# Elections

## Obama Winning

### Obama Good DA: Uniqueness and Link (2NC)

#### Romney is losing, but now is a key time to redefine his campaign – the plan gives him an opportunity to go on the offensive

Lerer and Davis, writers for Bloomberg News, 7/31/2012

(Lisa and Julie, “Republicans Urge Romney to Focus on Jobs After Troubled Trip,” http://www.businessweek.com/news/2012-07-31/republicans-urge-romney-focus-on-jobs-after-troubled-trip)

John Weaver, who advised the party’s 2008 nominee, Arizona Senator John McCain, said the flare-ups that consumed Romney’s trip reflected a broader problem: With the candidate eschewing risk and offering little detail about what he’d do as president, his campaign is being defined by small things.

“**He comes across sometimes as if he’s Gulliver and he’s tied down by all the Lilliputians when he could actually stand up and exert some strength** -- he just seems to be tied down by a lot of little things,” said Weaver, who advised Romney’s Republican primary rival former Utah Governor Jon Hunstman Jr. “If they were a little bolder, a little more specific and took some chances -- I don’t consider them chances, but I know they see them that way -- I think he could win.”

Florida Convention

Calls for Romney to **reset his campaign come as he enters one of the most intensely scrutinized periods of the election contest**. He will roll out his vice presidential pick in the coming weeks, and, later this month, will officially receive the party’s nomination at the Florida convention.

Campaign aides said the trip was a success and insisted that it will have little impact on the election. While foreign tours are a good way to help candidates bulk up their resumes in preparation for the three presidential debates this fall, voters are far more concerned about the country’s slow economic growth, said Romney strategist Stuart Stevens.

“People understand that big elections are about big things,” he said.

Some Republican veterans worry it won’t be an easy pivot. “**When you’re on defense it’s hard to get back on offense**,” said Steve Duprey, a New Hampshire Republican national committeeman who also advised McCain.

President Barack Obama’s campaign, he said, “can’t win on substance,” and therefore has settled on a strategy of **using the summer** to try and make Romney an unacceptable alternative.

“That said, **the Romney campaign has to get out there and get on the offense** and talk about big ideas,” Duprey added. “This has been the least substantive campaign in history.”

### AT: Polls

#### Gallup/Rasmussen/RCP/Pollster (and any other poll that takes averages) specific

#### Your poll biased towards Romney: thorough polls show clear Obama lead

Cohn 7/31 Nate Cohn, staff writer at The New Republic specializing in swing states, July 31, 2012, “The Perils of the Polling Average: How A Basic Election Prediction Tool Is Favoring Romney”, http://www.tnr.com/blog/electionate/105584/national-polling-averages-tilt-toward-romney)

The polling average is the essential tool for gauging the state of the race. It's remarkably simple and has an excellent record of performing in crunch time. But while the polling averages are likely to nail the final results yet again, there's an important disclaimer: Two of the most frequent polls, Rasmussen and Gallup, will tend to drag the national polling averages in Romney's direction. ¶ Take the RCP average, which only considers the last two or three weeks of polling. As a result, only a handful of polls are usually represented. The decision to privilege timeliness over comprehensiveness is entirely justifiable, since a shorter window will pick up shifts in the race more quickly than a less sensitive long-term average. But so far in 2012, there haven’t been genuine shifts in the race—so poll-watchers haven’t yet reaped the benefits of responsive, narrow time-frame polling averages (although they will after the conventions). Instead, the polling averages are shifting with the changing composition of the pollsters included in the average—and their house effects.¶ If all polls were released at similar intervals, this wouldn’t create systemic bias. But Gallup and Rasmussen release polls every day, so they’re always in the RCP average. So, even though Gallup and Rasmussen are just two of 20 or so national pollsters, they usually represent anywhere from one-third to one-sixth of the RCP average. In contrast, Pew Research, which **consistently shows Obama leading** by 4-to-7 points, generally releases polls once a month. And for good measure, **they produce huge sample sizes, accrued over long periods**, so they’re kicked out of the polling average sooner than they would if they surveyed fewer individuals over one weekend.¶ The same factors influence the Pollster.com trendline. Since Gallup and Rasmussen are usually among the most recent polls, the Pollster trendline usually surges toward Romney—especially if you select "less smoothing." Using "more smoothing" helps, but it still has over-represents Gallup and Rasmussen. (Pollster enters Gallup and Rasmussen into their average every week, rather than once a month, which would be similar to the rate that most other pollsters conduct surveys.) It's worth noting that Pollster also includes two additional tracking polls from PPP and YouGov/Economist that aren't included in the RCP average. Those two pollsters diminish Gallup and Rasmussen's importance, but make the pollster average even more sensitive to tracking polls, rather than the less-frequent surveys conducted by other pollsters.¶ So how could we correct for this? Well, most pollsters are conducting a poll at least once a month, so a monthly polling average that includes one result from each firm should largely correct for the oddities of the time-sensitive averages. Gallup and Rasmussen only represent two of 15 polls conducted since the last cycle of monthly polls began, so a monthly average reduces their weight to something much more appropriate. If you go back through the RCP average until the beginning of the most recent monthly polling cycle, you’d find Obama leading by 2.5 points, slightly more than Obama’s current 1.8 point advantage and much more than his 1.1 point lead from a few days ago.¶ The monthly average takes a lot of the volatility out of the RCP average. For instance, RCP shows Obama jumping from a 1.1 point advantage to 1.8 points over the last few days, as Democracy Corps replaced The Washington Times, Reuters, and ABC News/Washington Post, but the monthly average would have only moved from 2.4 to 2.5 in a monthly average. Last week's larger gap between the monthly average and the RCP average isn't uncommon either—the monthly average almost always shows Obama leading by a larger margin than the RCP average.¶ This is a relatively minor issue, but a 1-to-1.5 point difference in the RCP average affects perceptions of the election. Analysts often give the impression of a deadlocked race, but while the race is close, Obama actually has a clear and narrow lead. Obama leads in the swing states, he leads 13-3-1\* among national pollsters conducting surveys over the last month, and he even leads by more in surveys conducted by a few especially reputable pollsters. Sure, Obama's advantage might fade—or even vanish—after switching to likely voter models, but the exact magnitude of such a shift remains to be seen.

### AT: Economy

#### **Obama will win, even if GDP is low, inflation means perceptionally economy is doing well**

Silver 7/27 –Nate Silver, political analyst for NYT, predicted 49/50 states in 2008 election, July 27, 2012, “What the New G.D.P. Figures Mean for the Election”, http://fivethirtyeight.blogs.nytimes.com/2012/07/27/what-the-new-g-d-p-figures-mean-for-the-election/)

¶ That was the case here. The reported figures of 1.5 percent growth in the second quarter, and 2 percent growth in the first quarter, are consistent with what the economic index had already “priced in” to its expectations.¶ ¶ The chart below shows the normalized figures for the four G.D.P. proxies: payroll jobs, industrial production, personal consumption and personal income. The normalization process translates these numbers so that they are on the same scale as one another, and the same scale as quarterly G.D.P. reports.¶ ¶ ¶ The four indicators tell different stories about the economy. Income growth has been very poor, for example, while industrial production has been pretty encouraging.¶ ¶ For better or for worse, this is a pretty normal state of affairs. Economic data is really noisy, and different series often diverge quite a bit, especially before revisions.¶ ¶ Still, if you average the four numbers together, you get an index of 1.7 percent growth. That almost exactly matches the G.D.P. growth rate during the previous six months, which is the period that our model is mostly concerned about.¶ ¶ Growth at this rate would ordinarily make a president’s re-election prospects extremely tenuous: probably about 50-50, according to our model and others.¶ **¶** The reason our economic index sees Mr. Obama as a very modest favorite for re-election is because it also considers inflation, which is assigned 15 percent of the weight. And inflation has been very low.¶ Imagine the counterfactual: that on top of all the other problems in the economy, we also had, say 6 percent inflation. Then gas might cost $4.75 a gallon, and you’d notice the change in prices pretty frequently when you went to the grocery store. Under those circumstances, our model would have Mr. Obama as an underdog.

#### Slow growth is enough for Obama to overcome economy issues

Mike Dorning, 7/30/12, “Slow U.S. Growth Still Leaves Room for Obama to Win Re-Election”, http://www.sfgate.com/business/bloomberg/article/Slow-U-S-Growth-Still-Leaves-Room-for-Obama-to-3748130.php

Slow growth in the second quarter still leaves room for President Barack Obama to win an election contest dominated by economic concerns and shaping up as one of the closest in decades. The U.S. economy grew at a 1.5 percent annual rate from April through June, in line with forecasts and slowing from a 2.0 percent rate during the first three months of the year, the Commerce Department reported today. According to one election prediction model, the president retains a slight advantage in November’s election. “This sort of slow-growth region puts it in the too-close- to-call category,” said Alan Abramowitz, a political science professor at Emory University in Atlanta and developer of the forecasting model, which also factors in presidential job approval. Abramowitz said today that his model projects Obama will get 50.5 percent of the popular vote and has a two-thirds probability of winning. Strong economic growth historically has helped presidents win re-election, though it has not always been a prerequisite for a second term.

### Obama Winning Ohio

#### Obama winning Ohio

Silver 7/27 – Nate Silver, political analyst for NYT, predicted 49/50 states in 2008 election, July 27, 2012, “ Ohio Polls Show Trouble for Romney”, http://fivethirtyeight.blogs.nytimes.com/2012/07/27/july-27-ohio-polls-show-trouble-for-romney/)

I wrote earlier this week about some of the challenges in comparing state polls and national polls. Sometimes, apparent differences between the two sets of numbers can result from methodological quirks of the polling firms that are active in each arena, as well as random sampling error.¶ With that said, we are starting to see a bit of a gap between our Electoral College and popular vote forecasts based on the latest polling data this week — one which potentially favors President Obama.¶ In general, the polls from nonswing states this week, ranging from New Jersey to North Dakota, were mediocre for Mr. Obama. But his numbers held up better in swing states.¶ Nowhere was this more apparent than in Ohio, where there were two new polls out on Friday. One of them, from the firm We Ask America, gave Mr. Obama an eight-point lead there. Another, from Magellan Strategies, put Mr. Obama up by two points.¶ Our model “thinks” the Magellan Strategies poll is a more realistic estimate of the state of play in Ohio. The model now forecasts a three-point victory for Mr. Obama there, which it translates to about a two-in-three chance of his winning the state given the uncertainty in the forecast.¶ Mr. Obama’s projected three-point lead in Ohio is important for the following reason, however: it’s slightly larger than the 2.4-point advantage that the model now gives Mr. Obama in the national popular vote.¶ In other words, based on the data so far this year, Ohio has been slightly Democratic-leaning relative to the country as a whole. **That reflects a reversal from the usual circumstances**. Normally, Ohio — though very close to the national averages — leans Republican by two points or so.¶ A split between the winners of the popular vote and the Electoral College is still relatively unlikely, in the view of the model. There is only a 3.9 percent chance that Mr. Obama will win the Electoral College but lose the popular vote, it estimates.¶ However, the model now assigns just a 1.3 percent chance to the reverse happening: Mr. Romney’s winning the Electoral College while losing the popular vote.¶ Ohio is a big part of the reason. It’s by no means impossible that Mr. Romney could win the Electoral College despite losing Ohio, but **it would be an uphill battle**.¶ If Mr. Obama won all the states that John Kerry did in 2004, and Ohio, he would have 264 electoral votes.¶ Winning New Mexico in addition to these states, where Mr. Obama is heavily favored, would make the Electoral College a 269-269 tie. That is not necessarily a problem for Mr. Romney. The incoming House of Representatives is likely to contain a majority of Republican delegations, which would presumably vote for him under the 12th Amendment.¶ However, if Mr. Obama claimed any other competitive state that Mr. Kerry lost — Nevada, Iowa, Virginia, Florida or Colorado, for example — he would win the Electoral College outright, regardless of what happened in New Mexico.¶ Of the states, Nevada is probably the most problematic for Mr. Romney. He has trailed in all the polls there, and it has increasingly begun to behave as a Democratic-leaning state.¶ Another plausible scenario is that Mr. Romney could win New Hampshire, which Mr. Kerry won in 2004, but lose New Mexico and Nevada. In that case, he’d lose the Electoral College by two votes, with 268 electoral votes to Mr. Obama’s 270.¶ Alternatively, Mr. Romney could try to win one of the Midwestern states that Mr. Kerry won — most likely, Pennsylvania, Michigan or Wisconsin. But these states have broadly similar demographics to Ohio, and it is unlikely that Mr. Romney would win them conditional upon losing the Buckeye State.¶ Although state economic statistics have only modest predictive power as compared with the national numbers, Mr. Obama may be benefiting from the fact that Ohio’s unemployment rate has fallen substantially — to 7.3 percent from a peak of 10.6 percent. Had the national unemployment rate declined by a similar margin, Mr. Obama would likely be a clear favorite in the election right now.¶ Much of the gain in Ohio has been from auto industry jobs, a relative bright spot in the economy, and a potential problem for Mr. Romney since he opposed the federal bailout of the major auto makers.¶ Mr. Romney could seek to even the score by naming Senator Rob Portman of Ohio as his vice-presidential nominee. Vice presidents do not make as much difference as the conventional wisdom sometimes holds: a net gain of two points by appointing a home-state candidate is a roughly realistic estimate, although it can vary a lot from case to case. Still, gaining two points in Ohio would provide a pretty meaningful push to Mr. Romney given the way that the polls look right now.¶ Mr. Obama also benefited on Friday from the rise in the stock market, which improved the model’s economic index. The S. & P. 500 closed at 1,386 points on Friday, its highest figure since May.

