environment Network](http://www.guardian.co.uk/environment/network) “What tar sands and the Keystone XL pipeline mean for climate change” http://www.guardian.co.uk/environment/2011/aug/23/tar-sands-keystone-xl-climate)-DG

Making liquid fuels from bitumen requires energy for steam injection and refining.  Currently [the energy is produced from natural gas](http://en.wikipedia.org/wiki/Athabasca_oil_sands#Natural_gas_use_and_greenhouse_gases).  This process generates more greenhouse gas emissions per barrel of final product than the production of conventional oil. There is a slight challenge in quantifying the climate impact of tar sands oil as compared to conventional oil, because there are different ways to make this comparison.  Approximately 80% of the carbon from any barrel of crude is emitted when it's burned.  Therefore, evaluating well-to-wheel (extraction to combustion) emissions, [tar sands emit approximately 10 to 45% more](http://www.mjtimes.sk.ca/Canada---World/Business/2009-12-10/article-243834/Albertas-oilsands:-well-managed-necessity-or-ecological-disaster%3F/1) greenhouse gases than combustion of conventional oil.  However, if we exclude combustion and evaluate well-to-tank emissions, tar sands emissions are approximately twice those of conventional oil.  According to a recent [US Environmental Protection Agency (EPA) assessment](http://yosemite.epa.gov/oeca/webeis.nsf/(PDFView)/20100126/$file/20100126.PDF?OpenElement), tar sands well-to-tank emissions are approximately 82% higher than conventional oil. The [EPA also evaluated](http://www.epa.gov/compliance/nepa/keystone-xl-project-epa-comment-letter-20110125.pdf) the greenhouse gas emissions specifically associated with the proposed Keystone pipeline which McKibben's group is protesting. "recognizing the proposed Project 's lifetime is expected to be at least fifty years, we believe it is important to be clear that under at least one scenario, the extra GHG emissions associated with this proposed Project may range from 600 million to 1.15 billion tons CO2-e, assuming the lifecycle analysis holds over time" Over 1 billion tons of equivalent CO2 emissions is a substantial chunk of emissions.  We recently discussed The Critical Decade report produced by the Climate Commission established by the Australian government. [Their report concluded](http://www.skepticalscience.com/the-critical-decade-part-3-emissions-reductions.html) that humanity can emit not more than 1 trillion tonnes of CO2 between 2000 and 2050 to have a probability of about 75% of limiting temperature rise to 2°C or less.  [According to the latest data](http://www.skepticalscience.com/iea-co2-emissions-update-2010.html), between 2000 and 2010 we emitted approximately 300 billion tons of CO2, so after 20% of the allotted timeframe, we're already over 30% of the way through the allotted emissions. In addition to being more emissions-intensive than conventional oil, the main concern is that exploiting the tar sands is conceptually backwards.  As The Critical Decade report made clear, we need to be looking for ways to leave fossil fuels in the ground, not trying to find more unconventional sources of carbon for combustion.  The USA in particular has taken very few concrete steps to minimize its greenhouse gas emissions to this point.  Building the Keystone pipeline to exploit an unconventional source of fossil fuels is a step in the **wrong** direction, and will encourage other countries to follow suit.   If we're to have any hope of achieving sufficient global greenhouse gas emissions cuts, the USA needs to start leading the way in finding ways to reduce fossil fuel consumption, not lead the way in finding ways to burn new unconventional sources, especially when they're more emissions-intensive than conventional sources.

#### KXL causes massive increases in CO2 emissions.

DON LIEBER April 2012 is an investigative journalist and researcher whose works have been published by the United Nations, the Associated Press and others. KEYSTONE XI. PIPELINE = CLIMATE CATASTROPHE. By: LIEBER, DON, E: The Environmental Magazine, 10468021, Mar/Apr2012, Vol. 23, Issue 2

In short, KXL will add to an already dangerous accumulation of CO2 A report called The Critical Decade from the Climate Commission sums up the view of most climate scientists: "Humanity can emit not more than 1 trillion tonnes of CO2 between 2000 and 2050 to have a probability of about 75% of limiting temperature rise to 2°C or less. According to the latest data, between 2000 and 2010 we emitted approximately 300 billion tons of CO;, so after 20% of the allotted timeframe, we're already over 30% of the way through the allotted emissions." Emissions and Impacts to ComeCO2 contributes to climate change because of the cumulative nature of its effects. The Oxford Institute for Energy Studies writes: "[T]he cumulative and irreversible nature of CO2 implies that a significantly heavier weight should attach to current as opposed to future emissions (cap and trade). Policy making needs to redress this imbalance." KXL oil -- in the form of bitumen -- also emits more CO2 than conventional crude, because the extraction process is more complicated, requiring the sands to be steam heated and then diluted. And the pipeline would set a precedent for further tar sands oil development. "If Keystone XL is approved it sends a signal to the oil industry that it's 'game on' for tar sands expansion," says Elizabeth Shope of the Natural Resources Defense Council. "That industry wants to expand tar sands production to 7.6 million barrels per day. The incremental (carbon) emissions from that would be 228 million metric tons of CO2" -- equivalent to the emissions of 38 million cars per day. Extracting oil from under the ground in Alberta would also require the destruction of hundreds of thousands of acres of Canadian boreal forest. This forest now stores 15%-30% of the world's soil-based carbon. Development of the tar sands oil industry will fragment and erode this forest. Over 65,000 km2 of forest -- the size of California's Mojave desert -- is already slated for destruction. The contribution to climate change by tar sands oil is even likely to have detrimental effects on agriculture and world food supplies. The Center for Global Development (cgdev.org), a nonpartisan research center, reported in October 2011 that Canadian tar sands extraction would "have a devastating effect on global food production, especially in climate-vulnerable continents such as Africa."

### Turn - Tar Sands Bad - Environment

#### **Proposed Pipeline Presents Serious Environmental and Health Risks**

Elizabeth Shope. GIS Analyst. March 2011. Fuel Facts. “Say No to Tar Sands.” <http://www.nrdc.org/land/files/TarSandsPipeline4pgr.pdf>

The Alberta tar sands are found under a region of Boreal forest and wetlands similar in size to Florida. The bitumen—or the unrefined product excavated from the tar sands—must either be strip-mined or melted and pumped up after the ground has been heated with steam for several months. Both forms of tar sands extraction fragment and destroy the Boreal forest, killing nesting migratory birds and many other species. Toxic waste from the mining operations is stored in vast man-made dams—called tailings ponds—that already cover sixty-five square miles. Tar sands extraction uses large amounts of water from the Athabasca River and underground aquifers and energy—primarily natural gas—to heat the water to separate the bitumen from the sand. In September 2010, the Assembly of First Nations called on the United States to take into account in its energy policy the environmental effects of tar sands extraction on First Nations peoples, citing among other concerns the high rates of cancer in the downstream Fort Chipewyan community. These concerns echo the findings of a report published the month before in the Proceedings of the National Academy of Sciences, which found that the tar sands industry releases 13 elements considered priority pollutants under the U.S. Clean Water Act—including lead, mercury, and arsenic— into the Athabasca River. Keystone XL will transport the heavy, corrosive tar sands bitumen to refineries in the United States, crossing America’s agricultural heartland over water aquifers and rivers. Leaks and spills are common occurrences from such pipelines. Between 2000 and 2009, pipeline accidents were responsible for 2,794 significant incidents and 161 fatalities in the United States. In 2010 alone, Enbridge pipelines spilled over 1 million gallons of oil from Canada’s tar sands into Michigan’s Kalamazoo River; 275,000 gallons in a suburb of Chicago; and 126,000 gallons near Neche, North Dakota. And within a few months of beginning operation, TransCanada’s recently completed Keystone pipeline had leaked at least three times in South Dakota. Now TransCanada hopes to build the Keystone XL pipeline over and, in some places, in the ogallala Aquifer, which serves as the primary source of drinking water for millions of Americans and provides 30 percent of the nation’s ground water used for irrigation. A pipeline leak would have devastating effects. Pollutants from tar sands refineries contribute to a wide range of human health problems, which include heart and lung disease, asthma, and cancer. Many of the refineries proposing to take tar sands oil are located in areas that already do not meet air quality standards. Tar sands oil contains more sulfur, nitrogen, and metals (including lead, nickel, mercury, and arsenic) than conventional crudes. They also create emissions of sulfur dioxide (So2 ) and nitrous oxide (Nox), which contribute to acid rain. In addition, the tar sands refining process stresses water resources, demanding vast amounts of fresh water, and producing ammonia and sludge. In fact, in a controversial plan, BP proposed to increase its ammonia discharges into the great Lakes as a result of its tar sands processing.

