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#### “Economic engagement” is limited to expanding economic ties

Çelik 11 – Arda Can Çelik, Master’s Degree in Politics and International Studies from Uppsala University, Economic Sanctions and Engagement Policies, p. 11

Introduction

Economic engagement policies are strategic integration behaviour which involves with the target state. Engagement policies differ from other tools in Economic Diplomacy. They target to deepen the economic relations to create economic intersection, interconnectness, and mutual dependence and finally seeks economic interdependence. This interdependence serves the sender stale to change the political behaviour of target stale. However they cannot be counted as carrots or inducement tools, they focus on long term strategic goals and they are not restricted with short term policy changes.(Kahler&Kastner,2006) They can be unconditional and focus on creating greater economic benefits for both parties. Economic engagement targets to seek deeper economic linkages via promoting institutionalized mutual trade thus mentioned interdependence creates two major concepts. Firstly it builds strong trade partnership to avoid possible militarized and non militarized conflicts. Secondly it gives a leeway lo perceive the international political atmosphere from the same and harmonized perspective. Kahler and Kastner define the engagement policies as follows "It is a policy of deliberate expanding economic ties with and adversary in order to change the behaviour of target state and improve bilateral relations ".(p523-abstact). It is an intentional economic strategy that expects bigger benefits such as long term economic gains and more importantly; political gains. The main idea behind the engagement motivation is stated by Rosecrance (1977) in a way that " *the direct and positive linkage of interests of stales where a change in the position of one state affects the position of others in the same direction*.

#### Violation: plan is investment in transportation infrastructure

#### Voting issue for limits and ground --- non-economic areas are huge, overstretch research burdens and require completely different strategies.

#### FX T bad—mechanism is unpredictable and justifies non-trade outcomes

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#### Fast Track fight is on the top of the agenda-strong push from Obama is key-failure collapses global trade momentum

Good-Farm Policy-12/31/13

The FarmPolicy.com News Summary

HEADLINE: Farm Bill; Ag Economy; and, Biofuels- Tuesday

And with respect to trade, the Chicago Tribune editorial board[18] noted yesterday that, 'President Barack Obama wants the power to negotiate free-trade treaties on a fast track. With Trade Promotion Authority, he would have a good chance of clinching huge trade pacts now being hammered out with Europe and Asia. Yet Congress may not give him that authority — for all the wrong reasons.' The Tribune opinion item stated that, 'Within months the White House hopes to finish talks on a proposed Trans-Pacific Partnership with a group of Asia-Pacific nations. Talks with the European Union on the planned Transatlantic Trade and Investment Partnership are progressing too. Those deals would eliminate barriers and promote economic activity between the U.S. and key allies. The upside is huge: Billions of dollars in new business would be generated if these pacts come to pass. 'Yet given the special interests that oppose free trade, neither deal stands much of a chance in Congress without TPA. Consider farm tariffs, one of the most frustrating roadblocks to any free-trade pact with Europe or Asia. The agriculture lobby here and abroad has long succeeded in imposing some of the least competitive public policies of any industry. Although farm protectionism hurts the vast majority of the world's citizens, standing up to clout-heavy constituencies such as U.S. sugar magnates requires extraordinary political courage. TPA is essential for overcoming the inevitable fight against vested interests that are determined to advance themselves at the expense of the nation's good. 'Federal lawmakers and the president have to make their case with much more gusto than we have seen so far. Congress could OK a Trade Promotion Authority bill in the first few months of 2014. But that won't happen without leadership on Capitol Hill and, especially, from the White House. Now's the time.'