### Romney’s Trip

#### Romney will lose – disasters in the UK and Israel have ruined his reputation- reputation is key- 1 in 5 voters still don’t have an opinion of him.

Reuters 7/31/12 (Steve has worked for Reuters in Washington for 20 years, and spent 16 of those years at the White House covering Presidents Bush, Clinton and Bush. He covered the 2008 presidential campaign. “Romney stumbles on world stage but will it hit him at home?” http://www.reuters.com/article/2012/07/31/us-usa-campaign-romney-idUSBRE86U1KZ20120731)

Still, images like Romney being rebuked by British Prime Minister David Cameron for doubting London's Olympic readiness, do not help the former Massachusetts governor convince Americans he is ready for the White House.¶ "It is clear that the opportunity to credential his beliefs with the American voters was nothing short for Mitt Romney of an embarrassing disaster on this trip. So, the notion somehow that this trip and its impacts don't matter, I think is one of the craziest things that has been said along the course of this trip," said Obama campaign adviser Robert Gibbs.¶ Romney has more of a need to be careful about voters' perceptions of him than Obama does because Americans are still making their minds up about the Republican. Roughly one in five voters does not have an opinion yet about Romney.¶ "Romney has an opportunity to change views of him to a larger extent than does the president. There are a large number of people who are still not decided what they think about Romney. Virtually everybody has an opinion of what they think of the president," said Peter Brown of the Quinnipiac University Polling Institute.¶ Romney's advisers had debated whether he should leave the United States at all at a critical moment of the campaign when he is running nearly even with Obama in polls by pounding a relentless message that the U.S. economy under the Democratic incumbent has been a failure.¶ Taking him out of the country for a week effectively muzzled Romney from this message.

## Romney Winning

### Polls

#### Romney’s up 3% in latest polls

Sahit Muja, 7/31/12, President and CEO with knowledge of the entire mineral supply chain from mine to the global markets, “Election 2012.Election 2012, new poll Romney lead Obama by 3 percent”, http://ireport.cnn.com/docs/DOC-822973?ref=feeds%2Flatest

The Rasmussen Reports daily Presidential Tracking Poll for Tuesday shows Mitt Romney attracting 47% of the vote, while President Obama earns support from 44%. Five percent (5%) prefer some other candidate, and four percent (4%) are undecided. Romney has a 20-point advantage among white voters. Obama is supported by 91% of black voters and 57% of other minority voters.

### Economy

#### Romney has an edge on the economy/deficit/jobs/taxes

Jeffrey M. Jones 7/24, Gallup Poll managing editor, 7/24/12 “Obama's Character Edge Offsets Romney's Economic Advantage”, http://www.gallup.com/poll/156134/Obama-Character-Edge-Offsets-Romney-Economic-Advantage.aspx

Romney has an edge on four of six issues tested in the July 19-22 USA Today/Gallup poll -- all having a significant economic component, including the federal budget deficit, the economy, creating jobs, and taxes. Romney and Obama are tied on healthcare, while Obama's lone lead in the poll is his decided advantage on foreign affairs. On the other hand, Obama is viewed as more likable, more honest and trustworthy, and better able to understand the problems Americans face than Romney is. Romney's only character advantage of the four included in the poll is for being able to "get things done."

#### Voters trust Romney on the economy- this includes independents

Jeffrey M. Jones 7/24, Gallup Poll managing editor, 7/24/12 “Obama's Character Edge Offsets Romney's Economic Advantage”, http://www.gallup.com/poll/156134/Obama-Character-Edge-Offsets-Romney-Economic-Advantage.aspx

Romney's advantage on economic issues likely stems from Americans' generally negative assessment of Obama's economic stewardship as well as Romney's own business background. Americans continue to be more pessimistic than optimistic about the economy, and President Obama has gotten low marks for his handling of the economy for most of his presidency. And while the Obama campaign has tried to criticize Romney's business record, particularly his time as head of Bain Capital, the public by a wide margin sees his background as a plus. Specifically, the July 19-22 USA Today/Gallup poll finds 63% of Americans saying Romney's business background would cause him to make good decisions about how to deal with economic problems the U.S. would face, while 29% say it would cause him to make bad decisions. A majority of independents say Romney would make good decisions.

#### Unemployment rates are Obama’s kryptonite- it’s Romney’s biggest strength

Tom Raum, 7/31/12, writer for Associated Press, “THE RACE: Economic train wreck may lie ahead”, http://www.bradenton.com/2012/07/31/4136720/the-race-economic-train-wreck.html

Right now, the candidates are competing for attention with the Summer Olympics in London. But the unemployment report for July, due out Friday, likely will serve a cold dose of economic reality as Congress begins a month-long summer recess. Economists and analysts don't expect much change from the dismal 8.2 percent rate in both May and June, especially considering last week's report showing economic growth at a rate of just 1.5 percent. Economic weakness weighs on Obama's re-election chances and plays to what polls show is Republican challenger Mitt Romney's biggest strength, handling the economy. Romney wrapped up a weeklong, gaffe-marred overseas trip Tuesday in Poland and resumes U.S. campaigning on Thursday with appearances in Colorado.

### AT: Ohio

#### Polls misleading: Romney can win (Ohio specific)

Cohn 7/31 – Nate Cohn, staff writer at The New Republic specializing in swing states, July 31, 2012, “Obama Leads Every Poll in Ohio—But That Doesn’t Mean He’ll Win”, http://www.tnr.com/blog/electionate/105511/obama-ohio-romney-polls)

If you take a quick look at the electoral map, Ohio really stands out. Here’s a white working class state that Bush carried twice but where Obama still seems to be doing quite well. Not only is Obama competitive, he leads in every poll conducted over the last two months—occasionally by a substantial margin. On balance, Obama’s up by 5 points in the RealClearPolitics average, despite a slimmer national lead and Ohio’s Republican-lean. But while Chicago has every right to be pleased with their position in Ohio, Romney’s chances are much better **than Obama’s lead in the polls suggests.**¶ According to the most recent RCP average, Obama is averaging 47.4 percent of the vote in Ohio. There’s nothing wrong with holding 47.4 percent of the vote, but it doesn't show any special strength. It’s not much better than the other swing states—Obama even has 46.7 percent in North Carolina—and it’s not as much as Kerry won eight years ago. So Obama appears to hold the dependably Democratic vote and not much more. Again, there’s nothing wrong with only holding the dependably Democratic vote in July, but Ohio is a state where the dependably Democratic vote alone doesn’t get the job done.¶ Obama's large lead can be ascribed to a simple reason: Romney hasn’t consolidated the conservative base. Polls show Romney down to just 42 percent of the vote in Ohio, an outright unimpressive showing, far lower than his average in the other true battleground states. This suggests that plenty of Republican-leaning Ohio voters remain reluctant to embrace their nominee. It is a little surprising that Romney can’t reunite the McCain vote, given the degree of opposition to President Obama and his ability to unify the GOP elsewhere.¶ But sooner or later, these Republican-leaners are going to come back to Romney. So there’s good reason to believe that Romney can make the jump to 46 or 47 percent without much difficulty, and that would effectively inaugurate a dead-heat in the Buckeye State. The question is whether Romney’s early problems indicate broader issues that might prevent Romney from true swing voters. For instance, it’s possible that the Bain and outsourcing attacks are especially resonant in a state hit hard by globalization. If the attacks are disrupting Romney’s ability to unify McCain voters, then there’s good cause to believe that the ads are resonating with undecided voters.¶ The upshot: Neither candidate has an easy road to victory in Ohio. Romney needs to reclaim Republican-leaning voters and then persuade undecided white working class voters who might not approve of Obama’s performance, but are probably quite skeptical of any candidate persistently linked to outsourcing and closing factories. And Obama’s route isn’t any easier; he’s trying to win voters who don’t approve of his performance in a Republican-leaning state. While Romney's path might be somewhat longer, Obama fans shouldn't celebrate until their candidate completes the hardest leg of the race.

### Romney Will Win Florida (Jewish Support)

#### Romney’s trip to Israel solidified Jewish and evangelical Support

Reuters 7/31/12 (Steve has worked for Reuters in Washington for 20 years, and spent 16 of those years at the White House covering Presidents Bush, Clinton and Bush. He covered the 2008 presidential campaign. “Romney stumbles on world stage but will it hit him at home?” http://www.reuters.com/article/2012/07/31/us-usa-campaign-romney-idUSBRE86U1KZ20120731)

"I think this trip was a great success," he said, riding in a motorcade vehicle with several reporters as Romney went to a wreath-laying ceremony at a Warsaw monument.¶ Republicans pointed to Romney's unabashed support for Israel as having the potential to peel some Jewish-Americans away from Obama -- particularly in swing state Florida -- and energize evangelical Christians who have had doubts about whether Romney is conservative enough.¶ "There were some unforced errors but no lasting damage," said Republican strategist Mark McKinnon. "And he solidified his Jewish base."

#### Jewish American support is key to win Florida

**The Jewish Week** **7/31**/12 (Joshua Mitnick “When Stars And Stripes Meet Star Of David After Romney visit, Israelis feel trapped in U.S. presidential race” http://www.thejewishweek.com/news/israel-news/when-stars-and-stripes-meet-star-david)

¶ Republican candidates have, for months, used as ammunition to attack the White House the public bickering that has erupted between Obama and Netanyahu over Iran and the Palestinian peace process during the first term. It’s a bid to chip away at the overwhelming backing that American Jews have traditionally given Democratic candidates.¶ ¶ In 2008, Obama was favored by 74 percent of American Jews, second only to his showing among African Americans; now that support is at only 68 percent, according to recent Gallup polling data. Some believe that a slight shift is all that is necessary to help capture a crucial swing state like Florida, where Jews make up a significant chunk of the registered voters.

