# Deficit Spending Disadvantage

# Deficit Spending 1nc Shell

**A. Uniqueness - New debt ceiling deal means fiscal responsibility and reduced deficits now**

**Wingfield, 08-01**-2011, **Graduate of the University of Georgia’s Grady College of Journalism and Mass Communication and the recipient of the college’s John E. Drewry Young Alumnus Award.**[Kyle, 12:56 pm, “After the debt ceiling, what comes next?” <http://blogs.ajc.com/kyle-wingfield/2011/08/01/after-the-debt-ceiling-what-comes-next/> Web. Acc. 08-01-2011, 1 PM]

Let’s assume for now that the House and Senate will pass the debt-ceiling deal brokered by their respective leaders. What happens next? **In the context of the debt deal, a joint committee will get to work on the $1.5 trillion in further deficit reductions envisioned in the deal. The expectation here is that entitlement reform and tax reform will be tried first. Both were on the table during the debt-ceiling negotiations.** But it was probably unrealistic to expect a resolution on either — much less both — during such a relatively short time frame, especially with such a hard deadline (by congressional standards, anyway). Because Republicans are likely to demand entitlement reform in exchange for the tax reform Democrats want, and vice versa, it may be that both need to happen at the same time. Can the committee members agree on such a plan by their deadline of Nov. 23? We’ll see. In the meantime, Washington’s 2012 fiscal year begins two months from today. I don’t think there’s anything in the debt deal that would preclude further spending cuts in the 2012 budget — or new revenues, for that matter — but I also doubt that either one of those things is going to happen while the joint committee is still working. So, the best opportunity for those who want to use the 2012 budget negotiations to shrink government spending might be to reform the way it works. And I’d start with the way Congress uses baseline budgeting to score legislation. Measures to grow spending more slowly are scored as “spending cuts” because the Congressional Budget Office works off baseline budgets**.** These budgets bake spending increases into their assumptions. The first result is that holding spending steady gets scored as a sharp cut, particularly in the out years — and advertised as such both by proponents who want credit for big spending cuts and by opponents who want to scare folks into thinking severe spending cuts are taking place. The second result is that actually reducing spending from current levels gets scored as an enormous spending cut, particularly in the out years — with the same types of inflated advertising described above, only more so. Tweaking the CBO’s scoring rules won’t exactly make for gripping headlines. But ensuring that smaller spending increases aren’t scored and sold as spending cuts would be an important step toward enhancing fiscal responsibility, by cutting down on the use of smoke and mirrors. Of course, everything that takes place during the next 15 months will be a kind of prelude to the 2012 elections, which should be the clearest referendum on the size and scope of government that we’ve had in some time. But **the oversized federal budget will be reduced the same way it was expanded in the first place: Bit by bit, as the opportunities arise.**

**B. Link – space programs always expensive - huge cost overruns are inevitable**

**Kaku ‘9, Professor of Theoretical Physics at the City University of New York** (Michio, 7-16-09, Forbes, ‘The Cost Of Space Exploration,’ <http://www.forbes.com/2009/07/16/apollo-moon-landing-anniversary-opinions-contributors-cost-money.html>, Accessed on 7-24-11)

After all is said and done about what went wrong, the bottom line is simple: money. It's about $10,000 to put a pound of anything into a near-earth orbit. (Imagine John Glenn, the first American to orbit the earth, made of solid gold, and you can appreciate the enormous cost of space travel.) It costs $500 to $700 million every time the shuttle flies. Billionaire space tourists have flown to the space station at a reputed price of $20 million per head. And to put a pound of anything on the moon costs about 10 times as much. (To reach Mars, imagine your body made of diamonds.) We are 50 years into the space age, and yet space travel is just as expensive as it always was. We can debate endlessly over what went wrong; there is probably no one correct answer. But a few observations can be made. The space shuttle, the workhorse of the space program, proved to be somewhat of a disappointment, with large cost overruns and long delays. It was bloated and probably did not need to have seven astronauts on board. (The Soviet copy of the space shuttle, a near-clone called the Buran, actually flew into outer space fully automated, without any astronauts whatsoever.) An alternative to the space shuttle was the original space plane of the Eisenhower era. It was to be small and compact, but provide easy access to space on a moment's notice, instead of the long months to prepare each shuttle launch. It was to take off and land like a plane, but soar into outer space like a rocket. President Ronald Reagan called one version of it the "Orient Express." (Ironically, now there will be a hiatus as the space shuttle is mothballed next year. Instead of fast and cheap access to space, for five years we will have no access to space at all. We'll have to beg the Europeans and Russians to piggy-back off their rockets.) One of the primary missions of NASA should have been to drive down the cost of space travel. Instead of spending half a billion dollars on each shuttle mission, it should have diverted some of the funds to make research and development a primary focus. New materials, new fuels and innovative concepts, which would make space exploration less expensive, should have been prioritized. (Today, some of that entrepreneurial spirit still lives in the commercial sector, as it tries to nourish a fledgling space tourism industry.) The space station costs upward of $100 billion, yet its critics call it a "station to nowhere." It has no clearly defined scientific purpose. Once, President George H.W. Bush's science adviser was asked about the benefits of doing experiments in weightlessness and microgravity. His response was, "Microgravity is of microimportance." Its supporters have justified the space station as a terminal for the space shuttle. But the space shuttle has been justified as a vehicle to reach the space station, which is a completely circular and illogical argument.

**C. Impacts - Spending increases cause fiscal crisis and loss of US credibility**

**White 2011, economics professor at George Mason University** (Lawrence H. White, Harvard Alumni, associate editor of the “Review of Austrian Economics”, contributing editor for The Freeman magazine, adjunct scholar of the Cato Institute. From Pleasant Deficit Spending To Unpleasant Sovereign Debt Crises from The Clash of Economic Ideas, Mercatus Center, April 2011)

Some members of the U.S. public, an agency of the federal government, and at least one bond rating firm became concerned. New federal spending programs (financial and auto industry bailouts, pork-filled ―stimulus,‖ Obamacare) and ballooning debt helped to trigger the ―Tea Party‖ protests of 2009 and 2010 against what was seen as fiscal irresponsibility. The Congressional Budget Office warned in its July 2010 report: ―Unless policymakers restrain the growth of spending, increase revenues significantly as a share of GDP, or adopt some combination of those two approaches, growing budget deficits will cause debt to rise to unsupportable levels.‖ What had happened in Greece and Ireland might then happen in the United States: A ―growing level of federal debt would also increase the probability of a sudden fiscal crisis, during which investors would lose confidence in the government‘s ability to manage its budget, and the government would thereby lose its ability to borrow at affordable rates.

**Economic Downturn causes** **Nuclear war.**

**Friedberg and Schoenfeld, 2008** [Aaron, Prof. Politics. And IR @ Princeton’s Woodrow Wilson School and Visiting Scholar @ Witherspoon Institute, and Gabriel, Senior Editor of Commentary and Wall Street Journal, “The Dangers of a Diminished America”, 10-28, <http://online.wsj.com/article/SB122455074012352571.html>]

Then there are the dolorous consequences of a potential collapse of the world's financial architecture. For decades now, Americans have enjoyed the advantages of being at the center of that system. The worldwide use of the dollar, and the stability of our economy, among other things, made it easier for us to run huge budget deficits, as we counted on foreigners to pick up the tab by buying dollar-denominated assets as a safe haven. Will this be possible in the future? Meanwhile, traditional foreign-policy challenges are multiplying. The threat from al Qaeda and Islamic terrorist affiliates has not been extinguished. Iran and North Korea are continuing on their bellicose paths, while Pakistan and Afghanistan are progressing smartly down the road to chaos. Russia's new militancy and China's seemingly relentless rise also give cause for concern. If America now tries to pull back from the world stage, it will leave a dangerous power vacuum. The stabilizing effects of our presence in Asia, our continuing commitment to Europe, and our position as defender of last resort for Middle East energy sources and supply lines could all be placed at risk. In such a scenario there are shades of the 1930s, when global trade and finance ground nearly to a halt, the peaceful democracies failed to cooperate, and aggressive powers led by the remorseless fanatics who rose up on the crest of economic disaster exploited their divisions. Today we run the risk that rogue states may choose to become ever more reckless with their nuclear toys, just at our moment of maximum vulnerability. The aftershocks of the financial crisis will almost certainly rock our principal strategic competitors even harder than they will rock us. The dramatic free fall of the Russian stock market has demonstrated the fragility of a state whose economic performance hinges on high oil prices, now driven down by the global slowdown. China is perhaps even more fragile, its economic growth depending heavily on foreign investment and access to foreign markets. Both will now be constricted, inflicting economic pain and perhaps even sparking unrest in a country where political legitimacy rests on progress in the long march to prosperity. None of this is good news if the authoritarian leaders of these countries seek to divert attention from internal travails with external adventures.

# \*\*\*\*\*\*Uniqueness\*\*\*\*\*\*

# Fiscal Disipline Now

**[ ] Spending will decrease now – Debt ceiling compromise will cut $2.4 Trillion**

**Barton, 08-01**-2011**, feature writer for the Arkansas Democrat-Gazette, editorial coordinator for C-SPAN and as a senior editor for the National Association of Counties.** [Mary Ann, 12:33 PM, “Debt Plan Agreement? Better Than Nothing, NOVA Politicians Say”

"Better than nothing" might be the best way to describe Northern Virginia politicians' reactions Monday to President Obama's Sunday evening announcement that a deal has been struck to raise the debt ceiling and reduce federal spending over the next 10 years. The compromise deal would raise the debt ceiling in two steps by $2.4 trillion and also cut federal spending by the same amount. The announcement comes after weeks of anguished wrangling on Capitol Hill that has roiled the country. Virginia Rep. Gerald Connolly (D-11th) said "There's something in this deal for everyone to hate," he said from the Capitol rotunda. "It is what we have and we're on the brink of a catastrophic default if we don't act," he told Fox5 this morning. He also took to his Twitter feed: "Reports of a $3t deal but scant details. Bipartisan commission and automatic triggers. No official word yet. One day to go." Speaking on the House floor on Saturday, Connolly, a Democrat, urged members to take action: "Mr. Speaker, it’s long past time we started listening to the American people and reach a compromise to avoid a national default." Word that a deal has finally been made was met with admonishing advice from Sharon Bulova, who chairs the Fairfax County Board of Supervisors and whose county, along with Vienna, was put on notice last week that its sterling credit rating might be tarnished due to the stalemate on Capitol Hill. “I am encouraged to hear about the deal over the debt ceiling announced by President Obama," she said in a statement Monday morning. "I hope that once a final agreement is reached, our representatives in Washington will learn from this debate and never again put the economic livelihoods of Americans at risk over partisan ideology." "As individuals we've done a better job in the past few years of reducing our debt that the government has," Fairfax County's Braddock District Supervisor John Cook (R) said. "The government now needs to follow suit." Virginia Sen. Mark Warner, who was instrumental in identifying ways to cut the debt as a member of the "Gang of Six," said over the weekend: “Let's make sure we get a vote on something that is comprehensive, that's bipartisan,” he told CNN Saturday. “That's the only thing we're asking or at least I'm asking for. A third of the Senate says hey, if not the ‘gang of six’ plan, let's do something else that's comprehensive.” While many were applauding the fact that Democrats and Republicans may have finally reached agreement on the impasse, Congress on Monday still needed to vote on the plan. On Monday the U.S. House of Representatives and the U.S. Senate must debate and then vote on the proposal. The U.S. House was set to begin debate on the proposal at 10 a.m. and the Senate at 10:30 a.m. Republican House Speaker John Boehner of Ohio reportedly is looking for a vote on the measure Monday.