### Ogallala Aquifer Turn

#### Keystone will pollute the Ogallala Aquifer

**Madhani** 1/09/20**12** (Aamer-national correspondent at Chicago Tribune, Canada seeks alternative route for Keystone XL pipeline, USA Today p. http://content.usatoday.com/communities/theoval/post/2012/01/obama-canada-alternative-route-keystone-xl/1#.T-MBgbWcATZ)

The proposed Keystone XL pipeline, which would have been built from northwest Canada to Texas, was delayed in November after the Obama administration faced an avalanche of protest from environmentalists. Central to environmentalists' argument against the pipeline is a concern that it would cut near the Ogallala Aquifer and a potential leak would be catastrophe to a major water source for the Midwest. Several Nebraska Republicans--including Gov. Dave Heineman--also opposed that route. Canadian environmentalists are voicing similar concerns about the alternative route. The Toronto Star reports that the western route faces fierce opposition from environmentalists in Canada who say that pipeline leaks or a tanker spill would endanger some of the world's most pristine forests and coastal areas and that the proposal "has already galvanized unprecedented concern in the green movement."

#### Ogallala aquifer is key to prevent extinction

**Zellmer**, April **2008** (Sandra – professor of law and co-director of the Water Resources Research Initiative at the University of Nebraska, Book Review: Boom and Bust on the Great Plains: Déjà vu All Over Again, Creighton Law Review, 41 Creighton L. Rev. 385, p. Lexis)

CONCLUSION "Water is life ... . Each drop is a benediction." **[226](https://www.lexis.com/research/retrieve?_m=5ca22556739c0dbf0094992298b1fb13&docnum=1&_fmtstr=FULL&_startdoc=1&wchp=dGLbVlW-zSkAA&_md5=5047c25d96ac9b82471c79ddcde4f047" \l "n226" \t "_self)** Reforms - especially agricultural reforms - are hard to come by. According to Jim Lyons, a former U.S. Agriculture Under Secretary, "the big commodity groups have a stranglehold on policy. And there's not a lot of stomach for new ideas." **[227](https://www.lexis.com/research/retrieve?_m=5ca22556739c0dbf0094992298b1fb13&docnum=1&_fmtstr=FULL&_startdoc=1&wchp=dGLbVlW-zSkAA&_md5=5047c25d96ac9b82471c79ddcde4f047" \l "n227" \t "_self)** William Ashworth points out, however, that the depletion of the Ogallala Aquifer is an impending crisis that **we ignore at our own peril**. **[228](https://www.lexis.com/research/retrieve?_m=5ca22556739c0dbf0094992298b1fb13&docnum=1&_fmtstr=FULL&_startdoc=1&wchp=dGLbVlW-zSkAA&_md5=5047c25d96ac9b82471c79ddcde4f047" \l "n228" \t "_self)** Given that the aquifer produces **around twenty percent of the U.S. harvest**, **the ripple effects of its demise could be cataclysmic, nationally and even internationally**. **[229](https://www.lexis.com/research/retrieve?_m=5ca22556739c0dbf0094992298b1fb13&docnum=1&_fmtstr=FULL&_startdoc=1&wchp=dGLbVlW-zSkAA&_md5=5047c25d96ac9b82471c79ddcde4f047" \l "n229" \t "_self)**

### Turn –Spills kill Ag

#### Keystone devastates agriculture by polluting water

Schilling ‘12 (Vincent, 6/20/12 columnist for Inside Business, a Hampton roads business magazine and has contributed to local and national publications such as Tribal College Journal, correspondent for the leading Native American news publication in the United States, Indian Country Today; “NRDC Report: Keystone XL Pipeline Will Raise US Gas Prices” http://indiancountrytodaymedianetwork.com/2012/06/20/nrdc-report-keystone-xl-pipeline-will-raise-us-gas-prices-2-119390)-DG

“The Keystone XL pipeline … would threaten, among other things, water aquifers, water ways, cultural sites, agricultural lands, animal life, public drinking water sources and other resources vital to the peoples of the region in which the pipeline is proposed to be constructed,” NCAI said in its statement. The proposed expansion of the pipeline would cross through northern Alberta, Saskatchewan, Montana, South Dakota, Nebraska, and Oklahoma with potential devastating impacts on communities in surrounding areas and states.

NCAI’s statement mentioned a study by a University of Nebraska hydrologist that outlined a worst case spill scenario, estimating that Keystone XL Pipeline could spill as much as 7.9 million gallons in Nebraska’s Sandhills, polluting 5 billion gallons of groundwater with benzene, contaminating water used for agriculture and drinking drawn from the Ogallala Aquifer, and more than 6.9 million gallons of tar sands crude at the Yellowstone River crossing.

#### XL implementation risks economic dislocation

Dembicki ‘10 (Geoff, 6/21/1o “Golf Disaster Raises Alarm about Alberta to Texas Pipeline” journalist who reports on energy and climate change http://thetyee.ca/News/2010/06/21/AlbertaToTexasPipeline/)-DG

In a series of public hearings over recent weeks, farmers and ranchers have [fretted](http://journalstar.com/news/local/article_7eb2493c-5cac-11df-8ea3-001cc4c03286.html) about potential leaks along the pipeline's 3,200 kilometre route. The stakes are extremely high. Keystone XL would plough across the north-eastern tip of the [Ogallala aquifer](http://www.wiserearth.org/resource/view/a49d770f8fc00ed892a092bd8413c08b) as it traversed Nebraska. The Ogallala is one of the largest sources of fresh groundwater on Earth, spanning eight states and providing drinking water for two million people. More than $20 billion worth of crops -- including corn, wheat, sorghum and cotton -- depend on it. And in Nebraska, where one third of the workforce is directly employed in agricultural industries, the Ogallala is an **economic lynchpin**. Locals take great pride in their aquifer, Kreifels said, sometimes referring to it as Nebraska's "Rocky Mountains." "It's considered a prize resource. If we don't take care of it, it would be very difficult to live in this state," she said. Several factors compound the danger of building a pipeline across the Ogallala, according to green groups opposed to the project. "Some portions of the aquifer are so close to the surface that any pipeline leak would almost immediately contaminate a large portion of the water," reads a [recent report](http://www.nwf.org/News-and-Magazines/Media-Center/Reports/Archive/2010/~/media/PDFs/Global%20Warming/Reports/NWF_TarSands_final.ashx) from the Nebraska Wildlife Federation. Because groundwater drips through sand, clay, and gravel, cleanup could become a logistical nightmare. Nebraska also sits atop an active seismic zone, where earthquakes -- one at a 4.3 magnitude in 2002 -- and tremors shake the ground. And critics note that despite the best efforts of pipeline operators, leaks are **inevitable**. Just last week, a Chevron pipeline [spilled](http://news.yahoo.com/s/ap/20100614/ap_on_bi_ge/us_oil_leak_utah) 33,000 gallons of oil from a "quarter-size" hole into a Salt Lake City creek.