## Too Early

### Too Early to Predict the Election

#### Can’t predict the election- There is too much left to happen in the election.

Feller, writer for the Associated Press 7/28 (Ben, 2012 Election: 100 Days, Defining Moments Left In Tight Race, <http://www.huffingtonpost.com/2012/07/28/2012-election_n_1713512.html>

The upcoming stretch is loaded with opportunities for the candidates to capture the public's imagination, land a big blow or flub a chance. Romney is closing in on his vice presidential nominee, both candidates will give highly scrutinized convention speeches, and the two will face off three times in October debates.¶ Then there are the surprises – be they national events or scares from abroad – that can jolt the campaigns and test the candidates.¶ "We're all looking for that moment," said David Gergen, a political analyst who has advised Republican and Democratic presidents. He predicted it could come in the first of the debates, in Denver on Oct. 3, when Obama and Romney finally stand on a stage together and go at it over economic policy.¶ Gergen said it could be the most defining debate in more than 50 years. "Obama is leading, but it's often 47-45. He's still got to get to 50," he said. "If the undecided voters all break at the last minute, that could go against the incumbent. If Obama wants to wrap it up, the first debate carries enormous significance."¶ The daily squabbles and wrinkles of the campaign will change. So will the gaffes. The basic messages will not.¶ Obama's thesis is that his plan for rebuilding the economic base and for ending tax cuts for the rich will help everyone, and that Romney would be a return to recession-era policies. Romney's view is Obama came in over his head, squandered his shot and must give way to a leader favoring small government and taxes.

#### Too early to even look at polls- even the candidates know the public isn’t paying attention.

Feller, writer for the Associated Press 7/28 (Ben, 2012 Election: 100 Days, Defining Moments Left In Tight Race, <http://www.huffingtonpost.com/2012/07/28/2012-election_n_1713512.html>

Stubbornly close and deeply divisive, the presidential race throttles into its last 100 days as an enormous clash over economic vision, with the outcome likely to come down to fall debates, final unemployment numbers and fierce efforts to mobilize voters. It may seem like an election for the whole nation, but only about eight states will decide who wins the White House.¶ Polling shows the contest between President Barack Obama and Republican Mitt Romney remains remarkably static across the country and in those pivotal states even as both men and their allies pour money into largely negative television advertising to sway opinions.¶ The two candidates will intensify their time before voters in the weeks ahead, knowing much of the public will not truly start paying attention until after Labor Day.

#### No cannot decide now- with the anniversary of the debt ceiling people don’t trust anyone to protect the economy

[JACK M. BALKIN](http://www.theatlantic.com/jack-balkin/) - Jack M. Balkin is Professor of Constitutional Law and the First Amendment at Yale Law School, and the founder and director of Yale's Information Society Project, an interdisciplinary center that studies law and new information technologies. **7/31/**12 ( The Not-So-Happy Anniversary of the Debt Ceiling Crisis- The Atlantic <http://www.theatlantic.com/politics/archive/2012/07/the-not-so-happy-anniversary-of-the-debt-ceiling-crisis/260458/>)

The 2012 election will decide the real political meaning of the showdown over whether the U.S. would pay its debts. One year ago, the United States was engulfed in the debt-ceiling crisis of 2011, a self-inflicted wound as egregious as it was avoidable. As events proceeded in July of last year, people around the world surely must have wondered whether politicians in the United States had gone mad. They were threatening to default on the nation's debt and destroy the world economy. With the anniversary US citizens trust no one. Although the crisis was eventually resolved, it produced a downgrade of the country's credit rating, and some economists believe that the resulting hit to consumer confidence significantly damaged the economic recovery from the Great Recession. A year later, it is worth asking what it all meant. The debt-ceiling crisis was a failed attempt to stage a revolution in American politics with control of only one house of Congress; but the larger meaning of the crisis will depend on the 2012 presidential election.

### Too Early on Swing States

#### Obama and Romney are neck to neck on swing states.

**Easley 7/16**

(Jonathan, writer for The Hill, “Poll: Obama and Romney neck-and-neck in swing states”,

<http://thehill.com/blogs/ballot-box/polls/238209-poll-obama-and-romney-neck-and-neck-in-swing-states>)

President Obama and Mitt Romney are running neck-and-neck in 12 swing states that will be critical in determining the outcome of the 2012 election, according to a [Purple Insights poll](http://www.scribd.com/doc/100247368) released on Monday.¶ Obama won Colorado, Florida, Iowa, Minnesota, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Pennsylvania, Virginia and Wisconsin in 2008, and will need to win about half of these in 2012 to secure reelection. According to Purple, Obama leads Romney 47 to 45 percent in these 12 states, maintaining the same 2-point lead he had in the same poll from June, when he led 48 to 46. The poll has a 1.6 percent margin of error. Romney has been dogged by low favorability ratings throughout the election cycle, and that trend continues, according to the Purple Poll, with 49 percent saying they have an unfavorable view of the former Massachusetts governor, versus 41 percent favorable. But there’s bad news for Obama in the swing states as well – 42 percent said the economy was getting worse, against only 28 percent who said it was getting better. Obama and Romney each took one of the two big swing-state prizes. Obama has regained the lead in Ohio, 48 to 45 percent, after Romney led in the Buckeye State by 3 points last month. Obama leads Romney by 7 points among independents in Ohio, which is surprising, as nationally independents have been leaning towards Romney. Romney leads Obama by 3 in Florida, where he holds a 10-point advantage among independents.

## Link Business

### Spending Link

#### Spending’s not popular with voters

Scott Rasmussen 12, 3/17/12, “To create jobs, voters want to cut while Washington wants to spend”, http://washingtonexaminer.com/article/380321

One of the fundamental gaps between the American people and their elected politicians can be found in perceptions of the relationship between economic growth, job creation and government spending. In official Washington, Keynesian economics still rules, and it is simply accepted as fact that cutting government spending will hurt the economy. Politicians also assume that increasing government spending and growing deficits will lead to job creation. However, among the voting public, such notions make about as much sense as the world Alice stumbled into when she went through the looking glass. Most voters (55 percent) believe that cutting government spending is good for the economy. Only 25 percent share the view of official Washington and believe spending cuts hurt the economy. Just 11 percent think larger deficits will lead to good economic news. These numbers have changed little since I first began asking the questions in the mid-1990s. America's political class may be Keynesians, but America's voters are not. Just 27 percent believe that government efforts to manage the economy actually help the economy. Two out of three voters believe job creation and economic growth are more likely to come from business leaders pursuing their own self interest rather than from decisions made by government officials to help the economy.

#### Independent voters are on rise – they are the swing vote.

**McCormick 7/9**

(John, reporter for Bloomberg News, “Independent Voter Surge Cuts Democrats’ Swing State Edge

”, <http://www.bloomberg.com/news/2012-07-10/independent-voter-surge-cuts-democrats-swing-state-edge.html>)

Independent voters are growing in numbers at the expense of Democrats in battleground states most likely to determine this year’s presidential election, a Bloomberg News analysis shows.¶ The collective total of independents grew by about 443,000 in [Colorado](http://topics.bloomberg.com/colorado/), [Florida](http://topics.bloomberg.com/florida/), [Iowa](http://topics.bloomberg.com/iowa/), [Nevada](http://topics.bloomberg.com/nevada/), New Hampshire and [North Carolina](http://topics.bloomberg.com/north-carolina/) since the 2008 election, according to data compiled by Bloomberg from state election officials.¶ During the same time, Democrats saw a net decline of about 480,000 in those six states, while Republicans -- boosted in part by a competitive primary earlier this year -- added roughly 38,000 voters in them, the analysis shows.¶ “Democrats hit the high-water mark for registration in 2008, so it’s natural that they are going to see some drop off,” said [Michelle Diggles](http://thirdway.org/staff/134), a senior policy analyst with the Democratic-leaning Third Way research group in [Washington](http://topics.bloomberg.com/washington/) who conducted a similar study earlier this year.¶ The rise of independent voters has had a major impact on recent election results.¶ In 2008, President [Barack Obama](http://topics.bloomberg.com/barack-obama/) won 52 percent of the independent vote, according to national [exit polls](http://www.cnn.com/ELECTION/2008/results/polls/#USP00p1), which was one percentage less than his overall total. Senator [John McCain](http://topics.bloomberg.com/john-mccain/) of [Arizona](http://topics.bloomberg.com/arizona/), his Republican opponent, collected 44 percent of the independent vote -- 2 points less than his overall total. Independents represented 29 percent of the total electorate that year.¶ Election Volatility¶ In 2006, independents backed Democrats by an 18-percentage- point [margin](http://www.cnn.com/ELECTION/2006/pages/results/states/US/H/00/epolls.0.html) nationwide in House races, handing the party control of the chamber for the first time in 12 years. In 2010, they backed Republicans over Democrats in House races by a 19- point [margin](http://www.cnn.com/ELECTION/2010/results/polls/#val=USH00p1), as Republicans regained the chamber’s majority.¶ Independent voters are growing in numbers because of dissatisfaction with Republicans and Democrats, Diggles said.¶ “Independents are really just fed up with both parties,” she said. “Most elections are about the center and that’s where the swing vote is going to come from.”

### Independents Key

#### Independents are going to matter in the election.

**Carnia 7/10**

(Catalina, politics analyst for USA Today, “Analysis: Independents jump in key swing states”, <http://content.usatoday.com/communities/onpolitics/post/2012/07/independent-voters-swing-states-obama-romney-/1?csp=34news#.UBiN9bR8CTU>)

Here's a story that could affect President Obama and Mitt Romney in key swing states:¶ Independent voters are growing in some battleground states that will help decide the 2012 presidential election, a [Bloomberg News analysis](http://www.bloomberg.com/news/2012-07-10/independent-voter-surge-cuts-democrats-swing-state-edge.html) says. The upshot: Democrats have lost more voters in those swing states.¶ STORY: [Obama has swing-state edge](http://www.usatoday.com/news/politics/story/2012-07-08/swing-states-poll/56097052/1)¶ Colorado, Florida, Iowa, Nevada, New Hampshire and North Carolina have grown by a combined total of 443,000 independent voters, according to data from the top elections officials in those states.¶ At the same time, the Bloomberg analysis shows Democrats have lost 480,000 voters in those six states while Republicans picked up 38,000 voters.¶ Michelle Diggles of Third Way, a Democratic-leaning research group, told Bloomberg that independents are "really just fed up with both parties."¶ "Most elections are about the center, and that's where the swing vote is going to come from," Diggles is quoted as saying.¶ In the 2008 election, Obama won 52% of the independent vote, according to surveys of voters as they left their polling places. He and Republican John McCain both handily won the vote of their party faithful, but the [exit polls](http://www.cnn.com/ELECTION/2008/results/polls/#USP00p1) show it was the independents that made the difference.¶ The Bloomberg analysis follows a recent [Pew Research Center survey](http://content.usatoday.com/communities/onpolitics/post/2012/06/partisanship-pew-research-poll-independents-obama-romney/1) that showed the percentage of adults who call themselves independents is at an all-time high.¶

### AT: Foreign Policy

#### Voters only care about the economy, not foreign policy- polls prove

Reuters 7/31/12 (Steve has worked for Reuters in Washington for 20 years, and spent 16 of those years at the White House covering Presidents Bush, Clinton and Bush. He covered the 2008 presidential campaign. “Romney stumbles on world stage but will it hit him at home?” http://www.reuters.com/article/2012/07/31/us-usa-campaign-romney-idUSBRE86U1KZ20120731)

