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Debt Ceiling Shell

Obama and the Republicans have come to a tentative compromise for raising the debt ceiling – mainly contingent on Obama promising future spending cuts.

Brill and Hanna 11 (Alex and Colin, Staff at The National Review, June 2, http://www.nationalreview.com/articles/268602/limit-real-debt-alex-brill JALO)

The debate this summer over raising the debt limit promises to be intense, and perhaps divisive, but it also provides an opportunity for meaningful fiscal reform. The unprecedented public attention focused on this relatively arcane economic tool can help return the country to a sustainable, rational path; foster a renewed sense of freedom; and create a new era of prosperity by making government smaller, less intrusive, and less burdensome. The debt limit is an instrument established by Congress to limit the Treasury Department’s ability to borrow, but it has increasingly lost its effectiveness. It has been waived ten times in the last decade. And a vote to increase the debt limit has often been, ironically, tied to “must pass” spending increases. In one sense, then, the fact that the debate is now focused on how much to cut government spending suggests that the tide has finally turned. Conservatives are rightly interested in the magnitude of the change and not merely its direction. **Many members of Congress have declared that they will support a debt-limit increase only if it is accompanied by** something “really big” — a balanced-budget amendment, entitlement reform, more discretionary cuts, **budget-process reform**, or all of the above.

New spending bills are a no-go due to the debt ceiling debate – They’re politically unpalatable

Roll Call 6-21 (http://www.rollcall.com/issues/56\_142/all-talk-no-action-on-jobs-206644-1.html?pos=hftxt)

With no money to spend, lawmakers talking about job creation aren't likely to accomplish anything unless a plan is swept into the deficit talks dominating Capitol Hill. Last month's uptick in the unemployment rate had Senate Democrats looking to restart their efforts to launch a new jobs agenda while redoubling their attempts to blame Republicans as obstructionists who don't care about the unemployed. "I guess their goal is, 'Let's make things as bad as we can, and hopefully the American people won't see through it, and maybe we'll get somebody elected to replace President [Barack] Obama,'" Senate Majority Leader Harry Reid said Monday on the Senate floor. The Nevada Democrat complained Senate Republicans were blocking modest small-business and economic development reauthorization bills, while accusing House Republicans of letting pension reform and the Federal Aviation Administration reauthorization languish. But none of those bills would dramatically affect the unemployment rate in the short term, and with the debt limit deadline looming, big new spending plans aren't likely to go anywhere in either chamber.

Kills the global economy

icholas 11 (Peter, LA Times Wash. Bureau, May 30, http://www.latimes.com/news/nationworld/nation/la-na-gop-debt-ceiling-20110530,0,980818.story JALO)

Former Minnesota Gov. Tim Pawlenty, a Republican candidate for president, also challenged the Obama administration's contention that failure to lift the debt limit would trigger an unprecedented default. The U.S. has until Aug. 2 to raise the $14.3-trillion debt ceiling, said Treasury Secretary Timothy F. Geithner. Failing to act would invite "catastrophic" consequences, Geithner has said: Military service members would not get paid, retirement investments would drop in value, and people would face higher payments on mortgages and car loans. President Obama has said he expects Congress to increase the ceiling. In an interview last month with the Associated Press, the president said: "We will raise the debt limit. We always have. We will do it again." The alternative, Obama said, is to "plunge the world economy back into a recession."

Extinction

Bearden 2k (Lieutenant Colonel, Lieutenant Colonel in the U.S. Army, www.cheniere.org/techpapers/Unnecessary%20Energy%20Crisis.doc) ET

Bluntly, we foresee these factors - and others { } not covered - converging to a catastrophic collapse of the world economy in about eight years. As the collapse of the Western economies nears, one may expect catastrophic stress on the 160 developing nations as the developed nations are forced to dramatically curtail orders. International Strategic Threat Aspects History bears out that desperate nations take desperate actions. Prior to the final economic collapse, the stress on nations will have increased the intensity and number of their conflicts, to the point where the arsenals of weapons of mass destruction (WMD) now possessed by some 25 nations, are almost certain to be released. As an example, suppose a starving North Korea launches nuclear weapons upon Japan and South Korea, including U.S. forces there, in a spasmodic suicidal response. Or suppose a desperate China - whose long range nuclear missiles can reach the United States - attacks Taiwan. In addition to immediate responses, the mutual treaties involved in such scenarios will quickly draw other nations into the conflict, escalating it significantly. Strategic nuclear studies have shown for decades that, under such extreme stress conditions, once a few nukes are launched, adversaries and potential adversaries are then compelled to launch on perception of preparations by one's adversary. The real legacy of the MAD concept is his side of the MAD coin that is almost never discussed. Without effective defense, the only chance a nation has to survive at all, is to launch immediate full-bore pre-emptive strikes and try to take out its perceived foes as rapidly and massively as possible. As the studies showed, rapid escalation to full WMD exchange occurs, with a great percent of the WMD arsenals being unleashed . The resulting great Armageddon will destroy civilization as we know it, and perhaps most of the biosphere, at least for many decades.

\*\*\*UQ\*\*\*

Compromise Now 1/2

Congress is close to approving the debt ceiling increase – All Obama needs is to appease a few republicans to solidify his growing Democrat base.

Silver 11 (Nate, Staff at NYT Politics, June 1, http://fivethirtyeight.blogs.nytimes.com/2011/06/01/running-the-numbers-on-the-debt-ceiling-vote/ JALO)

What we see here is a break between those districts which Democrats seem to perceive as safe, and those where their members might still be vulnerable. Clearly, those Democrats in districts that are close to the national median in terms of partisanship — or which are somewhat Republican-leaning — would rather not have a yea vote on their records. But the good news — for those who would like to see the debt ceiling increased — is that there aren’t very many of these Democrats remaining, since the Republican wave crested so high in 2010. As of today (both numbers have increased by one with the swearing in of Kathy Hochul this afternoon) there are only 26 House Democrats remaining in districts where Mr. Obama carried less than 55 percent of the vote, and just 12 in districts where he did not carry at least 50 percent. Put differently, the electoral vulnerability of Democrats should not be a major barrier to the passage of the increase because most of the vulnerable Democrats already lost. Perhaps some of those Democrats just on the other side of the 55 percent threshold are playing it too close for comfort — a handful of them are likely to have challenging races for one reason or another — but they already survived 2010, and 2012 is relatively unlikely to be a worse political environment for Democrats than last November.

Obama is pushing a compromise on raising the debt ceiling – promises of cutting spending will be key.

Mascaro and Parsons 11 (Lisa and Cristi, Financial writers LA Times, May 13 http://articles.latimes.com/2011/may/13/nation/la-na-obama-budget-20110513 JALO)

President Obama opened a private meeting with Senate Republicans on Thursday by asking them to search for compromise in the ongoing budget talks, but entrenched positions on both sides underscored the difficulty of resolving differences in time to avert a possible financial crisis. According to Treasury Department calculations, Congress has until Aug. 2 to raise the legal ceiling — now $14.3 trillion — on the nation's debt and avoid a default on government obligations. Republicans have vowed not to raise the debt ceiling without agreement on far-reaching cuts in federal spending and no tax increases. Democrats have resisted some of the proposed cuts and called for increased federal revenue, saying the deficit cannot be reduced by spending cuts alone. Thursday's 90-minute exchange around a conference room table reflected a deepened divide over the role of government. "We are talking here about spending reductions," Senate Minority Leader Mitch McConnell (R-Ky.) said in recounting his message to the president. "There will be no tax increases in connection with raising the debt ceiling." Broad agreement has emerged in Washington that chronic budget imbalances on the order of this year's $1.5-trillion shortfall need to be fixed, and the upcoming debt ceiling vote provides an opportunity for a budget deal, since neither side will want to be blamed for a catastrophic default. McConnell hinted at the opportunity ahead as he extolled the ability of divided government to provide "the best time — and some would argue the only time — when you can do really big stuff." Yet even as both sides have found common ground on the broad goal of reducing deficits by $4 trillion over the next decade or so, stark differences in how to accomplish that goal remain. On the way into the late-morning meeting, a White House aide emphasized the "balanced approach" the president would preach — a reference to the need for both spending cuts and tax increases.

Compromise Now 2/2

**There will be a compromise – meetings with Biden**

**Chaddock 6/13** (Gail Russell, Staff Writer, Christian Science Monitor, http://www.csmonitor.com/USA/Politics/2011/0613/A-glint-of-compromise-in-Congress-s-debt-limit-stalemate)JFS

Two bipartisan groups of lawmakers are stepping up efforts this week to reach a deal on raising the nation’s $14.3 trillion debt limit, now set to expire on Aug. 2. So far, neither has been able to make any significant headway on the fundamental ideological difference that divides them – whether to raise taxes or cut spending – but a vote scheduled for Tuesday could offer at least a glimpse of compromise. Vice President Joe Biden and a half dozen negotiators tapped by House and Senate leaders from both parties will meet three times this week starting Tuesday – an increase from biweekly meetings. The group says it will keep up the new pace until a deal is reached.

**Compromise - bernanke**

**RTTNews 6/14** (US Economic News, Staff Writers, http://www.rttnews.com/Content/USEconomicNews.aspx?Node=B2&Id=1646039)JFS

Failure to raise the U.S. debt ceiling could lead to ratings downgrades, damaging the special role of dollar and treasury market, the nation's top central banker told an influential conservative group Tuesday. Federal Reserve Chairman Ben Bernanke acknowledged the long-term risks associated with soaring debt, but said that failing to raise the debt limit would require the federal government to delay or renege on payments for obligations already entered into. "Even a short suspension of payments on principal or interest on the Treasury's debt obligations could cause severe disruptions in financial markets and the payments system," Bernanke said at a event held by the Committee for a Responsible Federal Budget. According to the Treasury, the government risks defaulting on its obligations if lawmakers fail to raise the $14.3 trillion debt ceiling by August 2. Earlier in June, Moody's Investors Service warned it may place the U.S. government's top credit rating under review for a possible downgrade unless Congress takes steps toward a compromise by the middle of July. Republicans have threatened to refuse to raise the debt ceiling unless Democrats agree to massive spending cuts. Lawmakers should not to play politics with the debt ceiling, warned Bernanke. Failing to raise the debt limit is "the wrong tool" for the necessary goal of lowering the federal budget deficit. Bernanke urged Congress to address fiscal stability as part of a long-term plan, but warned that near-term budget cuts could imperil

the fragile economic recovery.

Negotiations Now

Co-op now – Boehner is meeting with Dems to try and curb new spending.

Berkowitz 11 (Jeff , Staff Chicago Now p. May 10, http://www.chicagonow.com/blogs/public-affairs-jeff-berkowitz/2011/05/is-speaker-boehner-taking-the-nation-to-the-brink-of-default-dont-bet-on-it.html JALO)

Speaker Boehner said in New York last night that he will agree to raise the debt limit by X dollars only if Democrats will agree to cut spending by X + 1 dollars. Since President Obama wants a debt limit increase of two trillion dollars, Boehner is looking for guaranteed cuts in federal spending of more than two trillion dollars. It is likely that the time period for scoring or assessing the cuts would be from five to ten years. The Democratic response appears to be one of looking, instead, for revenue increases, i.e., closing "tax loopholes," for disfavored constituencies, e.g., oil companies, as opposed to cutting spending by two trillion dollars.

Fixing the debt problem is a bipartisan initiative in the squo – Any disturbance throws all solutions off canter.

Sonmez 11 (Felicia, Staff Washington Post Politics Post, May 18 http://www.washingtonpost.com/blogs/2chambers/post/the-gang-of-six-falls-apart-is-compromise-impossible/2011/05/18/AFjDlS6G\_blog.html JALO)

On the one hand, the collapse of a tight-knit group that had much invested in a debt-limit solution casts doubt on whether the Blair House talks will be able to succeed where the Gang fell short. The six senators had been meeting weekly on the debt issue, even going so far as to take their show on the road. And in a sign of his own personal stake in the negotiations, Sen. Kent Conrad (D-N.D.) told ABC’s Jon Karl last month, “I certainly hope this leads to a result, because otherwise I’m going to have wasted five years of my life.” By contrast, the congressional negotiators engaging in the Biden-led talks not only lack any sort of long-term personal engagement with each other on the issue but also are arguably a more partisan lot than the “Gang of Six” senators. But, two factors suggest that the Biden talks may now be more promising than the “Gang of Six’s.” The Blair House group is now the only game in town -- thus upping the stakes – and, as this year’s deal on averting a government shutdown showed, sometimes the threat of a looming crisis is the main ingredient in forging a bipartisan deal. As Graham noted Tuesday, when it comes to tackling an issue as tough as the national debt, often the only path forward is a bipartisan one. “On the big issues, you’ve got to have bipartisanship,”Graham said. “The debt commission was a bipartisan document; the vice president’s group is bipartisan; the Gang of Six is bipartisan. If all three of them fail to produce a product, we’re screwed.”

Increase of internal and external pressure are forcing a compromise.

Nicholas 11 (Peter, LA Times Wash. Bureau, May 30, http://www.latimes.com/news/nationworld/nation/la-na-gop-debt-ceiling-20110530,0,980818.story JALO)

But a compromise might be in the offing. McConnell, in his appearance on "Meet the Press," left open the possibility of a deal. Obama has said he is amenable to additional spending cuts as a condition of lifting the debt ceiling. In the end, the markets could bridge the divide. Peter R. Orszag, Obama's former budget director, predicted in a speech last week that the impasse may soon cause bond market fluctuations that demonstrate the real cost of inaction. "We are going to deal with the problem when we have significant external pressure to do so," said Orszag, who is now vice chairman for global banking at Citigroup.

No New Spending Now

New spending proposals are inconceivable in the current political climate

LA Times 6-14 (http://www.latimes.com/news/nationworld/nation/la-na-obama-20110614,0,4151870.story)

But with forecasts showing that high unemployment is likely to linger through the 2012 campaign season, the White House keenly wants to avoid the perception of not being sufficiently concerned about a bad economy. So Obama is trying to showcase a focus on jobs and empathy for struggling families. The traditional means by which a president might try to rev up the economy in the short run — new spending or tax cuts — have little chance of moving forward in a polarized Congress concerned with reducing the federal debt. Federal Reserve officials have used most of the monetary tools they have. All that leaves Obama largely dependent on a slow healing of the economy.

A2: May 31st Vote

The GOP rejected a bill to increase the debt ceiling because it lacked measures to reduce spending – Cutting spending will be key.

Silverleib 11 (Alan, Staff CNN Politics, May 31, http://articles.cnn.com/2011-05-31/politics/debt.ceiling.vote\_1\_debt-ceiling-debt-limit-debt-limit-extension?\_s=PM:POLITICS JALO)

In a symbolic vote to send a message to budget negotiators, the House on Tuesday defeated a measure to raise the national debt ceiling without any accompanying deficit or spending reduction provisions. The Republican-controlled House voted 318-97 on the legislation that would have raised the federal government's debt limit by approximately $2.4 trillion. Under rules for the vote set by the GOP leadership, the measure needed at least two-thirds support to pass, ensuring it had no chance for approval. The vote was scheduled by Republican leaders to show that any attempt to divorce an increase in the debt ceiling from spending reduction efforts -- a move initially favored by the Obama White House -- cannot win congressional approval.

Crunch Now

Boehner and congress have until August 2nd to reach a proposal to prevent defaulting.