**Fiscal discipline now - deal forces long-term cuts and fiscal austerity**

**Washington Post 7/31** [“White House, congressional leaders reach debt-limit deal”, http://www.washingtonpost.com/National-Economy/reid-signs-off-on-debt-deal-hopes-for-vote/2011/07/31/gIQALCW4lI\_story.html // jb]

The agreement would also cut agency spending by roughly $900 billion over the next decade and create a new legislative committee to come up with at least $1.2 trillion in additional savings by the end of this year. For days, the chief obstacle to a deal was the design of a mechanism to force the committee to act — or to make sure spending cuts were adopted if the committee failed. In the end, negotiators settled on a trigger that would force automatic across-the-board cuts of $1.2 trillion to agency budgets over the next decade, split half and half between domestic programs and defense. Programs for the poor, including Medicaid and Social Security, would be exempted. But Medicare payments to providers could be hit. Liberals were not enthusiastic about the package, arguing that it represents surrender on all their top priorities, including pledges to protect Medicare and to end tax breaks for the rich.

**Fiscal discipline now – debt ceiling deal**

**Hooper and Berman 8-1-11, Writers for The Hill** (Molly K. and Russell, The Hill, ‘In sales pitch, Boehner assures House GOP: Debt deal is 'all spending cuts'’, <http://thehill.com/blogs/on-the-money/budget/174705--cbo-gives-boehner-gift-compromise-cuts-21-trillion>, Accessed on 8-1-11)

House Speaker John Boehner (R-Ohio) began selling his conference on the deal struck late Sunday during a call and slideshow presentation, assuring them "there's nothing in this framework that violates our principles." In the presentation, which was provided by the Speaker's office, Boehner noted the framework has three main features: cutting government spending more than it increases the debt limit, implementing spending caps to restrain future spending and advancing the cause of a balanced-budget amendment. "Now listen, this isn’t the greatest deal in the world," Boehner told his members, according to excepts provided by an aide. "But it shows how much we’ve changed the terms of the debate in this town.” President Obama announced Sunday evening a deal had been reached. Minutes before the president made a statement to the press, Boehner called his conference to present the plan. “There is nothing in this framework that violates our principles," he said. "It’s all spending cuts. The White House bid to raise taxes has been shut down. And as I vowed back in May – when everyone thought I was crazy for saying it – every dollar of debt limit increase will be matched by more than a dollar of spending cuts. And in doing this, we’ve stopping a job-killing national default that none of us wanted.” Minority Leader Nancy Pelosi (D-Calif.) did not endorse the deal in a statement released after Obama's speech. "We all agree that our nation cannot default on our obligations and that we must honor our nation's commitments to our seniors, and our men and women in the military," she said. "I look forward to reviewing the legislation with my caucus to see what level of support we can provide." A senior Democrat aide said the deal finally came together Sunday when Boehner "blinked" and gave up his final demands to exempt the Pentagon from cuts next year. A GOP aide pointed out however that the final deal mandates that $5 billion of the total $10 billion in cuts in 2012 and 2013 must come from "security" spending, and this can include foreign aid, a fact that will give the House GOP wiggle room in finding savings. Total discretionary spending in fiscal 2012 and 2013 will be capped at $1.043 trillion and $1.047 trillion, respectively, $7 billion and $3 billion below current levels. The House Appropriations Committee has been operating on the assumption that the number for 2012 is $1.019 trillion, a $31 billion cut from current levels. For all the worries on the left about deep cuts to government spending now, the actual bite up front is much less than the GOP has been pushing. The Speaker's presentation touts the similarities between the final deal and his own House-passed debt limit proposal. In a statement sure to infuriate Democrats, the presentation says that the joint committee will operate on a budget baseline that "effectively make[s] it impossible ... to increase taxes." Democrats have pressed for raising Bush-era tax rates for the wealthy. The White House, in its own fact sheet, vowed to use the threat of allowing the Bush-era tax rates on the wealthy to expire to pressure the joint committee to back revenue-raising tax reform. The hurdle built into the deal meant to block the joint committee from raising revenue may be the hardest aspect for liberals to swallow.

**[ ] Debt Deal reached now**

**Salient News 8/1** [“Obama and Leaders Reach Debt Deal to avoid default”, <http://www.salient-news.com/2011/08/obama-and-leaders-reach-debt-deal-to-avoid-default/>, Accessed 8/1/11]

Barack Obama has reached an agreement with Republican and Democratic congressional leaders aimed at ending the US debt deadlock that threatened to throw the US and world economy into chaos. However, in an address from the White House, he warned: “We are not done yet.” President Obama, in a hastily called appearance with reporters that ended a day of uncertainty, said that the compromise would “allow us to avoid default and end the crisis that Washington imposed on the rest of America.” The tentative agreement calls for at least $2.4 trillion in spending cuts over 10 years, a new Congressional committee to recommend a deficit-reduction proposal by Thanksgiving, and a two-step increase in the debt ceiling. “It ensures also that we will not face this same kind of crisis again in six months, or eight months, or 12 months,” he said. “And it will begin to lift the cloud of debt and the cloud of uncertainty that hangs over our economy.” After weeks of frustrating negotiation in Washington, Obama said: “This process has been messy and taken too long.” The White House hinted that the deadline could be extended for a few days to allow Congress to get legislation through. Senate Majority Leader Harry Reid (D-Nev.) announced the deal on the Senate floor, saying it was a historic compromise that will require bipartisan action. “There is no way either party — in either chamber — can do this alone,” Reid said. Sen. Mitch McConnell (R-Ky.), the Senate minority leader, followed Reid, saying, “We can assure the American people tonight that the United States of America will not for the first time in our history default on its obligations.”

**Spending cuts now – debt ceiling**

**Wasson 8-1-11, The Hill reporter** (Erik, The Hill, ‘Budget office certifies that deal would cut deficits by $2.1 trillion’, <http://thehill.com/blogs/on-the-money/budget/174705--cbo-gives-boehner-gift-compromise-cuts-21-trillion>, Accessed on 8-1-11)

The Congressional Budget Office on Monday reported that the debt-ceiling deal reached by congressional leaders and the White House would cut federal deficits by $2.1 trillion over 10 years. The CBO found that the total reduction in deficits under the plan would be roughly equal to the $2.1 trillion increase in the debt ceiling. The deal calls for a $900 billion increase in the debt ceiling followed by another $1.2 trillion increase if a joint committee to be created by congressional leaders fails to find more savings. The compromise obtains $917 billion in savings from discretionary spending caps, the same as the debt-ceiling bill from Speaker John Boehner (R-Ohio) that the House passed last week. It finds the extras deficit savings from automatic across-the-board cuts that take effect if the committee fails to find $1.5 trillion or more in savings. The CBO is using an adjusted March baseline that does not allow dealmakers to include savings already realized by the April spending-cuts deal for fiscal 2011. It also does not count savings from Iraq and Afghanistan, something Democrats wanted to include but which the GOP called a gimmick. House leaders are meeting at 12:30 p.m. to try to convince rank-and-file to vote for the deal. With Tea Party groups opposed, a sizable defection of conservatives is expected. They prefer the "cut, cap and balance" bill that would have cut at least $6 trillion.

**Spending cuts now – debt ceiling legislation**

**Associated Press, 8-1-11, Press Report** (Amarillo News, ‘Congress moving quickly on debt and spending deal’, <http://amarillo.com/news/national/2011-08-01/congress-moving-quickly-debt-and-spending-deal>, Accessed on 8-1-11)

Congress is moving quickly on an agreement to avert a potentially devastating default on U.S. obligations, with legislation that mixes a record increase in the government's borrowing cap with the promise of more than $2 trillion in spending cuts. After a tense weekend of bargaining, President Barack Obama and congressional leaders announced the agreement Sunday night, providing an instant boost to Asian financial markets and a huge dose of relief to an administration and Congress frazzled by months of partisan warfare and the chance that a default could send the still-fragile economy into recession. Top Obama aide David Plouffe on Monday morning said the deal was worthy of passage in both the House and Senate, even if no one got all they wanted and despite the protracted political battle that forced a jittery nation to endure a "three-ring circus" in Washington. Relief around the world was indisputable, with Asian shares on Monday enjoying one of the best sessions in weeks. The advance continued in Europe, and Wall Street was set for a solid opening — both the Dow futures and the broader S&P 500 futures were 1.2 percent higher. The Senate seems likely to vote first on the measure while House GOP leaders work to assemble support for it. Democratic votes are certain to be needed to pass the measure in the Republican-dominated House, just as Republicans will be needed to clear the measure through the Democratic Senate. Liberal Democrats were already complaining that Obama had given away too much to GOP leaders. "Now, is this the deal I would have preferred? No," Obama said. "But this compromise does make a serious down payment on the deficit reduction we need, and gives each party a strong incentive to get a balanced plan done before the end of the year." The legislation would slice more than $2 trillion from federal spending over a decade and permit the nation's $14.3 trillion borrowing cap to rise by up to $2.4 trillion, enough to keep the government afloat through the 2012 elections — a key objective for Obama, whose poll numbers have sagged as the summertime crisis dragged on. House Speaker John **Boehner**, R-Ohio, telephoned Obama at mid-evening to say the agreement had been struck, then immediately began pitching the deal to his fractious rank and file. "It isn't the greatest deal in the world, but it shows how much we've changed the terms of the debate in this town," he said on a conference call, according to GOP officials. He **added the agreement was "all spending cuts**. The White House bid to raise taxes has been shut down." House Democratic Leader Nancy Pelosi, D-Calif., was publicly noncommittal. "I look forward to reviewing the legislation with my caucus to see what level of support we can provide," Pelosi said in a written statement. But Democratic officials said she was unlikely to do anything to try to scuttle the package. Passage seemed likely if not wholly assured. Support from Majority Leader Harry Reid, D-Nev., and Minority Leader Mitch McConnell, R-Ky., should guarantee Senate approval, but the House could prove more difficult because of defections from left and right alike. "This deal trades people's livelihoods for the votes of a few unappeasable right-wing radicals, and I will not support it," said Rep. Raul Grijalva, D-Ariz. Tea party favorite and presidential candidate Michele Bachmann, R-Minn., countered that the deal "spends too much and doesn't cut enough. ... Someone has to say no. I will." The government presently borrows more than 40 cents of every dollar it spends, and without an infusion of borrowing authority, the government would face an unprecedented default on U.S. loans and obligations — like $23 billion worth of Social Security pension payments to retirees due Aug. 3. The increased borrowing authority includes $400 billion that would take effect immediately and $500 billion that Obama could order unless specifically denied by Congress. That $900 billion increase in the debt cap would be matched by savings produced over the coming decade by capping spending on day-to-day agency budgets passed by Congress each year. A special bipartisan committee would be established to find up to $1.5 trillion in deficit cuts, probably taken from benefit programs like farm subsidies, Medicare and the Medicaid health care program for the poor and disabled. Republicans dismissed the idea that the panel would approve tax increases. Any agreement by the panel would be voted on by both House and Senate — and if the panel deadlocked, automatic spending cuts would slash across much of the federal budget. Social Security, Medicaid and food stamps would be exempt from the automatic cuts, but payments to doctors, nursing homes and other Medicare providers could be trimmed, as could subsidies to insurance companies that offer an alternative to government-run Medicare. Sen. John McCain, R-Ariz., said he'd have to "swallow hard" and vote for the legislation even though he is worried about cuts in defense spending. Plouffe said in a morning network television interview that the administration wasn't giving up on pushing for new tax revenues down the road. "The only way to really reduce the deficits significantly in a smart way is to make sure there is smart entitlement reform and closing of loopholes and tax reform," he said. The pact was sealed during a weekend of talks in which GOP leaders Boehner and McConnell dealt directly with the White House, especially Vice President Joe Biden. The final battle was fought over Pentagon spending cuts, with Democrats emerging with a face-saving victory for $350 billion in defense spending curbs. But Republicans set the parameters of the debate, with Boehner successfully winning spending cuts equaling the amount of the debt increase — though the cuts phase in over time and future Congresses will have ample temptation to find ways around stringent spending caps called for in the pact. Obama said such appropriated accounts would be left with the lowest levels of spending as a percentage of the overall economy in more than a half-century. The measure capped a long saga: first, meetings in a Biden-led group that fell apart over revenues; then, efforts by Obama and Boehner to forge a so-called grand bargain, cutting the deficit by $4 trillion or more over a decade, including new revenues agreed to by Boehner. In the end, the deal was a split-the-differences compromise, with plenty for both sides to dislike. House GOP defense hawks came out on the losing end. So too did Democratic liberals seeking tax increases.