(Reuters) - Mitt Romney upset Londoners, Palestinians and U.S. journalists on his ill-fated tour abroad, but with voters focused on the economy at home it is unclear whether the Republican presidential challenger's fumbles will have a lasting effect on the November 6 election.¶ Romney is facing doubts about whether he can handle himself on the world stage as he tries to replace President Barack Obama.¶ His blunt comments on the London [Olympics](http://www.reuters.com/london-olympics-2012), Israel's culture and the status of Jerusalem showed an awkward tone and an inability to control his own message, a problem that could be magnified in the heat of the campaign's next 100 days.¶ Yet U.S. voters, especially in Rust Belt swing states like Ohio and Pennsylvania, care more about jobs than Jerusalem. It is not certain that Romney will pay at the ballot box for his fumbles.¶ "I don't think this will have a lasting impact one way or the other," said David Yepsen, director of the Paul Simon Public Policy Institute at Southern Illinois University. "It's certainly not going to help his goal of burnishing his foreign policy credentials. I don't think he did that. But I don't think he hurt himself either."¶ The trip ended on a sour note with the media on Tuesday when traveling press secretary Rick Gorka angrily admonished reporters for shouting questions about his gaffes to Romney at a memorial to the late Pope John Paul II in Poland.¶ "Kiss my ass. This is a holy site for the Polish people. Show some respect," Gorka said.¶ A saving grace for Romney may be that his sojourn took place during a summer down period with Americans more interested in their vacations and the Olympic Games than the presidential campaign.¶ As the United States winds down its foreign wars and frets about its debt, deficit and high jobless number of more than 8 percent, voters are paying little attention to global matters.¶ Fewer than 10 percent of people surveyed in regular polls by Reuters/Ipsos over the last 21 months have named foreign affairs as the biggest problem facing the United States.¶ The number fell to 5 percent in the last poll in April, compared to 46 percent who mentioned the economy.¶

# Economy

## Economy Up

### Economy Up

#### The economy is strengthening- multiple reasons

Forex 7/31/12 (a global online [currency trading](http://en.wikipedia.org/wiki/Currency_trading) portal that offers real-time exchange rates, currency charts, news, market forecasts, technical analysis and currency conversion tools. The site is owned by [Forexstreet](http://en.wikipedia.org/w/index.php?title=Forexstreet&action=edit&redlink=1) S.L and is registered at the [Registro Mercantil de Barcelona](http://en.wikipedia.org/w/index.php?title=Registro_Mercantil_de_Barcelona&action=edit&redlink=1). FXstreet is published for more than 50 countries across ten languages and it is among the top-ten online [currency trading](http://en.wikipedia.org/wiki/Currency_trading) portals in the world, “[US](file:///C:\Users\Owner\Downloads\US) economy will grow over time,” <http://www.fxstreet.com/news/forex-news/article.aspx?storyid=c584e7e5-c42f-4471-ab89-ed6c96fd12fd>

Over the first half of 2012, **US households increased their savings rate and it is now back to around its September quarter 2011 level. This puts them on a firmer footing – a positive in terms of future consumption growth. Moreover, lower oil prices also support a moderate strengthening in consumption**. According to Antony Kelly, a research analyst at NAB, **“In the housing sector, with the inventory of new homes still very low, and new construction well below typical levels, solid-to-strong growth is likely for an extended period.” “The view that the economy will strengthen in time is supported by our US mini-model which incorporates information embedded in various factors including interest rates, equity markets, the exchange rate, oil prices and house prices.** Our forecasts are lower than is suggested by over the next several quarters, reflecting an expected slower rate of inventory accumulation, currently weak partial indicators, as well as the heightened level of uncertainty around policy and overseas developments.” he adds. Much of the U.S. is also facing severe drought conditions and while agriculture only makes up around 1% of US GDP, the likely increase in food prices will put some pressure on household budgets. “Nevertheless as the influence of these factors wane, and global economic growth strengthens in 2013, the positive factors supporting a higher rate of growth will reassert themselves.” Kelly predicts.

#### Economy’s turning up

CNBC 7/31/12 (Patti Domm, CNBC Executive News Editor, “With Expectations So Low, Economy Starts to Look Good,”

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| <http://www.cnbc.com/id/4842392020>) |

After months of disappointing financial markets, U.S. economic data may actually start to look better than Wall Street expects. The first glimpse of that may be showing up in[Citigroup’s](http://data.cnbc.com/quotes/C) economic surprise index, which has started to turn up and is watched by analysts as a sign of possible market turns. The widely followed metric, put together by the FX Quantitative Research group at Citigroup [[C 27.13 http://media.cnbc.com/i/CNBC/CNBC_Images/componentbacks/watchlist_down.gif -0.01 (-0.04%) http://media.cnbc.com/i/CNBC/CNBC_Images/backgrounds/realtime_icon.gif]](http://data.cnbc.com/quotes/c), tracks data versus economists’ expectations. With 1.5 percent gross domestic product [(explain this)](http://www.cnbc.com/id/44505017/) growth last quarter, it’s hard to say there are any rosy forecasts out there, but economists may have become so grim that they now could be too negative. “It’s been coincident with turning points, certainly over the last two summers,” said Andrew Burkly, equity strategist with Brown Brothers Harriman. “It led the downturn certainly last spring and this spring. It’s just an expectations thing,” he said. “What’s driven the market is the growth acceleration, growth deceleration. That kind of ebb and flow is followed by that measure.” Burkly said he is cautious on the market and does not trust the recent rally, which has been led by defensives. But he sees the Citi index as one bright spot. “It’s still below zero, which tells you they’re still missing, but missing to a lesser degree,” Burkly said. He also said the index dropped a bit early in February, but still it goes in the right direction. “Over the last two months, you’ve seen so many economists taking their numbers down, that the data started to surprise,” he said. RELATED LINKS [The Fed's Next Move [http://media.cnbc.com/i/CNBC/CNBC_Images/flexi/assets/icon_video_blue.gif](http://www.cnbc.com/id/15840232?video=3000106430&play=1)](http://www.cnbc.com/id/15840232?video=3000106430&play=1) [Fed in No Hurry to Act](http://www.cnbc.com/id/48354446) [Job-Generating States](http://www.cnbc.com/id/48018076) Burkly said he believes stocks are being held aloft by the expectation of more stimulus[(explain this)](http://www.cnbc.com/id/43268061/) from the Federal Reserve[(explain this)](http://www.cnbc.com/id/43752521/), which ironically is dependent on data weakening, not improving. Just on Tuesday, there was a batch of economic reports that beat economists’ views. [Consumer confidence](http://www.cnbc.com/id/48416744/) and the Chicago purchasing management index were both better than expected. Consumer confidence, in fact, increased for the first time in five months, rising to 65.9 form 62.7 in June. The Chicago PMI was 53.7 in July, compared to forecasts for 52.5 and a reading of 52.9 in June. But spending data was weaker than expected, showing a cautious consumer even as their incomes grew at the fastest pace in three months. [S&P Case-Shiller](http://www.cnbc.com/id/48415413/) home price data was also a little stronger than expected, in keeping with many of the housing reports of the last two months. Housing, painfully slow to recover, has been showing signs of turning.

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Citigroup economist Steven Wieting said the economy should be getting cleaner readings in the second half of the year, after the seasonal factors that impacted the first half, especially jobs. **Wieting expects the economy to grow at 1.75 percent in the third quarter and 2 percent in the fourth quarter.**

### Jobs Up

**Jobs are up – manufacturing**

**Lahart 7/31** [Justin Lahart. “Fed in the Dark on Jobs.” WSJ. July 31, 2012. <http://online.wsj.com/article/SB10000872396390444130304577561151914080604.html>]

The state of the job market is the single biggest factor that Federal Reserve policy makers will be considering as they weigh whether they should act. But the one thing they could really use as they mull over what to do, the July jobs report, doesn't arrive until Friday, two days after their meeting ends.¶ It is unclear what happened to the job market in July. Consumer-sentiment and manufacturing-activity measures paint a dispiriting picture, but weekly jobless claims suggest that things have perked up.¶ The Fed does get an early peek at one aspect of the jobs report. To help Fed statisticians prepare monthly industrial production figures, the Labor Department sends it data on hours worked in the industrial sector—that is manufacturing, mining and utilities firms—ahead of time.¶ Mining and utilities, which combined represent 1% of the U.S. workforce, aren't much of a yardstick for the overall job market. Manufacturing matters more, accounting for 9% of U.S. workers, and feeds into many other industries as well.

### Jobs Up (Construction)

**Construction jobs are up all across the country – 175 areas across the country**

**Katzanek 7/31** [Jack Katzanek, staff writer. “JOBS: Construction jobs still hard to find.” July 31, 2012. The Press Enterprise. <http://www.pe.com/business/business-insider-headlines/20120731-jobs-construction-jobs-still-hard-to-find.ece>]

Anyone who wants to work in the construction industry and is looking for good news can feast on this: More than half the metropolitan areas in the United States do not have fewer jobs than they did a year ago.¶ But that’s still a pretty bad version of good news. Almost half of those cities in fact do have fewer jobs, indicating that the economy has not come back to a level that suggests new projects. The Associated General Contractors of America, a builders’ trade group, reported that construction employment declined in 162 of 337 areas during the 12 months that ended June 30.¶ Construction work increased in 127 cities or metro areas and stayed the same in 48, so at least it got no worse in 175 markets. Like we said, a weak example of good news.¶ Inland Southern California, which is almost a poster child for the loss of construction work, is one of the markets that escaped the June-to-June period without further damage. According to state information, there were 59,100 construction jobs in June, the same as June 2011. In 2006, there were about 120,000.¶ Two of the better markets for this kind of work were in California. Bakersfield added 3,300 jobs in the year, a healthy 23 percent increase. Also, Los Angeles saw 6,200 jobs, which was the biggest gain in raw-number terms.¶ Other good places for folks with construction chops were Knoxville, Tenn., Houston, Phoenix and Washington, D.C. Places to avoid include New York City, New Orleans, Chicago and Tampa-St. Petersburg.

## Economy Down

### Economy Down

#### Economy collapsing - double dip coming –Low consumer spending, Low housing, no government intervention

AP 7/9 (The Associated Press, US economy adds 80,000 jobs in another weak month, July 9, 2012 at 1:05 p.m., ,http://www.vcstar.com/news/2012/jul/09/us-economy-adds-80000-jobs-in-another-weak-month)

The slowdown in job growth has been stark. From December through February, the economy produced an average of 252,000 jobs a month, twice what is needed to keep up with population growth. But the jobs generator started sputtering in March, when job growth slowed to 143,000. At first, economists blamed the weather for warping the numbers. An unusually warm winter allowed construction companies and other employers to hire earlier in the year than usual, effectively stealing jobs from the spring, they said. But weird weather could only explain so much, and the bad news kept coming: The economy added just 68,000 jobs in April and 77,000 in May. Those figures reflect revisions from earlier estimates of 77,000 for April and 69,000 for May. June's dud of a number made it clear that the economy has fallen into the same pattern it followed in 2010 and 2011: It gets off to a relatively fast start, then fades at midyear. Offering some hope, the slowdowns the two previous years lasted just four months each. From June through September 2010, the economy lost an average of 75,000 jobs per month. From May through August 2011, the economy added an average of 80,000 per month. Both years, hiring picked up significantly when the weak stretches ended. To be sure, the United States is still suffering the hangover of a financial crisis and the worst recession since the 1930s. The economy lost 8.8 million jobs during and after the recession. It has regained 3.8 million. The economy isn't growing fast enough to create jobs at a healthy clip. That is primarily because three traditional pistons of the economic engine aren't firing the way they normally do: - Consumer spending since the recession has been weaker than it was in any post-World War II recovery. Inflation is modest, but workers' wages have barely kept up. In such a weak job market, employers don't need to give big raises. And households are trying to pay off the debt they ran up in the mid-2000s. - Housing has been a dead weight on the economy for six years. Home-building usually powers economic recoveries, but construction spending is barely half what economists consider healthy. - Government, which usually picks up the slack in the job market when the economy is weak, isn't helping this time. Counting federal, state and local jobs, governments have cut 637,000 jobs since 2008. They have cut 49,000 the last three months.