### Turn – KXL --> Spills

#### **KXL Leaks, Bad for the Environment**

Kohn, 1/18/2012 (Sally, political Commentator, Six reasons Keystone XL was a bad deal all along, p. www.foxnews.com/opinion/2012/01/18/six-reasons-keystone-xl-was-bad-deal-all-along/)

The pipeline that the Obama administration has rejected the permit for would be an extension of a pipeline that has already leaked -- not just once, but 12 times in the last year. While TransCanada tried to dismiss these leaks as “minor” averaging “just five to 10 gallons of oil” each, the leak on May 7, 2011 near Millner, N.D., spilled about 21,000 gallons of oil in total. Nebraska’s Republican Governor Dave Heineman strongly opposed the Keystone XL project because the pipeline would run through a massive and vital aquifer in his state the supplies clean drinking water to over 2 million Americans plus water that fuels the region’s agriculture industry. Building the pipeline might have created a few thousand temporary jobs but even a minor oil spill in or near the aquifer would have jeopardized hundreds of thousands of jobs, not to mention the health and safety of millions. Meanwhile, in Michigan where a similar tar sands pipeline spilled over 840,000 gallons of crude oil into the Kalamazoo River in 2010, residents are still complaining of headaches, dizziness and nausea while studies continue to look at the long-term effects of just being near such an oil spill when it happens.

#### **Keystone XL bad for the environment --- increases emissions and oil spills**

Turner, 2-24-12 (Ted- Founder and Chairman of the United Nations Foundation, founder of the Nuclear Test Initiative) “Stop Keystone Pipeline before it’s too late” <http://www.cnn.com/2012/02/22/opinion/turner-keystone-pipeline/index.html>

I own a property in Fort Pierre, South Dakota, called the Bad River Ranch. It is a beautiful place, where we have worked very hard to restore the landscape, reintroduce native wildlife species and raise bison sustainably. But it sits about 15 miles downstream of the point where TransCanada's proposed Keystone XL pipeline would cross the Bad River, and being that close has led me to examine more closely the potential risks and benefits of a project about which I have been highly skeptical from the beginning. After careful scrutiny, I believe it is not in our national interest to pursue it. The purpose of Keystone XL is to bring tar sands crude oil through the United States to Gulf Coast refineries. The route through the United States is actually the oil industry's second choice: Transporting the oil west from Alberta to the Pacific Coast would be shorter and much cheaper, but Canadians concerned about environmental impacts and threats to native people's lands are challenging that route, and with good reason. The existing and potential environmental impacts along the 2,000-mile pipeline route are profound. In Canada, extraction of tar sands crude requires clear-cutting thousands of acres of boreal forests, diverting rivers, strip-mining, and destroying critical habitat for some of the largest populations of woodland caribou left in the world. Thirty percent of North America's songbirds and 40% of its waterfowl rely on the wetlands and waterways of the boreal forest. Tar sands oil production has already created more than 50 square miles of toxic waste ponds so massive they are visible from space. Even more important, tar sands oil extraction produces three times more greenhouse gas emissions than conventional oil and gas, putting even greater strain on our atmosphere and oceans, which have little absorptive capacity left. Ted Turner Closer to home, the pipeline presents an immediate threat to drinking water for millions and to the livelihood of farmers and ranchers. To transport via pipeline, the thick tar sands crude must be mixed with toxic chemicals and then pumped at extreme temperature and pressure. This sets the stage for more pipeline failures and spills that create a highly toxic mess. The existing Keystone 1 tar sands pipeline has spilled more than 12 times in its first 12 months of operation. In July 2010, a spill of more than 800,000 gallons of toxic tar sands crude from the Enbridge pipeline contaminated more than 30 miles of water and shoreline along the Kalamazoo River in Michigan. This created public health problems, threats to groundwater, widespread fish kills, and destruction of wildlife habitat, contamination that is still being cleaned up at a cost exceeding $700 million. Downstream landowners like me are thinking this is a preview of coming attractions if Keystone XL is built. Cutting through the Keystone XL hysteria, the potential for pollution of vital groundwater from the Keystone XL pipeline is even more frightening. Depending on the final route of the pipeline, spills would threaten the Ogallala Aquifer, the largest aquifer in the western North American region, upon which millions of people and agricultural businesses depend for drinking water, irrigation and livestock watering. But spills anywhere along the route would threaten crucial drinking water supplies, from local and municipal drinking water wells to the Carrizo-Wilcox Aquifer in Texas, a critical water supply for drought-stricken East Texas and Houston. Anyone with even a passing familiarity with the water scarcity problems in that region should understand how a sizable pipeline failure could have catastrophic consequences.

#### Empirical evidence proves- TransCanada is unreliable

Redford ’12 (Robert, philanthropist and environmental activist “Keystone XL Tar Sands Pipeline: The Facts Deserve Repeating” The Huffington Post http://www.huffingtonpost.com/robert-redford/joe-nocera-keystone-pipeline\_b\_1263231.html)

Canada wanted to send the dirtiest oil on the planet through the heart of America so that they could access export routes. And they proposed getting there by bringing the pipeline right over the Ogallala Aquifer, one of America's most important repositories of fresh water. Along the route, Democrats and Republicans alike opposed it. Nocera never mentioned that a first pipeline just like the proposed Keystone XL, built by the same foreign company, TransCanada, had over 12 spills in the U.S. (30 if you count Canada) in just its first year of operation. Some of those spills have yet to be cleaned up. It's kind of like last month when Nocera waxed poetic under the [headline](http://www.nytimes.com/2012/01/10/opinion/nocera-bp-makes-amends.html) "BP Makes Amends," extolling the virtues of the oil giant. In it, when referring to the Gulf shoreline, he said, "The beaches are sparkling," when in fact, in the first 10 days of this year some three tons of tar balls have washed up on the beaches of Alabama and Mississippi.

### Turn – KXL --> Deforestation

#### Turn- The Pipeline would result in massive environmental degradation through deforestation and groundwater pollution

Turner ’12 (Ted, 2/24/12 founder and chairman of the [United Nations Foundation](http://www.unfoundation.org/#3)*,* the founder of CNN and Turner Broadcasting and co-chairman of the Nuclear Threat Initiative, “Stop Keystone Pipeline before it’s too late” http://www.cnn.com/2012/02/22/opinion/turner-keystone-pipeline/index.html)-DG

I own a property in Fort Pierre, South Dakota, called the Bad River Ranch. It is a beautiful place, where we have worked very hard to restore the landscape, reintroduce native wildlife species and raise bison sustainably. But it sits about 15 miles downstream of the point where TransCanada's proposed Keystone XL pipeline would cross the Bad River, and being that close has led me to examine more closely the potential risks and benefits of a project about which I have been highly skeptical from the beginning. After careful scrutiny, I believe it is not in our national interest to pursue it. The purpose of Keystone XL is to bring tar sands crude oil through the United States to Gulf Coast refineries. The route through the United States is actually the oil industry's second choice: Transporting the oil west from Alberta to the Pacific Coast would be shorter and much cheaper, but Canadians concerned about environmental impacts and threats to native people's lands are challenging that route, and with good reason. The existing and potential environmental impacts along the 2,000-mile pipeline route are profound. In Canada, extraction of tar sands crude requires [clear-cutting thousands of acres](http://pubs.pembina.org/reports/1000-cuts.pdf)of boreal forests, [diverting rivers, strip-mining, and destroying critical habitat](http://findarticles.com/p/articles/mi_m1272/is_2751_136/ai_n24258623/)for some of the largest populations of woodland caribou left in the world. [Thirty percent of North America's songbirds and 40% of its waterfowl](http://www.worldwatch.org/node/5287) rely on the wetlands and waterways of the boreal forest. [Tar sands oil production](http://www.calproject.org/factsheet-ibcc-tarsands.pdf) has already created more than 50 square miles of toxic waste ponds so massive they are visible from space. Even more important, tar sands oil extraction produces three times more greenhouse gas emissions than conventional oil and gas, putting even greater strain on our atmosphere and oceans, which have little absorptive capacity left. Closer to home, the pipeline presents an immediate threat to drinking water for millions and to the livelihood of farmers and ranchers. To transport via pipeline, the thick tar sands crude must be mixed with toxic chemicals and then pumped at extreme temperature and pressure. This sets the stage for more pipeline failures and spills that create a highly toxic mess. The existing Keystone 1 tar sands pipeline has spilled more than 12 times in its first 12 months of operation. In July 2010, a spill of more than 800,000 gallons of toxic tar sands crude from the Enbridge pipeline [contaminated more than 30 miles of water and shoreline along the Kalamazoo River in Michigan.](http://michiganradio.org/term/kalamazoo-river-oil-spill) This created public health problems, threats to groundwater, widespread fish kills, and destruction of wildlife habitat, contamination that is still being cleaned up at a cost exceeding $700 million. Downstream landowners like me are thinking this is a preview of coming attractions if Keystone XL is built. The potential for pollution of vital groundwater from the Keystone XL pipeline is even more frightening. Depending on the final route of the pipeline, spills would threaten the Ogallala Aquifer, the largest aquifer in the western North American region, upon which millions of people and agricultural businesses depend for drinking water, irrigation and livestock watering.