Boccia and Fraser 11 (Romina and Alison, Financial writers Heritage Foundation p.1 http://blog.heritage.org/2011/05/19/u-s-hits-debt-ceiling-but-default-is-completely-avoidable/ JALO)

Congress has until August 2 to respond. It could raise the debt ceiling without any other policy changes or keep the existing debt limit and force the Treasury Department to make substantial reductions in non-interest spending. It could also raise the debt limit but make substantial, immediate spending reductions accompanied by tough budget reforms. No matter what course Congress decides on, it is vital that Congress and the President acknowledge that the root of our debt problem lies in out-of-control government spending and take the steps necessary to get the budget under control.

**No partisanship over the debt ceiling**

**Sonmez 6/17** (Felicia, Washington Post, http://www.washingtonpost.com/politics/debate-over-raising-us-debt-ceiling-high-on-civility-low-on-anger/2011/06/17/AGseYXZH\_story.html)JFS

Something’s missing in the debate over raising the country’s debt ceiling: anger. The highest-stakes political battle to date in the 112th Congress has been surprisingly absent the partisan rancor, name-calling and – for lack of a better term — blamesmanship that typically mark most spending fights in Washington. The civil tone that’s emerged in the battle over raising the $14.3 trillion debt limit this summer appears to be a product of the cordial working relationships that have developed among the principals in the White House-led talks, particularly between Vice President Biden and House Majority Leader Eric Cantor (R-Va.). But it also might stem from the tacit acknowledgment among all sides that even raising the specter of a federal default could have a catastrophic effect on the global economy.

\*\*\*Links\*\*\*

Boehner Cred Link

**Plan forces Boehner to take hard line on debt ceiling – seen as violating republican resolve on reducing spending.**

Bloomberg 11 (Bloomberg News, May 9 www.moneynews.com/StreetTalk/BoehnerMustReassureMarketsThatDebtCeilingWillBeRaised/2011/05/09 JALO)

House Speaker John Boehner’s appearance before Wall Street leaders tonight challenges him to provide reassurance that Congress will raise the U.S. debt limit without undercutting Republican demands for spending controls. Investors attending Boehner’s speech to the Economic Club of New York dinner will be listening for the Ohio Republican to describe the path to an agreement on raising the debt ceiling and installing new deficit controls between the Republican-run House and Democrats led by President Barack Obama. “What Wall Street wants to hear is that they are going to raise the debt ceiling in a timely way,” said Mark Zandi, chief economist at Moody’s Analytics Inc. in West Chester, Pennsylvania. Investors expect “policy makers are going to negotiate and debate, but at the end of the day” they want assurances that “when it comes down to brass tracks they are going to raise that debt ceiling,” Zandi said. Following his speech, Boehner, 61, will be questioned by Peter G. Peterson, co-founder of Blackstone Group LP, and Jane Hartley, chief executive officer of Observatory Group LLC, an economic consultant. Boehner, who negotiated an 11th-hour package of $38 billion in spending cuts to avert a government shutdown last month, will explain to results-oriented investors that without budget reforms there are not enough votes in the Republican-run House to raise the debt ceiling, said a Republican leadership aide speaking on condition of anonymity. Republican Hard Line “He’s got to take a hard line” on Republican demands for new spending controls to control spiraling government deficits, said Republican strategist Ron Bonjean.

Boehner uses plan as an excuse to not raise debt ceiling – Default follows.

McFeatters 11 (Dale, Staff Scripps Howard News Service May 17 http://www.detnews.com/article/20110517/OPINION01/105170309/1008/Debt-ceiling-compromise-won%E2%80%99t-appease-some JALO)

Top investors and business leaders gathered at New York's Economic Club seeking assurance from House Speaker John Boehner that House Republicans would go along with the president and the Democratic-controlled Senate in raising the debt limit. Because the government operates in the red, that limit — currently $14.3 trillion — must be raised if the government is to continue borrowing, which it does at the rate of $125 billion a month, to pay its bills. If Uncle Sam can't borrow, it will begin defaulting on its debts. No one quite knows what this would do to the world credit markets, but opinion almost unanimously holds it would be bad, very bad, and especially for our economy and its recovery. Boehner says, yes, it would be irresponsible not to raise the ceiling, but that it would be even more irresponsible to do so without spending cuts attached to show the world we're serious about deficit reduction. The speaker also said the spending cuts should exceed the amount of the increase in the debt ceiling. It's doubtful either party wants to revisit the debt ceiling before the 2012 elections.

Boehner Key

Boehner’s backing is key to any debt ceiling legislation.

McFeatters 11 (Dale, Staff Scripps Howard News Service May 17 http://www.detnews.com/article/20110517/OPINION01/105170309/1008/Debt-ceiling-compromise-won%E2%80%99t-appease-some JALO)

The problem is with the specifics. We can't get to something like a balanced budget without some tax increases, and Boehner refused, at least for the moment, to consider them. And he says it is "the will of our people" that we address "the drivers of our debt." Boehner is the key to any deal on the debt ceiling. Just how unenviable a task that is became glaringly apparent when tea party leader William Temple pitched up in the capital threatening to un-elect any of the 87 freshman Republicans the party helped elect if they voted to raise the debt ceiling. Temple said his followers might go along with a small increase in the debt ceiling if it was accompanied by repeal of health care or a balanced budget amendment to the Constitution. In the tea party, do they drink the tea or smoke it?

Repub Backlash Link

Republicans have promised backlash against new spending - ruins compromise.

Jackson 11 (David, Staff USA Today, April 14 usatoday.com/communities/theoval/post/2011/04/obama-admits-he-played-politics-with-2006-debt-ceiling-vote JALO)

The Obama administration has told Congress the nation will hit its $14.3 trillion debt ceiling by mid-May, and it needs to be raised in order to maintain its obligations. Some Republicans say they will oppose an increase in the debt ceiling unless Obama agrees to new spending cuts in the federal budget. Obama said, "My suspicion is that the burden is going to fall a lot on Democrats in the Senate to make this happen, but in both chambers, we're going to need some votes from the other side."

Plan causes default – Republicans aren’t afraid to cause default if demands aren’t fulfilled.

Klein 11 (Ezra, Staff Washington Post Economic Section April 21 http://www.washingtonpost.com/blogs/ezra-klein/post/wonkbook-gop-begins-making-its-debt-limit-demands/2011/04/15/AFcgUPHE\_blog.html JALO)

“One day after being named to a presidential task force to negotiate deficit reduction, House Majority Leader Eric Cantor fired off a stark warning to Democrats that the GOP ‘will not grant their request for a debt limit increase’ without major spending cuts or budget process reforms. The Virginia Republican’s missive is a clear escalation in the long-running Washington spending war, with no less than the full faith and credit of the United States hanging in the balance...Cantor says he’s ready to plunge the nation into default if the GOP’s demands are not met. People close to Cantor say that he hopes to make clear that small concessions from Democrats, including President Barack Obama, will not be enough to deliver the GOP on a debt increase.”

Only way Obama can get debt ceiling raised is if he uses spending cuts as a bargaining tool – plan saps his ability to negotiate a raise.

WSJ 11 (Staff of Wall Street Journal, May 10, http://online.wsj.com/article/SB10001424052748703864204576313302806557610.html?mod=googlenews\_wsj#articleTabs%3Darticle JALO)

Debt-limit brinksmanship won't be pretty, but this is no ordinary moment. Mr. Obama made clear with his over-the-top assault on Paul Ryan's House Republican budget that he won't make any serious spending concessions unless he has no political choice. That means the debt limit—which must be raised—is the main point of leverage that Republicans have to force Mr. Obama's cooperation. All the more so because the public seems to agree. Some polls show that a majority opposes any increase in the debt limit, which may be impractical but reflects voter desire to restrain Washington. Democrats can read these polls as well as Republicans. By that measure, Mr. Boehner's formula of a dollar in spending cuts for every dollar of new debt authority has some promise. If Mr. Obama wants a big increase in the debt limit, then he is going to have to engage on reforming the big entitlement programs like Medicaid, Medicare and perhaps even Social Security. If he refuses to discuss those programs, then Republicans can approve a smaller debt increase, cut domestic discretionary accounts in the interim, and wait for Mr. Obama to ask again for a debt increase. If the President wants the debt issue to dominate the political debate every three months through Election Day next year, so be it. That's sturdier political ground for the GOP than it is for liberals.

Obama Link

A. Obama is accredited to plan – loves space.

AFP 10 (Agence France-Presse, April 10 http://www.rawstory.com/rs/2010/04/15/obama-manned-mission-mars-2030s/ JALO)

President Barack Obama Thursday set a bold new course for the future of US space travel, planning to send American astronauts into Mars orbit within the next three decades. And he sought to quell a storm of outrage which met earlier plans unveiled by his administration, vowing before NASA staff that he was "100 percent committed" to their mission and the US space agency's future. "As president, I believe that space exploration is not a luxury, it's not an afterthought in America's quest for a brighter future. It is an essential part of that quest," he said at the Kennedy Space Center in Florida. The US president was making a whirlwind trip to the heart of the US space industry after stinging criticism of his decision to drop the costly Constellation project which had aimed to put Americans back on the moon. Obama, who was accompanied by astronaut Buzz Aldrin, the second man to set foot on the moon, said his administration would pump six billion more dollars into the NASA budget over the next five years. But he had specific ideas how it should be spent. "We should attempt a return to the surface of the moon first, as previously planned. But I just have to say, pretty bluntly here, we've been there before. Buzz has been there," Obama said.

B. Republicans don’t want new Obama spending - Triggers backlash against the debt ceiling .

Bloomberg 11 (Bloomberg News Outlet, May 9 www.moneynews.com/StreetTalk/BoehnerMustReassureMarketsThatDebtCeilingWillBeRaised/2011/05/09 JALO)

Cantor blamed Obama for refusing to consider the Medicare plan as part of the debt-ceiling discussions. “The reality is this president has excoriated our budget plan and the Medicare proposal,” Cantor said. The Republican leader said the Medicare plan, as well as other elements of the House-passed budget plan to cut $6 trillion over 10 years, “will be the subject of future meetings.” So far, the markets have shown few, if any, signs of investor anxiety. The yield on the benchmark 10-year note was 3.15 percent on May 6, down from an average of 4.33 percent from 2000 through 2010 on a weekly basis. Zandi said investors understand the negotiations in Washington are complicated and contentious. They wouldn’t be “too upset there is a fair amount of negotiations and debate, he said. More important than the content of Boehner’s message is “how he says it and his demeanor and his level of confidence,” Zandi said. It’s “very, very important” that Boehner “convinces people that policy makers really understand what the stakes are.”

New Spending Link

New spending triggers a GOP backlash over the debt limit

Leonard 6-2 (Andrew, Staff@Salon, http://www.salon.com/news/2012\_elections/?story=/tech/htww/2011/06/02/obama\_economic\_nightmare)

The tragedy of tomorrow's numbers, however, lies the fact that whether they come in high or low -- and the consensus view fears the latter -- the policy status quo in Washington is more likely to change for the worse than for the better. The Federal Reserve is unwilling to do anything more to stimulate the economy, and House Republicans are determined to prevent the White House from engaging in any kind of aggressive fiscal policy. Again, the Times: House Republicans told the president that they would not support new spending to spur growth during a meeting at the White House on Wednesday. "The discussion really focused on the philosophical difference on whether Washington should continue to pump money into the economy or should we provide an incentive for entrepreneurs and small businesses to grow," said Eric Cantor, the majority leader. "The president talked about a need for us to continue to quote-unquote invest from Washington's standpoint, and for a lot of us that's code for more Washington spending, something that we can't afford right now."

Space Spending Link

Spending more on space shatters tentative agreement – Was one of the few areas agreed onto cut.

Sullivan 11 (Andy, Political Correspondent Reuters, May 23 http://www.reuters.com/article/2011/05/23/us-usa-debt-talks-idUSTRE74M24F20110523 JALO)

According to an analysis by the Committee for a Responsible Budget, the two sides could easily find hundreds of billions dollars more in savings. But the Biden group could have a hard time reaching its goal without addressing the two main stumbling blocks in the debate -- taxes and health care. Following are deficit-reduction measures on which Republicans and Democrats could agree, as well as other areas where they disagree, along with the amount they would save over the next 10 years. AREAS OF AGREEMENT These steps were proposed in both Obama's budget and the House Republican budget, which was drafted by House Budget Committee Chairman Paul Ryan. \* CAP ANNUAL SPENDING. Limit the growth of discretionary programs, such as law enforcement, **space exploration** and the military, that Congress approves each year. Savings: $580 billion to $1.589 trillion.

Space research is on a tight budget – Plan breaks agreements to cut spending.

Matson 11 (John, Staff at Scientific American, May 26 http://www.scientificamerican.com/article.cfm?id=nsf-nasa-budgets JALO)

BOSTON—Astronomy is facing a lean decade. That was the message handed down by senior representatives of the federal agencies that fund much of the field's research in the U.S. during "town halls" with scientists here at the semiannual meeting of the American Astronomical Society. Science agencies are facing flat or declining budgets, and in that environment new astronomy initiatives will often be possible only at the expense of existing ones. "We can turn off the old to enable the new," NASA Astrophysics Division director Jon Morse said in a May 23 town hall discussion. "That's where we are from a budgetary standpoint." NASA funds space-based projects in the U.S., whereas the National Science Foundation funds terrestrial telescope projects. Morse said that the number of NASA astrophysics missions in operation had peaked at 15 in 2010 and was now in decline with the phaseout of spacecraft such as the Wide-Field Infrared Survey Explorer and the Wilkinson Microwave Anisotropy Probe. "This portfolio is smaller than it used to be, and it will continue to get smaller," Morse said.

Boehner is cracking down on agencies like NASA – Plan would spark conflict that ends agreement.

Berman 11 (Russell, Staff at The Hill, May 12, http://thehill.com/homenews/house/160701-gop-abandons-speakers-plan-to-split-funding-bills JALO)

Boehner’s proposal was designed to subject the federal budget to greater scrutiny by forcing lawmakers to judge agencies and departments on an individual basis. Under the current system, for example, the Cabinet departments of Labor, Education and Health and Human Services are combined in one appropriations bill, as are the departments of Transportation and Housing. “Let’s do away with the concept of ‘comprehensive’ spending bills,” Boehner, then the House minority leader, said in his September speech at the American Enterprise Institute. “Let’s break them up, to encourage scrutiny, and make spending cuts easier. Rather than pairing agencies and departments together, let them come to the House floor individually, to be judged on their own merit. “Members shouldn’t have to vote for big spending increases at the Labor Department in order to fund Health and Human Services,” Boehner said. “Members shouldn’t have to vote for big increases at the Commerce Department just because they support NASA. Each department and agency should justify itself each year to the full House and Senate, and be judged on its own.”

Privatization Link

Privatization angers Republicans who want the US to maintain sole space domination – kills compromise.

McDougall 10 (Paul, Staff Information Week government sect. Feb. 03 http://www.informationweek.com/news/government/leadership/222600942 JALO)

Bolden also noted that the President's budget actually increases total funding for NASA by $6 billion over the next half-decade. Still, some lawmakers panned the administration's proposed cancellation of the Constellation moon program . They also rebuked the president for recommending NASA nix construction of the Ares and Orion space vehicles and turn launches over to private contractors. "The president's proposed NASA budget begins the death march for the future of US human space flight," said Senator Richard Shelby (R-Ala), in a statement. Shelby also characterized private space contractors as "hobbyists" that lack a track record when it comes to successfully and safely launching space vehicles carrying humans. Resuming trips to the moon, which astronauts have not visited since Apollo 17's trip there in 1972, was a key part of former president George W. Bush's plan for increased space exploration.

MTM Link

A human mission to Mars would be extremely expensive – exacerbates the debt ceiling issue.