#### **Economy is down**

Bloomberg 7/31/12 (Shobhana Chandra, “Consumer Spending In U.S. Was Unchanged In June,” <http://www.bloomberg.com/news/2012-07-31/consumer-spending-in-u-s-was-unchanged-in-june.html>)

[Consumer spending](http://topics.bloomberg.com/consumer-spending/) in the U.S. stagnated in June as labor-market weakness prompted Americans to use the biggest gain in incomes in three months to build savings. Household purchases, which make up 70 percent of the economy, were unchanged last month after a 0.1 percent decline in May, a Commerce Department report showed today in [Washington](http://topics.bloomberg.com/washington/). The median estimate in a Bloomberg News survey of economists called for a 0.1 percent rise. **Incomes climbed 0.5 percent, lifting the** [**saving rate**](http://www.bloomberg.com/quote/PIDSDPS:IND) **to 4.4 percent, the highest in a year. Americans may be growing less pessimistic about job prospects later in the year, with another report today showing**[**consumer confidence**](http://topics.bloomberg.com/consumer-confidence/) **rose unexpectedly for the first time in five months**. Federal Reserve policy makers meeting today and tomorrow may wait for more employment data before deciding whether action is needed to boost an economy that’s slowed for two straight quarters. “There’s been some back-tracking in the labor market so consumers are choosing to save the income rather than spend it,” said [Julia Coronado](http://topics.bloomberg.com/julia-coronado/), chief economist for [North America](http://topics.bloomberg.com/north-america/) at BNP Paribas in [New York](http://topics.bloomberg.com/new-york/), who correctly projected the stagnation in purchases. “The third quarter will be pretty subdued.” The Standard & Poor’s 500 Index fell 0.4 percent to 1,379.32 at the close of trading in New York. The yield on the 10-year Treasury note dropped to 1.47 percent from 1.50 percent late yesterday as Europe’s debt crisis underpinned demand for the safest securities. Unemployment in Europe The jobless rate in the euro area reached the highest on records dating to 1995 as the debt crisis and deepening economic slump prompted companies to cut jobs. Unemployment in the economy of the 17 nations using the euro reached a revised 11.2 percent in May and held at that level in June, the European Union’s statistics office in Luxembourg said today. The crisis is also taking a toll in [Asia](http://topics.bloomberg.com/asia/). Taiwan’s economy unexpectedly shrank, South Korean output fell and a Japanese manufacturing gauge reached the lowest level since immediately after the 2011 earthquake, according to reports today. Other data in the U.S. showed that a gauge of business activity unexpectedly rose in July, and[home prices](http://topics.bloomberg.com/home-prices/) declined less than forecast in the year ended in May. Projections for personal spending among the 76 economists surveyed by Bloomberg ranged from a drop of 0.1 percent to a gain of 0.4 percent. The May reading was previously reported as unchanged. Losing Steam The June results indicate the consumer was losing steam as the quarter drew to a close. Household spending rose 1.5 percent from April through June, the slowest pace in a year, according to government data last week. Gross domestic product also climbed at a 1.5 percent annual rate, cooling from a 2 percent pace in the prior three months. Retail sales fell in June for a third straight month, the longest period of declines since 2008. Same-store purchases rose less than analysts’ estimates at chains like [Target Corp. (TGT)](http://www.bloomberg.com/quote/TGT:US) and[Macy’s Inc. (M)](http://www.bloomberg.com/quote/M:US) Coach Inc., the largest U.S. luxury handbag maker, today reported fiscal fourth-quarter revenue that trailed analysts’ estimates. Sales at North American stores open at least a year advanced 1.7 percent, compared with a gain of 10 percent a year earlier. Adjusting consumer spending for inflation, which renders the figures used to calculate gross domestic product, purchases dropped 0.1 percent, the most since August, after a 0.1 percent increase in the previous month, today’s report showed. Gaining Confidence The Conference Board’s index of consumer [confidence](http://www.bloomberg.com/quote/CONCCONF:IND) increased to 65.9 this month from 62.7 in June. Economists projected a reading of 61.5, according to the median estimate in a Bloomberg News survey. The report showed a gain in the share of consumers anticipating better labor and economic conditions in six months. A pickup in the housing market and decreases in fuel prices may also be helping sustain consumer sentiment. “Despite this month’s improvement in confidence, the overall index remains at historically low levels,” [Lynn Franco](http://topics.bloomberg.com/lynn-franco/), director of economic indicators at the Conference Board, said in a statement. The confidence figures contrast other data on consumer sentiment. The Bloomberg Consumer Comfort Index fell in the week ended July 22 to minus 38.5, the lowest level in two months. The Thomson Reuters/University of Michigan final July index of consumer sentiment was the weakest this year.

#### Econ is slow and unemployment is high

Reuters 7/31/12 (“U.S. inflation-adjusted consumer spending falls in June,” <http://in.reuters.com/article/2012/07/31/usa-economy-spending-idINL2E8IUDUX20120731>)

(Reuters) - Spending by American consumers fell in June for the first time in nearly a year when accounting for inflation, suggesting the economy lost momentum as it ended the second quarter. Consumer spending, which makes up about 70 percent of U.S. economic activity, f ell 0.1 percent when adjusted for rising prices, the Commerce Department said on Tuesday. Before making price adjustments, spending was flat. That was just b elow the median forecast in a Reuters poll of 0.1 percent i ncrease. Pressure is rising on policymakers at the U.S. Federal Reserve to do more to help the sputtering U.S. economy. The faltering recovery also weighs on President Barack Obama's hopes of reelection in November. The Commerce Department had already reported that economic growth slowed o ver the entire second quarter a s consumers spent at their slowest pace in a year. But Tuesday's data showed consumer spending lost momentum throughout the period when taking inflation into account. U.S. household income rose in June by 0.5 percent - the most in three months - although consumers socked away part of the extra cash by saving more. Analysts had expected a gain of 0. 4 percent. After tax income climbed 0.3 percent in J une w hen accounting for higher prices. With price-adjusted incomes rising in June and consumption f alling, the saving rate f or households rose to 4.4 percent, its highest level in a year. A report on Friday is expected to show the jobless rate holding at 8.2 percent in July. It has been above 8 percent since February 2009 - nearly all of Obama's time in office so far. On Tuesday, policymakers at the U.S. Federal Reserve were to start a two-day meeting where Fed Chairman Ben Bernanke has said they would be looking for signs of any stall in the recovery of the labor market. No major policy announcement is expected although some economists think the Fed this week could push further into the future its conditional pledge to keep rates near zero through late 2014. Inflation pressures appear to be muted. A price index for personal spending rose 0.1 percent in J une. In the 12 months through J une, the PCE index was up 1 .5 p ercent, ma tching May's reading which was th e lowest si nce January 2011 and bel ow th e Fed's target of 2 percent. So-called core PCE, which remove s volatile food and energy prices, rose 1.8 percent in the 12 months through June.

#### Any growth now is outweighed by lack of spending

CBS News 7/31/12 (Kathy Kristof, <http://www.cbsnews.com/8301-505144_162-57483490/u.s-incomes-rise-but-spending-lull-hurts-economy/>)

(MoneyWatch) Although Americans' wages are up slightly, they're keeping a [tight hold on their wallets](http://www.cbsnews.com/8301-505145_162-57483278/consumer-spending-flat-while-incomes-rise-0.5-pct/), according to new federal data. That's a mixed bag for the U.S. economy, providing the fuel for future consumer spending without doing much in the short-term to boost sluggish growth and reduce the nation's stubbornly high unemployment rate. Personal income increased by $61.8 billion, or 0.5 percent from May to June, while income after social insurance and income taxes rose 0.3 percent, the [U.S. Commerce Department reported today](http://www.commerce.gov/news/press-releases/2012/07/31/statement-acting-us-commerce-secretary-rebecca-blank-personal-income-). That was the sharpest increase in income in the past three months. Yet that increase in wages is not propelling a hike in spending. Personal expenditures fell $1.3 billion in June, or 0.1 percent, compared with the previous month. In a statement, Acting Commerce Secretary Rebecca Blank acknowledged that these economic concerns, such as the ongoing financial crisis in Europe, is damping consumer spending and restraining economic growth. "Today's release shows that personal income grew by 3.5 percent over the past year, and that it has increased 30 out of the past 34 months," she said. "Most of these gains have come from increases in private-sector wages, which rose 4.2 percent. However, personal income growth continues to be weighed down by several factors, including flat growth in income from government employment. Further, our economy continues to face other headwinds, including the economic turmoil in Europe."

#### Stocks are low despite any other economic growth- best indicator of private sector performance

WSJ Online 7/31/12 (Chris Dieterich, “US Stocks Unmoved by Strong Economic Readings; Fed Meeting on Tap,” <http://online.wsj.com/article/BT-CO-20120731-713871.html>)

The Dow Jones Industrial Average fell seven points, or 0.1%, to 13065 in Tuesday morning trading. The Standard & Poor's 500-stock index rose one point, or 0.1%, to 1385, and the Nasdaq Composite Index added seven points, or 0.3%, to 2953. In focus for investors will be the start of the Federal Reserve's two-day policy-setting committee meeting. Recent overtures from European central bankers that additional stimulus measures could be on the way have helped fuel stocks, and heightened anticipation for the Fed to signal moves of its own. "Economic reports are indicating weakness in the U.S. and a recession in Europe, and heading into this week, there've been greater expectations that the Fed would add some form of stimulus," said Robert Pavlik, chief market strategist at Banyan Partners. "No change in statements or policy will probably cause markets to give back gains from last week," he said, referring to a rally that ended Friday with the Dow's biggest three-day point gain of the year. Consumer discretionary stocks were the worst performers in morning action. High-end leather goods maker Coach slid 15% after quarterly revenue fell shy of analysts' estimates and the company provided a downbeat outlook for the year. Dow component Pfizer gained 2.2% after the pharmaceutical company reported second-quarter earnings and revenue that exceeded expectations, as lower expenses countered declining sales of its cholesterol-lowering drug Lipitor. Stocks were little moved by positive readings on U.S. economic growth. Home prices rose in May for the second straight month, according to Standard & Poor's Case-Shiller home-price indexes. The Chicago purchasing managers index, a barometer of manufacturing health, beat expectations and rose in July, while a separate reading showed U.S. consumer confidence rose in July. Personal income in June increased and slightly topped forecasts. "In this market, the problem good economic data is that, if you're looking for a QE trade, maybe then it doesn't happen as soon as you'd like," said Rick Fier, director of equity trading Conifer Securities, referring to quantitative easing, the Fed's asset-purchase program. "**We're going to see tons of economic numbers this week, ending in Friday's [monthly jobs report], and still, people aren't betting on a big rally**," he said. European markets fell, with the Stoxx Europe 600 down 0.8%, as weak data and disappointing earnings reports weighed on sentiment, offsetting expectations of new stimulus measures from the Fed and European Central Bank. Swiss banking giant UBS fell after recording a large loss from Facebook's initial public offering, and announced plans for legal action against Nasdaq OMX Group. U.K. oil heavyweight BP declined after profits sank 96% on a huge write-down of asset values. Asian markets were mostly higher, with Japan's Nikkei Stock Average gaining 0.7% and Australia's S&P/ASX 200 tacking on 0.6%. But China's Shanghai Composite fell again, losing another 0.3% to set another three-year closing low. In other earnings-related news, Archer Daniels Midland dropped 3.7% after the company, one of the world's largest grain traders and processors, missed second-quarter earnings estimates. Dendreon slumped 22% after the biotechnology company reported a wider-than-expected second-quarter loss and said it was reducing its workforce by more than 600 employees over the next year as part of a restructuring aimed at cutting costs by $150 million a year. Seagate Technology stumbled 5.6% after the hard-drive maker's fiscal fourth-quarter results missed forecasts, citing the suspension of some shipments after it identified a quality problem with one of its suppliers. CafePress slumped 41% after posting second-quarter loss that widened on higher marketing costs and the e-commerce company offered a downbeat outlook for the second half of the year.