## Other Offense

### Natives DA

#### Keystone XL is an environmental justice and human rights nightmare for Natives in the US and Canada – The ecological impacts disproportionally impact Native peoples and lands – Obama’s rejection of the pipeline is key to Native survival.

INDIGENOUS ENVIRONMENTAL NETWORK 2011 The Indigenous Environmental Network (IEN) is a national environmental justice and indigenous rights organization American and Canadian First Nations plan civil disobedience to stop Keystone XL pipeline INDIGENOUS ENVIRONMENTAL NETWORK | AUGUST 29, 2011 <http://rabble.ca/news/2011/08/american-and-canadian-first-nations-plan-civil-disobedience-stop-keystone-xl-pipeline>

The purpose of these actions is to send a direct message to President Barack Obama to deny approval of the 1,702-mile Keystone XL pipeline. The pipeline would be transporting pollution from the tar sands (also known as oilsands) of Canada to the United States by carrying 900,000 barrels per day of thick, corrosive, toxic, synthetic crude oil for refining in Texas and the Gulf States. If approved, the Keystone XL would lock the U.S. into a dependency of energy intensive, hard-to-extract dirty oil and create a massive expansion of the world's dirtiest and most environmentally destructive form of oil development currently taking place in northern Alberta, Canada. These operations are already producing 1.5m barrels per day and having horrendous environmental justice and human rights impacts on the way of life and health of the local Native communities of Cree, Dene and Métis. The proposed pipeline threatens to pollute freshwater supplies in America's agricultural heartland and grasslands with increased emissions in already-polluted communities of the Gulf Coast. The Keystone XL would cross Indian Country; States of Montana, South Dakota, Nebraska, Kansas, Oklahoma and Texas encompassing Indian-U.S. treaty territories crossing water aquifers and rivers, grasslands, cultural sites and ecological sensitive areas. Leaks and spills are common occurrences from such pipelines that could result in disproportionate impact to Native Nations and thousands of tribal members. A spill from the Keystone XL poses an even greater threat, given that the pipeline would run directly through the Ogallala aquifer, which supplies one-third of American groundwater used for irrigation, and drinking water to two million U.S. citizens. The Indigenous Environmental Network is bringing tribal governmental and grassroots leaders from U.S. and Canada, directly impacted by the proposed pipeline and the tar sands oil operations, to say "NO KEYSTONE XL PIPELINE" to President Obama. This Indigenous Day of Action on September 2, 2011, at the gates of the White House will express the solidarity of Native Nations, standing with concerned citizens, workers, farmers, ranchers, unions, youth and a coalition of environmental groups from across the continent, in peaceful protest to protect Mother Earth and demand Obama respect the treaty rights and survival of Native Nations of the U.S. and Canada.

#### Imperialism over indigenous people is the root cause of international colonial trends which terminate in extinction

Ward **Churchill**, former Professor of Ethnic Studies at CU Boulder, OREGON LAW REVIEW, “The Law Stood Squarely on Its Head: U.S. Legal Doctrine, Indigenous Self-Determination and the Question of World Order”, Fall **2002**, p. lexis

Actually, **the roots of** the current **U.S. posture run** much **deeper** than Bennis suggests. As its record concerning **the** earlier-mentioned **California Indian treaties readily demonstrates**, **the U**nited **S**tates **had** by the mid-1850s already adopted **a policy of selectively exempting itself from compliance with treaties** to which **it asserted others were nonetheless bound**.n148 The Supreme Court's 1903 opinion in Lone Wolf v. Hitchcock effectively extended this procedure to encompass all treaties and agreements with indigenous nations. n149 From there**, it became only a matter of time before the U.S. would begin to approach the remainder of its foreign relations in a comparable manner**. n150 [\*695] As well, **the attitude**, first **explicated** with regard to Indians and **now displayed** quite prominently **on the global stage**, that **America is endowed with a plenary authority to dictate the "permissible" forms of other countries' governmental and political processes, the modes of their economie**s and so on.n151 Legal scholar Felix S. Cohen once accurately analogized American Indians as a "miner's canary" providing early warning of the fate in store for other sectors of the U.S. populace.n152 The principle can now be projected to worldwide proportions. **Given the scale of indignity and sheer physical suffering the U.S. has inflicted** - and continues to inflict - **upon indigenous peoples trapped within its "domestic" domain**, n153 **it is self-evidently in the** [\*696] **best interests of** very nearly **the entire human species to forcefully reject the structure of "unjust legality" by which the U.S. is attempting to rationalize its ambition** to consolidate a position of planetary suzerainty.n154 The only reasonable question is how best to go about it.

#### The Keystone XL will threaten native lands –lack of consultation is colonialism.

Shani O. Hilton 9/ 7 2011 “First Nations and Native Activists Come Out Against Keystone XL” http://colorlines.com/archives/2011/09/first\_nations\_and\_native\_activists\_come\_out\_against\_keystone\_xl.html

In hopes that action would discourage President Barack Obama from permitting an extension to the Canadian Keystone pipeline — also known as the “Keystone XL” — a group of First Nations and American Indian activists protested in front of the White House on Friday. Before being arrested, the protesters insisted that the extension — which will run from Alberta Canada to Nebraska, Oklahoma, and Texas — will harm ancestral homelands. “Our Lakota people oppose this pipeline because of the potential contamination of the surface water and of the Oglala aquifer,” said Deb White Plume, a Lakota activist. “We have thousands of ancient and historical cultural resources that would be destroyed across our treaty lands.” Even the New York Times’ editorial board came out against the pipeline, writing that it was concerned about oil spills along the route and carbon emissions. “[T]he extraction of petroleum from the tar sands creates far more greenhouse emissions than conventional production does,” the board wrote last month. The approval process for the Keystone XL was set in motion in September 2008, and while the National Energy Board of Canada approved it in 2010, 50 members of Congress have opposed it. Obama will have until the end of the year to decide whether to approve the extension. In the meantime, those affected are speaking up. “Our First Nations in Alberta have been concerned of the lack of consultation of the pipelines and tar sands expansion,” Chief George Stanley, Cree Regional Chief of Alberta said at the protest. “President Obama can do what’s right. For the president to approve this pipeline is not in the national interest of U.S. or Canada.”