Christianson 11 (J. Scott, Staff Columbia Daily Tribune, May 11, http://thefreerangetechnologist.com/2011/03/manned-mission-to-mars/ JALO)

Now, 28 years after the first space shuttle took off, NASA officials are in the process of retiring the remaining shuttles and replacing them with two more conventionally designed rockets, the Ares I and Ares V. NASA has more ambitious plans for these rockets, however, than just replacing the shuttle’s orbital hauling capabilities. Namely, it plans to return humans to the surface of the moon, establish a base there and then use it to launch a manned mission to Mars — an extremely expensive, dangerous and misguided plan given the challenges currently facing our planet. A manned mission to Mars will cost tens of billions of dollars. According to a recent report, NASA immediately needs an extra $3 billion per year to keep its plans on track. It is almost guaranteed the costs for this project will expand greatly. Costs cannot be correctly estimated for large projects so unique and untried. And a major risk associated with a manned Mars mission is that, after sinking billions into this project, Congress or a future administration will pull the plug because of cost overruns and delays. This is exactly what happened to the superconducting super collider project in Texas, which Congress canceled after its estimated costs at completion ballooned from $4 billion to $12 billion. Political and public support of such large science projects wanes quickly as time and costs increase. By pouring the majority of their efforts into this one mission, NASA is betting on the success — and continued funding — of a manned mission to Mars.

New Missions Link

Any new missions to space would add billions of un-appropriated dollars to NASA’s budget – exceeding the current monetary ability.

AFP 9 (Staff Writers, Sept. 9, http://www.space-travel.com/reports/US\_manned\_space\_program\_too\_expensive\_White\_House\_panel\_999.html JALO)

NASA's plans to fly to the moon and Mars are under threat from a lack of funds and the space agency needs another three billion dollars for its dreams to become reality, a presidential panel said. In a 12-page summary report released Tuesday offering a bleak assessment of plans to send astronauts back to the moon, the committee said the space agency would need the three billion dollars on top of its 18-billion-dollar budget to meet its ambitious targets. "Space operations become all the more difficult when means do not match aspirations," the committee wrote. "Such is the case today." As US president in 2004, George W. Bush launched a program dubbed Constellation with the goal of returning to the moon by 2020 and then establishing a lunar launchpad for a first trip to Mars. But in an executive summary of its report, a White House commission named by Bush's successor Barack Obama to review the US manned space program, said the current schedule was unachievable.

With the shuttle program on its way out any new space programs will be too expensive to fit into the August 2nd framework.

Simpson 11 (Dave, Staff at GateHouse News Service, June 2, http://www.pekintimes.com/opinions/columnists/x311057836/Simpson-From-space-pioneers-to-hitchhikers JALO)

In July, the final space shuttle mission will take place. At the same time, the finishing touches will be put on the International Space Station. The space station has cost this country $35 billion to $100 billion so far, depending on which figures from the Government Accounting Office you believe. After July, however, if we want to actually go to the space station, we have to bum a ride up there with the Russians, who, old guys like me recall, are the ones who DIDN’T get to the moon back in 1969. Nobody except us ever got to the moon, but that doesn’t mean we won’t be relegated to hitchhiker status after July. The cost: $55.8 million per seat, rising to $62.7 million in 2014. Imagine explaining this to your boss. “Well, chief, the good news is that we’ve finished the $100 billion space station. The bad news is that after July we won’t have a vehicle of our own to go there. The shuttles will all be in museums. Is that a hoot, or what? “So, chief, for a while here we’re going to have to pay the Russians to fly us up there and back. And the price for a ticket is going up. You’d think someone would have thought about this, and had something new to fly around in after the shuttles wore out, but no.” No boss I ever had would understand a screw-up like that, but in government, where they waste more money before breakfast every day than normal people can even imagine, it’s not much of a surprise at all. Remember after the Abu Ghraib scandal, when some in our country thought the Iraqis should just tear the prison down because of the bad publicity? Luckily, there were Iraqis around who realized that if they tore down Abu Ghraib, they’d just have to build a new prison, at great expense. So, despite the bad PR, they kept Abu Ghraib. Likewise, there are those who want to tear down the relatively new prison at Guantanamo Bay, again because of bad PR, and move the terrorists imprisoned there to a new state prison in northern Illinois that was apparently built by mistake, because, like, Illinois built it, but then couldn’t afford to actually store prisoners there (another triumph of keen government foresight). The notion of bringing terrorists to Illinois from Cuba wasn’t popular (as my kids used to say, “Duh!”), so that plan is also on hold despite having been supported by the president. And Illinois, with enough trouble already, is probably stuck with its prison, which maybe can be turned into a small business incubator, or an ethanol plant, or a wind farm. (Get into government, young graduate. Because if you have the common sense to pour urine out of a boot, they desperately need you in government. Imagine yourself serving your country, saying swell things like: “Hey, let’s not tear down Abu Ghraib because we’ll just have to build a new one, and the Iraqis will make us pay for it!” or, “Hey, let’s leave the terrorists in Cuba and not bring them to Illinois!” or, “Hey, if we’re going to build a $100 billion space station, let’s have a way to get up there without paying an arm and a leg to the Russians!’’ A person like you, who can balance a checkbook and doesn’t fall for Nigerian Internet scams, is desperately needed in government.) The really sad thing about this space shuttle deal is that back when this country landed on the moon, countries around the world wanted to be like the United States. All but the worst countries were pulling for our astronauts to make it. But then, like kids with a new toy, we got bored with going to the moon, and decided to “spend the money here on Earth, instead.” And boy, did we get good at spending the money here on Earth. And then some. And today, you have to admit that we look kind of pitiful, having to bum an expensive ride with the Russians to the space station we spent $100 billion to build.

Simply investigating new space missions cost 9 Billion dollars – we can’t afford the plan under current ceiling numbers.

Chertock 11 (Marlena, Journalism Student at Elon University, March 7, http://marlenachertockreporting.wordpress.com/2011/03/07/nasa-space-exploration-budget-cut-elon-university-students-faculty-react-with-diverse-opinions/ JALO)

NASA shuttle Discovery is on its last mission. Discovery is expected to return to Earth on Wednesday, March 9. After the return it will be retired and displayed in the Smithsonian museums. The remaining three shuttles will also be retired this year. The U.S. has already spent $9 billion investigating manned missions to the moon and canceling the moon program will cost an additional $2 billion. The $19 billion in the 2011 budget will include $6 billion to fund the shift toward supporting commercially built vehicles to launch astronauts into space.

Material Spending Links

New spending pushes US credit to ceiling faster than predicted.

Sonmez 11 (Felicia, Staff Washington Post Politics Post, May 09 http://www.washingtonpost.com/blogs/2chambers/post/kent-conrad-short-term-debt-limit-increase-may-be-necessary/2011/05/09/AFFqj9bG\_blog.html JALO)

Senate Budget Committee Chairman Kent Conrad (D-N.D.) said Monday that Congress may need to approve a short-term increase in the nation’s debt ceiling to allow time to work out a comprehensive deficit-reduction plan without defaulting on its debt obligations. Currently, the Treasury Department projects that the country will reach its legal borrowing limit on Aug. 2. Republicans and Democrats have been jousting over the conditions under which members of Congress would be willing to take the politically unpopular vote to raise the debt limit. “I can see a circumstance in which there would be some short-term [increase] so that the overall plan can be given the consideration that it deserves,” Conrad told reporters at the Capitol on Monday evening. He said that he didn’t have a specific length of time in mind for the stopgap increase, adding: “I could see something to carry it toward the end of the year so that the overall plan has a chance to be put in place by the committees of jurisdiction.”

We are literally out of money – New spending means printing money or borrowing money we don’t have causing a default.

Roche 10 (Cullen, Founder of Investment Partnership and former asset manager for Merrill Lynch Global Wealth Management, July 1, http://pragcap.com/jeff-gundlach-says-the-usa-will-default JALO)

At last week’s Morningstar Investor Conference in Chicago Jeff Gundlach, bond guru and founder of DoubleLine Capital said the USA is confronted with a terrible deflationary battle that will ultimately end in default (see the full presentation here). I was shocked to read this from Gundlach who is truly a master of the debt markets. He appears to connect all of the dots with near perfection only to come to what I believe is a maniacal conclusion (that we will default). At the presentation Gundlach focused primarily on the government debt level without focusing heavily on the difference between private sector and public sector debt levels (which is absolutely crucial in my opinion). He said: “The problem for the near term is that the load of all of this debt is deflationary. We need to work through these deflationary outcomes. Debt growth creates a headwind where we need more and more and more debt.” Of course, deficits are as American as apple pie. As you can see below, the USA has essentially always run deficits. Throughout many of our most prosperous periods we have run large deficits and been deep in the red. Government has spent more than its brought in for almost the entirety of the existence of the USA yet we have never had trouble paying for our children’s futures or “financing” anything. This confounds the inflationistas and those arguing that we will default. How can a nation never be in surplus and still be, arguably, the greatest economic engine ever known to man? The answer is a matter of accounting. Private sector net savings is public sector deficit. TO THE PENNY. This is simply an accounting identity. The government cannot be in surplus at the same time the private sector is in surplus. The Gundlach commentary got decidedly more negative from there. He essentially blames government spending for our current woes: “Government workers are being paid with taxes on borrowed money. If you are going to create government jobs, you are just borrowing more money. Those aren’t real jobs.” This is a blanket falsehood. First of all, the USA doesn’t “borrow” money. We are no different than an alchemist who funds his spending internally. As the monopoly supplier of currency in a floating exchange rate system we are our own banker. Not China, not Japan. Just like the alchemist, we simply press a button and wahlah! Money appears. The bogey for the alchemist is not “funding” himself. The bogey for the alchemist is ensuring that there continues to be demand for his currency – that he does not inflate away its value. But as Gundlach earlier pronounced there is no risk of inflation….Only deflation as the private sector continues to destroy money via debt reduction.

New federal spending opens a line of credit that we can’t afford – Drastically pushes deadline and collapses US borrowing capabilities.

Moore 11 (Jenny, Staff at Brazil Times, May 19, http://www.thebraziltimes.com/blogs/1487/entry/41558/ JALO)

When an addict can no longer afford his drug, what does he do? It is shamefully common that the addict steals from mom and dad. This week, the United States Government has borrowed all of the money it is allowed to borrow. To continue to fund the spending not covered by tax receipts, the U.S. Treasury is taking money out of government employees' retirement funds. The United States Government has run smack dab into the debt ceiling. What does that mean? Every single day the Government receives money from various taxes and fees. Every single day, the Government spends every single penny of that money plus all of the money that it can borrow. The debt ceiling is when the Government's line of credit is maxed out. In order for the U.S. to borrow money (issue debt), it must be authorized by Congress. Congress passes a law, for example, allowing the U.S. to borrow an additional trillion dollars (issue $1 trillion in bonds). As of today, we have borrowed some $14 trillion. Each and every citizen are co-signers on those loans and are obligated to pay them back. The $14 trillion debt is an obligation of approximately $46,700 for every man, woman and child, legal and illegal, presently in our nation.

A2: “No Link – Political Ploy”

Compromise is possible but Republicans aren’t budging on budget – They will hold Obama accountable.

Moore 11 (Alex, Staff at Death and Taxes, May 16, http://www.deathandtaxesmag.com/89633/happy-debt-day-us-hits-debt-ceiling/ JALO)

Here’s the situation we’re facing today: with the deadline approaching to address a major budgetary issue, Republicans are holding the process hostage, saying they’ll only grant their necessary cooperation if they can get concessions in the form of massive spending cuts. They’re looking for “trillions, not billions” in spending cuts, as House speaker John Boehner put it. Then, as the clock ticks closer to zero hour, Republicans will lower their demands to include just a few spending cuts to appear cooperative, but all the remaining cuts will push a social agenda that has almost nothing to do with fiscal health. Sound familiar? It should. In fact, it should feel like deja vu. This is the exact same strategy Republicans deployed last month to try to defund planned parenthood, NPR, and the EPA. With a budget deadline looming, they used the prospect of government shutdown that would come as a result of failing to make a deal as wedge to pass to pursue a social agenda that wouldn’t have impacted the country’s financial health one iota. This is disingenuous at best, and dangerously irresponsible at worst. Obama has warned that failing to address the debt ceiling that we’re hitting today will plunge the country into worse economic peril than we saw at the height of the crisis in 2008. “We could have a worse recession than we already had. A worse financial crisis than we already had,” he said. Speaker Boehner countered on Face the Nation yesterday, “I am committed to making sure that we have real reductions in spending and real changes to the budget process.” It would sound harmless enough if it were credible. But Boehner and the Republicans have proven that the only thing they’re really committed to is making sure that Terry Gross interviews aren’t being subsidized with federal dollars. Such pettiness, in the face of such potentially disastrous consequences, is the height of recklessness. Economists estimate that after hitting the debt limit today the US has approximately ten weeks before going into economic shocks. Set your watches. Happy debt day!

Republicans are holding the debt hostage for promises of spending cuts.

NYT 11 (The New York Times, June 1, http://topics.nytimes.com/topics/reference/timestopics/subjects/n/national\_debt\_us/index.html JALO)

In a letter to leaders of both parties, Mr. Geithner said that the Treasury Department was suspending investments in two funds for the retirement and disability benefits of federal civilian employees. As he pointed out, such suspensions have been used by past administrations when Congress failed to increase the debt limit on time, and they will not affect payments to current beneficiaries or to future ones since the funds will be made whole as soon as the ceiling is raised. Republicans in Congress, joined by a few Democrats, have said they will not vote for an increase unless Congress and the White House agree to cut about $2 trillion in projected spending for the next decade and to impose budget controls that will force additional trillions of dollars in savings. While the White House has criticized such threats to hold the debt limit hostage, given the global financial stakes, the administration is in negotiations with Congressional leaders to reach a bipartisan budget deal. If the current $14.29 trillion debt ceiling is not raised, the government would ultimately have to default on its debt -- to stop paying investors whose bonds have come due so those funds can be used to keep the government functioning. That prospect is widely decried as unthinkable by business leaders and economists. Ben S. Bernanke, the Federal Reserve chairman, told the Senate that it would be a "recovery-ending event."

\*\*\*Impacts\*\*\*

US Econ Collapse 1/2

Failure to further raise debt ceiling crushes treasury reliability – kills economy.

Trumbull 11 (Mark, staff CSM, May 16 2http://www.csmonitor.com/USA/Politics/2011/0516/US-reaches-debt-limit-What-comes-next JALO)

"At the present time, financial markets are not spooked, there is relative calm," economist Asha Bangalore of the Northern Trust Co. wrote in a Friday analysis. "As the August deadline approaches, uncertainty would translate into significant financial market volatility." If Congress refused to raise the limit, the Treasury Department "would have to operate on a cash flow basis and may have to prioritize its payments," Ms. Bangalore said. Many political conservatives argue that talk of a US debt default is overblown. The Treasury would, presumably, put highest priority on avoiding missed payments to creditors. And the showdown can provide the impetus for a needed downsizing of federal programs, say critics of big government. But without the authority to borrow, the Treasury secretary knows that incoming cash would cover less than two-thirds of federal spending at current rates. The Treasury's options could quickly get tough, going beyond things like furloughing federal employees deemed nonessential. Even many supporters of big spending cuts say the ceiling on debt should be raised, as long as the move is paired with mechanisms to ensure new reins on the federal budget. "Without significant spending cuts and changes in the way we spend the American people’s money, there will be no increase in the debt limit," House Speaker John Boehner (R) of Ohio said last week.

Defaulting forces drastic measures to prevent debt payback – halts recovery and collapse the economy.