#### Economic engagement with Mexico is politically divisive

Wilson 13 – Associate at the Mexico Institute of the Woodrow Wilson International. Center for Scholars (Christopher E., January, “A U.S.-Mexico Economic Alliance: Policy Options for a Competitive Region,” http://www.wilsoncenter.org/sites/default/files/new\_ideas\_us\_mexico\_relations.pdf)

At a time when Mexico is poised to experience robust economic growth, a manufacturing renaissance is underway in North America and bilateral trade is booming, the United States and Mexico have an important choice to make: sit back and reap the moderate and perhaps temporal benefits coming naturally from the evolving global context , or implement a robust agenda to improve the competitiveness of North America for the long term . Given that job creation and economic growth in both the United States and Mexico are at stake, t he choice should be simple, but a limited understanding about the magnitude, nature and depth of the U.S.-Mexico economic relationship among the public and many policymakers has made serious action to support regional exporters more politically divisive than it ought to be.

#### TPA key to secure TPP negotiations.

Reuters 1/8. “U.S. business lobby urges action on fast-track trade power.” http://www.globalpost.com/dispatch/news/thomson-reuters/140108/us-business-lobby-urges-action-fast-track-trade-power

Trade promotion authority is considered essential to secure agreement on the Trans-Pacific Partnership with 11 other Pacific Rim countries and the Transatlantic Trade and Investment Partnership with the European Union, two major trade deals that the United States is negotiating this year. But some lawmakers have complained that fast-tracking would exclude them from the process.

"It will take a little while, but we will get it, the votes are there," Donohue told reporters after his speech.

"If you don't have it, at some point ... the people you are negotiating with are not going to agree to a deal without an understanding of how the Congress will participate."

Agreement on the legislation was reached last month by Democrat Max Baucus, chairman the Senate Finance Committee, which has jurisdiction over trade, the committee's senior Republican, Orrin Hatch, and Representative Dave Camp, the Republican chairman of the House Ways and Means Committee, which also oversees trade issues.

#### Successful negotiations key to US influence in the Asia Pacific and successful Pivot---China will fill the gap

Barfield-AEI-1/10/13

<http://www.eastasiaforum.org/2013/01/10/crunch-time-for-the-tpp/>

Crunch time for the TPP

During President Obama’s recent trip to Asia, TPP nations set a deadline of October 2013 to conclude the negotiations. TPP members have blown past a previous deadline of November 2011: should they fail again at the end of 2013 there is the real danger that the talks will unravel, and East Asian nations will turn to alternatives, pushed strongly by China. On 18 November, as President Obama embarked on the highly symbolic trip to Asia, his top security and economic adviser, Thomas Donilon, asserted that the TPP agreement is ‘the most significant negotiation currently underway in the international trading system’. It is also the central lynchpin of the Obama administration’s much touted diplomatic and security ‘pivot’ to Asia. Thus, should the negotiations falter or fail, the result would be not only a severe economic setback, but also a dramatic symbolic defeat for US leadership in the region. Positively, in an era in which the United States is deeply divided over globalisation and free trade initiatives, the TPP enjoys unusual bipartisan support. Launched under