### Renewables Turn/DA

#### Keystone raises gas prices and undermines clean energy tech through increased sale of tar sands

Schilling ‘12 (Vincent, 6/20/12 columnist for Inside Business, a Hampton roads business magazine and has contributed to local and national publications such as Tribal College Journal, correspondent for the leading Native American news publication in the United States, Indian Country Today; “NRDC Report: Keystone XL Pipeline Will Raise US Gas Prices” http://indiancountrytodaymedianetwork.com/2012/06/20/nrdc-report-keystone-xl-pipeline-will-raise-us-gas-prices-2-119390)-DG

During a press conference call on May 21, experts speaking on behalf of the Natural Resources Defense Council (NRDC) said American drivers would face higher gas prices if the proposed Keystone XL Pipeline stretching from Canada to the Gulf of Mexico is built. The NRDC conference also released a report on the group’s analysis, entitled “[Keystone XL: A Tar Sands Pipeline to Increase Oil Prices](http://priceofoil.org/wp-content/uploads/2007/12/KeystoneXL_GasPrices_May2012_FINAL.pdf),” which is available online. In addition to the tele-conference claims made by the NRDC, TransCanada also admitted to Congress and reporters that the pipeline would increase gas prices to the Midwest and that one of the main goals is to ship refined oil from the gulf to the more lucrative overseas market. Anthony Swift, who authored the NRDC’s report said, “The pipeline’s proponents say it’s the solution to high gas prices. The truth is exactly the opposite—the pipeline would raise gas prices. This is one of the most misunderstood issues surrounding this misguided Canadian project.” In his report Swift explained that the “Keystone XL Pipeline would transport up to 830,000 barrels per day of the world’s dirtiest oil which is strip mined and drilled from under Canada’s Boreal forests, straight through the heart of America’s breadbasket to refineries on the Texas Gulf Coast. By allowing tar sands access to the lucrative international market, Keystone XL would finance further expansion of tar sands extraction, worsening climate change and undermining efforts to move to clean energy. Pipeline supporters cite high gasoline prices as a reason to build the project. The truth is that Keystone XL is likely to both decrease the amount of gasoline produced in U.S. refineries for domestic markets, and increase the cost of producing it, leading to even higher prices at the pump.”

#### **Keystone XL Pipeline Undermines the United States Commitment to a Clean Energy Economy.**

Elizabeth Shope. GIS Analyst. March 2011. Fuel Facts. “Say No to Tar Sands.” <http://www.nrdc.org/land/files/TarSandsPipeline4pgr.pdf>

To meet an 80 percent reduction in carbon emissions by 2050, significant changes must occur in our transportation sector, which is now responsible for 30 percent of global warming pollution in the United States. Nearly all of these emissions come from the combustion of oil. NRDC analysis shows that by 2050, passenger cars and light trucks—our largest source of transportation emissions—will need to run almost entirely on non-petroleum based fuels if we are to meet our emissions targets. In contrast, tar sands produce a heavy crude with a higher lifecycle carbon content than many other petroleum sources. If the United States were to import 3 million barrels per day (mbd) of tar sands oil, it could offset all the emissions gains projected by the Environmental Protection Agency (EPA) under the Renewable Fuels Standard (RFS2) by 2022. Replacing 3 mbd day of conventional oil with tar sands oil would be equivalent to adding more than 22 million passenger cars to the roads.

# DA Links

## Elex

### Elections Link

#### Keystone will be a highlight of the election

**Burwell**, 5/3/**2012** (David – director of the Energy and Climate Program at the Carnegie Endowment for International Peace, Keystone XL pipeline, a post child for political posturing, CNN Opinion, p. <http://www.cnn.com/2012/05/30/opinion/burwell-keystone-pipeline/index.html>)

The Keystone XL pipeline has turned into a poster child for political posturing. While it is merely one of many pipelines crisscrossing North America, this project has become "red meat" that both sides of the congressional aisle are using to weaken each other in an election season. To make matters more complicated, Canadian public and private-sector officials have jumped into the fray by coming to town to extol the virtues of the pipeline.

#### Building Keystone would alienate environmentalist --- a key part of Obama’s base

**Schnur**, 4/9/**2012** (Dan – director of the Jesse M. Unruh Institute Politics at the University of Southern California, The President, Gas Prices and the Pipeline, New York Times, p. http://campaignstops.blogs.nytimes.com/2012/04/09/the-president-gas-prices-and-the-keystone-pipeline/)

Where the issue becomes more tangible and therefore trickier for Obama is when the multiple choices become binary. The debate over the proposed XL Keystone Pipeline that would transport Canadian oil through the nation’s heartland to the Gulf of Mexico crystallizes the choices involved and forces a shades-of-gray conversation into starker hues of black and white. Obama recognizes that the devoted environmentalists who represent a critical portion of the Democratic party base need some motivation to turn out for him in the fall. But he also understands that centrist voters who support him on a range of other domestic and foreign policy matters could be lured away by a Republican opponent who either promises relief at the gas pump or who can lay blame at the White House doorstep for those higher prices. Even more complicated is the role of organized labor, which has poured immense amounts of support into Obama’s re-election but also prioritizes the job-creation potential of the pipeline.

#### Ext – Keystone Kills Environmentalist Support

#### Keystone approval will crush environmentalist support

**CNN iReport**, 2/9/**2012** (Keystone XL Pipeline Alive in Congress with Bipartisan Support, p. <http://ireport.cnn.com/docs/DOC-744727>)

The Keystone XL pipeline project is far from dead in the US Congress. The controversial project is much on the minds of not just Republican, but also Democrat lawmakers. Though many had hoped that the issue was dead or at least in hibernation until after the November presidential election, environmentalists may have to rethink their celebration. It is expected that once the election is over the pipeline will get the green light over the objections of environmentalists. Many believe the only reason the pipeline was sidetracked by the Administration was to keep enviromentalists on President Barack Obama's team through November. A plan to fast-track the stalled Keystone XL oil pipeline was passed by a key committee in the House of Representatives, as Republicans made yet another attempt to spur approval of the project that has become a major issue in the 2012 elections.

### Environment Key to Obama Election

#### **Environmental Issues will be key in the upcoming election**

**Susan** 4-27-**12** http://www.helium.com/items/2321491-issues-that-will-affect-the-2012-presidential-race

Indeed environmental issues will be a key debate topic in the upcoming election, and President Obama just may find that his weak National Defense stance along with his obsessive energy stance just may lead to his demise just as it did with President Carter. If it is true history repeats itself, the 2012 Presidential Election just may see another Electoral Landslide as in 1980. All is fair in love, war, and politics, and "We as a Nation" may be poised and ready for just such a happening.

#### Environmentalists key to Obama

**Ungar** 1-21-**12** (Amiel- Ph.D. in political science)

http://www.israelnationalnews.com/News/News.aspx/151939#.T-tn\_LXY\_y0

President Barack Obama had sought to delay judgment on the approval of the Keystone XL pipeline project for carrying tar sands oil from Alberta in Canada down to the Gulf Coast refineries.

Obama realized that this was a wedge issue for the Republicans. The environmentalists, a key component of the Obama coalition, strongly opposed the pipeline because they feared an environmental disaster and objected to the exploitation of tar sands as a source of energy.

#### Environmentalists key to Obama

**Peek** 1-19-**12** (Elizabeth T.- 20 years as an analyst on Wall Street, first woman president of the National Society of Petroleum Investors)

http://www.thefiscaltimes.com/Columns/2012/01/19/Obama-Kills-Oil-Pipeline-in-Bow-to-Green-Lobby.aspx#page1

How many votes does President Obama hope to win from environmentalists? More, apparently, than from construction workers. That would appear to be the calculus behind the decision of the White House to deny approval of the Keystone XL oil pipeline, which has been vehemently opposed by environmentalists, a key Obama constituency. A constituency, it should be said, whose enthusiasm has waned as the president failed to deliver on cap-and-trade and, more recently, prevented EPA head Lisa Jackson from imposing draconian new ozone limits. The administration had already punted on the hot-button Keystone project, deferring a decision until after the 2012 election, but Congress included a provision in the recent payroll tax agreement that forced Obama’s hand, demanding an up or down decision by February 21.