**[ ] Spending cuts key to solve deficit**

**Sahadi 8/1/11, Reporter for CNN** (Jeanne Sahadi, “CBO: Debt ceiling deal cuts at least $2.1 trillion” http://money.cnn.com/2011/08/01/news/economy/debt\_ceiling\_deal\_cbo/)

The last-minute debt ceiling deal Congress is racing to enact would reduce deficits by at least $2.1 trillion over 10 years. That's the verdict from the all-important nonpartisan Congressional Budget Office, which is the official scorekeeper for all legislation. The numbers the CBO reported are largely in line with the estimates congressional leaders and the White House reported Sunday night in announcing the deal. (Read the full text of the bill) In exchange for the debt reduction laid out by the bill, the debt ceiling will be allowed to increase by between $2.1 trillion and $2.4 trillion. That would cover Treasury's borrowing needs until 2013. The CBO estimates that the Budget Control Act of 2011 would initially reduce deficits by $917 billion primarily by imposing caps on discretionary spending. A breakdown of what's in the debt ceiling deal Here's how the savings break down: Outlays for discretionary programs, which include defense spending, would be cut by $741 billion. On top of that, $156 billion would be saved because of reduced interest costs on the country's debt. And $20 billion would be cut from education loan initiatives and by curtailing waste, fraud and abuse in other mandatory programs. In terms of education spending, the bill would increase funding for Pell Grants by $17 billion between 2012 and 2015. It would also cut student loan funding by $22 billion over 10 years. The spending caps in the bill would result in $21 billion in savings in the first year, and grow annually from there. By 2021, outlays would be reduced by $112 billion. The legislation, however, does allow for the caps to be adjusted in any given year to account for emergency and disaster relief spending. In addition, the bill calls for a new bipartisan congressional committee to propose ways to reduce deficits by between $1.2 trillion and $1.5 trillion. If the committee fails to do so or Congress fails to enact the committee's proposals, as much as $1.2 trillion would be cut automatically from many areas of federal spending. CBO's estimates exclude spending on the wars in Iraq and Afghanistan and incorporate the spending cuts Congress approved in April. The House and Senate are expected to vote on the bill as early as this evening. It's not clear yet whether passage is assured in either chamber

**[ ] Large Spending Cuts coming in with debt ceiling deal**

**Tratseuski 8/1/11, Director of Currency Research at Forex (**Tratseuski has extensive expertise in Forex, stock options, futures, deriviatives, interest rates, equity and bonds, as well as in the areas of technical analysis and fundamental analysis. Tratseuski's work has appeared in various financial publications, online and in print., “Debt Ceiling Resolution” http://www.fxstreet.com/fundamental/analysis-reports/forex-flash-analysis/2011/08/01/)

It is highly probable that the United States government will avert a default coming on August, if the debt ceiling is not raised. The Unites States government has a history of completing complicated matters on time despite bipartisan disagreements. By raising the debt ceiling, the United States economy will manage to maintain the AA credit rating which has been intact since 1917. We have been confident in the United States government to hike the debt ceiling since the insurgence of the problem (Click Here). Today, the United States Congress will vote on the new measures which call for a debt ceiling raise of $2.1 Trillion and government spending cuts of $2.4 Trillion. The government plan enacts in two fold, 1) The debt ceiling will be raise by $900 Billion immediately, while $917 Billion of spending will be cut in a decade, and 2) a special congressional committee needs to find additional $1.5 Trillion in spending cuts by November, if done Obama administration receives additional $1.5 Trillion in spending. A lack of reduction of debt savings in an amount of $1.2 Trillion would merely grant Obama administration $1.2 Trillion in a debt ceiling. Raising the debt ceiling warrants-off Moody’s credit rating agency of downgrading the United States sovereign debt standing. However, Standard & Poor’s warned that a lack of cutting the debt by $4 Trillion could negatively impact the credit standing of the United States, and a potential downgrade may ensue. We highly doubt that the S&P will be the sole credit agency to downgrade the United States as others maintain their AA credit stance. In turn, S&P credit rating agency is likely to maintain AAA on the United States sovereign debt.

# Econ High Now

**Debt ceiling deal helps the economy – market confidence**

**San Francisco Chronicle 8-1-11** (SF Gate, ‘Treasuries Fall as Debt-Ceiling Plan Reduces Threat to Economy’, <http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/08/01/bloomberg1376-LP83NK0D9L3701-0M1MBDHT8VEMGSPJHKUBM90LPN.DTL>, Accessed on 8-1-11)

Treasuries fell the most in more than a week after congressional leaders approved a plan to raise the debt ceiling, boosting stocks and ending a stalemate over U.S. government borrowing that threatened to slow the economy. Yields on 10-year debt rose from the lowest this year as lawmakers said an agreement was near and President Barack Obama went on to announce the pact on television late yesterday in Washington. A Chinese manufacturing index for July was higher than economists estimated, fueling optimism that the world's largest economy behind the U.S. will help drive global growth. "Treasuries received a lot of support last week as the concern about the debt ceiling drove investors toward safe-haven assets because of the concern a default would have had on financial markets and the economy," said Peter Chatwell, a fixed-income strategist in London at Credit Agricole Corporate & Investment Bank. "Now that there seems to be an agreement on the table, that flight to quality is diminishing. Investors are feeling a little more bullish, which is benefiting stocks and reducing demand for safe havens like bunds and Treasuries." The yield on the benchmark 10-year note climbed five basis points to 2.84 percent as of 8:52 a.m. in London, according to Bloomberg Bond Trader prices. The security yielded 2.77 percent at the end of last week, the least since Nov. 30. The 3.125 percent note due in May 2021 slid 12/32, or $3.75 per $1,000 face amount, to 102 3/8. 'Appetite for Risk' The MSCI Asia Pacific Index of shares snapped a three-day decline, gaining 1.3 percent while futures on the Standard & Poor's 500 Index added 0.8 percent. The Stoxx Europe 600 Index rose 0.9 percent. Ten-year yields will increase to 3.55 percent by year-end, according to a Bloomberg survey of banks and securities companies. "There's an increased appetite for risk," said Roger Bridges, who oversees the equivalent of $16.6 billion of debt as Sydney-based head of bonds at Tyndall Investment Management Ltd., a unit of Japan's Nikko Asset Management Co. "Yields under 3 percent look expensive. They should be higher than that." Ten-year notes yield negative 71 basis points after accounting for inflation. The rate was negative 76 basis points on July 29, the least since October 2008. Obama warned July 25 of a "deep economic crisis" without a compromise over the budget. Congressional leaders are racing to push through a plan to raise the debt limit by at least $2.1 trillion and slash government spending by a minimum $2.4 trillion before a default threatened for as early as tomorrow. The House plans votes today and the Senate may follow suit. Job Creation Japan's 10-year yield was little changed at 1.08 percent after falling to this year's low of 1.06 percent on July 19. The Ministry of Finance is scheduled to sell 2.2 trillion yen ($28.3 billion) of the securities tomorrow. Yields on 10-year German bunds increased five basis points to 2.58 percent, after falling for each of the previous six trading days. The U.S. probably failed to create enough jobs in July to cut unemployment, according to a Bloomberg News survey of economists before the Labor Department's employment report on Aug. 5. Industry figures today will show U.S. manufacturing growth slowed last month, a separate survey showed. Treasury investors became less bearish on their outlook for U.S. debt through year-end, according to a survey of money managers by Ried Thunberg ICAP Inc., the New Jersey-based unit of the world's largest interdealer broker. The company's sentiment index rose to 43 for the seven days ended July 29 from 42 the week before. A figure less than 50 indicates investors expect prices to fall. China Manufacturing China's data indicated Premier Wen Jiabao's campaign to tame prices isn't slowing the economic expansion and the nation is maintaining its contribution to global growth. The Purchasing Managers' Index was at 50.7 for July compared with 50.9 in June, the China Federation of Logistics and Purchasing said in a statement. The reading was more than every forecast in a Bloomberg News survey of 13 economists. Investors from China to the U.K. were willing to lend money to the U.S. in July at the lowest rates of the year even as lawmakers debated how to raise the debt limit. For many of them, there are few alternatives outside the U.S., no matter what its credit rating.