the Bush administration, the agreement has been taken up as a signature accomplishment for President Obama’s second term. During the 2012 presidential campaign, however, Republican Party candidate Mitt Romney also voiced strong support for the pact. Since the election, Texan Republican Kevin Brady, who heads the all-important House trade subcommittee, has urged the president to ‘go big’ on trade during his second term, and complete the TPP in 2013. Just what is the TPP and why is it so significant? The current negotiations grew out of a four-nation agreement concluded in 2006 by Chile, New Zealand, Brunei and Singapore. Subsequently, Australia, Peru, Vietnam and the United States signed on, followed in 2010 by Malaysia, and most recently by Mexico and Canada. Detailed negotiations began in early 2010, and since then there have been 15 formal sessions. The ultimate goal of the TPP is to include all of the nations in the APEC forum. At the present time, should the 11-nation negotiation be successful, the TPP would encompass a free trade area covering some 658 million people, and almost US$21 trillion in economic activity. If South Korea and Japan join the negotiations, as many expect in 2013–14, the free market territory would expand to a combined GDP of US$26 trillion, constituting 30 per cent of world exports. The TPP has been called the first ‘21st-Century Agreement’. If successful, it will put in place international trade rules to lower or eliminate behind-the-border domestic barriers to foreign competition. Among the 29 chapters under negotiation will be rules to open government procurement contracts to foreign competitors; rules to liberalise service sectors, such as telecommunications, banking and accounting; non-discriminatory health and safety regulations; fair competition with state-owned enterprises; and a level playing field for foreign investment. Despite the emphasis on 21st-century regulatory reform, there are also longstanding 20th-century trade issues that will prove difficult to resolve. For the United States, the greatest challenges stem from sugar, dairy and cotton protection and subsidies; textile and so-called rules of origin that hamper clothing supply chains; and, finally, union demands for interference with the labour laws of TPP trading partners. In the end, the key to success will come down to trade-offs between 21st-century liberalisation and old-fashioned 20th-century protectionism. The urgency to successfully conclude TPP negotiations is heightened by the appearance of an alternative path for Asian regionalism that does not include the United States. At the November 2012 East Asia Summit, ASEAN leaders, as well as Australia, China, India, Japan, New Zealand and South Korea, formally announced that they would begin negotiations in 2013 for a Regional Comprehensive Economic Partnership (RCEP), with the goal of concluding the pact by 2015. Much of the impetus for this launch came from China, which has long pressed for an exclusive, intra-Asian regional economic architecture. Given the diversity of the membership (including still-closed economies, such as India and Indonesia, and less-developed economies, such as Laos and Cambodia) and an uncertain timetable, RCEP is not an immediate challenge to the TPP. But should the US-led pact dissolve into contentious, even intractable, conflicts that defy resolution, China’s preferred option of the RCEP will provide a hard-to-resist alternative. Thus, much is riding on the ability of the Obama administration to advance TPP liberalisation goals, while crafting compromises that are acceptable both to other TPP partners and to the US Congress and business community.