Schoen 11 (John, Producer MSNBC May 27 http://today.msnbc.msn.com/id/43113076/ns/business-eye\_on\_the\_economy/ JALO)

The government has maxed out its borrowing limit, and Treasury officials have warned of dire consequences if Congress and the White House can't agree soon on a plan for raising the debt ceiling. Failure to act on a plan could force the Treasury to make steep spending cuts to avoid defaulting on debt payments, with potentially serious damage to the current weak economic recovery. The Senate this week shot down a proposal by Rep. Paul Ryan, R-Wis., to cut $6 trillion in federal spending over the next 10 years. That put Congress back on square one as lawmakers look for a compromise that would allow the government to continue operating without some kind of automated cuts to stay under the spending cap.

All business sectors suffer in default – makes 2008 recession look like fun and games.

Johnson 11 (Simon, a former chief economist of the IMF, May 23, http://www.chinadaily.com.cn/thinktank/2011-05/23/content\_12558278\_2.htm JALO)

There is also the vexing question of how much debt is too much for the modern US. In a world where international investors (from both the private and official sectors) routinely wring their hands about US fiscal deficits – and then go out and buy more US government debt – who knows the answer? Countries never default because they can’t pay their debts; there are always ways to decrease expenditures or raise taxes. Countries default because their political processes bring them to the point where the people in power decide, for whatever reason, not to pay the government’s debts. It is not difficult to identify who would bear what costs if the US did not pay – or if it disrupted markets by not increasing its debt ceiling. Everyone who borrows or interacts with the credit system in any way would suffer a shock that would make the crisis of 2008 look small. Among others, the US corporate sector – big and small business – would be livid. To be sure, executives and entrepreneurs like to shake their heads over the current US fiscal deficit. And some of them engage constructively in debates about the real issues: how to control health-care costs, prevent future financial crises, and end America’s expensive foreign wars.

US Econ Collapse 2/2

Default kills the dollar which kills the economy.

Herold 11 (Thomas, CEO of Dream Manifesto and Staff at Wealth Building Course, January, http://www.wealthbuildingcourse.com/dollar-loses-reserve-currency-status.html JALO)

There will be dramatic consequences that you can hardly imagine if the Dollar finally ceases to be the reserve currency of the world. Should the dollar be dropped as reserve currency, then the value of the dollar will plummet. The immediate painful effects will be that commodities prices skyrocket. These would no longer be priced in U.S. dollars, and you would see the falling value of the dollar buy fewer and fewer commodities. Gasoline at five to ten dollars a gallon is not only possible, but highly likely. Along with higher gas prices would come higher prices for anything that is shipped or uses oil and gasoline as inputs. This means practically everything that you buy, from food stuffs and airline tickets, to cars and washing machines, would all cost dramatically more. As prices skyrocket, your lifestyle would sustain a punishing drop overnight. Unfortunately, this is not the only consequence that you would see of a dollar that is no longer the reserve currency of the world. Interest rates would rise dramatically. They could easily reach ten to fifteen percent. This would wreck housing prices far worse than they are today. It would also cause the stock market to crash and burn by maybe even half in a number of weeks. As the costs of supplies and materials goes up with the falling currency, businesses would be forced to cut back on employees in the light of their similarly falling sales. Unemployment could reach twenty to thirty percent or more as a result of this. As if this is not bad enough, inflation would be sky high along with the rising prices and disappearing jobs. You should remember that the only thing that has to occur for all of these terrible things to happen is for other countries to prefer to be paid in anything besides U.S. Dollars. The big question comes down to what will you do to protect yourself and your family in case these events are near at hand?

Default is uncharted financial territory – Economy goes up in flames at a scale never experienced.

Whitney 11 (Mike, Staff at Information Clearing House, May 9, http://www.informationclearinghouse.info/article28060.htm JALO)

No one expects that to happen. The US has never defaulted on its debt and it's not going to now. But, guess what, it really doesn't matter, because by the time congress agrees to a deal, the damage will have already been done. You see, foreign banks and financial institutions don't base their investment decisions on what actually happens, but what they "think" will happen. So, if the political stalemate continues, investors will get increasingly nervous and move their money out of US Treasuries and into something else. And, that WILL happen because, every day that goes by, the uncertainty builds and investors grow more apprehensive. Here's an excerpt from an article in The Economist which explains what would happen if congress doesn't get it's act together and pass a budget before time runs out: "Even a brief default on Treasury debt would be unprecedented, with widespread systemic ramifications. Would banks around the world have to classify Treasury holdings as non-performing? Would money-market mutual funds break the buck? Would all federal entities lose their AAA-credit rating? Would the Federal Deposit Insurance Corporation’s ability to backstop the nation’s banks come into question? Would foreign central banks start to shift out of dollars?.... The consequences of defaulting on other obligations should not be minimized, either. The federal government now has to borrow about 40 cents of every dollar it spends. A prolonged inability to meet 40% of its obligations would sow economic disarray, trigger litigation, and eventually raise doubts about its ability to meet any obligations." ("The debt ceiling and default", The Economist) So, while the public has been focused on Bin Laden, America's debt ceiling day of reckoning has been drawing ever closer. If congress fails to make a course correction fast, the consequences could be dire. That's according to Matthew E. Zames, managing director at JPMorgan Chase and the chairman of the Treasury Borrowing Advisory Committee. Zanes send a letter to Geithner a few weeks ago warning of the danger the country faces if the situation isn't resolved pronto. Here's an excerpt from the letter: Dear Mr. Secretary: "As Chairman of the Treasury Borrowing Advisory Committee, I am writing to express my concerns regarding the urgent need to increase the statutory debt limit. A considerable degree of uncertainty already exists among market participants given the severe and long-lasting impact that even a technical default would have on the U.S. economy. Any delay in making an interest or principal payment by Treasury even for a very short period of time would put the U.S. Treasury and overall financial markets in uncharted territory, and could trigger another catastrophic financial crisis. It is impossible to know the full impact of such a crisis on overall economic growth and on Treasury’s financing costs. However, the lessons from the recent crisis suggest that several damaging consequences will likely result, ultimately raising Treasury’s long-term funding costs and increasing the burden on the American taxpayer."

Heg 1/2

Raising debt ceiling key to control foreign markets.

**Foster 11** (JD, the Norman B. Ture Senior Fellow in the Economics of Fiscal Policy at The Heritage Foundation, Feb 4 http://blog.heritage.org/?p=51698 JALO)

The debt limit, currently at $14.294 trillion, establishes in statute how much debt the government is allowed to issue. With a deficit for 2010 of $1.3 trillion and a projected deficit for 2011 of $1.5 trillion, the government is issuing new debt at a prodigious pace, and the ceiling is fast approaching. In dealing with the debt limit issue—whether and how much to increase the limit and whether other budget and fiscal policies are tacked on to the bill—Presidents are typically at a tactical disadvantage. In the past, Congress typically decided to pass debt limit legislation, though often at the last minute—leaving the President little choice but to sign whatever he could get. Treasury Secretary Tim Geithner sent Congress a letter on January 6 suggesting the debt limit could be reached as early as March 31. Geithner’s letter referred to the “consequences of default by the United States.” The primary job of the Treasury Secretary is to communicate accurately and clearly with credit markets that buy and hold U.S. government debt. Geithner failed. As noted elsewhere, there is no immediate problem; Congress has time to consider its options and should disregard the Administration’s false urgency. This was underscored by yesterday’s Treasury announcement suggesting the debt limit may not be reached until two months after the date cited in the Geithner letter. Worse than the false sense of urgency, Geithner clearly implied that if the debt limit is reached, then the United States government may be forced to default on the debt it has issued to finance past deficits. This is untrue. The Secretary then followed the old adage of “in for a penny, in for a pound” in correspondence to Senator Toomey, saying that his proposal is “unworkable” and would lead to the “first-ever failure” of the U.S. to meet its commitments. The federal government has a commitment to pay its bills, and it would certainly continue to do so. Especially interest on the debt. And if the Secretary needs additional legislative clarity on this point, no doubt the Congress would be happy to provide it. But what Geithner’s comments really reveal is the Administration’s underlying tension between partisan politics and prudent financial management. Geithner has evidently eschewed the latter in favor of high stakes brinksmanship.

Markets are key – without domination over foreign markets, the US can never assert leadership over key strategic rivals.

Kofas 11 (Jon, Former (Retired) professor of History and Politics at Indiana University Kokomo, March 29, http://jonkofas.blogspot.com/2011/03/dead-end-military-solutions-and-state.html JALO)

Equally shortsighted and naive is to believe that the state is dominant over markets and to advocate that exploitation is 'normal' between countries on the model of 'old-style' neo-imperialism. Unless the apologist of such a view has shares in BP or another oil company operating in Libya and seeking better contract terms, is it wise to remain in the darkness of the Cold War? Regardless of ideological and political orientation, most scholars agree that markets enjoy hegemony over the state in many countries around the world. This is not the case for countries where quasi-statism is practiced, beginning with China, and to a lesser degree Cuba, Russia, India, Brazil, Venezuela, Bolivia, Norway, and a number of others. Certainly the goal of countries where markets dominate over the state, namely the G-7, it is easy for the casual observer or even professional analysts to be fooled by the neo-corporatism and to conclude that neo-corporatist model entails that the state, which is merely a tool for markets, is hegemonic. For example, one can make this observation about Japan, South Korea and Taiwan. As a tool of markets, however, the state conducts policy accordingly. For states like US, UK, France and Germany where markets determine policy, that may mean war when necessary to further market interests.

**Heg 2/2**

Default risks US credibility and eliminates our ability to maintain position as hegemon.

Whitney 11 (Mike, Staff at Information Clearing House, May 9, http://www.informationclearinghouse.info/article28060.htm JALO)

It matters because the bond market supports the dollar, and the dollar is the foundation upon which the empire is built. When UST's lose their special role as the benchmark for pricing financial assets, the whole unipolar system will begin to teeter. In other words, attracting foreign capital to UST's is a lot more important to the maintenance of the US imperium, than winning wars in Iraq or Afghanistan. A flight from UST's will accelerate America's decline and constrain its ability to project power around the world. So, we shouldn't underestimate the significance of the debt ceiling drama. The stakes couldn't be higher. If congress botches the budget deal, we're likely to see major dislocations in the world's largest and most liquid market, USTs. Here's an excerpt from an article by Kevin Warsh, a former member of the Board of Governors at the Fed, who explains what will happen if confidence in USTs begins to wane: "The Fed's increased presence in the market for long-term Treasury securities also poses nontrivial risks. The Treasury market is special. It plays a unique role in the global financial system. It is a corollary to the dollar's role as the world's reserve currency. The prices assigned to Treasury securities--the risk-free rate--are the foundation from which the price of virtually every asset in the world is calculated. As the Fed's balance sheet expands, it becomes more of a price maker than a price taker in the Treasury market. And if market participants come to doubt these prices--or their reliance on these prices proves fleeting--risk premiums across asset classes and geographies could move unexpectedly. The shock that hit the financial markets in 2008 upon the imminent failures of Fannie Mae and Freddie Mac gives some indication of the harm that can be done when assets perceived to be relatively riskless turn out not to be." ("The New Malaise", Kevin Warsh, Wall Street Journal) Warsh has every reason to be concerned, congress is unwisely putting the very credibility of the United States on the line. Remember, the US does not keep underground bunkers loaded with gold bullion to meet its obligations. It depends on the confidence of foreign central banks and investors to maintain the illusion of solvency. Once that confidence runs out, then... POOF... the game is over. The US will be unable to maintain its preeminent role in the global order. The empire will wither.

**Dollar Heg**

A. The dollar is in a uniquely precarious position; a jolt will ruin its recovery and value.

Hauri 11 (Ron, Staff at Bloomberg, June 1, http://www.bloomberg.com/news/2011-05-31/dollar-comeback-produces-highest-asset-returns-for-1st-time-since-november.html JALO)

The dollar beat stocks, commodities and bonds in its first monthly gain since November, as the euro- region debt crisis deepened and evidence mounted that the global economic recovery is losing momentum. The U.S. Dollar Index, which tracks the greenback versus the currencies of six major trading partners, rose 2.2 percent in May. The MSCI World (MXWO) Index of equities fell 2.45 percent last month, while the Standard & Poor’s GSCI Total Return Index of 24 commodities tumbled 6.89 percent and bonds of all types returned 1.1 percent on average, according to Bank of America Merrill Lynch’s Global Broad Market Index. Traders fled the euro in favor of the dollar on concern Greece may still default on its debt and as the Federal Reserve prepares to stop printing cash to buy Treasuries in a policy known as quantitative easing. At the same time, economists are cutting their growth forecasts, boosting demand for the relative safety of fixed-income assets while diminishing the attractiveness of stocks and commodities. “The main thing that’s been helping the dollar has been the debt problems in the euro-zone,” said Peter Rosenstreich, chief currency analyst at Swissquote Bank SA in Geneva, Switzerland’s largest online currency broker. “We’re still bearish on the dollar. The Fed isn’t going to be hiking until at least mid-2012.”

B. Default kills what’s left of the dollar – it loses its spot as reserve currency making it useless.

Sanfer 11 (Ryan, Economics Ph.D student George Mason University, May 22 http://ryansafner.com/2011/05/22/debt-ceiling-what-debt-ceiling/ JALO)

Congress has until August 2nd to pass a budget for FY 2011 that reduces the current budget deficit. If it does not, the federal government will default on its payments of the debt. Federal government will default on its obligations to bondholders. Under such a scenario, interest rates will rise, probably very sharply. The U.S. Treasury Bond will no longer be seen as a “risk-free” investment, and the U.S. Dollar may suffer substantially as the world’s reserve currency. This will likely have disastrous effects not only on the United States, but will also serve a substantial threat to the global economy for a while. So right here, the U.S. Congress faces the same options that I listed above, with an additional one – raise the debt ceiling. This is almost sure to happen, just as it has in the past half-century. Currently, the two parties are mired in gridlock, so a budget with significant reductions in government spending is not current on the horizon.

C. This kills dollar diplomacy – Its reserve currency status places it in every corner of the world.

Forsyth 10 (Randall, Top Contributor WSJ, December 17, http://online.barrons.com/article/SB50001424052970204804204576025452329864700.html JALO)

Financial markets also are dominated by dollar instruments, even if they trade in London or Singapore or any number of financial centers around the world. But less so than before. It used to be that if an emerging market such as Brazil wanted to borrow, it would have to issue dollar-denominated bonds because of lack of international confidence in its currency, which had been devalued and replaced numerous times over the year. Now, Brazilian government bonds denominated in the real are so sought after by international investors for their double-digit yields in an appreciating currency that the government has put a tax on foreigners wanting to buy the securities. But the biggest development has been in the burgeoning in so-called dim-sum bonds -- securities denominated in renminbi by non-Chinese borrowers. Issuers include blue-chip U.S. corporations such as Caterpillar (ticker: CAT) and McDonald's (MCD.) That's a huge, but largely under-appreciated development. Because the rest of the world uses the dollar for transactions and a store of value, the U.S. has been able to take advantage of that. Indeed, the greenback is America's most successful export. So, Americans get the goods, allowing us to consume more than we produce, simply because the rest of the world wants our paper. That fuels the U.S. credit expansion that covers the gap between Americans' savings and U.S. investment, including for residential real estate. Without money from abroad, there would not have been the housing bubble. American ingenuity produced triple-A mortgage-backed out of subprime loans, which dollar holders around the globe eagerly scooped up. These foreign dollar holders are funneling their funds into Treasury securities, effectively funding the U.S. budget deficit. But they're not doing it as willingly as before. The Financial Times reports that some Chinese have taken to calling the renminbi the "redback," in contrast to the American greenback, which gives some idea about the competition between the currencies is playing out.