# \*\*\*\*\*Links\*\*\*\*\*

# Link – Generic Spending

**[ ] Plan costs money- rising launch costs**

**Clark 4-4-11, PhD** (Stephen, Spaceflight Now, ‘Rising launch costs could curtail NASA science missions’, <http://spaceflightnow.com/news/n1104/04launchcosts/>, Accessed on 7-26-11)

Rising launch costs could claim a larger slice of a mission's budget, increasing the price of projects geared for planetary science, astrophysics and Earth observations, according to senior NASA officials. With the federal government's spotlight on spending cuts, it isn't likely NASA will get a budget boost to offset the launch costs, which experts say are triggered by inefficient rocket buying practices, an eroding commercial market, and uncertainty about the future of the space program. That leaves NASA with just one option: fly fewer missions. NASA uses a fleet of launch vehicles to deploy satellites. The agency often selects the United Launch Alliance Atlas 5 booster to launch solar system missions and large climate research spacecraft. But the Atlas 5 is overkill for many small and medium-class NASA spacecraft, unnecessarily raising the overall cost of missions. The phasing out of the smaller and less expensive Delta 2 rocket leaves NASA with no other proven launch vehicles for those probes. The last Atlas launcher chosen by NASA was for the MAVEN mission to Mars scheduled to lift off in November 2013. The $187 million contract was announced in October and provides for launch on an Atlas 5-401 booster, the rocket's most basic configuration with no solid rocket boosters, a 4-meter payload fairing and a single-engine Centaur upper stage. Three years before NASA announced the MAVEN launch contract, the space agency signed a deal to lift the next Landsat remote sensing satellite on the same version of the Atlas 5 rocket for $124 million. Lynn Cline, deputy associate administrator for NASA's space operations mission directorate, told an agency advisory panel last month the cost of the Atlas 5-401 is expected to rise by 17 percent over MAVEN's $187 million contract value for launches in 2016 and 30 percent for missions in 2018. The problem is so severe that Michael Freilich, director of NASA's Earth science division, has urged climate research projects to design their spacecraft to fit on smaller rockets than the Atlas 5 and pretend as if larger boosters don't exist in the United States, he told the NASA Advisory Council's science committee in March. The skyrocketing launch costs are part of the NASA Launch Services contract signed last year. The NLS agreement with four companies, which follows up a similar expiring contract, covers rocket flight opportunities for NASA spacecraft over the next 10 years. File photo of a Falcon 9 rocket. Credit: Stephen Clark/Spaceflight Now A previous NLS contract expired last year and held provisions for heavily discounted rocket costs due to projections of a more robust U.S. commercial launch services market when it was signed in 2000. "The expectation at that time was there was a large commercial market," Cline said. "That did not materialize. As opposed to government being a secondary customer buying on the margin, government became the primary customer." With government as the anchor customer, marginal launch costs for NASA and the Air Force are on the rise. "Rocket costs are going crazy and mostly up," said Steve Squyres, a respected planetary scientist and chair of a panel of researchers that issued recommendations in March for NASA to address the possibility of a declining budget matched against rising launch prices. Squyres led the National Research Council's planetary science decadal survey, an independent report ranking a slate of robotic solar system missions for the next 10 years. "Launch vehicle costs are high," Squyres said. "They're growing. They're growing in a somewhat volatile and unpreditable fashion. They're becoming an increasingly large fraction of the cost of planetary missions, which is a trend we view with some alarm." The NASA Launch Services contract includes the Atlas 5 rocket from ULA, Falcon launchers from SpaceX, the Orbital Sciences Corp. Pegasus XL and Taurus XL boosters, and the Athena rocket family from Lockheed Martin. Cline said the Falcon 9 rocket, while not as capable as the Atlas 5, is considerably less costly. But the Falcon 9 rocket, privately designed and tested by SpaceX, does not yet meet NASA's stringent certification standards for its most precious science missions. "We are anxious to do that as soon as we can," Cline said. The current certification standard calls for a launch vehicle to accumulate three successful flights in a common configuration, including at least two consecutive successful missions. The Falcon 9 rocket reached orbit in its first two test flights in 2010. The next Falcon 9 mission is scheduled for this summer, and it's improbable the SpaceX rocket could be certified before then. In a report released in February, NASA's inspector general concluded the Falcon 9 rocket is not likely to be ready to launch the agency's unmanned science missions until late 2013 or 2014. Now The NLS contract also includes provisions for other rockets to "on-ramp" into the program.

# Link – Constellation

**[ ] Constellation suffers high costs – overruns inevitable**

**Block 09 Staff Writer at the Orlando Sentinel** [Robert, with Mark K. Matthews, NASA's estimates for new rocket soar again, <http://articles.orlandosentinel.com/2009-04-02/news/constellation02_1_constellation-program-nasa-rocket>, Accessed July 24, 2011]

The cost of getting NASA's next-generation rocket to the international space station has ballooned from an initial $28 billion to about $44 billion today -- and that number is likely to keep rising, according to NASA studies and government officials. The soaring costs are driven by a host of technical troubles and made worse by the way NASA budgeted the Constellation program, which is supposed to return astronauts to the moon by 2020. The cost overruns and other problems are likely to delay the rocket's launch from March 2015 to late 2016, widening the gap between the planned retirement of the space shuttle in 2010 and the first Constellation flight, while extending thousands of job losses in Brevard County. NASA officials say they are trying to figure out how much money the program needs to retain the 2015 launch date. A NASA study last year of ways to speed up Constellation's Ares I rocket and Orion capsule found that poorly planned budgets and technical troubles forced the agency to try to build the spacecraft at a less-than-ideal pace. Constellation's price tag and likely delays are forcing a rethink in Washington of America's lunar ambitions and could doom the project as Congress and the White House grapple with an economic crisis and record deficits. "Space exploration poses unique challenges and requires a unique commitment, but NASA must be held accountable for their programs and how they are spending taxpayer dollars," said U.S. Rep. Suzanne Kosmas, D-New Smyrna Beach, the freshman congresswoman whose district includes Kennedy Space Center. The House Appropriations Committee will examine NASA's budget in coming weeks as part of Congress' annual spending review. The costs of Constellation will be a focus of that examination. Since 2005, $16B more NASA has never officially released its internal estimate of the cost to move Ares and Orion from the drawing board to the first manned flight to the space station. The rocket and capsule are intended to take crew and supplies to the station before carrying astronauts to the moon by 2020. That first crewed launch is known in NASA jargon as Initial Operational Capability, or IOC. According to internal NASA studies, the IOC figure started off at $27.9 billion after the program got under way in 2005. By last August, it had risen to $36 billion. Now, according to a senior NASA budget analyst, that number is in the "mid-forties [billion-dollar range] and still climbing." A NASA official recently gave the Orlando Sentinel a more precise total: "The FY09 budget assumes $44 billion of budget for the Constellation program through IOC in March 2015," NASA spokesman Grey Hautaluoma said in a statement. He added that some of that total was supposed to include production for later launches and some development work on Ares I's cargo-carrying big brother, the Ares V, as well as the Altair lunar lander to bring astronauts to the moon's surface. But even that figure seems to be squishy. "Nobody has given me a $44 billion price tag for IOC," NASA's Constellation program manager Jeff Hanley said in an interview Wednesday.Description: http://articles.orlandosentinel.com/images/pixel.gifHanley said NASA has provided for adequate funding through 2015 -- but that he's short on funds today. "While there's sufficient money," Hanley said, "it's not in the right years. So it has forced us to shape our work plan in a way that pushes a lot of work that we would be doing right now beyond [2010]." All that, he acknowledged, "produces a lower confidence in our schedule" for a 2015 launch. Skipping tests to save money NASA has had to cancel various system tests for Orion and Ares I to save cash. And work that Hanley said he would like to be doing on the Ares V and Altair moon vehicles has had to be scaled down because of lack of funds. Ares I also is battling myriad technical issues, including problems with its liquid-fueled upper-stage engine and violent shaking caused by the burning of its solid-fuel first stage. Drift -- the possibility that the rocket could hit the launch tower on liftoff, first reported in the Sentinel last year and dismissed by NASA -- is still being worked on. NASA has characterized these issues as normal rocket-development problems, but each is taking longer and costing more to resolve than anticipated. And the design changes they require have resulted in additional costs. Given NASA's history of cost overruns, few think that the current cost estimate will hold. But many think that the current number is the most accurate projection NASA has released about the cost of Constellation. "I think that $44 billion should be a much more realistic cost estimate than anything they put forward at the very start of the program," said John Logsdon, a space scholar at the National Air and Space Museum. But, he added, "I'm willing to bet that $44 billion is not the final number either." A senior government auditor agreed. "You have to be cautious about how accurate that estimate can be, given the number of technical and design risks that still face the [Constellation] program," said Cristina Chaplain, who monitors NASA spending for the Government Accountability Office, the investigative arm of Congress. "[NASA officials] have a history of being optimistic."

# Link – Stealth

**[ ] Stealth Satellites cost escalating**

**Werner 10 Correspondent at Space News** [Debra, Rising Costs Cast Shadow on NASA Planetary Program, <http://www.spacenews.com/civil/101216-costs-cloud-planetary-program.html>, accessed July 24, 2011]

WASHINGTON - The United States is building a new generation of spy satellites designed to orbit undetected, in a highly classified program that has provoked opposition in closed congressional sessions where lawmakers have questioned its necessity and rapidly escalating price, according to U.S. officials. The previously undisclosed effort has almost doubled in projected cost — from $5 billion to nearly $9.5 billion, officials said. The National Reconnaissance Office, which manages spy satellite programs, already has spent hundreds of millions of dollars on the program, officials said. The stealth satellite, which would probably become the largest single-item expenditure in the $40 billion intelligence budget, is to be launched in the next five years and is meant to replace an existing stealth satellite, according to officials. Non-stealth satellites can be tracked and their orbits can be predicted, allowing countries to attempt to hide weapons or troop movements on the ground when they are overhead. Concerns about relevancy Opponents of the new program, however, argue that the satellite is no longer a good match against today's adversaries: terrorists seeking small quantities of illicit weapons, or countries such as North Korea and Iran, which are believed to have placed their nuclear weapons programs underground and inside buildings specifically to avoid detection from spy satellites and aircraft. The National Reconnaissance Office and the CIA declined to comment. Lockheed Martin Corp., which sources said is the lead contractor on the project, issued a statement saying, "As a matter of policy we do not discuss what we may or may not be doing in regards to classified programs." The satellite in question would be the third and final version in a series of spacecraft funded under a classified program once known as Misty, officials said. Concerned about the latest satellite's relevancy and escalating costs, the Senate Select Committee on Intelligence has twice tried to kill it, according to knowledgeable officials. The program has been strongly supported, however, by Senate and House appropriations committees; by the House intelligence committee, which was chaired by Rep. Porter Goss, R-Fla., until he recently became CIA director; and by his predecessor, George Tenet. "With the amount of money we're talking about here, you could build a whole new CIA," said one official, who, like others, talked about the program and the debate on the condition of anonymity because of the project's sensitivity. No public debate The debate over the secret program has been carried out in closed session on Capitol Hill, and no legislator has publicly acknowledged the existence of the program. Earlier this week, four Democratic senators refused to sign the "conference sheets" used by the House-Senate conference committee working on the 2005 intelligence authorization bill. Sources said that was meant to protest inclusion once again of the satellite program.