### Jobs Down

**Jobs are down by 13%**

**Dobbie 7/31** [Phil Dobbie. “JobWatch: jobs down; and staying down?” July 31, 2012. Zdnet.http://www.zdnet.com/jobwatch-jobs-down-and-staying-down-7000001844/]

The latest employment statistics make depressing reading for job seekers. The big question is: are jobs disappearing in the short term because of a global downturn, or is this part of a far-reaching restructure within the industry?¶ With infrastructure moving into the cloud, is there a need for quite so many IT managers? When you can hire developers for less than AU$15 hour in India or the Philippines, is there a need to employ a far more expensive Aussie coder to do the job? It's a rather pessimistic picture, but is there a risk that we will become consumers of technology, with far less development and management of it happening locally?¶ Could this be the reason why we are seeing such an astronomical fall in the number of job advertisements over the last year? Figures gathered by the Department of Education, Employment and Workplace Relations (DEEWR) show that the number of vacancies for ICT professionals advertised on the internet fell almost a quarter over the last year.¶ Even though that seems like a staggering drop, there are a couple of points to consider: first, all jobs, across all sectors, are down by 13 per cent, a sign, surely, that the economy has slowed. Secondly, a drop in advertisements doesn't necessarily equate with a fall in job numbers; it could be that turnover has slowed to a trickle.

### Jobs Down (Construction)

#### Construction jobs have declined – 162 out of 337 areas across the U.S.

Ferreras 7/31 [Alex Ferreras. “Employment in Construction Market Majorily Declines in June.” Loan Safe. July 31, 2012. <http://www.loansafe.org/employment-in-construction-market-majorily-declines-in-june>]

Construction employment declined in 162 out of 337 metropolitan areas between June 2011 and June 2012, increased in 127 and stayed stagnant in 48, according to a new analysis of federal employment data released today by the Associated General Contractors of America. Association officials said that construction employment declined or remained unchanged in most metro areas as the public sector continued to cut back on investments in new construction and infrastructure and economic growth slowed.¶ “The construction sector continues to shrink or stagnate in most metro areas as demand for new construction remains weak in too many places,” said Ken Simonson, the association’s chief economist. “It is hard to see how the construction employment picture will improve significantly in the short term until the economy picks up more steam.”¶

## Economy Alternate Causalities

### Alt Cause - Europe

**Alt cause – imminent European collapse**

**AP 7/31** [“European economic downturn gathers pace.” The Associated Press. July 31, 2012. <http://www.lasvegassun.com/news/2012/jul/31/eu-europe-financial-crisis/>]

Any hopes for recovery for Europe's faltering economies suffered a series of blows Wednesday following the latest round of bad news from the debt-ridden region.¶ Official figures showed Britain, which does not use the euro and has Europe's third-largest economy, slipped deeper into recession as the government pressed on with tax hikes and spending cuts to reduce debt.¶ Meanwhile, surveys showed demand for loans remained weak across the 17-country eurozone, suggesting no economic recovery is imminent, and business confidence continued to fall in Germany, Europe's largest economy and its pillar of growth \_ so far.¶ Conditions remained tense in Spain, where the government's borrowing rates hovered at unsustainable levels, threatening to force it to seek outside help to finance its debt.¶ Wednesday's news showed that the economic crisis is gathering pace and spreading \_ not only among the weak eurozone states like Spain, but also in bigger economies like Germany and outside the currency zone, in the U.K.

### Alt Cause – Global Economy

#### Alt cause - globalization means that decline in other countries causes global collapse – EU, China, Brazil – only one domino has to tip to collapse the whole market

Wiseman 7/23 [Paul Wiseman, Associate Press. “Nowhere to hide: Global economic trouble from Europe and US to China, India and Brazil.” July 23, 2012. <http://www.startribune.com/business/163429666.html?refer=y>]

WASHINGTON - Mounting fears about Spain's financial health help illustrate why the global economy is in its worst shape since 2009.¶ Six of the 17 countries that use the euro currency are in recession. The U.S. economy is struggling again. And the economic superstars of the developing world — China, India and Brazil — are in no position to come to the rescue. They're slowing, too.¶ The lengthening shadow over the world's economy illustrates one of the consequences of globalization: There's nowhere to hide.¶ Investors drove up Spain's borrowing rates Monday over concern that the government's debts might force it to seek a bailout. The interest rate on Spain's 10-year bond touched 7.56 percent — the highest since the euro began in 1999. Stocks around the world tumbled in response.¶ Worries about Spain intensified after its central bank said the economy shrank 0.4 percent in the second quarter. The government predicts the economy will keep contracting next year as tax hikes and spending cuts hurt consumers and businesses.¶ Italy has also been swept up by fears that it may need to request aid. Rates on Italy's government bonds jumped Monday, and stock prices sank.¶ Economies around the world have never been so tightly linked — which means that as one region weakens, others do, too. That's why Europe's slowdown is hurting factories in China. And why those Chinese factories are buying less iron ore from Brazil.¶ As a result of this global economic slowdown, the International Monetary Fund has reduced its forecast for world growth this year to 3.5 percent, the slowest since a 0.6 percent drop in 2009. Some economists predict the global economy will grow a full percentage point less.¶ For now, few foresee another global recession. Central banks in China, Britain, Brazil, South Korea and Europe have cut interest rates in the past month to try to jolt growth. European leaders have begun to focus more on promoting growth, not just shrinking debt and cutting budgets.¶ The Chinese government, in particular, is expected to do what it takes to protect its economy from deteriorating too quickly. And despite their slowdowns, China and India are still growing at rates America and Europe can only imagine.¶ But many economists say European policymakers aren't moving fast enough to strengthen European banks and ease borrowing costs for Italy and Spain. They fear the global impact if Europe's economy deteriorates further.¶ Stock prices in the United States and elsewhere are fluctuating almost daily depending on the outlook for a resolution of Europe's debt crisis.¶ Around the world, sales at companies ranging from automakers to technology companies are falling. Advanced Micro Devices, a California-based maker of computer chips used in everything from slot machines to smart cameras, says revenue likely dropped 11 percent in the second quarter because of weaker-than-expected sales in China and Europe.¶ At Jagemann Stamping Co. in Manitowoc, Wis., sales to Europe have dropped more than 10 percent from a year ago. The company makes metal parts for auto companies and other customers. It's still enjoying strong sales in the United States, so it hasn't had to cut workers because of falling business in Germany and the Czech Republic.¶ "What it does is slow our new hiring," says company president Ralph Hardt.¶ One growing concern about the global economy is there's little margin for error: Unemployment is already at recession levels in Europe and the United States.¶ The United States, by far the world's biggest economy, has long pulled the global economy out of slumps. Now it needs help. Three years after the Great Recession officially ended, the American economy can't maintain momentum. For the third straight year, growth has stalled at mid-year after getting off to a promising start.¶ Unemployment stood at 8.2 percent in June — the 41st straight month it's been above 8 percent.¶ Americans spent less at retail businesses for a third straight month in June, the longest losing streak since the recession. Economists are downgrading their estimates of economic growth in the April-June quarter. When the government releases its first estimate on Friday, many think it won't even match the first quarter's sluggish 1.9 percent annual pace.¶ The global slowdown is squeezing U.S. exports, which have accounted for an unusually large 43 percent share of U.S. growth since the recession officially ended in June 2009.¶ Consumer confidence has fallen four straight months in the face of scant hiring and weak economic growth. U.S. companies are nervous about the threat of tax increases and spending cuts that are scheduled to kick in at year's end unless Congress breaks a deadlock. The IMF has warned of a spillover to the rest of the world if the U.S. economy falls off the so-called fiscal cliff.¶ Europe's obstacles are even more severe. It's faced with crushing government debts, struggling banks and scant economic growth. Unemployment in the 17 countries that use the euro is 11 percent, the highest since the euro was adopted in 1999.¶ Greece, Portugal, Italy and Spain are in recessions. Germany and France are faring better, but both are likely to grow more slowly this year than America.¶ French retail giant Carrefour SA — the Wal-Mart of Europe — says its sales fell in the second quarter amid a slowdown in its core markets in Europe.¶ Italy's Fiat lost nearly $260 million in Europe the first three months of the year. French carmaker PSA Peugeot-Citroen plans to slash 8,000 jobs in France and close a major factory. Europe's banks are stuck with bad real estate loans and shaky European government bonds.¶ The European Central Bank has made massive amounts of money available to Europe's banks at cheap rates to try to revive lending. But borrowing by many businesses and consumers remains weak because they are uncertain about future income.¶ Many fear that Greece and perhaps other countries will default on their debts and have to abandon the euro currency, which could ignite financial chaos across Europe.¶ A summit of European leaders last month produced some agreements that helped calm markets for a few days. But optimism faded as investors recognized that governments are still saddled with big debts and banks with bad loans. And that Europe itself still faces the threat that growth will stall and the euro currency alliance will collapse.¶ The European Commission predicts the 17-country eurozone economy will shrink 0.3 percent this year. Many economists fear it could be worse. Capital Economics says a recent drop in eurozone business confidence is consistent with a 1 percent decline in economic output.¶ In the latest wallop to the global economy, China said last week that its economic growth fell to a three-year low. The world's second-largest economy grew 7.6 percent in the April-June quarter compared with the same quarter last year. That was the slowest growth since early 2009.¶ Countries like China need fast growth to serve growing populations and millions of people leaving farms to seek work in cities.¶ Chinese growth has decelerated for eight straight quarters. That's the longest slowdown in records dating to 1992, according to Yu Bin, a government researcher.¶ The slowdown is partly deliberate. In 2010 and 2011, Chinese officials raised interest rates and took other steps to tame inflation and cool an overheated real estate market.¶ "Mission accomplished," says Cameron Peacock, a market analyst at Australia's IG Markets. "China now has the room to re-stimulate its economy."¶ But China is also feeling Europe's economic squeeze. Chinese exports to Italy dropped 24 percent in June from a year earlier. Exports to France fell 5 percent, those to Germany nearly 4 percent. Europe buys about 17 percent of China's exports.¶ The impact of weak European demand for Chinese-made furniture, shoes, toys and other goods has fallen hardest on export-oriented manufacturers along China's southeastern coast. Some companies have closed. Others are cutting staff.¶ China is the biggest trading partner of Brazil, which has the world's eighth-biggest economy. Brazil is likely to grow only 1.8 percent in 2012, according to Sao Paulo Federation of Industries. China's slowdown has reduced demand for Brazilian soy and iron ore. Brazilian manufacturers, such as aircraft maker Embraer, are hurting as Europe reduces its demand for manufactured goods.¶ A relatively strong currency isn't helping. It makes Brazilian products more expensive to foreign buyers.¶ Brazil also has a U.S.-style problem with consumer debt: Since 2003, about 40 million Brazilians have entered the middle class and brought a strong appetite for consumption. Brazilian leaders credited those consumers with invigorating the economy in recent years and helping protect it from external shocks.¶ But most of the buying has been on credit. And those bills are adding up. In a report last week, London-based Capital Economics estimated that debt payments now eat up 20 percent of household income in Brazil.¶ "The current pace of credit growth in Brazil remains unsustainable — and the longer it continues, the bigger the risk of a messy ending further down the line," Capital Economics warned.¶ Similarly, the outlook has dimmed for India, the world's fourth-biggest economy. Its growth slowed to a 5.3 percent annual rate in the first three months of 2012, the slowest rate in nine years.¶ Over the past two decades, India has emerged as a powerhouse in services — writing software, running call centers, making movies, drafting engineering plans.¶ In a report last month, Andrew Kenningham, senior global economist at Capital Economics, said India's troubles are mostly self-inflicted.¶ "Weak governance, although not new, is the most plausible explanation for the slowdown," he wrote.¶ The government has reneged on promises to make it easier for foreigners to invest in India. It has taxed Indian firms that acquire companies overseas. Indian factories have cut production. And the pay of many Indians has been diminished by inflation, which has averaged more than 9 percent a year for the past two years.¶ The slowdown in the developing world could make it harder for the economies of Europe and the United States to climb out of their ruts. And the weaker the rich countries get, the harder it will be for developing economies to regain their old fast pace.¶ "In today's interconnected world, we can no longer afford to look only at what goes on within our national borders," IMF Managing Director Christine Lagarde said earlier this month. "This crisis does not recognize borders. This crisis is knocking at all our doors."