D. Dollar heg is key to hard power and truly constitutes true American hegemony.

Hensman and Correggia 5 (Rohini, researcher and writer on globalization and women’s rights and Marinella, published researcher on socio-enviromental issues, January 30, http://www.sacw.net/free/rohini\_marinella30012005.html JALO)

What we intend to argue below is that if the US's ability to undertake imperial conquests like that of Iraq depends on its obvious military supremacy, this in turn is ultimately based on the use of the US dollar as the world's reserve currency. It is the dominance of the dollar that underpins US financial dominance as a whole as well as the apparently limitless spending power that allows it to keep hundreds of thousands of troops stationed all over the world. Destroy US dollar hegemony, and "Empire" will collapse. David Ludden's article 'America's Invisible Empire' (1) sums up the problem of the world's most recent empire with remarkable clarity. Constituting itself at a time when decolonisation was well under way and other empires were disintegrating, US imperialism could never openly speak its name. Initially, it disguised itself as the defender of democracy against communism; when the Soviet Union ceased to exist, the pretext became the "war against terror". National security and national interest were invoked as the rationale for global dominance. Ludden's description evokes the image of US citizens (and a few others) living in a Truman Show world, a bubble of illusion created by state deception and media complicity that prevents them from being aware of the reality of empire, although everyone outside can see it only too clearly. It sounds quite credible that ëthe empire will not be undone until its reality and costs become visible to Americans' (p.4777). However Ludden's claim that 'US taxpayers and voters pay the entire cost of the US empire' (p.4776) is less credible. If that were true, many more Americans would see their empire and oppose it; the Democrats would have put up a principled anti-war, anti-occupation candidate at the recent presidential elections, and the overwhelming majority of the US electorate would have voted for her or him. But it is the rest of the world that has been paying for the US empire: that is why it is almost invisible within the US. As Emmanuel Todd wrote,(2) an imperial economy depends on drawing wealth from abroad, without any reciprocity. The US is now more dependent on the rest of the world than the rest of the world on the US. This explains their behaviour: not only their strategic need to get their hands on the world's resources, but also their need for hegemony. To counterbalance their economic dependence, they must keep themselves - at least symbolically - at the centre of the world. They must demonstrate their 'omnipotence': that is why they wage so many wars against militarily weak enemies. At the same time they must appear as benefactors à hence their whirlwind tour of the countries devastated by the tsunami disaster in order to make use of the photo opportunities it provided.

**Dollar Heg Exts**

While the dollar is in power, the Yuan is in position to replace the dollar if it has the advantage.

Fangos 11 (Alex, Staff WSJ, June 2, http://online.wsj.com/article/SB10001424052748703421204576328942954416956.html?mod=googlenews\_wsj JALO

The yuan, also known as the renminbi, has a long way to go to match the yen or euro, let alone the dollar. Government rules heavily curtail its convertibility. Capital controls restrict the flow of yuan into and out of China. Those controls would need to loosen for international investors to feel comfortable using yuan widely. Yet many investors are banking on a rapid opening up as China expands its role on the world stage. And there are some signs this may be starting. For instance, some in the Chinese government, with support from France and other nations, are pushing for the yuan to be included in the International Monetary Fund's special drawing rights, a quasi-currency unit that's now made up of the dollar, euro, yen and pound. SDRs are held by central banks and used mostly within the confines of IMF business. The move would elevate the yuan's role and represent a mark of prestige. Skeptics think China will move more slowly. China's Communist Party rulers feel the current system has served them well, helping maintain stability during the Asian financial crisis and the most recent financial meltdown. Opening up could weaken state control over its economy and expose weaknesses in China's banking system. "You don't become a reserve currency just because your economy is big," says Fraser Howie, an author and critic of China's financial-reforms path. Opening of China's capital markets "has been a much longer, tortuous process than anyone assumed it would be."

Defaulting uniquely collapses dollar’s remaining power – No longe

Trumbull 11 (Mark, staff CSM, May 16 http://www.csmonitor.com/USA/Politics/2011/0516/US-reaches-debt-limit-What-comes-next JALO)

Many in Congress have viewed the limit, which is raised periodically over the years, as a tool for bringing America's debt problems into public focus. Hitting the limit provides a moment when, under the light of TV news crews, elected officials ponder the consequences of annual budget deficits and perhaps enact fiscal reforms. The high-stakes debt-ceiling debate is one reason Vice President Joe Biden has been meeting recently with congressional leaders to seek common ground on fiscal policy. One thing the cap doesn't do, however, is automatically reduce federal spending or balance the federal books. In recent polls, Americans have said they don't want the debt limit to be raised. But Congress has authorized spending that exceeds the government's tax revenues. And many voters resist the idea of either deep cuts in existing federal programs or higher taxes. Until that equation changes, the Treasury will have to borrow money – and being up against the debt ceiling is an obstacle to doing that. Moreover, many finance experts warn that even approaching the brink of default on Treasury debt could have serious consequences. Investors, they say, could start viewing Treasury bonds less as a "risk free" haven and more like any other investment. The result could be a weaker US dollar and higher interest rates, not just for federal borrowing but also for everything from mortgages to business loans.

**\*\*\*Answers To\*\*\***

A/T Gov’t Will Just Cut Costs

Treasury can’t simply put off debt by cutting costs; they will eventually run out of room and default.

Schoen 11 (John, Producer MSNBC May 27 http://today.msnbc.msn.com/id/43113076/ns/business-eye\_on\_the\_economy/ JALO)

The longer the government is banned from borrowing, the more "extraordinary" these measures may get. In some cases, it's not even clear if they would be legal. By suspending payments, selling off assets or moving funds from one account to another, Treasury officials can buy a little more time. But Geithner has predicted the Treasury will run out of gimmicks by the first week in August. At that point, without a higher borrowing limit, the government will have a hard time coming up with enough cash to pay its bills. In theory, it could continue to avoid defaulting on Treasury securities by suspending other payments. But the process of managing the government's finances without the breathing room of a higher credit limit won't be easy, said David Greenlaw, Morgan Stanley's chief U.S. fixed-income economist. "It's important to recognize that the Treasury's cash flow is very lumpy. They have big cash flows in and out in at different points in the month," he said. "So I don't think you can skate by here by skimping on your other payments and paying your debt payments."

Skirting by payments after a default does not stave off the horrible economic implications.

Nicholas 11 (Peter, LA Times Wash. Bureau, May 30, http://www.latimes.com/news/nationworld/nation/la-na-gop-debt-ceiling-20110530,0,980818.story JALO)

Pawlenty, in an interview with ABC's "This Week," said the consequences of failing to raise the cap might not be as stark as the White House contends. Asked whether the result would prove calamitous for the U.S. economy, Pawlenty said: "Well, there are some serious voices challenging that very premise. And the answer is nobody really knows, because we've not been at this point before." If opponents hold their ground and keep the ceiling intact, the U.S. could still manage by prioritizing payments, using the remaining cash to pay outside creditors first, Pawlenty said. The Obama administration has dismissed that approach as "unworkable." In a blog post this year, Deputy Treasury Secretary Neal Wolin wrote that giving certain creditors privileged status was "default by another name." "Such a policy would also be unacceptable to American servicemen and women, retirees and all other Americans who would rightly reject the notion that their payment has been deemed a lower priority by their government," Wolin wrote.

**A/T We Hit The Ceiling Already**

1. That is factually not true. While we hit a borrowing limit, Geithner used his power as fed chairman to maintain our line of credit till August. This means that the actual effects of hitting the debt ceiling are only felt IF an agreement isn’t met on the August deadline.

2. This doesn’t mean that we can just keep cutting – Geithner predicts this cannot happen beyond August deadline.

Z.I.R. 11 (Zacks Investment Research Company, April 6, http://seekingalpha.com/article/262119-u-s-to-hit-debt-ceiling-soon JALO)

Is the economy heading toward another cataclysm? According to Treasury Secretary Timothy Geithner, the federal government will bump against the current $14.29 trillion debt ceiling by May 16, if Congress does not take prompt action. If the ceiling is not pushed up immediately, the country will default on its obligations. As a result, both American and foreign investors will lose confidence in the country’s ability to meet commitments. As of Friday, the government's debt remained just $95 billion below the ceiling. We understand that government spending in the form of several stimuli was a prerequisite to stabilize the financial system. However, these initiatives should not have been taken at the cost of mounting national debt. The government should have taken additional policy measures to control spending and resist deterioration in budget deficit. According to Geithner, cutting expenditures will not be sufficient to avoid hitting the debt ceiling. He also said that selling financial investments, gold and student loans would not be feasible for the country.

**A/T Majority Public Opposes**

Their numbers are skewed; the public doesn’t understand the problem and thus are shouting empty threats.

Bittle and Johnson 11 (Scott and Jean, Staff at Huffington Post Business, May 27, http://www.huffingtonpost.com/scott-bittle/fiscal-follies-the-debt-c\_b\_867807.html JALO)

With the debate over the nation's debt ceiling continuing to rage, research conducted by our organization, Public Agenda, shows a real chasm between Washington and the rest of the country. Two-thirds of Washington leaders say we need to raise the debt limit, while surveys of the public show that most Americans continue to oppose it. But there is a crucial detail in the public opinion polls that is not getting the attention it deserves. When the Washington Post and Pew Research Center surveyed Americans about raising the debt ceiling, nearly half of Americans (48 percent) admitted that they didn't have a good understanding of what would happen if the government didn't raise the debt limit. When that many citizens freely acknowledge that they don't have a solid grasp of the risks to the country if the debt ceiling deal-making goes south, that's a wake-up call for leadership. Real leadership, that is, that's focused on the best interests of the country as opposed an obsession with elections and politics. There are times when elected officials should follow public opinion and pay careful attention to the public's concerns and priorities. And there are times when elected officials need to lead -- they need to be stewards for the country's future. When public understanding is limited, when people don't grasp the consequences of a major governmental decision, the time for genuine leadership has come.

**A/T Republican Gimmick**

The republicans mean business – They will actually carry our threats and the White House knows it.

Cooper and Kaplan 11 (Mathew, Managing editor of the National Journal and Rebecca, Staff of the National Journal, June 1, http://www.theatlantic.com/politics/archive/2011/06/blunt-talk-no-agreement-between-house-republicans-and-obama/239767/ JALO)

In short, not much happened, although the mere fact that the parties are talking is probably a good sign. Tuesday night's House defeat of a "clean" raising of the debt ceiling--that is, one with no spending cuts--sets the stage for what Republicans have long craved: a vote on a debt-limit extension paired with spending cuts. The White House has continued to sound the alarms about the damage a default would cause, but it now seems certain that the White House will have to play on the Republican field. Of course, if the bond markets get spooked by the prospect of U.S. default, then the pressure will be on the Republicans to drop their ambitious spending cuts and move toward a debt-limit increase that can pass. So far, that hasn't happened. U.S. borrowing costs remain extraordinarily low, and the markets seem to see the current negotiations as no more than a Kabuki ritual before an inevitable rise in the ceiling. Freshman Rep. Jeff Landry, R-La., says he declined the White House's invitation because he didn't want to spend his morning "being lectured to" by the president. "I refuse to partake in his political grandstanding that will ultimately do nothing for debt reduction and job creation," Landry said in a statement. Landry goes on to blame Obama and congressional Democrats for, according to him, oversight of the largest budget deficits in the country's history. On a more parochial issue, he complains the president hasn't had the "courtesy" to write back to the Louisiana delegation on their requests for a meeting regarding what he calls "the de facto moratorium" on drilling in the Gulf of Mexico. Maybe the quote of the morning belongs to Rep. Trent Franks, R-Ariz. He told National Journal, "I'm not sure we learned a lot new."

**A/T UQ Overwhelms Link**

Obama is out of capital so momentum is out of the question.

Collinson 11 (Stephen, Staff at AFP, June 2, http://www.google.com/hostednews/afp/article/ALeqM5h7SH4prt6zGAYO1V8jJ6Dnjxklsw?docId=CNG.871d6ceaf93465b9db0644b930cabf59.111 JALO)

WASHINGTON — A clutch of disheartening economic data is threatening to squelch President Barack Obama's "bin Laden bounce" and highlight his political vulnerabilities as he fires up his 2012 reelection bid. Barring a sharp turnaround, Obama risks entering election year with the unemployment rate -- currently 9.0 percent -- still high, with millions out of work and millions more struggling to make ends meet. That is a dangerous scenario for any president, as American voters show in election after election that the economy and jobs are their top concern. Just a week ago Obama was basking in a feel-good tour of Europe, enjoying a small opinion poll boost following the daring US special forces raid which killed Al-Qaeda chief Osama bin Laden. But now -- though long-term trends are positive -- monthly data on a moribund housing market, sluggish job creation, manufacturing and growth are feeding worries that the US recovery may be more fragile than first thought. The White House had hoped by now to have laid to rest the question of whether frail economic growth would deprive Obama of the second term that successful presidencies require. "Had the economy been showing more dramatic signs of improvement, the 2012 race may have been a fait accompli," said Professor Costas Panagopoulos, an elections specialist at Fordham University. "At this point, given the lackluster performance of the economy, and indications that things have not improved as dramatically as the public may have wanted them to improve, 2012 remains a real race."

Any Osama capital left he will use on immigration.

Padgett 11 (Tim, Staff at Time, May 6, http://globalspin.blogs.time.com/2011/05/06/obama-now-the-warrior-wants-to-revive-immigration-reform/ JALO)

President Obama is reaping a windfall of political capital from the extermination of Osama bin Laden, and he plans to spend a chunk of it on immigration reform. During a Cinco de Mayo celebration with Mexican-Americans at the White House this week, Obama announced he'll give a major immigration speech during a visit to the border city of El Paso, Texas, next Tuesday, May 10. “I strongly believe that we've got to fix [our] broken [immigration] system," he said, "so that it meets the needs of our 21st-century economy and our security needs.” But that last part – security – could be the biggest obstacle. Obama acknowledged that unlike last year's healthcare reform, which passed without Republican votes, the immigration fix is “going to require bipartisan support” after the Democrats lost the House and much of their Senate majority in last November's midterm elections. He shouldn't count on too much cooperation across the aisle, however. Leading Republican lawmakers strongly object to the President's proposal to put people who are in the U.S. illegally on a citizenship track. Conservatives decry that as rewarding lawbreakers – and since the raid on Bin Laden's Pakistan compound this week has given Obama new warrior clout, the GOP may well decide immigration is a useful issue for chopping his security cachet down again before the 2012 election.

**A/T Winners Win**

Winners don’t win – The debt ceiling debate is its own charge by the republicans; they are on a crusade.

Stiehm 11 (Political Correspondent US News and World Report, June 2, http://www.usnews.com/opinion/blogs/Jamie-Stiehm/2011/06/02/republicans-disrespect-obama-on-debt-ceiling JALO)

So yesterday a gaggle of House Republican leaders went to see President Obama in the White House, where he lives as the elected leader of our American democracy, but they did not pay their respects. Nor did they listen to sweet reason on the economy's quiet desperation. Right now, House Republicans are leading a Pickett's Charge—the last act of the three-day Battle of Gettysburg by General Robert E. Lee's men in Confederate gray uniform. Their rebellious charge against Obama is also against the republic, meaning us, especially the less fortunate and the 9 percent unemployed. Even the well-off, with their George W. Bush tax cuts extended, are watching their dimes. Doomed though it was, the Confederate brigade soldiers shed a lot of blood on both sides in an ultimately losing battle and Civil War. The 1863 denouement still goes down in some histories and novels as grand and noble, but not in my book. [Read the U.S. News debate: Should Congress raise the debt ceiling?] So it makes me mad—and sad—to see American history repeat itself almost as a predestined drama that would make Sophocles weep. After the meeting, the supremely confident Eric Cantor of Virginia, the House majority leader, told The New York Times: "The president talked about a need for us to continue to quote-unquote invest from Washington’s standpoint, and for a lot of us that’s code for more Washington spending, something that we can’t afford right now.” Thanks so much for sharing that—and who sent you? One congressional district of Virginia, which includes Richmond, the capital of the Confederacy. Funny how that is.