# Link – Solar Power (SSP)

**[ ] Space based solar power costs lots of money – any savings are long-term**

**RenewableEnergyResource.net ‘10, Provides Information about Alternative Energy Resources** (January 10th, 2010, <http://renewableenergyresource.net/space-solar-energy-satellite>, Space Solar Energy Satellite, Accessed 7-24-11)

Solar power satellite cost remains the main problem. Even with all of these benefits they are still just in a theoretical stage due mainly to cost. Construction of the satellite itself is very expensive in addition to the high cost of launching it into orbit. In order to compete with conventional energy sources the following things will need to happen. Lower launch costs such as a space elevator or magnetic track launcher. Government or industry regulations on fossil fuels which stimulate the renewable energy market. Conventional energy prices rise enough to make the costs of altnerative energy more feasible. Not all of this needs to happen in order for solar power satellite systems to be possible but some of it does. Technology already exists in the fields of satellites, wireless power transmission, and solar power to make this work, the solar power satellite negatives are all based around cost. However, these expenses do not amount to too much more than conventional energy sources. Construction, launching, maintenance, and utilization of solar power satellites is much higher than coal power plants for example but the fuel used is free which results in a huge cost benefit in the long term. Energy prices around the globe also differ by large margins. For example, in the US the average kilowatt hour is around 5 cents compared to the UK where electricity can cost 9-22 cents per kilowatt hour on average. This means solar power satellite cost can be offset quite a bit by deploying them in areas where electricity is the most expensive. There are different solar power satellite orbits possible. Each of these orbits has advantages and disadvantages over the others. The different orbits are Low Earth Orbit, Geosynchronous Orbit, and Sunsynchronous Orbit. Low earth orbit results in the shortest possible transmission distance, lower costs to place into orbit, and energy delivery to most of Earth. Geosynchronous has the highest transmission distance, can provide power to a specific location at all times, less risk of debris or other collisions taking place, and antennas do not need any adjustment after being setup. Sunsynchronous is about halfway to geosynchronous resulting in smaller transmitting antennas which means lower cost, just two sunsynchronous satellites could provide energy for most of Earth during peak demand, exposure to the sun is around 99% of the time except during solar eclipse, and no competition with other satellites in geosynchronous orbit. While solar power satellites, SPS, PowerSats, or space solar power remains too expensive in the current energy economy they are certainly a possible future renewable energy source. If the energy markets change a bit or some basic or not so basic technology emerges we could be seeing them in use in the very near future. There are of course various safety and international issues that would need to be resolved as well. The most basic solar power satellite safety issue is the use of microwave transmission. However, even in theory the beam couldn’t become powerful enough to cause death or even serious injury to anything inside it even for prolonged periods. The beam could be protected on the ground by fencing around the antennas and aircraft flying through it would already be equipped with a faraday cage built in to protect from lightning or other EM disturbances. Some people have suggested locating antennas offshore but this presents extensive cost and maintenance issues.

# Link – Mars

**[ ] A journey to Mars costs $600 billion**

**Easterbrook 04, a fellow at the Brookings Institution** (Gregg, January 26th, Times, “Why We Shouldn't Go to Mars”, <http://www.time.com/time/magazine/article/0,9171,993172,00.html>, Accessed on 7-26-11)

Yet there are vital differences between Lewis and Clark's expedition and a Mars mission. First, Lewis and Clark were headed to a place amenable to life; hundreds of thousands of people were already living there. Second, Lewis and Clark were certain to discover places and things of immediate value to the new nation. Third, the Lewis and Clark venture cost next to nothing by today's standards. In 1989 NASA estimated that a people-to-Mars program would cost $400 billion, which inflates to $600 billion today. The Hoover Dam cost $700 million in today's money, meaning that sending people to Mars might cost as much as building about 800 new Hoover Dams. A Mars mission may be the single most expensive nonwartime undertaking in U.S. history. The thought of travel to Mars is exhilarating. Surely men and women will someday walk upon that planet, and surely they will make wondrous discoveries about geology and the history of the solar system, perhaps even about the very origin of life. Many times I have stared up at Mars in the evening sky--in the mountains, away from cities, you can almost see the red tint--and wondered what is there, or was there. But the fact that a destination is tantalizing does not mean the journey makes sense, even considering the human calling to explore. And Mars as a destination for people makes absolutely no sense with current technology. Present systems for getting from Earth's surface to low-Earth orbit are so fantastically expensive that merely launching the 1,000 tons or so of spacecraft and equipment a Mars mission would require could be accomplished only by cutting health-care benefits, education spending or other important programs--or by raising taxes. Absent some remarkable discovery, astronauts, geologists and biologists once on Mars could do little more than analyze rocks and feel awestruck beholding the sky of another world. Yet rocks can be analyzed by automated probes without risk to human life, and at a tiny fraction of the cost of sending people. It is interesting to note that when President Bush unveiled his proposal, he listed these recent major achievements of space exploration: pictures of the rings of Saturn and the outer planets, evidence of water on Mars and the moons of Jupiter, discovery of more than 100 planets outside our solar system and study of the soil of Mars. All these accomplishments came from automated probes or automated space telescopes. Bush's proposal, which calls for "reprogramming" some of NASA's present budget into the Mars effort, might actually lead to a reduction in such unmanned science--the one aspect of space exploration that's working really well. Rather than spend hundreds of billions of dollars to hurl tons toward Mars using current technology, why not take a decade--or two decades, or however much time is required--researching new launch systems and advanced propulsion? If new launch systems could put weight into orbit affordably, and if advanced propulsion could speed up that long, slow transit to Mars, then the dream of stepping onto the Red Planet might become reality. Mars will still be there when the technology is ready. Space-exploration proponents deride as lack of vision the mention of technical barriers or the insistence that needs on Earth come first. Not so. The former is rationality, the latter the setting of priorities. If Mars proponents want to raise $600 billion privately and stage their own expedition, more power to them; many of the great expeditions of the past were privately mounted. If Mars proponents expect taxpayers to foot their bill, then they must make their case against the many other competing needs for money. And against the needs for health care, education, poverty reduction, reinforcement of the military and reduction of the federal deficit, the case for vast expenditures to go to Mars using current technology is very weak. The drive to explore is part of what makes us human, and exploration of the past has led to unexpected glories. Dreams must be tempered by realism, however. For the moment, going to Mars is hopelessly unrealistic.

# Link – Asteroid Tracking

**[ ] Asteroid defenses would require funding**

**Johnston 09, a graduate of Columbia University with a B.S. in Applied Physics** (Casey, August 14th, Ars Technica, ‘NASA asteroid-tracking program stalled due to lack of funds’, <http://arstechnica.com/science/news/2009/08/nasa-asteroid-tracking-program-stalled-due-to-lack-of-funds.ars>, Accessed on 7-29-11)

The risk of an asteroid rending civilization into bits is a favorite scenario in disaster movies, but it has been none too popular with the United States government. Eleven years ago, Congress tasked NASA with detecting, tracking, and classifying large asteroids and comets that pose a threat to Earth; these are generically termed near earth objects, or NEOs. Since then, save for a small grant, NASA has funded the project on its own. Now Congress has created new goals for the program and requested that they be achieved by 2020. The National Research Committee has put out an interim report on the NEO project, and it indicates that very little progress has been made since 2005, primarily due to a lack of funding. Congress kicked off the NEO-tracking project in 1998, requiring that NASA's equipment be able to locate and identify at least 90 percent of all NEOs one kilometer in diameter or larger. Congress selected this size as the lower bound because it is the smallest size that might be globally catastrophic if it ran into Earth. To guarantee a catastrophe, an asteroid would have to be even larger, perhaps 1.5 to 2 kilometers. On impact, an asteroid of this size would create a fireball the size of a continent and a crater fifteen times the asteroid's diameter; if it hits the ocean, there would be an enormous tsunami. Congress awarded NASA a $1.6 million grant in 1999 to put towards the NEO discovery program. Unfortunately, this was the only funding Congress gave to NASA to pursue this goal; nonetheless, NASA continued the project on its own, and has since successfully achieved the objective of a 90 percent track rate for 1km NEOs. The problem now, the NRC report asserts, is that we shouldn't be satisfied with this.

# Link – Lunar Mining

**[ ] Moon mining expensive- returning minerals to Earth**

**Whittington 4-13, author of Children of Apollo and The Last Moonwalker** (Mark, ‘The Cosmos News’, <http://www.cosmostv.org/2011/04/moon-express-proposes-lunar-mining.html>, Accessed on 7-29-11)

One of the impediments to large scale mining of the moon's resources is the high cost of returning them to Earth. If practical fusion energy were to become a reality, helium 3, a substance that does not occur naturally on Earth, might be worth it at current transportation costs. But even rare earths may not achieve a cost/benefit ratio that would make mining it on the Moon profitable. Another impediment is the lack of law governing property rights on other celestial bodies such as the moon. There is nothing in international law that forbids a private company from extracting resources from the moon. But the law is silent, so far, on rights to hold property, including land and mineral rights, on the moon. There is no mechanism to resolve disputes between private companies, such as overmining claims.

# \*\*\*\*\*\*Internal Links\*\*\*\*\*\*

# Spending Kills Econ

**[ ] Spending cuts key to solve deficit**

**Sahadi 8/1/11, Reporter for CNN** (Jeanne Sahadi, “CBO: Debt ceiling deal cuts at least $2.1 trillion” http://money.cnn.com/2011/08/01/news/economy/debt\_ceiling\_deal\_cbo/)

The last-minute debt ceiling deal Congress is racing to enact would reduce deficits by at least $2.1 trillion over 10 years. That's the verdict from the all-important nonpartisan Congressional Budget Office, which is the official scorekeeper for all legislation. The numbers the CBO reported are largely in line with the estimates congressional leaders and the White House reported Sunday night in announcing the deal. (Read the full text of the bill) In exchange for the debt reduction laid out by the bill, the debt ceiling will be allowed to increase by between $2.1 trillion and $2.4 trillion. That would cover Treasury's borrowing needs until 2013. The CBO estimates that the Budget Control Act of 2011 would initially reduce deficits by $917 billion primarily by imposing caps on discretionary spending. A breakdown of what's in the debt ceiling deal Here's how the savings break down: Outlays for discretionary programs, which include defense spending, would be cut by $741 billion. On top of that, $156 billion would be saved because of reduced interest costs on the country's debt. And $20 billion would be cut from education loan initiatives and by curtailing waste, fraud and abuse in other mandatory programs. In terms of education spending, the bill would increase funding for Pell Grants by $17 billion between 2012 and 2015. It would also cut student loan funding by $22 billion over 10 years. The spending caps in the bill would result in $21 billion in savings in the first year, and grow annually from there. By 2021, outlays would be reduced by $112 billion. The legislation, however, does allow for the caps to be adjusted in any given year to account for emergency and disaster relief spending. In addition, the bill calls for a new bipartisan congressional committee to propose ways to reduce deficits by between $1.2 trillion and $1.5 trillion. If the committee fails to do so or Congress fails to enact the committee's proposals, as much as $1.2 trillion would be cut automatically from many areas of federal spending. CBO's estimates exclude spending on the wars in Iraq and Afghanistan and incorporate the spending cuts Congress approved in April. The House and Senate are expected to vote on the bill as early as this evening. It's not clear yet whether passage is assured in either chamber