### QE Now

#### Quantitative easing soon - Bernanke

Reuters 7/18 [“Bernanke gloomy on US economy.” July 18, 2012. <http://www.fin24.com/Economy/Bernanke-gloomy-on-US-economy-20120718-2>]

The Fed chairperson told lawmakers the central bank was considering a range of tools it could employ to help the economy but he hewed closely to the message of watchful waiting that the central bank's policy panel delivered in June.¶ "Reflecting its concerns about the slow pace of progress in reducing unemployment and the downside risks to economic growth, the committee made clear at its June meeting that it is prepared to take further action," Bernanke said in his testimony on the Fed's semi-annual monetary policy report.¶ Some investors had hoped the Fed chief would signal that the central bank was moving close to a third round of bond purchases - or QE3 in market parlance - to support the economy.¶ Prices for US stocks initially fell on disappointment but clawed back to close up on the day on better-than-expected profit forecasts from Coca-Cola and Goldman Sachs. Prices for US government debt fell.¶ "The market was preparing for some signal of imminent policy action from the Fed and they certainly did not get that," said Omer Esiner, chief market analyst at Commonwealth Foreign Exchange.¶ Job slowdown can't be explained away¶ The Fed has held overnight borrowing costs near zero since December 2008 and has bought $2.3 trillion in government and mortgage-related debt to push long-term interest rates lower.¶ As the recovery faltered, it promised to hold rates at rock bottom levels until at least 2014 and, at its June meeting, it extended a programme to lengthen the average maturity of bonds in its portfolio to depress long-term borrowing costs.¶ It next meets on July 31-August 1. Few economists expect it to take further steps to spur the recovery then, but many think fresh stimulus measures could come as early as the subsequent meeting in September.¶ "I think the issue is not if but when we'll have another round of quantitative easing," said Nouriel Roubini, chairperson of Roubini Global Economics.

# Carbon Pipelines / Climate Neg

### AT: Coal Advantage

#### Alt causes to coal decline – Less European demand and low natural gas prices.

Maher 12 (Wall street Journal Business section, “Coal Industry Losing Steam”, KRIS MAHER, Wall Street Journal, January 24, 2012, http://online.wsj.com/article/SB10001424052970204624204577179170798754632.html)

The two biggest threats facing U.S. coal companies are the low price of domestic natural gas, which is making thermal coal a less-attractive fuel for their utility-customers, and the shaky economic picture in Europe, which is damping exports of metallurgical coal.¶ Demand among European steelmakers has fallen off, pushing down the benchmark price for the highest grades of coal by nearly 30% over the past year. Also damping prices is tougher federal emissions rules for U.S. utilities, resulting in more planned closures of coal-fired generating plants and eroding the market for thermal coal.¶ The industry is "entering a year with an unusual amount of uncertainty," Brett Harvey, chief executive of Pittsburgh-based Consol Energy Inc., CNX -1.73% said earlier this month.¶ Rival Patriot Coal Corp., of St. Louis, idled five coal mines in southern West Virginia that produce metallurgical coal for the steel industry. Chief Executive Rick Whiting said demand for such coal had "trended steadily downward in recent weeks, most notably in the export market." He expects to resume the mine's production "as world economies return to normal growth rates."¶ More production cuts are expected in Appalachia, which has some of the country's the highest mining costs. Lucas Pipes, a coal analyst with Brean Murray, Carret & Co., estimates that 20 million tons, or 11% of thermal coal production in the region which extends from Pennsylvania to Alabama, is currently unprofitable and will have to be trimmed this year. Market conditions could lead to "more rationalization and consolidation" across the industry, he predicted.¶ The industry has seen a dramatic shift since early last year when the price for steelmaking coal on the global market hit a record, and companies were expanding production to try to capture growing demand. Several major coal acquisitions, including Alpha Natural Resources Inc.'s ANR -1.96% purchase of Massey Energy for $7.1 billion, were fueled in part by optimism about overseas demand.¶ But as global demand cooled in recent months and abundant shale-gas reserves pushed natural gas prices lower, investors have punished coal stocks, pushing many down more than 50% from mid-year highs. The deferral of a set of new emissions guidelines in December failed to brighten the outlook, in part because utilities had sizable coal inventories on hand.

#### Demand for coal is growing now and energy companies are able to provide enough supply to keep up.

Maher 12 (Wall street Journal Business section, “Coal Industry Losing Steam”, KRIS MAHER, Wall Street Journal, January 24, 2012, http://online.wsj.com/article/SB10001424052970204624204577179170798754632.html)

Coal's prospects over the longer-term look brighter. BP PLC forecasts that coal usage globally will grow through 2020, mostly driven by China, before leveling off. By 2030, coal will account for 27.7% of world energy consumption, ahead of oil at 27.2% and natural gas at 25.9%, and far outpacing renewables at 6.3%, the company said in a recent report.¶ Some also argue that utilities will favor the reliability of coal over natural gas, which historically has been more volatile in terms of supply and price.¶ "I wouldn't be surprised if we're still using 900 million tons of thermal coal by 2020," said Paul Forward, an analyst at Stifel, Nicolaus & Co. who forecasts total U.S. demand for such coal of 930 million tons this year.¶ Consol Energy, whose underground mines tend to be more automated and lower-cost than many competitors, is maintaining its 2012 production guidance of between 59.5 million tons and 61.5 million tons. It plans to spend $200 million this year at a Virginia mine to boost production by five million tons of crossover coal, which has properties making it suitable for both steelmakers and utilities.

#### Coal will continue to dominate the energy market as other resources fail.

Zach’s Equity Research 12 (Mainstream investment research firm, “Coal Industry Stock Review - April 2012”, Zacks Equity Research, April 23, 2012, http://www.zacks.com/commentary/20727/coal-industry-stock-review-april-2012)

Coal as a major source of fuel for power generation dominates the Utility industry. Coal is used to generate about half of the electricity consumed in the U.S. and is also the largest domestically-produced source of energy. Electricity generation absorbs about 93% of total U.S. coal consumption. The reason is simple: coal is by far the least expensive and most abundant fossil fuel in the country. ¶ Coal will continue to dominate as the major source of electricity production. Taking into consideration the long-term prospect of coal, one of its key producers Arch Coal Inc. ( ACI ) expanded its reserves in the Powder River Basin ("PRB") through a successful bidding of a coal lease. The coal produced from South Hilight coal reserves are of high quality. This high quality, ultra-low-sulfur-dioxide-content coal is in huge global demand due to stringent government regulations on emission (pollution) standards. ¶ In contrast, petroleum and nuclear power as sources of power generation have been losing market share displaced by the strong growth of renewable sources of generation and natural gas-fired generation. Petroleum is losing out to coal because it is becoming increasingly expensive. After the Japan earthquake/tsunami incident in 2011, nuclear power's contribution to the total energy generation has declined from the prior year. ¶ Not Just Electric Generation: Electricity generation is just one use of coal in the U.S. Manufacturing plants and industries use coal to make chemicals, cement, paper, ceramics and metal products, to name a few. Methanol and ethylene, which can be made from coal gas, are used to make products such as plastics, medicines, fertilizers and tar. ¶ Certain industries consume large amounts of coal. For example, concrete and paper companies burn coal, and the steel industry uses coke and coal by-products to make steel for bridges, buildings and automobiles. ¶ Coal as an Input for Steel Industry: Due to its heat-producing feature, today hard coal (metallurgical or coking coal) forms a key ingredient in the production of steel. Nearly 70% of global steel production depends on coal. The steel companies foresee a return of prospects in 2012 due to improving demand from the end markets

#### Coal’s long term outlook is positive – Exports to Asia make it sustainable.

Zach’s Equity Research 12 (Mainstream investment research firm, “Coal Industry Stock Review - April 2012”, Zacks Equity Research, April 23, 2012, http://www.zacks.com/commentary/20727/coal-industry-stock-review-april-2012)

According to an Energy Information Administration (EIA) report, U.S. coal exports in 2011 were 107 million short tons (MMst), which reflected growth of 31% year over year. Flooding in Australian mines during 2011 disrupted coal exports, which benefited US producers. The upsurge in coal exports during 2011 mainly emanated from demand from Asian countries. As per the EIA report, with Australian mines back in operation, U.S. coal exports are expected to decline to 100 MMst in 2012.¶ The projected average delivered coal price to the electric power sector, which was $2.40 per MMBtu in 2011, is expected to fall to $2.38 per MMBtu in 2012 and $2.30 MMBtu in 2013. The downside is attributed to lower demand for coal in generating electricity.¶ Demand Upsurge in Asian Countries: The increase in coal demand in Asian economies like China and India has been a key price driver since the end of the recession in 2009. We expect this trend to continue in future mainly due to the growing energy needs in India, China and South Korea.¶ Of the Asian countries, economic growth in China and India will be the fastest. These two countries do produce coal, but its domestic coal production has yet to match the growing demand, resulting in the continuous need of importing coal. These countries rely heavily on coal for electricity generation.¶ A major potion of the new electricity generation units, which are expected to come up in these two countries, will utilize coal as a source of fuel. As per The Economic Times, it is projected that coal imports will touch 1 billion tons in China in 2030 from the present level of 175 million tons in 2011. Indian imports for coal are expected to reach 400 million tons in 2030, up from 80 million tons in 2011.¶ Given the growing demand from the fast-growing Asian economies, companies find it attractive to export coal to the emerging regions. Some of the names making the most from overseas coal exports are Peabody Energy Corporation (BTU - Analyst Report) and CONSOL Energy Inc. (CNX - Analyst Report). To cater to the increasing demand of coal in Asian countries, Peabody has acquired Macarthur Coal in Australia and expanded its footprint in high-demand regions.