Winning is futile – Obama has to use his win on the Democrats that are voting against the base.

Stirewalt 11 (Chris, Political Reporter Fox News, May 25, http://www.foxnews.com/politics/2011/05/25/dem-house-win-kills-entitlement-reform-hopes/ JALO)

Senate Democrats were patting themselves on the back for having scheduled a vote on the House budget blueprint, including Rep. Paul Ryan’s plan to remake Medicare. (How focused are the Senate Democrats on keeping their majority in 2012? When President Obama’s controversial banking adviser Elizabeth Warren was on the Hill for a brutal session with House Republicans that devolved into a bitter exchange of accusations, Senate Democrats were talking about having the Harvard professor mount a run against popular freshman Sen. Scott Brown.) But House Republicans came up with a most effective rejoinder to the Senate Mediscare vote: giving the president exactly what he asked for on his requested debt limit vote. Weary of Democrats accusing the House leadership of blocking a “clean” increase to the $14.3 trillion debt limit, the House GOP is serving up a bill that would provide the $2.4 trillion in borrowing necessitated by President Obama’s spending plan for 2012 and are offering it “clean” – that is to say without preconditions. While such a vote will demonstrate the unanimous opposition of the House Republicans, it will also draw minimal support among House Democrats. It would be surprising if even half of the House Democratic caucus went for the plan. The establishment press has been hammering away at the idea that Democrats and Republicans are at an impasse over the debt limit vote. The reality is that Democrats are in deep disagreement over how to proceed. That family feud in the Democratically controlled Senate has to be resolved before the Republican controlled House comes into play. There’s little doubt that the majority of votes for the final plan in the House will be Democrats with just enough Republicans – perhaps as few as 24 – coming over to help get the Obama-backed proposal through. The results of the Republican “clean” vote gambit were evident within the day. Vice President Biden emerged from talks with House Majority Leader Eric Cantor and Senate Minority Whip Jon Kyl suddenly brimming with optimism and touting a deal for the first $1 trillion in cuts needed to win bipartisan approval for any debt hike. Cantor emerged with good words too, a change from his terse comments about the bipartisan talks so far. The Republicans laid the groundwork with Speaker John Boehner’s terms: every dollar of new borrowing power equals a dollar in real spending cuts in the next five years. Democrats, meanwhile, are still pushing for a “trigger” in which automatic spending cuts would kick in if deficit spending gets to high… unless a future Congress decides to block the cuts. The president needs at least $2 trillion in order to avoid a similar situation before the 2012 election, so one might charitably assume that the negotiations were halfway home. Not so. Biden and Cantor both made clear that the issue of taxes is unresolved. Democrats are determined to push through some kind of tax increase, since a cuts-alone debt deal enacted after President Obama already agreed to ditch his plan to hike taxes on upper income earners would be a gut punch for the liberal base.

Winners Lose – Budget proves that an “Obama Win” is met by hyper-partisan backlash.

Leonard 11 (Andre, Staff at Salon, May 23, http://www.salon.com/news/budget\_showdown/?story=/tech/htww/2011/05/23/obama\_medicare\_suckerpunch JALO)

When the Obama administration released its 2012 budget, critics immediately pounded on the White House for failing to include a plan to deal with long-term entitlement costs. At the time, some of us thought this was unfair, since the Affordable Care Act incorporated concrete steps to rein in rising healthcare costs, which, practically speaking, is significantly more than any other recent administration has achieved in terms of grappling with long-term entitlement spending trends. But our voices were drowned out by the deficit hawks, and the clamor grew even louder when Paul Ryan seemed to steal a march on Democrats by releasing his own, much more far-reaching budget. Only then did Obama release a plan of his own, in his April speech on the deficit, while simultaneously landing some lethal blows on Ryan's Medicare plan. Grumpy conservatives immediately labeled Obama's speech as "hyperpartisan" and the House GOP rallied en masse to vote for the Ryan budget, but the GOP has only itself to blame for inviting such a harsh reaction -- especially if the Politico reports on the negative internal polling numbers generated by the plan are true. Did Obama sucker punch the GOP? By letting the Republicans go first, led recklessly into the breach by Paul Ryan, an Ayn Rand fan who could be counted on to go much further in abandoning the social welfare safety net than most Americans are willing to contemplate, Obama made room for the Democrats to launch a vicious counter-attack: Republicans want to cut taxes for the wealthy while reducing healthcare coverage for seniors. It's nasty and partisan, sure, but it also happens to be true. The battle lines for the 2012 election instantly snapped into place, and Republicans are suddenly fighting from a surprisingly weak position. If that was the plan all along, then maybe this Obama "long game" talk has some meat to it. It's also tempting to compare the Republican misadventures on Medicare with the Democratic healthcare saga, which also generated town hall anger and a huge electoral backlash. But there's one momentous difference. Obama got his healthcare bill passed into law. The Ryan budget is never even going to get a vote in the Senate. If you're going to place your entire party in political jeopardy, you might want to make sure you're getting something out of the bargain.

\*\*\*AFF Cards\*\*\*

Non-UQ – No Compromise 1/3

No compromise – House is in a stalemate.

LaRocco 11 (Lori Ann, Sr. Producer CNBC, May 31 http://www.cnbc.com/id/43223207 JaLo)

A long weekend does a body good. It recharges your batteries, allows you to catch up on unfinished business, and so on. But if you're a member of the U.S. Congress, the extra day loafing around apparently didn't help you come up with new ideas for balancing our nation's check book. The finger pointing continues and the Obama Administration is passing the beleaguered buck to Congress. With no resolution in site and August debt ceiling deadline looming, one wonders why Congress gets to take off in the first place. One of the biggest questions out there right now is a "contingency plan". The good ole Plan B. Does the White House have one? Senator Ron Johnson (R-WI) along with 22 other Senators recently signed a letter to the President (pls put letter link here) asking him just that. I caught up with the Senator on what response he may have gotten from the President and what he fears as both sides try to come up with a compromise.

No agreement in sight and attitudes are only going to get worse.

Wasson 11 (Erik, Staff at The Hill, June 1, http://thehill.com/homenews/administration/164093-wall-street-shrugs-it-off-for-now JALO)

Wall Street so far has shrugged off Washington’s fight over raising the debt ceiling, but experts warn patience will wane and nerves will fray after the Fourth of July holiday. Lawmakers still have two months to reach a deal after Tuesday’s failed House vote to approve a “clean” $2.4 trillion hike in the debt ceiling that was not paired with spending cuts. After July 4, Congress and the White House will have fewer than 30 days before the deadline set by the Treasury Department, which warns it will not be able to avoid default or other drastic spending cuts if there is not an agreement by Aug. 2. The top bond executive for BlackRock, the world’s largest asset-management firm, said there was once 100 percent certainty that a debt-ceiling compromise could be reached by Aug. 2. Now, he said, the odds are judged to be 80 percent. Bond markets remain focused on the end of “quantitative easing II,” or QE2, the name given to the Federal Reserve’s buying of Treasuries to stimulate the economy, said Rick Rieder, BlackRock’s chief investment officer of fundamental fixed income.

Both sides have dug in – No compromise by the deadline.

Politi 11 (James, Staff at The Financial Times, May 16, http://www.ft.com/intl/cms/s/0/ba36b784-7fe4-11e0-b018-00144feabdc0.html#axzz1O9T4078l JALO)

Despite repeated warnings from the Obama administration that a US default could cause “irrevocable” damage to the US economy, Mr Ryan’s remarks reflect the slow pace of discussions that started earlier this month between the White House and members of Congress. When Barack Obama, president, laid out his own revised fiscal plan in mid-April, he said the aim of a new round of talks was to reach a “final agreement” by the end of June. But after two weeks of debate between Joe Biden, vice-president, and Republican and Democratic members of Congress, that timeframe is looking increasingly unlikely. “I have a sense that the sides have dug in a little bit. The House leadership is probably getting a lot of pressure to get a better deal than they did [in the April agreement on the 2011 budget, which avoided a shutdown],” said Kevin Hassett of the American Enterprise Institute, a conservative think-tank. “It doesn’t look like a whole lot of progress has been made. After briefly flirting with being responsible, John Boehner [House speaker] decided to kowtow to the conservative hardline part of his caucus,” says Michael Linden of the Center for American Progress, a liberal think-tank.

Non-UQ – No Compromise 2/3

No compromise – They are playing politics and thus have made no progress.

Strauss 11 (Daniel, Staff at The Hill, June 2, http://thehill.com/blogs/blog-briefing-room/news/164411-hoyer-no-substantive-progress-on-debt-ceiling-compromise-yet JALO)

No real progress has been made in the discussions on a debt-ceiling compromise, House Minority Whip Steny Hoyer said Thursday. "I'm not optimistic from the standpoint there's really been no substantive progress made yet," Hoyer said in an interview with CNBC. Other lawmakers have expressed optimism that the bipartisan talks being led by Vice President Biden are progressing toward a deal on raising the debt ceiling. Lawmakers are working to craft a compromise before Aug. 2, when the U.S. will reach its borrowing limit, according to the Treasury Department. Hoyer said this week that Republicans played a "game" with the debt ceiling by holding a vote on an unconditional debt-ceiling increase. That vote failed, with all Republicans and 82 Democrats voting against it. "Unfortunately this week we played a game," Hoyer said. "We played a game with the Republicans on the debt limit knowing full well that it must be extended and it would be catastrophic if we didn't have put on a piece of legislation designed to fail. In fact, every Republican voted against it. I decided not to play the game with them." That vote was meant to put House Democrats in an uncomfortable position since 114 members signed a letter calling on Republicans to bring a "clean" debt ceiling increase up for a vote. Many of the Democrats who signed that letter switched their position when it became obvious that the bill would fail. Republicans want any increase in the debt ceiling to be paired with fiscal reforms.

No compromise – partisan bickering impedes it

Bowman 6/20 (Michael, Staff Writer, VOANews, http://www.voanews.com/english/news/usa/US-Debt-Ceiling-Votes-Invite-Partisanship-124211859.html)JFS

In coming weeks, the U.S. Congress is widely expected to raise the federal government’s debt ceiling, thereby allowing it to borrow additional funds and service America’s $14 trillion national debt. Congress has never failed to raise the borrowing limit - to do so would be to risk default and invite financial calamity. But few votes are more distasteful to lawmakers than going on record to authorize greater U.S. indebtedness - votes that always invite partisan sniping, grandstanding, and, this time around, hard bargaining.   Except for a brief period in the late 1990s when the United States enjoyed a budget surplus, the federal government has had to borrow more and more money to cover the cumulative indebtedness of yearly deficits. And every time the government bumps up against its borrowing limit, Congress has to step in and raise the debt ceiling.  Typically, the party in power serves as the voice of reason and responsibility, urging lawmakers to do what is necessary to keep the government afloat. Senate Majority Leader Harry Reid, the top congressional member of President Barack Obama's Democratic Party, recently put it this way:  “We have no choice," said Harry Reid. "Everybody in the world recognizes that this country cannot default on its debt. We have a credit card [bill] we have to pay.”  But, for the minority party, debt ceiling votes provide an irresistible temptation for partisan bickering.

Non-UQ – No Compromise 3/3

**No compromise – entitlement and taxes are too contentious**

**Fox 6/19** (News Source, Staff, http://www.foxnews.com/politics/2011/06/19/lawmakers-talk-about-same-goals-offer-starkly-different-suggestions-for-debt/)JFS

Negotiators have set July 1 as a preliminary deadline for reaching an agreement on the debt ceiling, but to hear [Capitol Hill](http://www.foxnews.com/topics/politics/capitol-hill.htm#r_src=ramp) lawmakers on Sunday offer grandiose ideas combined with large amounts of partisanship, it may be impossible to reach a deal in less than two weeks. Vice President [Joe Biden](http://www.foxnews.com/topics/politics/obama-administration/joe-biden.htm#r_src=ramp) says an agreement is needed by the end of June so that party leaders can return to their caucuses and sell a compromise before the Aug. 2 deadline Treasury Secretary [Tim Geithner](http://www.foxnews.com/topics/politics/obama-administration/timothy-geithner.htm#r_src=ramp) says is the drop dead date to avoid default on America's debts. While many Democrats say they favored a "clean" debt limit vote to raise the ceiling without conditions, Republicans said Washington can't allow unrestricted spending.  That means compromise, a word second only to sorry in degree of difficulty for Washington insiders.  Nonetheless, the formation of a compromise appears to be centralizing around a long-term plan for reducing the nation's debt by at least $4 trillion over the next decade. Getting there is the tough part.  Republicans refuse to include tax increases to pare down the annual deficit, though they say they would be open to cutting out loopholes like ending the ethanol subsidies and simplifying the tax code to help corporations as well as individuals like small business owners.  Democratic Rep. Jim McDermott told Fox News on Sunday that "the best thing we saw last week" was Senate Republicans voting "in large numbers" to get rid of the ethanol subsidy. But don't expect that to be the start of a trend, say Republicans.  "No one on the Republican side is going to vote to raise taxes, but I think many of us would look at flattening the tax code, do away with deductions and exemptions and take that revenue to help pay off the debt," said Sen. Lindsey Graham, R-S.C. Graham as well as Senate Minority Leader [Mitch McConnell](http://www.foxnews.com/topics/politics/mitch-mcconnell.htm#r_src=ramp), R-Ky., said Sunday that unless Congress tackles entitlement reform, there are few place to go on a debt deal. "Everybody knows you have to tackle entitlement reform. If we can't do that, then we'll probably end up with a very short-term proposal over, you know, a few months. And we'll be back having the same discussion again in the fall," McConnell said.  But Sen. [Chuck Schumer](http://www.foxnews.com/topics/politics/chuck-schumer.htm#r_src=ramp), D-N.Y., said [Social Security](http://www.foxnews.com/topics/politics/social-security.htm#r_src=ramp) is not part of any talks even if it needs a long-term fix.

No compromise – elections and partisanship

Norwich Bulletin 6/14 (The Bulletin, Staff Writer, http://www.norwichbulletin.com/editorials/x607303692/Our-view-Lawmakers-can-t-agree-on-debt-plan#axzz1Pt3a2FY2)JFS

We find it somewhat amazing that Congress appears to be at an impasse on two critical issues that members from both political parties are in agreement about: Federal spending needs to be reduced in order to address the growing federal debt, and the debt ceiling needs to be raised to avoid the United States from defaulting on its obligations. Usually when there is agreement, deals are reached. But partisan politics and the upcoming 2012 presidential and congressional elections are apparently preventing either side from budging. And that’s unfortunate, because there does appear to be a reasonable proposal on the table. Speaker of the House John Boehner, R-Ohio, has proposed a dollar-for-dollar match as a means of resolving the stalemate on the two issues. For every dollar cut in federal spending, the debt ceiling is raised by an equal amount. Boehner made the proposal last month during a speech to the Economics Club of New York, calling it a “start” in bringing federal spending down while clearly indicating his understanding that the nation cannot simply ignore the importance of avoiding default. His proposal, however, has thus far gotten a cool reception from his Democratic colleagues, the White House — and some Republicans, especially hard-line fiscal conservatives, such as presidential hopeful Congressman Ron Paul, who quickly dismissed it as a “non-starter.”

Non-UQ – Boehner Won’t Hold Hostage

Boehner is not in charge of the situation – His lack of congruity on the issue ruins his bargaining chip.