**[ ] Spending cuts are national security risk**

**Washington Post 8/1** [“The Debt Deal and Defense Spending”, <http://www.washingtonpost.com/blogs/checkpoint-washington/post/the-debt-deal-and-defense-spending/2011/08/01/gIQAaiWJnI_blog.html>, Accessed 8/1/11]

The fine print in the deal to raise the debt limit scares the daylights out of defense hawks — and even some middle-of-the-roaders on Pentagon spending — and not without reason. Here’s how it’s supposed to work: Assuming passage of the first round of spending cuts, a joint bipartisan committee will set to work on recommendations for a second round, negotiating for about four months before reporting back. If the committee reaches agreement, great. If it doesn’t, a “trigger” mechanism kicks in. And that trigger mechanism would force automatic across-the-board cuts of $1.2 trillion to agency budgets over the next decade, split half and half between domestic programs and defense. To put that $600 billion in perspective, it’s worth noting that the federal government was already looking at reducing projected spending on national security by about $400 billion over the next 12 years. That has prompted the Pentagon to initiate a “comprehensive review” of its spending and, in doing so, to confront huge questions about how to trim costs while recalibrating the military’s ambitions. The question now is what even bigger cuts might mean. Last week, Army Gen. Martin Dempsey, President Obama’s nominee to be chairman of the Joint Chiefs of Staff, was asked at his confirmation hearing what a proposal to cut, say, $800 billion over the next decade would mean for military readiness. “Based on the difficulty of achieving the $400 billion cut, I — I believe $800 billion would be extraordinarily difficult and very high risk,” Dempsey replied. And, indeed, defense hawks do see something approaching apocalypse. “While the trigger mechanism comes into play only if the Congressional negotiators fail to reach agreement on the second phase of spending cuts, it verges on catastrophe to take such a national security risk,” John Bolton, ambassador to the United Nations under President George W. Bush and now a senior fellow at the American Enterprise Institute, wrote even before Sunday night’s deal was done. There are some defense experts who don’t see the situation as quite that bleak. Even if it would mean a reduction in personnel, that reduction would come as the war in Afghanistan winds down. And spending reductions overall would represent a much smaller percentage decline then the Pentagon undertook at the end of the Cold War. “It’s not like it would be whacking America’s defense budget to the bone,” Gordon Adams, who oversaw national-security budgets for the Clinton White House, told The Post this month, when the Pentagon was already bracing itself for cuts exceeding $400 billion. The hope among many at the Defense Department — and on Capitol Hill — is that the joint bipartisan committee can strike a deal that spreads around the pain just enough to win agreement, and that the Pentagon won’t end up bearing an outsized burden. That’s the White House’s hope, too. The president “has not called for and would not support these kinds of cuts in defense spending,” press secretary Jay Carney said Monday. For now, however, there’s at least some fear that the Pentagon might get whacked. “I am very concerned about the defense spending side of it. I wouldn’t have put that in there,” Sen. John McCain (R-Ariz.) told CBS’s “Early Show,” adding that he “probably will have to swallow hard” before voting for the measure to raise the debt ceiling. That said, McCain, like the White House, is hoping for compromise. “I also believe that it won't come to that, in that I believe that this select committee, they’ll come up with some pretty good and viable solutions,” he said. “I'm convinced.”

**[ ] Spending cuts for defense and healthcare – will only grow**

**NY Times 7/31** [“Congress must trim deficit to avoid broader cuts”, <http://www.nytimes.com/2011/08/01/us/politics/01package.html>, Accessed 8/1/11]

The deal, as described by lawmakers and White House officials, would initially save more than $900 billion over 10 years by imposing annual limits on spending for most federal agencies and programs. The Congressional Budget Office has not analyzed the proposal, so the numbers are not firm. But the White House said the agreement would “cut $350 billion from the defense budget over 10 years.” The Pentagon will have leeway to decide where the cuts would be made. Under the agreement, the president could increase the federal debt limit by at least $2.1 trillion, which is enough to meet the government’s expected borrowing needs until early 2013. In addition, the bill would create a 12-member bipartisan committee, with equal numbers of Democrats and Republicans from the House and the Senate, to recommend ways of reducing future deficits by another $1.5 trillion over 10 years — above and beyond the amounts saved as a result of the annual caps on appropriations. The panel’s recommendations could include changes in entitlement programs and tax laws. President Obama vowed on Sunday to press for the inclusion of additional revenues, which many Republicans have vowed to resist. The special committee would have to report legislation by Nov. 23. The deal establishes expedited procedures intended to ensure an up-or-down vote on the legislation, without amendments, by Dec. 23. If the committee does not reach agreement or if Congress fails to adopt its recommendations, the government would automatically cut spending. The cuts would be split evenly between domestic and defense spending. In 2012 and 2013, the “defense spending” category would be broadly defined to include homeland security and other programs related to national security. The White House said the enforcement mechanism “protects Social Security, Medicare beneficiaries, and low-income programs from any cuts.” Medicare cuts would hit health care providers, like hospitals and nursing homes, but would not directly affect beneficiaries, the White House said. However, hospitals and other providers say the cuts in their Medicare payments would force cutbacks in services to Medicare patients and others. In a summary of the agreement for House Republicans, the speaker, John A. Boehner, said: “Total reductions would be equally split between defense and nondefense programs. Across-the-board cuts would also apply to Medicare. Other programs, including Social Security, Medicaid, veterans, and civil and military pay, would be exempt.” The legislation, like a bill passed by the House last week, would provide for an increase in the debt limit in two steps. The second increase, for $1.5 trillion, could take place only if Congress approves recommendations cutting the deficit by a larger amount — or if Congress approves a constitutional amendment to require a balanced budget and sends it to the states for ratification. It takes a two-thirds majority in both houses to propose a constitutional amendment. Under the original House bill, the second installment of the debt limit increase would have been contingent on Congress approving both the balanced budget amendment and the $1.5 trillion deficit-reduction measure. The White House said this arrangement would “provide a strong incentive for both sides to come to the table.” “If the fiscal committee took no action, the deal would automatically add nearly $500 billion in defense cuts on top of cuts already made,” the White House said. Likewise, it said, Democrats would have an incentive to accept the deficit-reduction package to avoid across-the-board cuts in education, transportation and other domestic programs.

# Deficit Spending Hurts Hegemony

**[ ] Deficit spending causes collapse of US Hegemony**

**Bergsten 6/21 Director at Peterson Institute for International Economics** [C. Fred, 6/21/11, Council of Foreign Relations, <http://www.cfr.org/financial-crises/why-us-needs-cut-deficit/p25524>, Accessed 7/24]

The longer we fail to address the budget deficit, the more and continuing pressure there will be on the defense budget, the foreign aid budget--the whole range of foreign affairs expenditures. In fact, one key reason we need to get a comprehensive, coherent, and effective budget program in place is so that we can then have some certainty about the foreign affairs and national security component of the budget going forward. If it's constantly under pressure--you don't know what might prevail, what might be cut--it's going to undermine the rational implementation of foreign policy. The indirect effect--and that may even be more powerful -- is related to the image of the United States' ability to address what's obviously a crucial national problem: an apparent unwillingness to get our house in order and curtail our appetite for excessive government expenditure; our unwillingness to tax ourselves to an extent required to pay for at least the large bulk of our own spending; and a revealed preference to keep borrowing from the rest of the world. There are a whole variety of features that undermine the United States in the world, and, therefore, our foreign policy and our national security. If the Europeans get their act together, they'll start to look better. But even if the Europeans don't, the continued rise of China in particular--but the emerging markets more broadly--will just be magnified if the United States seems to be impotent in dealing with its own problems. The emerging markets are growing three times as fast as we are; they are already half the world economy. Their share is growing 2 or 3 percent each year, [and] in the future, they will be two-thirds of the world economy. And the adverse impact that will have on our image, our share of the world economy, our clout in the world--all of that gets magnified to the extent that we're unwilling, or unable, to take responsible actions to put our own house in order.

**[ ] Economic downturn leads to loss of US Hegemony**

**Khalilzad 11 - US ambassador to Afghanistan, Iraq, and the United Nations and the former director of policy planning at the Defense Department** [Zalmay, National Review, 2/8/11, <http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad>, Accessed 7/24]

Today, economic and fiscal trends pose the most severe long-term threat to the United States’ position as global leader. While the United States suffers from fiscal imbalances and low economic growth, the economies of rival powers are developing rapidly. The continuation of these two trends could lead to a shift from American primacy toward a multi-polar global system, leading in turn to increased geopolitical rivalry and even war among the great powers. The current recession is the result of a deep financial crisis, not a mere fluctuation in the business cycle. Recovery is likely to be protracted. The crisis was preceded by the buildup over two decades of enormous amounts of debt throughout the U.S. economy — ultimately totaling almost 350 percent of GDP — and the development of credit-fueled asset bubbles, particularly in the housing sector. When the bubbles burst, huge amounts of wealth were destroyed, and unemployment rose to over 10 percent. The decline of tax revenues and massive countercyclical spending put the U.S. government on an unsustainable fiscal path. Publicly held national debt rose from 38 to over 60 percent of GDP in three years. Without faster economic growth and actions to reduce deficits, publicly held national debt is projected to reach dangerous proportions. If interest rates were to rise significantly, annual interest payments — which already are larger than the defense budget — would crowd out other spending or require substantial tax increases that would undercut economic growth. Even worse, if unanticipated events trigger what economists call a “sudden stop” in credit markets for U.S. debt, the United States would be unable to roll over its outstanding obligations, precipitating a sovereign-debt crisis that would almost certainly compel a radical retrenchment of the United States internationally. Such scenarios would reshape the international order. It was the economic devastation of Britain and France during World War II, as well as the rise of other powers, that led both countries to relinquish their empires. In the late 1960s, British leaders concluded that they lacked the economic capacity to maintain a presence “east of Suez.” Soviet economic weakness, which crystallized under Gorbachev, contributed to their decisions to withdraw from Afghanistan, abandon Communist regimes in Eastern Europe, and allow the Soviet Union to fragment. If the U.S. debt problem goes critical, the United States would be compelled to retrench, reducing its military spending and shedding international commitments. We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution of power. These trends could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation. The stakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. leadership. By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars among the great powers. Failures of multi-polar international systems produced both world wars.