## Politics

### Politics Link – Agenda

#### Keystone is a partisan issue --- causes massive fights

**Clayton**, 3/9/**2012** (Mark – staff writer for the Christian Science Monitor, How much would Keystone pipeline help US consumers, MSNBC, p. http://www.msnbc.msn.com/id/46689167/ns/us\_news-christian\_science\_monitor/t/how-much-would-keystone-pipeline-help-us-consumers/#.T-pMTbVYt2A)

Often lost in the political wrangling over the controversial Keystone XL pipeline – on hold after President Obama rejected TransCanada’s initial construction proposal – are some key findings that run counter to the rosy picture of abundant supply and lower prices so often painted by US politicians. Canadian companies backing the Keystone XL – touted as enhancing US energy security with a big new surge of imported Canadian oil – actually expect it to supply more lucrative Gulf Coast export markets as well as raise Midwest oil prices by reducing “oversupply” in that region. These little-publicized findings are contained in the studies and testimony of experts working for TransCanada, the company that wants to build the pipeline from Alberta’s tar sands across America’s heartland to Gulf Coast refineries. Some of these concerns popped up, albeit briefly, in US congressional testimony last year on the pipeline project, and have given rise to a recent proposal to bar the sale of Keystone oil overseas. In the latest round of Capitol Hill fighting over the pipeline, Senate Democrats on Thursday defeated a Republican amendment to the transportation bill that would have fast-tracked the project by stripping the State Department of its approval authority and giving it to Congress. In February, legislation to force US approval of the pipeline passed the House 237-187. That bill would strip the president of authority to block the project and give the Federal Energy Regulatory Commission 30 days to approve the pipeline. But most of the heated partisan rhetoric over job creation and gasoline prices glosses over what Keystone would or wouldn’t do for the US.

### Politics Link Ext

#### Keystone is a partisan issue that will spark massive fights. That’s the 1NC Clayton evidence. Both sides have vested interests in escalating the Keystone debate

#### The plan will be a fight in the Senate

**The Hill**, 3/8/**2012** (Senate rejects Keystone in 56-42 vote, p. http://thehill.com/blogs/e2-wire/e2-wire/215051-senate-blocks-keystone-pipeline-approval-plan)

The Senate has rejected a GOP plan to approve construction of the Keystone XL oil pipeline after President Obama made personal calls to Democrats urging them to oppose it. The 56-42 vote staves off an election-year rebuke of Obama, but will give political ammunition to backers of TransCanada Corp.’s plan to build a pipeline connecting Alberta’s massive tar sands projects to Gulf Coast refineries. Despite Obama's efforts, 11 Democrats brushed off Obama on the vote and sided with Republicans.

#### Keystone is politically toxic --- major backlash

**Barber**, 1/18/**2012** (Nigel – biopsychologist and blogger, Keystone Pipeline: Gift Horse or Threat to America, Huffington Post, p. <http://www.huffingtonpost.com/nigel-barber/keystone-pipeline_b_1214122.html>)

The Keystone pipeline pits jobs for Americans versus environmentalism and is politically toxic to the Obama administration, which is why Obama wanted to kick the can down the road whereas Republicans want to force an early Presidential decision on the project that can be used as a stick to beat him with during the election. Now Obama seems poised to reject the pipeline based on objection to the route, leaving the door open to a new application.

#### Flip-flop –

#### A) Obama has staked political capital on blocking Keystone.

**Washington Post**, 3/8/**2012** (Senate rejects expediting Keystone pipeline, p. http://www.washingtonpost.com/national/health-science/senate-rejects-expediting-keystone-pipeline/2012/03/08/gIQAjDilzR\_story.html)

In the wake of lobbying by President Obama and Senate Democratic leaders, the Senate Thursday defeated legislation to speed up construction of a U-S.-Canadian oil pipeline. The White House victory came after the president started personally calling Democratic senators Wednesday night. The vote underscored the extent to which rising gas prices and energy supply have become a central political issue. Republicans--along with the oil industry, which is running a nationwide advertising campaign about energy supplies -- have been attacking Obama on the campaign trail for failing to fully exploit traditional oil and gas resources while Americans are financially stretched. Democrats and their environmental supporters counter that the president must weigh the benefits of fossil fuels against their environmental impact and the importance of promoting renewable energy.

Mcallister, sr contributor, Politic365, 3/22/12 (Lenny, regularly featured on CNN’s “Early Start” "Obama’s Etch-a-Sketch on the Keystone Pipeline," http://politic365.com/2012/03/22/obamas-etch-a-sketch-on-the-keystone-pipeline/)

Presidents with political capital and resonance from years of successful leadership in Washington do not backpedal on recent decisions they make. Candidates with re-election concerns do. Previously against the Keystone Pipeline project because of presidential decision-making, now President Obama is backtracking due to political pressure from rising gas prices in an election year. Since 2008, people regularly say that Mr. Barack Obama the candidate is one heck of a politician. That is a good thing in 2012, considering that President Obama will need his help should he wish to stay in the White House. Here is yet another incident in a string of backtracking missteps and political overreaching endeavors that scream political expediency, not presidential leadership.

#### B) Flip-flops destroy political capital

**Cohen 1997** (Jeffrey – professor of political science at Fordham University, Presidential Responsiveness and Public Policy Making, p. 123)

A president cannot, without good reason, **alter his policy stance**. And even if he has good reason to change his policy position on an issue, he may have to **bear some costs** from doing so. The public and other political elites may view him as waffling, indecisive, weak, uncommitted, and/or duplicitous. This seems very much to be one of the major charges against Bill Clinton’s presidency. After abandoning his campaign promise of a middle-class tax cut because of budget deficit pressures, Clinton reoffered a tax cut in the wake of the devastating 1994 midterm elections, in which his party lost control of Congress. From being publicly cool toward the North American Free Trade pact during his presidential election campaign, he became an ardent promoter of that policy once in the Oval Office. From these, and many other occasions, Clinton has developed an image of a waffling politician, one who is forever changing his mind, perennially trying to stake out the most popular position with the public and not necessarily a **president who is able to lead**.

### Ext – Flip-Flops

#### Flip-flops are politically disastrous

Michael A. **Fitts**, professor of law at University of Pennsylvania Law School, January **1996**, University of Pennsylvania Law Review, 144 U. Pa. L. Rev. 827

Centralized and visible power, however, becomes a double-edged sword, once one explores the different ways in which unitariness and visibility can undermine an institution's informal influence, especially its ability to mediate conflict and appear competent. In this context, the visibility and centralization of the presidency can have mixed effects. As a single visible actor in an increasingly complex world, the unitary president can be prone to an overassessment of responsibility and error. He also may be exposed to a normative standard of personal assessment that may conflict with his institutional duties. At the same time, the modern president often does not have at his disposal those bureaucratic institutions that can help mediate or deflect many conflicts. Unlike members of Congress or the agencies, he often must be clear about the tradeoffs he makes. Furthermore, a president who will be held personally accountable for government policy cannot pursue or hold inconsistent positions and values over a long period of time without suffering political repercussions. In short, the centralization and individualization of the presidency can be a source of its power, as its chief proponents and critics accurately have suggested, as well as its political illegitimacy and ultimate weakness.

## Oil

### Link – Oil DA

#### Keystone will drop oil prices --- small changes results in large fluctuations

**Zubrin**, 1/16/**2012** (Robert – president of Pioneer Astronautics, member of the steering committee of Americans for Energy, How to Reduce Oil Prices, National Review, p. <http://www.nationalreview.com/blogs/print/288115>)

Looking at the data in the graph, it is clear that cap-and-trade plans, or alternative methods of carbon or fuel taxation, are not the answer. Indeed, by increasing the cost of energy, they will only make the economic situation worse. Rather, what we need is a policy that will force world oil prices down. The way to do this is to flood the world market with liquid fuel from every source available to us. It is in this light that the extreme malfeasance of the Obama administration in delaying the approval of the Keystone pipeline becomes apparent. While much has been made of the loss of 20,000 jobs building the pipeline, that is the smallest part of the matter. The real issue is that by refusing to approve the pipeline, the Obama administration is acting to block the introduction of 270 million barrels per year of Canadian oil into the world market. In doing so, the administration is acting in accord with the interests of the OPEC oil cartel, which wishes to see supplies limited so that it can maintain high oil prices at the expense of the West. At current prices of $100 per barrel, this will cause a loss to the North American economy of $27 billion per year — an amount sufficient to create 270,000 North American jobs. (Canada draws 65 percent of its imports, which amount to 31 percent of its GDP, from the United States. The two nations effectively share one economy.) Furthermore, because the amount of oil that consumers demand does not change much when the price rises or falls — i.e., the demand is “inelastic” — small changes to the supply can cause large fluctuations in price. The 2 percent temporary reduction of Middle East oil supplies caused by the disorders associated with this year’s putative “Arab Spring” caused oil prices to go up 20 percent — a ten-to-one ratio. Assuming a conservative five-to-one ratio, the 0.85 percent addition to the world’s oil supply represented by the Canadian oil could be expected to drive prices down by about $4.25 per barrel. This would save us an additional $20 billion, an amount that in theory could create 200,000 jobs.