Aravosis 11 (John, Lawyer on Capitol Hill and American Democratic Consultant, May 10, http://www.americablog.com/2011/05/boehner-contradicts-self-on-debt-limit.html JALO)

Not only did GOP House speaker John Boehner contradict himself about raising the debt limit yesterday, but he also tried to de-Republicanize criticism he received from Bush Treasury Secretary Paul O'Neill. First, Boehner says he will block the debt increase if the cuts aren't great enough. Although the speaker assured the audience that he would not trifle with the nation’s finances, he made clear that without “significant spending cuts and reforms to reduce our debt, there will be no debt limit increase. But then Boehner said this: After his speech, Boehner fielded questions from Jane Hartley, CEO of Observatory Group, and Peter G. Peterson, former Commerce secretary under President Richard Nixon. Hartley asked Boehner if he would support a temporary increase in the debt ceiling, should budget negotiations break down. “Not increasing the debt ceiling would be irresponsible,” Boehner reaffirmed. So which one is it? How can Boehner threaten to not increase the debt ceiling when he just admitted that his own threat was irresponsible? Then there's Boehner's effort to make people forget that Paul O'Neill is a Republican: As Boehner broached the debt limit, he took aim at former Treasury secretary Paul O’Neill: “One prominent figure even went so far as to say ‘the people who are threatening not to pass the debt ceiling are our version of Al-Qaeda terrorists.’ With all due respect, this is the arrogance of power — and the American people won’t stand for it.” Arrogance of power? Boehner just agreed with the man that it would be irresponsible to propose what he's proposing, but note how Boehner refuses to let the audience know who it is who's criticizing him. It's a fellow Republican, and a senior one at that. But Boehner wants you to think that maybe, just maybe, is a Democrat. And arrogance of power? Who gave him the power? George Bush and John Boehner. Not to mention, the man is out of office, he's not in power any longer. Amazing.

Boehner’s bargaining chip is not so straight forward – Behind the math it is lacking power.

Wallison 11 (Peter, Staff for Fox News, May 31, http://www.foxnews.com/opinion/2011/05/31/cut-spending-raise-taxes-budget-problem-solved-easy/ JALO)

One of the myths that has grown up around the budget debate in Washington is that tax increases and spending cuts are just two sides of the same coin. Every week, it seems, some well-meaning group calls on the Republicans and Democrats to agree to a simple formula: the Republicans would agree to tax increases and the Democrats to spending cuts. There. A “grand bargain” it’s called, a bipartisan compromise. Unfortunately, it’s not as simple as that, and the problem is not—as it might first appear—a question of how much each side has to give up. There are important differences between tax increases and spending cuts that have to be understood before the budget controversy can be resolved in that way. Spending continues from year to year. Each year, Congress decides how much to appropriate for government programs. Tax increases, however, are done once. When a new tax is enacted it continues to produce revenue from year to year—or slow economic growth, or both—without further need for action by Congress. So for purposes of understanding the deal the Republicans are asked to accept, the major difference between spending and taxing is that spending is a continuing process, while taxation is done once but has continuing future effects. This difference throws light on an obvious problem with the “grand bargain” envisioned by the legions of the starry-eyed. If the Republicans agree to taxes in return for cuts in spending, they have given up their bargaining chip; they have no further leverage either to effect further spending cuts or to enforce the cuts on which any agreement was reached—except of course to agree to additional taxes. This is exactly the pattern that caused Newt Gingrich to scorn the pre-1994 Republicans as the tax collectors for the welfare state. What does this tell us about how to resolve the current budget disputes in Washington? It makes no sense for Republicans to agree to tax increases unless they can be sure that any additional revenue goes to reduce the deficit rather than to fuel more spending. This is far more difficult that it seems.

UQ Overwhelms Link

Republicans who oppose the debt ceiling now are only doing so to say that they opposed it – Means that in squo Republicans will vote to raise regardless.

Lee 11 (Jim, Editor of the Carroll County Times, May 29, http://www.carrollcountytimes.com/news/opinion/columnists/jim-lee-same-players-just-a-different-game/article\_b6ff6aa6-87ab-11e0-98bf-001cc4c002e0.html JALO)

Gingrich would have done better to have stood up for what he believed, or what he initially said. But politicians, especially the career politicians, tend to do things to further their own efforts. Give President Barack Obama credit. Last week, when asked the difference between his vote against raising the nation's debt limit while he was a Senator, and his condemnation now of Republicans who don't want to raise the debt limit, he said his vote back then had more to do with politics than what was right for the country. Exactly. Republicans in the Senate last week were planning on engineering a vote on raising the debt limit without any corresponding cuts to government spending, even though they knew most would vote against it. The purpose? Simply so they could be on record as opposing an increase to the debt ceiling prior to voting to increase it later this year. That's pure politics, manipulating the system for your own political gain. And it is no different than staking out an extreme position on an issue with the intent to mislead or paint your opponent in a negative light, such as Palin's reference to death panels or this latest video about dumping seniors off a cliff.

Obama’s leftover capital after Osama Bin Laden’s death ensures a future win on the debt ceiling.

Financial Times 11 (The Financial Times, May 8, http://www.ft.com/cms/s/0/c67b683e-79a7-11e0-86bd-00144feabdc0.html?ftcamp=rss#axzz1O9T4078l JALO)

There is a huge catch. Mr Obama and his commission said the trigger must activate tax rises as well as spending cuts. Reasonable as that seems, Republicans want none of it. The prospects for resolving this quarrel look poor. The prospects for fudging it and moving on look good. But do not suppose a trigger that leaves the formula for automatic action blank would work. It would be camouflage for an agreement to disagree. That could suit both sides. They may be preparing to postpone the hard decisions until after next year’s election. That would be less crazy than failing to raise the debt ceiling soon, but it is hardly wise. Sidelining fiscal action to make way for an 18-month election campaign is reckless endangerment. President Obama needs to act more forcefully. Thanks to the killing of Osama bin Laden, his popularity has revived. The president has gained some unexpected political capital, and he should spend it to demand swift fiscal responsibility from Congress. Raise the debt ceiling, and get the public behind credible targets, with triggers for both spending and taxes.

No Link – Scare Tactics

No matter the cost or plan both parties will not allow the US to default.

WSJ 11 (Staff of Wall Street Journal, May 10, http://online.wsj.com/article/SB10001424052748703864204576313302806557610.html?mod=googlenews\_wsj#articleTabs%3Darticle JALO)

In other words, if President Obama wants a $2 trillion increase in the statutory debt limit from today's $14.294 trillion, he will have to accept $2 trillion in spending cuts. Mr. Boehner didn't spell this out, but his advisers tell us that those cuts would have to be scored as real by the Congressional Budget Office over a five-year budget window. "We should be talking about cuts of trillions, not just billions," the House leader said. "They should be actual cuts and program reforms, not broad deficit or debt targets that punt the tough questions to the future." This is political progress. Treasury Secretary Tim Geithner started out this year asking for a "clean" increase in the debt limit without conditions. Treasury officials, Federal Reserve Chairman Ben Bernanke and their allies on Wall Street and in the media have all been predicting economic Armageddon if the debt limit isn't raised promptly. But this is financial melodrama. The reality is that no one in any position of responsibility wants the U.S. to default on its debt. A default isn't going to happen, and the bond markets know it, notwithstanding the Administration's scare tactics.

Boehner and major republicans are simply out to scare democrats as revenge for medicare – they won’t carry out threats.

Nichols 11 (John, Washington Correspondent for The Nation, June 1, http://www.thenation.com/blog/161051/debt-ceiling JALO)

Republican House leaders like John Boehner, Eric Cantor and Paul Ryan have never had any problem with federal spending that helped their political contributors. They rushed in 2008 to vote for the massive bailout of irresponsible banks and multinational corporations, a scam that raided the U.S. Treasury to protect the wealth and privileges of the wealthiest Americans. Now, Speaker Boehner, Majority Leader Cantor and Budget Committee chair Ryan are so desperate to steer more money to Wall Street that they are leading a bizarre push to block the raising of the debt ceiling -- a technical move traditionally accepted by Democrats and Republicans, liberals and conservatives as standard operating procedure in Washington. The gambit entered an extreme stage Tuesday, when the House voted 318-97 against allowing an unconditional increase to the debt limit. The Republican talk about deficits and debt, but that is not the point of this project. Speaker Boehner, R-Ohio, says the House is holding the federal government hostage in order to impose "major spending cuts and meaningful reforms." House Ways and Means Chairman Dave Camp, R-Michigan, says House has blocked the raising of the debt ceiling to force “significant spending cuts and budgetary reforms.” But what kind of cuts and "reforms" are they talking about? Ryan explains: “You cannot deal with this debt crisis unless you’re serious about entitlement reform." Translation: They are trying to force the Obama White House and congressional Democrats to accept radical changes in Medicare, Medicaid and Social Security -- changes that will begin the process of privatizing these essential programs. Ryan has outlined a plan to restructure Medicare so that federal money is steered away from providing health care and toward a voucher scheme that enriches private for-profit insurance companies. At the same time, he has proposed taking steps to radically alter how Social Security operates, with an eye toward using more retirement dollars to fund Wall Street speculation. These initiatives are extraordinarily popular with major campaign donors. But polling suggests Ryan's "reforms" have no appeal among the American people -- as recent election results, especially from upstate New York where a traditionally Republican congressional seat fell to the Democrats last month, confirm. The voters are smart. They recognize that instead of proposing a turn toward fiscal responsibility -- his plan does not balance the budget for more than a quarter century -- Ryan is simply scheming to redistribute the wealth upward. Faced with the reality that his plan is neither necessary nor popular, Ryan is resorting to scare tactics. And his fellow "conservatives" are going along with the debt-ceiling scam.

No Link – Scare Tactics

Republicans won’t make good on their threats – The showdown is really just a show.

Flax 11 (Bill, Staff at Forbes, May 26, http://blogs.forbes.com/billflax/2011/05/26/newt-gingrich-highlights-republican-futility-on-spending/ JALO)

Perhaps we’ll be pleasantly surprised, but any spending cuts that do materialize will likely derive more from gridlock than party purity. Republicans parlay free market principles into votes, but rapidly mutate into big spenders once they too can dispense from the public purse. Few politicians display any spending inhibitions; it’s not their money. Washington doesn’t care how much it fritters away. When programs fail, Congress increases their budget to waste still more. Democrats spend your money to buy your vote and Republicans do too. Both parties champion the vast, federal welfare state and advocate government solutions to social problems better solved privately. A majority of federal spending is now programmatic. Entitlements encompass well over half of the budget. Even as these spending shenanigans were chiefly conceived by Democrats the prescription drug benefit in 2003 bore Republican blame. The major parties frolic down the same ruinous path. One sprints and one skips, but the difference is in their gait, not their goals. So long as Republicans meekly propose alternative methods to accomplish Democrat’s socialist priorities, spending will relentlessly rise. Medicare begat Obamacare and unless this train turns around the future beckons fully socialized medicine. Republicans are worthless regarding spending unless they represent the opposition party. It’s part seedy opportunism – they say what will get them elected, but do what will get them re-elected – and partly because much of America’s opinion is shaped by forces hostile to free markets.

There will be no ideological showdown because of the show because no one party will be linked to or care about the specifics.

Flax 11 (Bill, Staff at Forbes, May 26, http://blogs.forbes.com/billflax/2011/05/26/newt-gingrich-highlights-republican-futility-on-spending/ JALO)

In 1995, then-Speaker Gingrich famously “shut down” government. Actually its pace of expansion merely slowed, but the media crucified Republicans. Seeing a park ranger on the nightly news struggling to feed his family while furloughed during a budget impasse makes powerful theater. Many Republicans lost both their nerve and the principles that may have once guided them. But even as Gingrich touts his fiscal accomplishments today, federal spending and the national debt increased annually throughout his tenure. Washington employed shameless accounting gimmicks like borrowing from Social Security to congratulate itself for a surplus, but government certainly never shrunk during the Clinton/Gingrich years. Nor do Republicans govern effectively. They are incapable of fixing the bureaucratic quagmire largely because it is incapable of being fixed. In the free market, producers must satisfy customers to profit. Publicly funded social programs administered by tenured sinecures are not subject to this performance feedback loop. Government programs persist with expanded budgets regardless of whether they satisfy taxpayers. Remember the Walter Reed scandal castigating the Bush Administration’s faulty handling of healthcare for veterans. The media frothed with delight at embarrassing Republicans, but such will be everyone’s fate if government manages medicine. The same pundits ridiculing Bush frequently call for Washington to ruin all our care in like fashion. Walter Reed didn’t just happen on Bush’s watch because Republicans are indifferent to suffering veterans. These shameful conditions fomented for decades in a system notorious for deplorable service customary in government, but unimaginable in the private sector. The press reports are muted with their love interest occupying the White House, but Washington can’t provide healthcare efficiently. Democrats perform even worse. What kind of party would nominate a presidential candidate with mentors like Jeremiah Wright, friends like Bill Ayers and political allies like Tony Rezko? Despite emerging from the cesspool of Chicago politics they shamelessly even packaged him as a political ingénue.

No Link – Public Support

No opposition to new space spending – The public loves it.

CSE 6 (Coalition for Space Exploration, Sept 25, http://www.spaceref.com/news/viewpr.html?pid=20898 JALO)

A new Gallup Poll shows more than two- thirds of respondents support the nation's stepping-stone approach to space exploration, which includes flying the space shuttle to complete the International Space Station, building a replacement vehicle for the space shuttle, returning humans to the moon, and exploring Mars and points beyond. (Respondents support this approach if NASA's budget does not exceed 1 percent of the federal budget.) The most recent poll, conducted in August, is the last in a three-part series of polls commissioned by the Coalition for Space Exploration in an effort to better understand the extent of support and public attitudes toward America's space program. The first polls were conducted in June of 2005 and March of 2006. "Cumulative results indicate that, over the course of time and despite varying world and national circumstances, the American people still strongly support space exploration and are willing to support its funding at current levels or even slightly increased," said Jeff Carr, chairman of the Coalition for Space Exploration.

NASA is well protected by key senators that will shield from becoming a debt issue.

Klein 11 (Ezra, Staff Washington Post Economic Section April 21 http://www.washingtonpost.com/blogs/ezra-klein/post/wonkbook-gop-begins-making-its-debt-limit-demands/2011/04/15/AFcgUPHE\_blog.html JALO)

NASA is proving impervious to cuts, report Manu Raju and John Bresnahan: “For all the rhetoric about cutting government spending, NASA’s space mission remains sacred in Congress. A handful of powerful lawmakers are so eager to see an American on the moon -- or even Mars -- that they effectively mandated NASA to spend ‘not less than’ $3 billion for a new rocket project and space capsule in the 2011 budget bill signed by the president last week...Congressional approval of the plan -- all while $38 billion is being cut elsewhere in the federal government -- reflects not only the power of key lawmakers from NASA-friendly states, but the enduring influence of major contractors like Lockheed Martin and Boeing in those states.”

No Impact – No Debt Collecting

No economic implications - No nation is willing to risk calling the US out on its outstanding debt.

WSJ 11 (Staff of Wall Street Journal, May 10, http://online.wsj.com/article/SB10001424052748703864204576313302806557610.html?mod=googlenews\_wsj#articleTabs%3Darticle JALO)

The real question isn't whether the U.S. will meet its debt obligations but what the government will do to control its spending habits. Federal debt held by the public—the kind the government has to pay back—as a share of GDP has soared in the Obama years and is now near 70% and rising. No one knows when the world's creditors will lose their appetite for U.S. debt, but no nation should want to tempt fate.

**No Impact – Can Still Borrow**

Economist predict that even in the event of a default we can still incur debt from countries desperate enough to buy it.