**The economy will collapse by 2016 and China will takeover – kills hegemony**

**Arends 4/25** [2011, \*\*Brett—American financial journalist, writes a column for the Wall Street Journal, has written a book about personal finance, writes a column of personal financial advice that appears twice a week online at the Wall Street Journal and a column for MarketWatch, International Monetary Fund, “IMF bombshell: Age of America nears end,” <http://www.marketwatch.com/story/imf-bombshell-age-of-america-about-to-end-2011-04-25?link=home_carousel>, accessed June 22, 2011, AJ]

For the first time, the international organization has set a date for the moment when the “**Age of America**” will end and the U.S. economy will be overtaken by that of China. And it’s a lot closer than you may think. According to the latest IMF official forecasts, China’s economy will surpass that of America in real terms in **2016** — just five years from now. Put that in your calendar. It provides a painful context for the budget wrangling taking place in Washington right now. It raises enormous questions about what the **international security system** is going to look like in just a handful of years. And it casts a deepening cloud over both the U.S. dollar and the giant Treasury market, which have been propped up for decades by their privileged status as the **liabilities of the world’s hegemonic power**. In addition to comparing the two countries based on exchange rates, the IMF analysis also looked to the true, real-terms picture of the economies using “purchasing power parities.” That compares what people earn and spend in real terms in their domestic economies. Under PPP, the Chinese economy will expand from $11.2 trillion this year to $19 trillion in 2016. Meanwhile the size of the U.S. economy will rise from $15.2 trillion to $18.8 trillion. That would take America’s share of the world output down to 17.7%, the lowest in modern times. China’s would reach 18%, and rising. Just 10 years ago, the U.S. economy was three times the size of China’s. Naturally, all forecasts are fallible. Time and chance happen to them all. The actual date when China surpasses the U.S. might come even earlier than the IMF predicts, or somewhat later. If the great Chinese juggernaut blows a tire, as a growing number fear it might, it could even delay things by several years. But the outcome is scarcely in doubt. What the rise of China means for defense, and international affairs, has barely been touched on. The U.S. is now spending gigantic sums — from a beleaguered economy — to try to maintain its place in the sun. See: Pentagon spending is budget blind spot. It’s a lesson we could learn more cheaply from the sad story of the British, Spanish and other empires. It doesn’t work. You can’t stay on top if your economy doesn’t. Equally to the point, here is what this means economically, and for investors. Some years ago I was having lunch with the smartest investor I know, London-based hedge-fund manager Crispin Odey. He made the argument that markets are reasonably efficient, most of the time, at setting prices. Where they are most likely to fail, though, is in correctly anticipating and pricing big, revolutionary, “**paradigm**” **shifts** — whether a rise of disruptive technologies or revolutionary changes in geopolitics. We are living through one now.

# \*\*\*Impacts\*\*\*\*

# Impact – Hegemony Good

**[ ] US credibility is key to maintaining peace**

**Schuman 11, writer for Time** **Magazine** (Michael Schuman, “Will America’s budget deficit bring an end to world peace? http://curiouscapitalist.blogs.time.com/2011/07/06/will-america%E2%80%99s-budget-deficit-bring-an-end-to-world-peace/. July 6)

Did you know that the U.S. still stations nearly 50,000 troops in Japan? That's pretty amazing when you think about it. The war in the Pacific ended 66 years ago, and there hasn't been a conflict in Northeast Asia since the Korean War of the early 1950s, but America still maintains a hefty military presence in the area. Another bunch of soldiers are parked nearby in South Korea. Why in the world are all those soldiers still there? They're keeping the peace. Not everybody may agree with me on that assertion. I can't imagine Kim Jong Il is too happy that tens of thousands of armed Americans are sitting on his doorstep. But most of the leadership of Asia fully realizes that the U.S. military presence in the region has, without question, provided a stability rarely experienced. The traditional rivalries between local powers (China, Japan and Korea) have been kept at bay. American security allowed Japan, South Korea and most of the rest of the region (including China) to focus on economic development and alleviating poverty. It is because America ensured peace in East Asia that Asians have been able to get rich. People all over the world have benefited in a similar way. American security for Western Europe during the Cold War allowed the region to rebuild after World War II. The American security relationship with Saudi Arabia and its allies in the Persian Gulf has helped oil to flow peacefully to the world. Year after year, it is American armed forces that most often take the lead in resolving the world's security issues, whether that has meant stopping genocide in the Balkans or hunting down Osama bin Laden in Pakistan. Sure, America's military dominance has produced a fair share of hostility, in Iran, Libya and other countries that have refused to join the U.S.-led global political and security system. And of course the U.S. has made its share of blunders when flexing its military muscle (Iraq). But the fact is that the world expects America to use its armed forces to solve the world's problems. When Washington takes a backseat and lets others drive for a while – as in the current conflict in Libya – the White House faces stiff criticism.

# Impact – Turns Case (deployment)

**[ ] US economic collapse causes loss of military power, can’t deploy resources**

**Schuman ‘11, writer for Time** **Magazine** (Michael Schuman, “Will America’s budget deficit bring an end to world peace? http://curiouscapitalist.blogs.time.com/2011/07/06/will-america%E2%80%99s-budget-deficit-bring-an-end-to-world-peace/. July 6 2011)

Now I'm far from an isolationist – I've spent the past 15 years stationed in Asia – but it's hard to argue with Obama's reasoning. Why should we be spending so much fighting the Taliban in far-off Central Asia when schools are closing due to lack of funds at home? Shouldn't we define our national security in a broader context – as not just the strength of our tanks and missiles, but the strength of our economy and education system? As Obama points out, the foundation of American power has been its economy. If American economic power isn't sustained, how can the country sustain its military power? And if the nation's deficit and debt is such a concern, then how can we justify humungous outlays to the military? Defense and security account for about 20% of federal spending, and by some estimates, the American military budget represents more than 40% of total global military spending. If the U.S. is to tackle its national financial mess in a serious way, it's hard to imagine Washington can avoid taking a knife to the military budget. How deep the cuts might be will depend on how Washington ends up setting its spending priorities and tax levels. But it seems impossible that the armed forces won't face a bit of austerity like everything else. (Nor shouldn't they.) Yet the consequences of that are potentially frightening. There is simply no one else who can step into America's military boots. The Europeans? They're wrapped up with their own financial problems. The United Nations? That organization lacks the legitmacy, the funds, and the ability to make clear policy decisions. China? You've got to be kidding. Beijing is too busy pursuing an irresponsible foreign policy focused solely on its own narrowly defined interests. How else can you explain China's continued support for regimes like North Korea. Burma and Sudan? Ayaan Hirsi Ali of the American Enterprise Institute noted in a recent comment in The Financial Times that any sign of American withdrawal from its role as international peacekeeper, such as Obama's policy shift in Afghanistan, can have dire consequences for global security: From the Taliban's perspective, the withdrawal is a sign of US weakness and their impending victory. Not only the Taliban will see it this way: Iran's and Syria's regimes and the malignant units in the Pakistani military and secret service see a weak America that roars but retreats when the going gets tough. The short-term benefits of abandoning counter-insurgency may be politically appealing. The long-term costs may be greater than Mr Obama anticipates. That's why much of the world's leadership doesn't want to see the U.S. withdraw from its global military role. Look at how Australia is solidifying its strategic alliance with Washington even as China becomes a major source of economic growth for the country. And take note of how old enemy Vietnam is cozying up to the U.S. for support in its dispute with China over claims in the South China Sea. The world doesn't want the U.S. to scale back militarily, because the world realizes there is no current alternative to American power. Yet is that fair? A super-dominant role for the U.S. may have made sense in the years after World War II, when much of the rest of the free world was poor or rebuilding. But now there is much greater economic balance. Why shouldn't the global community better share the costs and responsibilities of maintaining global security? Why should it be America that continues to sacrifice its treasure – both in terms of money and, more importantly, lives – while other countries benefit from those sacrifices without contributing anything in return? These questions are especially relevent as global economic competition heats up. With the rise of China, India and other emerging economies, the U.S. must fight to maintain its economic advantage like never before. Why should the U.S. spend money for troops in Japan that could be used to make the nation more competitive? China, India and other rising powers are focused strengthening their economic competitiveness – why should the U.S. not do the same?

# Impact- Economic Collapse Causes Nuclear War

**Economic collapse causes nuclear war**

Harris and Burrows, 09 – PhD in European History @ Cambridge and Counselor of the US National Intelligence Council AND Member of the National Intelligence Council’s Long Range Analysis Unit (Mathew J. and Jennifer, “Revisiting the Future: Geopolitical Effects of the Financial Crisis,” April, Washington Quarterly, <http://www.twq.com/09april/docs/09apr_Burrows.pdf>)

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample Revisiting the Future opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups\_inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises. 36 Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

**Economic decline causes global nuke war**

**MEAD ’92** Senior Fellow in American Foreign policy @ the Council on Foreign Relations

[Walter Russell, *World Policy Institute*, 1992]

Hundreds of millions – billions – of people have pinned their hopes on the international market economy. They and their leaders have embraced the international market economy – and drawn closer to the west – because they believe the system can work for them. But what if it can’t? What if the global economy stagnates – or even shrinks? In that case, we will face a new period of international conflict: North against South, rich against poor. Russia, China, India – these countries with their billions of people and their nuclear weapons will pose a much greater danger to the world than Germany and Japan did in the ‘30s.

Depression causes global war – proliferation ensures it threatens survival

Kerpen policy director for American’s for Prosperity 08 [Phil October 28, 2008 [http://www.philkerpen.com/?q=node/201 From Panic to Depression? The dangers of blaming free trade, low taxes, and flexible labor markets]

It’s important that we avoid all these policy errors — not just for the sake of our prosperity, but for our survival. The Great Depression, after all, didn’t end until the advent of World War II, the most destructive war in the history of the planet. In a world of nuclear and biological weapons and non-state terrorist organizations that breed on poverty and despair, another global economic breakdown of such extended duration would risk armed conflicts on an even greater scale.

# \*\*\*\*\*\*AFF\*\*\*\*\*\*

# Uniqueness - No Fiscal Discipline Now

**No discipline now - Debt ceiling deal doesn’t even touch entitlement spending which is the root cause**

**Chapman 7/31** [Steve, Op-Ed columnist, Chicago Tribune, [http://articles.chicagotribune.com/2011-07-31/news/ct-oped-0731-chapman-20110731\_1\_debt-ceiling-fight-fiscal-policy-analyst-john-boehner //](http://articles.chicagotribune.com/2011-07-31/news/ct-oped-0731-chapman-20110731_1_debt-ceiling-fight-fiscal-policy-analyst-john-boehner%20//) jb]

The debt ceiling fight has been long and exhausting, but it will have a big payoff. After it's finally resolved — with the Boehner plan or the Reid plan or something else — we will have confronted our budget crisis, made tough choices and forced the federal government to live within its means. That's right. And I'm Katy Perry. We have heard a lot lately about plans to slash spending by trillions of dollars. Though these sound like deep cuts, they are not even shallow cuts. Under the plans being discussed in Washington, federal spending would rise, and so would the federal debt — not by a little, but by a lot. Consider Speaker John Boehner's blueprint, which envisions savings of some $3 trillion over 10 years. The biggest chunk of savings comes from a cap on discretionary outlays, letting them grow as fast as inflation — meaning they would gobble up more dollars every year. In real terms, they would remain just as high as they are now. Senate Majority Leader Harry Reid's version likewise allows federal departments to spend more each year to offset the effects of inflation. All these "cuts" are modest reductions in the growth of outlays envisioned in President Barack Obama's budget, which would boost annual spending by 57 percent over the next decade. Everyone is talking about cutting the overall budget, without actually doing it. Our leaders are not even saying exactly which programs will be trimmed. Neither party wants to reveal which constituents will lose their spots at the federal trough. The publicized changes are mere promises to reduce projected spending — by some formula that we don't know, because it has yet to be determined. For that matter, there is no guarantee the cuts will ever happen. Up to now, the fiscal pit bulls on Capitol Hill have done a lot more barking than biting. Chris Edwards, a fiscal policy analyst at the libertarian Cato Institute in Washington, points out that since gaining control of the House of Representatives, Republicans have shown no interest in abolishing anything. "John Boehner has been in Congress for 20 years," laments Edwards. "Hasn't he ever seen an agency or program that ought to be repealed?" Whoever wins this battle, the government's sea of red ink will keep expanding. There is no general agreement on numbers, but the publicly held debt now stands at about $11 trillion. Obama's budget would have pushed the total to around $20 trillion by 2021. Under either the Boehner plan or the Reid plan, it would exceed $17 trillion. All this screaming and squabbling, and for what? A huge increase in the amount of borrowed funds that you and your descendants will have to repay. Freshman Republicans in the House rallied behind the "cut, cap and balance" plan, but it amounts to yet another stack of alluring promises. The cuts, $111 billion next year, are not itemized. Neither are the programs that would take a hit from the caps.