### Oil 2NC

#### Increased supply to the U.S. will push down global oil prices

**Alter**, 3/1/**2012** (Jonathan – Bloomberg View columnist, Keystone Pipeline brings Pain at Pump, Bloomberg, p. <http://www.bloomberg.com/news/2012-03-02/keystone-pipe-brings-pain-at-pump-few-jobs-commentary-by-jonathan-alter.html>)

That oversupply, which holds down prices, is a result of more oil flowing south from Canada into Midwestern refineries. (It used to flow north from the Gulf region, which was more expensive.) The Canadians “propose building the Keystone line to go around Midwest refineries,” says Philip Verleger, an oil industry consultant and professor at the University of Calgary. John Kilduff, an oil analyst at Again Capital, reminds me that eventually the supply bottlenecks (most famously in Cushing, Oklahoma) will ease, the oil will flow, and sharply increased supply from Canada will push down global oil prices.

# Topicality

## Trans. Infra

### 1NC – Transportation Infra

#### Interpretation – transportation infrastructure is roadways, railways, harbors, airports, railroads, and highways – pipeline are explicitly excluded

United States Chamber of Commerce, 10 (“Transportation Performance Index – Summary Report” 9/23/10 <http://www.uschamber.com/sites/default/files/lra/files/LRA_TPI%20_Summary_Report%20Final%20092110>.pdf)//dm

Step 1 – Definition: Transportation Infrastructure

It is important to establish a definition of transportation infrastructure in order to establish the scope of the index.

General Definition: Moving people and goods by air, water, road, and rail.

Technical Definition: The fixed facilities―roadway segments, railway tracks, public transportation terminals, harbors, and airports―flow entities―people, vehicles, container units, railroad cars―and control systems that permit people and goods to traverse geographical space in a timely, efficient manner for an intended purpose. Transportation modes include highway, public Note that pipeline infrastructure is not included in this definition. For purposes of the Infrastructure Performance Index it is considered an element of energy infrastructure.

transportation, aviation, freight rail, marine, and intermodal.

#### Violation – the aff builds a pipeline

#### That’s a voting issue

#### 1. Unlimits the topic – there’s dozens of different pipelines the aff could build using different things like oil, natural gas, coal, and other types of gases

#### 2. Predictability - Pipelines only contrast with transportation infrastructure

Peters, 07 – Secretary of Transportation (Mary, Statement by her made before the committee on the budget – US house of representatives 10/25/07 http://testimony.ost.dot.gov/test/pasttest/07test/peters9.htm)//dm

Because transportation system users do not pay directly for the costs of providing and managing the nation’s transportation infrastructure, they have relatively little input into Federal program and policy decisions.  Polls confirm that users of our transportation systems are largely unaware of what it costs to provide transportation infrastructure or what they are paying to use it.  This contrasts sharply with the structure the country has adopted for our other major network utilities such as telecommunications, electricity, pipelines, and railroads.

### Pipelines Helper – Non Germane

#### Contextual evidence proves – pipelines aren’t germane to debates about transportation.

David Burwell 5/30/12 director of the Energy and Climate Program at the Carnegie Endowment for International Peace. CNN WireMay 30, 2012 Keystone XL pipeline's collateral damage Lexis

All the pressures aside, the United States needs to pause and think carefully about its national interest. Our future energy balance and supply chain should not be short-stopped by attaching Keystone XL as a nongermane rider to a transportation bill for temporary political gain. Politicians come and go; nations generally do not.

### 2nc Pipelines extensions

#### Transportation infrastructure excludes pipelines - Keystone pipeline proves

USA Today, 2012 (“Federal transportation bill enters legislative homestretch” 5/1/12 http://www.usatoday.com/news/washington/story/2012-05-01/federal-transportation-highway-bill/54660278/1)//dm

The bill is driven partly by election-year politics. Both Congress and [President Obama](http://content.usatoday.com/topics/topic/People/Politicians,+Government+Officials,+Strategists/Executive/Barack+Obama) have made transportation infrastructure investment the centerpiece of their jobs agendas. But the political imperative for passing a bill has been complicated by House Republicans' insistence on including a mandate for federal approval of the [Keystone XL](http://content.usatoday.com/topics/topic/Keystone+XL) oil pipeline. The [White House](http://content.usatoday.com/topics/topic/Places,+Geography/Landmarks,+Landforms/White+House) has threatened to veto the measure if it retains the Keystone provision.

#### Telecommunication, utilities, energy, and social infrastructure are all distinct from transportation infrastructure

MSCI Barra, 08 - is a leading provider of investment decision support tools to investment institutions worldwide. MSCI Barra

products include indices and portfolio analytics for use in managing equity, fixed income and multi-asset class portfolios (“MSCI Infrastructure Indices Methodology” April 2008 p.2)//dm

2.1. Infrastructure Sectors1 and Corresponding GICS® Sub-industries

The infrastructure indices are divided into five infrastructure sectors namely 1)Telecommunication Infrastructure, 2) Utilities, 3) Energy Infrastructure, 4) Transportation Infrastructure and 5) Social Infrastructure.

#### Transportation infrastructure can be energy – this excludes pipeline and trucks

Office of Integrated Analysis and Forecasting of the Energy Information Administration, 2002 – (“Analysis of Selected Transportation Fuel Issues Associated with Proposed Energy Legislation – Summary” September 2002 http://205.254.135.7/oiaf/servicerpt/fuel/rfs.html)//dm

This report analyzes the inter-regional transportation issues and associated costs for increased distribution of renewable fuels with the assumption that ethanol will be used to meet the standard. Increasing the use of ethanol to 5 BGY by 2012 more than doubles the current level of ethanol production and could place a considerable burden on the current transportation infrastructure. For each of the transportation modes considered (rail and water), this report examines potential concerns regarding capital cost, equipment availability, and infrastructure capability and provides a detailed breakdown of costs by mode. Pipeline and truck shipment is not addressed in this report because it is not currently considered a cost-effective method of transport due to special handling requirements

#### Communication, water, and energy systems are regulated utilities, not “transportation infrastructure”

Quadrant 7 (Real Estate Investors, “Global Diversified Infrastructure Fund of Funds”, http://www.quadrantrealestateadvisors.com/investments/public/uploads/documents%5CGlobal%20Diversified%20Infrastructure%20Fund%20of%20Funds.pdf, DOA: 6/29/12)

II. Defining Infrastructure Assets

Starting with the failure of the levy systems in New Orleans, followed by the collapse of the Mississippi River Bridge in Minneapolis, Minnesota on August 1, 2007, American infrastructure capital needs were brought to the forefront of America. The aging stock of infrastructure continues to deteriorate and the demand for public and private investment continues to grow. The question now becomes, which entity is going to address this growing need? However, an even more fundamental question also exists, what are infrastructure assets? According to the American Heritage Dictionary, infrastructure comprises the “basic facilities, services and installations needed for the functioning of a community or society, such as transportation and communication systems, water and power lines, and public institutions including schools, post offices and prisons.” The dictionary also notes that the term infrastructure has been used since 1927 to refer to the public works required for an industrial economy to function or the installations necessary for the defence of a country. The expectation most have is that infrastructure assets primarily involve government regulated monopolies and governmentally maintained assets. Unfortunately, classification is not that simple. When defining infrastructure investments, the common definition accepted in the institutional investment management community is “the physical assets that are needed to provide essential services to society,” which has lead managers to have highly different interpretations of the definition of “essential.” In general, the infrastructure market is divided into two general sectors—economic infrastructure and social infrastructure. Economic infrastructure includes transportation assets and regulated utilities, which includes communication, water, and energy systems. Social infrastructure is more vaguely defined and may include any asset in which the government maintains control or assets that are necessary for the longevity of the population. Such assets include schools, prisons, hospitals, parks, and others.