Bell 11 (Steve, former Staff Director of the Senate Budget Committee, June 4, http://www.frumforum.com/gop-brushes-off-default-warnings JALO)

Secretary Geithner visited the House Republicans yesterday afternoon. He told them three things: he isn’t lying about August 2 being the drop dead date on sovereign debt issuance; he wants an agreement as soon as possible, just like House Speaker John Boehner; and, he isn’t about to reveal the exact consequences to government services if the House fails to raise the debt ceiling. House Republicans reportedly doubt the August 2 deadline, don’t want an agreement until it’s late (so that they can, as House Majority Leader Cantor has said, “get maximum leverage”) and don’t really believe that government services will be severely disrupted if the debt ceiling isn’t raised. Anyway, the argument goes, other countries are in worse shape, so folks will still buy our debt. And if 800,000 Americans lose their government jobs, and the military pay due in mid-August doesn’t get sent out, and if most of the federal office buildings throughout the land are shuttered, well, better that short term pain now, than even more painful consequences in the future.

**No Impact – Cut Spending**

There will be no default – spending will simply be cut and we will maintain debt.

Mosler 11 (Warren, Co-Founder and Distinguished Research Associate of The Center for Full Employment And Price Stability at the University of Missouri, June 5, http://www.creditwritedowns.com/2011/05/debt-ceiling-chance-default.html JALO)

Republican Senator Pat Toomey is now making the point that with debt payment an executive priority, and with tax receipts more than sufficient for interest payments, not raising the debt ceiling will not mean default, instead it will mean other federal spending will get cut, which he pronounced analogous to a partial government shut down. While this has always been factually correct, it is only very recently that this has become the lead response from the Republicans, in direct response to warnings by the Democrats of a US default. With the Democrats being exposed as factually wrong and guilty of at least innocent fear mongering, their entire negotiating position is weakened by both the facts and their reduced credibility in general. So I have to conclude the end result will be dramatic spending cuts, no tax increases, a large reduction in long term aggregate demand, and most likely reductions in short term aggregate demand as well. The Democrats are now left with fighting for alternative spending cuts, with the military a prime target. In fact, they may already be cutting military spending, as the executive branch is not necessarily compelled to spend the funds authorized by Congress, but can selective not fund or delay funding in the normal course of business. So, for example, they may be able to cut $150 billion a year from actual military spending and score it as something over $2 trillion in savings over 10 years, which would reduce the need for other cuts currently under consideration. And this might be the motivation for brining as many troops back home as possible, from all over the globe.

**No Impact – US Rebound**

Even if the default occurs it is more than likely that the US rebounds without any serious implications.

Baker 11 (Dean, co- director of the Center for Economic and Policy Research, April 11, http://seekingalpha.com/article/262724-defaulting-on-debt-is-not-the-end-of-the-world JALO)

It would have been useful to present the view of people who do not consider a default on the national debt to be the worst possible outcome. While there can be little doubt that a default on the U.S. debt would lead to a financial crisis and would likely permanently reduce the role of the U.S. financial industry in world markets, it is also likely the case that the United States would rebound and possible rebound quickly from a default. The experience of Argentina may be instructive in this respect. Argentina defaulted on its debt at the end of 2001. Its economy fell sharply in the first quarter of 2002 but had stabilized by the summer and was growing strongly by the end of the year. By the end of 2003 it had recovered its lost output. Its economy continued to grow strongly until the world recession in 2009 brought it to a near standstill. While there can be no guarantee that the U.S. economy would bounce back from the financial crisis following a default as quickly as did Argentina, it's unlikely that U.S. policymakers are too much less competent than those in Argentina. Readers should be made aware of the fact that countries do sometimes default and they can subsequently recover and prosper. Many people may consider the short-term pain stemming from a debt default to be preferable to the long-term costs that might come from policies adopted to prevent default. For example, if Congress were to approve a Medicare plan along the lines proposed by House Budget Committee Chairman Paul Ryan, this would be subjecting tens of millions of middle class retirees to a retirement without adequate health care insurance and potentially devastating medical bills. Plans being put forward to cut Social Security could have similar consequences. Compared to these outcomes, a financial crisis and the subsequent slump that follows may seem like a relatively small cost.

**A/T Dollar Heg**

Dollar dump scenarios are unrealistic and likely; even if they occur they are merely accounting based.

Halbert 9 (Gary, President and CEO of ProFutures Investment Firm, October 20, http://www.profutures.com/article.php/649 JALO)

For at least the last decade, a persistent, recurring conspiracy theory has held that major oil exporters will stop pricing oil in dollars, which will then lead to a collapse in the U.S. economy as the dollar becomes worthless. According to some accounts, Iraq's decision to price its oil in euros rather than dollars precipitated the U.S. overthrow of Saddam Hussein, and Iran's threats to move away from the dollar is the real reason the U.S. government is raising the alarm over the country's nuclear program. The latest item in this tradition was an article by Robert Fisk, a longtime Middle East correspondent, in the London-based Independent. The article warns of a grand conspiracy between the Arab oil states, China, Japan, Russia, and France to stop pricing oil in dollars by 2018. When this happens, Fisk says, the dollar will suffer a severe blow to its international standing and the United States might struggle to pay for its oil. The article apparently caused a shudder in the currency markets yesterday [October 6], as panicked investors unloaded dollars in reaction to the terrifying prospect of this alleged international oil conspiracy. But they really shouldn't be concerned. Fisk's theory would make a good plot for a Hollywood movie, but it doesn't make much sense as economics. It is true that oil is priced in dollars and that most oil is traded in dollars, but these facts make relatively little difference for the status of the dollar as an international currency or the economic well-being of the United States. With the United States' ascendancy as the pre-eminent economic power after World War II, the dollar became the world's reserve currency: Most countries held dollars in reserve in the event that they suddenly needed an asset other than their own currency to pay for imports, or to support their own currency. Much international trade, including trade not involving the United States, was carried through in dollars. In addition, most internationally traded commodities became priced in dollars on exchanges. However, the dollar was never universally used to carry through trade (even trade in oil), and the pricing of commodities in dollars is primarily just a convention.

China intervenes and saves the dollar – no economic implications of their default scenario.

Halbert 9 (Gary, President and CEO of ProFutures Investment Firm, October 20, http://www.profutures.com/article.php/649 JALO)

By comparison, China alone holds more than $1 trillion in currency reserves, more than 200 times the transaction demand for oil. In other words, if China reduced its holdings of dollars by just 0.5 percent, it would have more impact on the demand for dollars than if all oil exporters suddenly stopped accepting dollars for their oil. This raises a more serious issue affecting the demand for dollars, which is the dollar's status as an international reserve currency. Currently the dollar is by far the preferred currency, but others, notably the euro, are gaining ground. A switch away from the dollar will lower its value, but this is hardly anything to fear: In actuality, it was and is an official policy goal of both the George W. Bush and Barack Obama administrations [to have a weaker dollar]. Both administrations are on record complaining about China’s ‘manipulation’ of its currency. China does this by buying up vast amounts of dollars to hold as foreign reserves, suppressing the value of the yuan against the dollar. This, in turn, makes Chinese goods cheaper in the United States and bolsters China's exports. If China stopped buying up huge amounts of dollars, as the United States wishes, then the dollar would fall in value against the yuan, thereby making Chinese imports more expensive. The result would be that the United States would buy fewer imports from China, improving its trade balance. Not too many people would be frightened by this prospect. To summarize, the dollars needed to finance the international oil trade are trivial compared with other sources of demand for dollars. The currency chosen for foreign reserve holdings can have an impact on demand for dollars, but this has nothing to do with the currency chosen to conduct the oil trade. If Saudi Arabia wanted to hold euros rather than dollars, it could almost instantly offload as many dollars as it desired. Plus, the White House wants the dollar to decline anyway because it would improve the United States' trade balance. Thus, the conspiracy theory Fisk resurrected might have spooked the markets, but the reality is that there is nothing to fear. The dollar's value will likely fall over time (as it has been doing against the euro for the last nine years). But there is nothing in the cards to suggest a collapse, even if Saudi Arabia starts selling its oil for euros or yuan.

While the dollar cannot be powerful forever; there is no currency that can replace the dollar in the squo making transition unlikely.

Shedlock 11 (Mike, registered investment advisor representative for Sitka Pacific Capital Management, February 28, http://globaleconomicanalysis.blogspot.com/2011/02/us-dollar-about-to-lose-reserve.html JALO)

For starters, Zero Hedge ignored the essential trade deficit math. The US runs a trade deficit, someone else must run a trade surplus. Second, Canadian dollar and the Swiss Franc do not have enough trading volume. More importantly, there are not enough Canadian Dollars or Swiss Francs to go around. Look at what happened to Iceland when too many plunged into the Icelandic króna. The Canadian and Swiss economies are simply not big enough for them to be global reserve currencies. In regards to the Euro, is Europe in a better fundamental situation than the US? Would it matter even if it was? To answer the second question, please remember trade deficit math. As for the Yuan, it is complete silliness to suggest the currency of a command-economy dictator-led country that will not even float its currency will be some sort of major reserve currency. To the extent that China trades with Russia, South Korea, etc., local reserves in varying currencies can happen (and are happening already), but the global significance of it is wildly overstated. The amounts in question are tiny, as a simple function of math. Will the dollar remain the global reserve currency forever? Of course not. However, it is highly unlikely any of the presumed leading Fiat candidates including the Yuan and the Keynesian wet-dream IMF SDRs (Special Drawing Rights), will take the dollar's place. SDRs are essentially a basket of currencies. The concept of trading in baskets of currencies backed by nothing is even more ridiculous than the existing setup. People do not buy goods and services in baskets of currencies.

Losers Lose – Boehner Losing

Losers Lose – Boehner lost the government shutdown battle and this carries to debt crisis.

Easley 10 (Jason, Political Columnist and Editor of PoliticusUSA, July 4, http://www.politicususa.com/en/obama-republican-shutdown JALO)

The right started trying to spin their last second backing off of a government shutdown last night as victory, but this could not be any further from reality. The GOP controlled House passed a bill that called for $60 billion in cuts, but they only got $38 billion. The Republicans also had to drop every single budget rider relating to the EPA, the funding of NPR and Planned Parenthood. They got nothing. Over at National Review, they are only focusing on the size of the budget cut in order to proclaim Boehner victorious, Boehner might need a few Democratic votes to pass the deal — that was always a likely outcome. But the narrative constantly pushed by Democrats and the media — that “extreme” Tea Party members would force him to shut down the government — never materialized. As a result, not only does it look like Boehner got the best deal in terms of spending cuts, but he also comes off as the most reasonable actor in the debate, the one who worked the hardest to reach a compromise. Republicans should feel plenty confident heading into the upcoming debates over the debt ceiling and the 2012 budget. This deal, thanks to Boehner’s robust leadership, was a good start. But it’s only the beginning. Boehner won big? Really? Let’s see, he ended up settling for a number that was originally negotiated over two weeks ago. In all these additional days of negotiations, he gained nothing. The $38 billion in cuts he did here are peanuts in budgetary terms. The President’s 2012 federal budget proposal is $3.7 trillion dollars, so Boehner managed to shave off 1/100th of the federal budget. The cuts are chump change that amount to throwing an ice-cube into the ocean. Politically Boehner and the House Republican leadership became big losers when they agreed to drop all of the funding and regulatory riders involving the EPA, Planned Parenthood, and NPR from the bill. The Tea Party and social conservatives brought up the funding for Planned Parenthood as a way to further their crusade against abortion, an issue which is the lifeblood of much of conservative activism, but Boehner and the GOP leadership had no problem with throwing them under the bus. Let’s take a second and recap what John Boehner has actually won. He didn’t get the $61 billion in budget cuts that the House passed. He sold out much of the base of his party by dropping the riders, and his leadership only served to further alienate those on the right who wanted to make a stand by shutting the federal government down. Politics aside, Boehner did the right thing for the country by negotiating this deal. Millions of Americans were going to be hurt by a shutdown, including those in the military. Budgetary principles and Planned Parenthood aren’t worth shutting the government down for.

Winners Win – Space Win

Plan is a space mission win for Obama – This exponentially increases Obama’s pool of political capital.

Hoppin 8 (Andrew, co-founded and helped to manage the NASA CoLab at NASA Ames Research Center, Feb 29, http://globehoppin.com/2008/02/29/space-policy-under-an-obama-administration/ JALO)

Many space constituents are publicly critical of the Obama campaign for campaign rhetoric that is less overtly supportive of the status quo of the US space program than that of the Clinton or McCain campaigns. However, to this constituent of space, Obama’s ambivalence makes him THE MOST ATTRACTIVE Presidential candidate in this campaign. Why? Because I believe that the WORST CASE scenario for the US space program under a new Administration is the status quo, and that we’re quite unlikely– even under an Obama administration– to experience major cutbacks in public space spending**, due to the political capital that the status quo of space policy enjoys in key large States**. Thus, I believe the real issue of concern for space constituents in this Presidential campaign is how much IMPROVEMENT there can be on current space policy under a new Administration. In that context, I believe that an Administration LESS beholden to the status quo– an Obama Administration– is MORE likely to conduct a thorough and objective analysis of opportunities for improvement. Thus, while paying less lip service to the current space program at this juncture of the campaign, I believe that Obama is more likely than any other candidate to institute the sorts of reforms that many of us progressives who work in the space community wish to see, such as:-Appointing dynamic and technically competent leaders to the top posts at NASA who have the charisma and gravitas required to reform the culture of the Agency and turn it into the vibrant “startup” organization that it was decades ago as NACA, thus enabling it to better:-Pursue an aggressive human exploration program beyond LEO that pushes the envelope of technological innovation without significant budget increases, and presents inspiring opportunities for multi-national collaboration in the peaceful uses of outer space, and-Accelerate of the handover of LEO activities to ‘New Space’ private commercial enterprises, with the US and other governments as a customer, and with an emphasis on competition, entrepreneurship and innovation rather than large guaranteed “cost plus” contracts, and-Fully leverage NASA’s potential as an ‘Earth Systems Engineering’ Agency as a key component of a comprehensive Federal climate change mitigation program. I believe that an Obama Administration is far more likely to call for and to have the courage to see through these sorts of policy reforms than that of any other candidate that is today more overtly laudatory of the status quo of the US space program. Does anyone really want the status quo of the US space program to endure?

Obama needs a win to get a democratic initiative on debt passed.

Borosage 11 (Robert, president of the Institute for America's Future and co-director of its sister organization, the Campaign for America's Future, May 27, Pg 3 http://www.seattlepi.com/default/article/Will-Obama-win-future-lose-present-1398690.php#page-1 JALO)

The president has consistently shown that he sees no advantage in proposing policies that he knows can't pass. So perhaps House Democrats need to act independently here. They have been grousing that Obama is triangulating against them - like Bill Clinton - presenting himself as the adult in the center, against the extreme partisans of Congress. But, instead of complaining, maybe Minority Leader Nancy Pelosi (D-Calif.) and House Democrats should triangulate off Obama. Why not lay out a solid four-point Democratic plan for jobs? The Congressional Progressive Caucus now plans a summer jobs tour. Spread that to 200 districts - and have members stump through on weekends, laying out the plan and challenging the GOP cuts. The president can join or not. But at the very least, voters would have a choice between two arguments about how to get the economy going - and eventually, the president would have to offer his own plan or join that of the Democrats. One thing is clear: You can't win the future if the present isn't working. Nor will the strong hand that Republicans have dealt Democrats - by deciding to dismantle Medicare while opposing any tax hikes on the rich or corporations - be enough, to get the economy moving or to win the 2012 election. Voters in 2012 will want to know who has the best chance of getting out of the mess we are in. Democrats should make certain they have a compelling answer.