# Link Turn – Spending Good

**[ ] Deficit spending improves economy – our economic situation requires it**

**White 2011, economics professor at George Mason University** (Lawrence H. White, Harvard Alumni, associate editor of the “Review of Austrian Economics”, contributing editor for The Freeman magazine, adjunct scholar of the Cato Institute. From Pleasant Deficit Spending To Unpleasant Sovereign Debt Crises from The Clash of Economic Ideas, Mercatus Center, April 2011)

Absent full employment, Eckstein suggested here, resource scarcity is not a binding constraint and deficit spending is better than a free lunch. Paul Krugman expressed the same view on his New York Times blog in 2009 by, using the phrase ―normal conditions‖ in place of ―full employment‖: Why, exactly, do we think that budget deficits are a bad thing? The textbook answer identifies two reasons — two ways in which budget deficits now make us worse off in the future. They are: (1) The fiscal burden: deficits now mean higher debt later, which will have to be serviced, and that means higher taxes and/or less spending on other, presumably desirable things 498 (2) Crowding out: when it runs deficits, the government competes with the private sector for funds, so deficits crowd out private investment, which reduces potential growth. All this makes sense under normal conditions. But right now we‘re not living under normal conditions. We‘re in a situation in which the economy is deeply depressed, [and monetary policy has become ineffective, which] actually reverses argument (2). … Under the kind of conditions we‘re now facing, the main determinant of business investment is the state of the economy, as evidenced by the plunge in investment [during the 2008-09 recession]. This, in turn, means that anything that improves the state of the economy, including fiscal stimulus, leads to more investment, and hence raises the economy‘s future potential. That is, under current conditions deficit spending doesn‘t lead to crowding out — it leads to crowding in. In fact, you could argue that the worst thing we can do for future generations is NOT to run sufficiently large deficits right now.

# No Impact - Debt Ceiling Doesn’t Solve the Economy

**Econ fundamentals still bad despite deal – long-term debt risks, GDP and dollar strength overwhelm**

**CNBC 8/1** [“Monday look ahead: Debt rally could be short-lived”, [http://www.moneycontrol.com/news/world-news/monday-look-ahead-debt-deal-rally-could-be-short-lived\_571161.html //](http://www.moneycontrol.com/news/world-news/monday-look-ahead-debt-deal-rally-could-be-short-lived_571161.html%20//) jb]

With President Obama announcing a deal had been reached to raise the debt ceiling and cut spending by USD 1 trillion over 10 years, stocks in Asia were rallying on Monday morning with both the KOSPI and the Nikkei 225 up around 1.7%. US stock futures are also up sharply, with the Dow futures up 176 points. But that relief rally could just be short-lived as investors turn to the weak economy and a possible US credit downgrade. The deal needs to be done by Tuesday, and already it was seen as not sufficient to ward off a one notch downgrade of the AAA US sovereign credit rating by Standard and Poor`s. Moody`s, however, is not expected to follow suit, and is seen giving the US more time to manage its deficit. "My expectation is we get a little bit of a bounce and then the market isn`t able to sustain it," said Barry Knapp, head of equities portfolio strategy at Barclays. "I don`t expect the reaction to be very long-lived. $2.8 trillion is not enough to stall the downgrade," he said. He added that Friday`s disappointing GDP report, which showed more sluggish than expected first half growth,Â led Barclays economists to trim their second half forecast. They cut GDP growth to 2% in the third quarter from 3% and 2.5% from 3.5% for the fourth quarter. "I don`t think that another round of GDP reductions is priced in," Knapp said. Sluggish growth, below 3%, is not enough to create jobs in an economy with 9.2% unemployment. The big economic report this week is Friday`s July employment report, expected now to show that about 100,000 jobs were created in July. But the past two months showed flat growth in jobs after more promising reports earlier in the year. "I think "deal" provides some relief rally but market does not turn up until macro data does," Deutsche Bank chief US equities strategist Binky Chadha, wrote in an email Sunday. "I see the recent data as indicating the uncertainty created by debt issues in US and euro areas have slowed activity, so it takes longer." For the same reason, any dollar rally may be short-lived. "We are going to have a reflex dollar rally. It`s going to be knee jerk. Going forward, the focus is going to start moving toward the economic data. And that`s why I think the dollar rally could run out of steam," said Boris Schlossberg of GFT Forex. "This is just going to be an adjustment off of oversold levels."

**[ ] Doesn’t solve in the long run – encourages more debt spending**

**Srinivasan, 07-19-2011, a journalist with over 10 years of reporting, writing and editorial experience spanning business and community coverage.** [Sujata, “The National Debt Crisis: Too Close for Comfort,”<http://enfield.patch.com/articles/the-national-debt-crisis-too-close-for-comfort> Web. Acc. 07-24-2011]

Few people would disagree that America is sitting on a mounting debt bomb that will implode on our faces if we don’t diffuse it in the long-term. Windsor Town Councilman Ronald Eleveld asks readers to take a look at http://www.usdebtclock.org/, a site that is frequently referred to when citing data on national debt. “The debt ceiling must be raised in order to avoid a calamity (even though) a higher ceiling will allow Congress and the President to go back to business as usual, and rack up more debt,” Eleveld said. To prevent this, Eleveld said he is in favor of a Balanced Budget Amendment, a proposal by Senate Republicans to amend the constitution (Article V), to make balanced budget a requirement. Libertarian Sen. Ron Paul is urging Congress to call for an Article V convention. “We need a Balanced Budget Amendment. The alternative is a continuation of more creative accounting and still more creative ways of adding to the debt,” Eleveld pointed out. “I think a no holds barred, no exceptions Balanced Budget Amendment maybe required to get the government to live within its means, but no politician will want to tie his/her hands. It is always more fun to give away someone else’s money to others if it means you have a better chance of getting re-elected,” he said.

# No Impact – Economy Resilient

**[ ] US can restore its economy**

**Khalilzad 11 - US ambassador to Afghanistan, Iraq, and the United Nations and the former director of policy planning at the Defense Department** [Zalmay, National Review, 2/8/11, <http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad>, Accessed 7/24]

Given the risks, the United States must focus on restoring its economic and fiscal condition while checking and managing the rise of potential adversarial regional powers such as China. While we face significant challenges, the U.S. economy still accounts for over 20 percent of the world’s GDP. American institutions — particularly those providing enforceable rule of law — set it apart from all the rising powers. Social cohesion underwrites political stability. U.S. demographic trends are healthier than those of any other developed country. A culture of innovation, excellent institutions of higher education, and a vital sector of small and medium-sized enterprises propel the U.S. economy in ways difficult to quantify. Historically, Americans have responded pragmatically, and sometimes through trial and error, to work our way through the kind of crisis that we face today. The policy question is how to enhance economic growth and employment while cutting discretionary spending in the near term and curbing the growth of entitlement spending in the out years. Republican members of Congress have outlined a plan. Several think tanks and commissions, including President Obama’s debt commission, have done so as well. Some consensus exists on measures to pare back the recent increases in domestic spending, restrain future growth in defense spending, and reform the tax code (by reducing tax expenditures while lowering individual and corporate rates). These are promising options.

**[ ] Social Security, taxes, interest, and SSTF prevent collapse**

**Reuters 7/30** [“Answers to the 7 big “what-ifs” of debt default”, http://www.reuters.com/article/2011/07/30/us-debtcrisis-whatifs-idUSTRE76S6Z120110730, Accessed 7/31/11]

Perhaps not immediately. Social Security's coffers should be full enough to make the August payments. And cash flow should be positive -- the system generates more from current revenue than it spends on benefits and its own administrative costs. The main source of revenue is the payroll tax paid by employers and employees (the Federal Insurance Contributions Act, or FICA); other income sources include interest payments on bonds in the Social Security Trust Fund (SSTF) and taxes paid by higher-income beneficiaries. Last year, revenue totaled $781 billion, while outgo was $713 billion. And even if funds aren't on hand in a given week to pay benefits for timing reasons, the SSTF can redeem bonds to make up the shortfall.

**[ ] Treasury remains stable**

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The Treasury market has held up better than the dollar, but bonds haven't been let off the hook entirely. Foreigners, who hold nearly half of outstanding Treasury debt, have been less active buyers at auctions this month. Still, the 10-year yield has held below three percent for most of July, less than a percentage point from its multi-decade low. That's partly because domestic investors have picked up the slack in recent debt sales, suggesting they see no alternative to U.S. government bonds even in the face of a default or possible downgrade. Indeed, analysts say even with a downgrade, Treasuries would remain the benchmark for world fixed income markets, as Fitch Ratings noted this week. Terry Belton, global head of fixed income strategy at JPMorgan Chase, said a downgrade would probably add just five to 10 basis points to yields in the short run. But it could cost the U.S. government up to 70 basis points, or about $100 billion, in added borrowing costs over time as foreigners look to invest their money elsewhere.

**[ ] Financial Organizations prevents collapse**

**Reuters 7/30** [“Answers to the 7 big “what-ifs” of debt default”, http://www.reuters.com/article/2011/07/30/us-debtcrisis-whatifs-idUSTRE76S6Z120110730, Accessed 7/31/11]

While a group of Congressmen pushed forward a bill this week to ensure that the active military servicemen still get paid in the case of default, there's no firm plan yet. The White House hasn't made any assurances and either has the Treasury Department. Some financial organizations that service military clients, like USAA and the Andrews Federal Credit Union, have stepped up to say that they will advance pay if there is a default. "Rest assured, USAA has continued to manage its financial resources to meet our commitments to members in their moments of need," says CEO Joe Robles in a statement.