## Investment

### 1nc T-Federal Funding

#### A. Interpretation - ‘Its’ is a possessive pronoun showing ownership

**Glossary of English Grammar Terms, 2005**

(http://www.usingenglish.com/glossary/possessive-pronoun.html)

Mine, yours, his, hers, its, ours, theirs are the possessive pronouns used to substitute a noun and to show possession or ownership.

EG. This is your disk and that's mine. (Mine substitutes the word disk and shows that it belongs to me.)

#### Transportation investment requires federal funding

**Warner, 11** – US Senator who introduced this bill into the Senate (introduced by Mark Warner and Mark Kirk, “S. 1968: A bill to require the Secretary of Transportation to establish a pilot program to increase accountability with respect to outcomes of transportation investments, and for other purposes,” December 8, 2011, <http://www.govtrack.us/congress/bills/112/s1968/text)//RD>

‘(5) TRANSPORTATION INVESTMENT- **The term ‘transportation investment’ means Federal funding for a project included in a transportation program**. ‘(6) TRANSPORTATION PROGRAM- The term ‘transportation program’ means a plan or strategy prepared by a metropolitan planning organization or a State for transportation systems and facilities in the metropolitan planning area or the State, including a transportation plan, transportation improvement program, statewide transportation plan, or statewide transportation improvement program developed under section 5303 or 5304 of this title or section 134 or 135 of title 23.

#### B. Violation – the aff does not solely use federal funding

#### C. Voting Issue:

#### 1. Limits – they open the floodgates to dozens of small affs that have one private company work on the aff. 2. Ground – they spike out of core neg arguments like the spending DA and privatization CP.

#### 3. Extra-topicality is a voting issue – we can’t predict the different combinations of funding mechanisms that the aff could use to skew the debate in its favor

### 2nc Federal Funding ≠ Private Investment

#### Investment is federal spending on infrastructure

**CBO, 1991** - Congressional Budgeting Office (“How Federal Spending for Infrastructure and Other Public Investments Affects the Economy – Trends in Investment,” CBO publication, July 1991, p. ix, available via google, <http://www.google.com/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=2&ved=0CE8QFjAB&url=http%3A%2F%2Fwww.cbo.gov%2Fsites%2Fdefault%2Ffiles%2Fcbofiles%2Fftpdocs%2F76xx%2Fdoc7657%2F91-cbo-011.pdf&ei=nwTqT8eqNYaQ9gTljJ37Dw&usg=AFQjCNEhQ8IMYDjOdyRqjLBI9efsi1vu8g)//RD>

Investment, or capital spending, may be defined broadly as the expenditure of current resources to produce income or other benefits over some period in the future. Investment is distinguished from outlays for consumption, which are intended to provide immediate benefits. The federal budget and most other accounting systems treat all government outlays, even purchases of long-lived assets, as consumption because the purchases cannot clearly be shown to produce income as officially measured. Yet some federal expenditures clearly seem to be investments: like private investments, they produce a stream of economic benefits over time. **The conventional definition of investment thus might reasonably be extended to include federal spending for physical infrastructure,** some human resource programs, and research and development.

#### Infrastructure investment is entirely government spending

Jimenez 95 (Immanuel, Appointed Director of Public Sector Evaluations – Independent Evaluation Group of the World Bank Group, “Human and Physical Infrastructure: Public Investment and Pricing Policies in Developing Countries”, Handbook of Development Economics, Vol. III, Ed. Behrman and Srinivasan, p. 2774)

1. Introduction and overview

Almost by definition, infrastructure is the basis for development. 1 For an economy, it is the foundation on which the factors of production interact in order to produce output. This has been long recognized by development analysts, and infrastructure, often termed "social overhead capital," is considered to include:

•.. those services without which primary, secondary and tertiary production activities cannot function. In its wider sense it includes all public services from law and order through education and public health to transportation, communications, power and water supply, as well as such agricultural overhead capital as irrigation and drainage systems [Hirschman (1958) p. 83].

These seemingly diverse services share some common traits that are important in economic analysis. They are generally not tradeable. Although they may affect final consumption directly, their role in enhancing output and household welfare can also be indirect - in facilitating market transactions or in making other economic inputs more productive. Finally, and perhaps most importantly, the many infrastructure services share characteristics, such as scale economies in production, consumption externalities and non-exclusivity, that have been used to justify a large role for public policy in their provision and financing.

This chapter will focus not only on what has traditionally been considered the "core" infrastructure sectors, which enhance the productivity of physical capital and land (mainly transportation and power). It will also include human infrastructure- or those services that raise the productivity of labor (health, education, nutrition). This is a broadening of the definition that was given great prominence by Schultz (1963) and Becker (1964) and that has since been widely accepted by both scholars and practitioners.

Public investment will be defined broadly to include all government spending in these sectors, rather than just capital expenditures as traditionally defined in official statistics. This is to ensure that the economic issues regarding recurrent as well as capital spending are covered, since both have been the focus of the recent iiterature. Moreover, the chapter will emphasize recent policy debates, but will not present in detail the basic theoretical concepts underlying them.

### 2nc investment is spending

#### Investment is capital spending on infrastructure’s physical capital

**CBO, 9** – Congressional Budget Office (“Subsidizing Infrastructure Investment with Tax-Preferred Bonds”, October, <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/106xx/doc10667/10-26-taxpreferredbonds.pdf>)

In this analysis, investment in infrastructure is defined as capital spending on transportation, utilities (for example, water and power supply), environmental projects, and schools. 1 In addition, because they account for a significant share of the tax-exempt debt issued, health care facilities and hospitals are treated as infrastructure in this study, although they might not be classified as such for many other types of analyses. Capital spending under this study’s definition consists of investment in physical capital, such as structures and facilities, rather than intangible capital, which is formed by spending on educational programs or on research and development.

#### Investment is capital expenditures

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b. Investment is deﬁned as capital expenditures over assets. Q is deﬁned as the market value of equity plus assets minus the book value of equity over assets. Cash ﬂow is deﬁned as operating cash ﬂow over assets.

#### Federal infrastructure investment means public spending

**CBO, 8** – Congressional Budget Office (“Issues and Options in Infrastructure Investment”, May, <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/91xx/doc9135/05-16-infrastructure.pdf)//DH>

Under any definition, “infrastructure investment” encompasses spending on a variety of projects. For present purposes, it is useful to distinguish transportation, which receives the bulk of federal support, from other types of infrastructure, such as utilities. Both types of assets promote other economic activities: An adequate road, for example, facilitates the transport of goods from one place to another and thereby promotes economic activity; utilities that provide such services as electricity, telecommunications, and waste disposal are also essential to modern economies. (Appendix A describes spending on research and development and on education. Those categories form the basis for supporting intellectual and human capital, respectively, and can provide benefits that are similar to those generated by infrastructure spending.)

The most recent comprehensive data, for 2004, indicate that total capital spending from all sources on transportation, utilities, and selected other public facilities— specifically, prisons, schools, and facilities related to water and other natural resources, such as dams—was more than $400 billion in 2004 (see Table 1). 1 The federal government financed about $60 billion (including federal grants to state and local governments), or roughly 15 percent of the total. 2 State and local governments (net of the federal grants) funded 42 percent of the investment, and the private sector provided the balance. Those funding shares have changed over time and vary greatly from one infrastructure category to another.