#### Alt causes to coal’s decline – Natural

Zach’s Equity Research 12 (Mainstream investment research firm, “Coal Industry Stock Review - April 2012”, Zacks Equity Research, April 23, 2012, http://www.zacks.com/commentary/20727/coal-industry-stock-review-april-2012)

Natural Gas Substituting Coal: A major substitute for coal in energy generation is natural gas. Coal is being dumped in favor of natural gas, which due to extensive exploration and production, is seeing significantly lower prices than in the past.¶ Natural gas is usually an attractive choice for new generating plants because of its relative fuel efficiency, low emissions, quick construction timelines and low capital costs. There is an abundance of natural gas in the U.S. markets, resulting in lower prices. This trend is encouraging power generators to not only convert their existing plants to gas-fired ones but to build new nat-gas units.¶ Electric generation through gas-fired plants is likely to become more competitive over the coming years given its abundant domestic availability and the threat of regulation hanging over the coal mining industry. As per EIA’s reports, 96.65 gigawatts (GW) of new electric generation will be added in the U.S. within 2009 -2015, out of which 20% will be natural gas-fired plants.¶ Large electricity generators in the U.S., like Exelon Corporation (EXC - Analyst Report), FirstEnergy Corp. (FE - Analyst Report) and others are turning to natural gas for additional electrical capacity.¶ Competition from Alternative Energy Sources: Apart from natural gas, the coal industry has been losing a major share of its electric generation demand to renewable sources of energy like wind, solar and hydro power.¶ Production of power from renewable sources has also been supported by the various U.S. states. At present there is no national consensus regarding the percentage of energy to be generated from renewable sources by the power generators.¶ Undoubtedly, state legislators are giving more emphasis to produce power from renewables. At present, 30 U.S. states and State of Columbia have enforceable renewable portfolio standards or other renewable generation policies. These policies were designed to spread awareness and encourage the power generators to produce more from renewable sources.¶ The share in energy generation of renewable fuels (including conventional hydro) is projected to grow from 10% in 2010 to 16% in 2035, as per the EIA’s long-term outlook.

#### Despite regulation coal’s future looks good.

Zach’s Equity Research 12 (Mainstream investment research firm, “Coal Industry Stock Review - April 2012”, Zacks Equity Research, April 23, 2012, http://www.zacks.com/commentary/20727/coal-industry-stock-review-april-2012)

Though there is ample pressure on coal from legislations and increasing competition from natural gas and renewable energy sources, we believe the global power industry will continue to depend on coal for a large part of its generation. Coal as a fuel source will continue to power the growth in emerging nations like China and India, both for utility companies and steel makers as it is cheaper compared to other energy sources.

### Obama Good: Climate Links

#### The plan is perceived as useless spending - No one thinks climate change is an issue

Brulle, Associate Professor of Sociology and Environmental Science, 7/31/12 (Robert J., Associate Professor of Sociology and Environmental Science in the Department of Culture and Communications at Drexel University, “Conspiracy of silence: The irresponsible politics of climate change,” Bulletin of the Atomic Scientists, <http://www.thebulletin.org/web-edition/op-eds/conspiracy-of-silence-the-irresponsible-politics-of-climate-change>)

Overall, climate change and other environmental issues have consistently ranked at the bottom of public concerns. A frequently used measure is the “most important problem” question asked by Gallup pollsters. Over the past 40 years, the percentage of respondents naming an environmental issue as the country’s most important problem has rarely exceeded 3 percent. Within subcategories of environmental concerns, global warming or climate change is usually at the bottom. In recent monthly Gallup polls, environmental concerns were mentioned by only 1 percent of respondents as the most important problem facing the nation. Among those mentioning environmental concerns in the March 2012 poll, 78 percent worried a “great deal” or “fair amount” about toxic waste and water pollution. Out of seven environmental issues, global warming was ranked last, with only 55 percent of the public worried a great deal or a fair amount. The presidential campaigns follow these polls, and have thus concluded that addressing climate change is not a high priority. By avoiding the issue, the candidates further drive down public concern — a circular process.

#### The benefits of the plan aren’t perceived – impacts are too immaterial and distant

Steven Cohen, Executive Director, Columbia University's Earth Institute, 7/23/12 (“Climate Change and the American Political Agenda,” HuffPo, <http://www.huffingtonpost.com/steven-cohen/climate-change-and-the-am_b_1694462.html>)

Climate has never been an easy issue for the American political system. We do much better with problems that have a geographic home, can be seen and felt, and have an immediate visible impact. Toxic waste, oil spills, and hydraulic fracturing can be seen and their impact is immediate. On the other hand, climate change is caused everywhere and its impact is in the future. Before climate science became the target of ideological idiocy, the American right developed market-based methods of moving away from fossil fuels. One of the most creative methods was something called cap and trade. The idea was to raise the price of fossil fuels in order to speed that day that renewable energy could compete with fossil fuels on price. Not a bad idea and we came pretty close to adopting that policy with the Waxman-Markey bill in the U.S. Congress.¶ Unfortunately, the Tea Party arrived, the climate deniers gained legitimacy, and cap and trade was renamed Cap and Tax by the nuts that took over the U.S. House of Representatives. While both Obama and Romney know that global warming is proven scientific fact, neither want to mess with these folks and go "off message" during this volatile and uncertain presidential campaign. Precious time is being lost, and more and more greenhouse gasses collect in our planet's atmosphere.¶ Climate change was never going to be an easy issue, and as the point of crisis has arrived, one of the problems has actually been the occasionally shrill voice of some of our climate scientists. They correctly see the danger of climate change, but do not see the political dangers that can be posed by sudden economic change. Some advocate policies that would imperil the world's economy. There is no question that we need to transition to a fossil fuel free economy. The issue is how, and at what pace? An immediate reduction of fossil fuels to the levels suggested by some climate scientists (for example, 350 parts per million) would reduce economic consumption and production, set off a world-wide depression, and stimulate mass political instability. Politicians concerned about retaining power would never allow the world's economy to be slowed down to prevent climate change and so there is no chance that such a sudden and dramatic reduction in fossil fuel use would reach the political agenda. Given the technology of mass destruction that can now be deployed during periods of extreme political unrest, the impact of human-induced climate change must unfortunately be compared to the impact of human-induced warfare.

# AFF – Generally Useful

### AT: Marijuana Legalization Mechanism

**-Counterplan does not solve stimulus-**

**a) most of the revenue produced by marijuana legalization is from reduced spending on enforcement-paying salaries and buying products used to enforce drug laws-that takes money out of the economy**

Jeffrey A. **Miron**, visiting professor of economics, Harvard University, June 20**05**, “Budgetary Implications of Marijuana Prohibitions in the United States”, <http://www.prohibitioncosts.org/mironreport/>

* Thisreport examines the budgetary implications of legalizing marijuana – taxing and regulating it like other goods – in all fifty states and at the federal level.
* The report estimates that legalizing marijuana would save $7.7 billion per year in government expenditure on enforcement of prohibition. $5.3 billion of this savings would accrue to state and local governments, while $2.4 billion would accrue to the federal government.
* The report also estimates that marijuana legalization would yield tax revenue of $2.4 billion annually if marijuana were taxed like all other goods and $6.2 billion annually if marijuana were taxed at rates comparable to those on alcohol and tobacco.

**b) Reducing government spending undermines the economy-destroying any stimulus effect**

Robert **Bowen,** economic policy analyst, Eaxminer.com, “American Enterprise Institute: Spending Cuts are Causing the Economy to Sputter”, http://www.examiner.com/article/american-enterprise-institute-spending-cuts-are-causing-the-economy-to-sputter

The AEI has released new data today that shows cutting [government spending](http://www.examiner.com/topic/government-spending) is offsetting gains in the private sector...

At the same time, Congress has cut spending. Government spending pays the salaries of public employees from teachers, to police officers; construction workers to engineers; nurses to social workers.

Government spending also pays the salaries of workers in private businesses that provide goods bought with government spending. When government spending is cut, people in the public and private sectors lose jobs. That spirals downward affecting the entire economy.

# NEG – Generally Useful

### Stimulus – Solvency Slow

**Transportation Infrastructure spending is not an effective short term stimulus regardless of its overall economic merits**

1. **Stimulus proponents agree that transportation infrastructure spending is not effective as a short-term stimulus measure**

**Center on Budget Policy and Policy Priorities, January 11, 2008, “**Principles for Fiscal Stimulus: Economic Policy in a Weakening Economy”, <http://www.cbpp.org/cms/?fa=view&id=1030>

Analysts recognize, as Lawrence Summers has said, that to be effective, stimulus measures must meet three basic tests: they must be *timely, targeted,* and *temporary.*

* *Timely* measures are those that, once triggered, stimulate new spending *quickly* so that businesses do not have to cut back on production or lay off workers due to weak demand. Increased funding for government programs that spend-out slowly, or for tax cuts that will be saved in large part rather than spent quickly, are poor candidates for stimulus; they have little impact when the need is greatest and only kick in when the economy is reviving anyway.
* *Targeted* measures are those aimed at individuals and entities that will spend quickly the bulk of any new resources they receive. Tax cuts that mainly benefit high-income individuals are poorly targeted to provide stimulus, because those individuals are more likely to save a large share of any increase in disposable income they receive than are people of more modest means. Government-funded construction projects that take many months or even several years to get underway are poorly targeted as well. In contrast, tax cuts and increases in government spending aimed at low- and moderate-income consumers and unemployed workers — such as tax cuts that provide a flat refund to all tax filers, additional weeks of unemployment benefits to workers who have been unable to find a new job, and increases in food stamp benefits — are far more effective as stimulus. Fiscal relief for state governments is another well-targeted form of stimulus. Faced with declining tax receipts and looming deficits when the economy slows, states respond by raising taxes and cutting back on spending, especially for health care, education, and aid to local governments. States have little alternative, since they are required to balance their budgets in bad economic years as well as good ones. But such actions further reduce demand in the economy and deepen the recession. Federal fiscal relief that enables states to minimize such spending cuts and tax increases thus helps prop up the economy in a time of weakness.
* *Temporary* measures are those that expire once the economy improves. The country should not be stuck with permanent, deficit-increasing tax cuts or spending increases because of a temporary economic downturn; it is essential that all stimulus measures terminate when the economy strengthens. It also is desirable that short-term increases in the budget deficit caused by a stimulus package be offset by deficit-reduction measures that take effect in subsequent years. Otherwise, stimulus measures will cause some permanent increases in interest payments on the debt that will worsen long-term deficits, although the effects should be small if the stimulus measures are truly temporary.

1. **Transportation infrastructure is not an effective short term stimulus-takes months or years to get off the ground**

**Center on Budget Policy and Policy Priorities, January 11, 2008, “**Principles for Fiscal Stimulus: Economic Policy in a Weakening Economy”, <http://www.cbpp.org/cms/?fa=view&id=1030>

At the other end of the spectrum, permanent cuts in marginal tax rates, such as making permanent the tax cuts enacted in 2001 or 2003, would score very low on the criteria for good fiscal stimulus. Not only would most of the benefits go to higher-income individuals, but extending tax cuts into 2011 and beyond would do little or nothing to boost consumer spending in 2008. Indeed, permanent tax cuts whose costs are not offset would do more to harm the economy over the long term, by increasing deficits, than to stimulate it in the short term. (Such tax cuts might even harm the economy in the short term as well, if the prospect of substantially increased long-term deficits caused long-term interest rates to be higher than they otherwise would be.) Finally, although increased investment in infrastructure has strong merit, new infrastructure projects (as distinguished from maintenance of projects already underway and possible acceleration of some planned repair projects that are ready to go and require little lead-time) do not rate well as stimulus, because infrastructure projects typically take many months to get off the ground.

1. **Obama 2008 stimulus proves construction spending takes at least a year to result in new jobs**

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TIMELY We now know that 18 months after the 2009 stimulus bill passed more than half of the $275 billion that was slated for investment had yet to be spent. 13 It turned out that, as the president would later put it, “[T]here’s no such thing as shovel-ready projects.” 14 In fact, the ARRA experience was not unique. In 1993, economist Bruce Bartlett reviewed **four decades of stimulus efforts and found that, without exception, the funds were disbursed too late to make a difference**. 15 Economists Olivier Blanchard and Roberto Perotti undertook a more technical analysis in 2002 and concluded that most counter-cyclical changes in fiscal policy do not peak until several quarters after initiated. 16