#### Absent a strong Asian pivot there is a high risk of nuclear and great power conflict

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As President Obama ponders his second-term foreign policy, he faces jihadists spreading across North Africa, Syria dissolving into chaos, Israelis and Palestinians further apart than ever, Iraq trending toward civil war, Afghanistan mired in corruption and Iran relentlessly accelerating its nuclear program. That may turn out to be the easy stuff. In Asia, things could get really scary. Since he entered the White House, Obama has wanted to shift attention and resources to the Pacific. The biggest opportunities are there: economic growth, innovation, potential for cross-border investment and trade. That the 21st century will be a Pacific century has become a cliche. The cliche may still prove out. But rather suddenly, the region of economic miracles has become a zone of frightening confrontation. The North Koreans are turning out videos depicting New York in flames. Chinese warships have fixed their weapon-targeting radar on a Japanese ship and helicopter. Quarrels have intensified between South Korea and Japan, North Korea and South Korea, China and the Philippines, India and China. Taiwan is always a possible flashpoint. Any one of these could drag the United States in. The scariest development may be in North Korea, the world’s only hereditary prison camp, where the young leader — the third-generation Kim — seems determined to expand and improve his nuclear arsenal until he becomes a genuine threat not only to South Korea and Japan but to the United States as well. Chinese officials are said to be alarmed by his intransigence but unwilling to try to rein him in, fearing even more the instability that might result. Obama in his first term adopted a reasonable policy of ignoring North Korea as much as possible, while making clear that he would reciprocate if it became more accommodating. Kim Jong Eun, who is thought to be in his late 20s, could find ways to make that stance untenable. Meanwhile, China’s increasing assertiveness discomfits neighbors throughout Southeast and East Asia. China has claimed pretty much the whole South China Sea, though its coastline is farther from much of it than that of Vietnam, Malaysia or the Philippines. It has sent planes and ships to challenge Japan over a few rocky outcroppings that Japan calls the Senkakus and China the Diaoyu Islands. It has been steadily increasing the size and capability of its military forces; for the first time in many years, a neighbor, Japan, is following suit. If all this seems decidedly last century, maybe it’s because new leaders in every key country are second- or third-generation, bearing the burdens of their past. Japanese Prime Minister Shinzo Abe is the grandson of a leader of imperial Japan—including in occupied China — who remade himself as a pro-American prime minister after World War II. South Korea’s president-elect, Park Geun-hye, is the daughter of a longtime president; her mother was killed by a devotee of North Korea. (The bullet was intended for her father, who was later assassinated by his intelligence chief.) Xi Jinping, China’s new president, is the son of a revolutionary colleague of Mao Tsetung who helped battle the Japanese during World War II. North Korea’s Kim Jong Eun is the grandson of Kim Il-sung, who according to North Korean mythology fought the Japanese in the 1930s and 1940s and the Americans and South Koreans in the 1950s. It’s intriguing to speculate on the ghostly whisperings these leaders may hear. It may be more useful, though, to focus on the national weaknesses that may propel them to act. North Korea is a failed and hungry state for which blackmail and bluster have long been the only survival strategy. China is a rising power and a growing economy — but led by a one-party regime that may be tempted to use nationalism to distract a restive population from domestic troubles. Japan has discarded one prime minister after another, pretty much on an annual basis, for most of the past decade, an instability that leaves it punching below its economic and military weight. All of this makes the region hungry for U.S. presence and leadership, which Obama understood with his first-term promise of a “pivot” to Asia. Regional leaders hope he can make good on that promise in a second term but wonder whether U.S. policy, too, will be shaped by political weakness. They notice when the Navy announces that it is, again, reducing its planned number of ships or Defense Secretary Leon Panetta orders an aircraft carrier kept in port because of budgetary constraints. They wonder who will inherit the Asia focus of former secretary of state Hillary Rodham Clinton and departing assistant secretary Kurt Campbell. They see the dangers, from Mali to Kandahar, that pull Obama’s attention. They hope it won’t take a more dangerous crisis in their region to make the pivot a reality.

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#### The United States federal government should

#### -enter into negotiations at the World Trade Organization for the purpose of expanding the coverage of the Information Technology Agreement to include all consumer electronics and their peripheries and a disqualification clause.

#### -expand the Capital Construction Fund financing for short sea transportation in the United States, including expanding eligibility requirements to include contiguous domestic services.

#### The CP results in the elimination of tariffs on IT products-that boosts productivity, innovation and jobs.

**Ezell, Information Technology and Innovation Foundation senior analyst, 2012**

(Stephen, “Boosting Exports, Jobs, and Economic Growth by Expanding the ITA”, March, <http://www2.itif.org/2012-boosting-exports-jobs-expanding-ita.pdf>, ldg)

Information and communications technology constitutes one of the global economy’s most important industries. In fact, global value-added by ICT industries more than doubled from $1.2 trillion in 1995 to $2.8 trillion in 2010 (see Figure 1), and today the ICT industry accounts for 6 percent of global GDP.2 ICT industries also account for a notable share of employment; for example, in 2010, ICT industries employed 5.8 percent of workers in OECD economies, a 13 percent increase over the 5.1 percent they employed in 1995.3 Yet ICT’s impact on the global economy goes far beyond the industry’s direct contributions to GDP and employment, for ICT is the global economy’s strongest driver of productivity, innovation, and ultimately economic growth.4 ICT achieves this status by virtue of being today’s pre-eminent general purpose technology, or “GPT.” GPTs such as ICT are transformative “platform” technologies that share three key characteristics: 1) they are pervasive, touching all industries and sectors of the economy and society; 2) they simultaneously experience rapid performance improvements and price declines over time; and 3) they make it possible to invent and to produce new products (i.e., smart phones or the iPad); processes (i.e., self check-in at airports); business models (i.e., e-businesses or business models based on fractional ownership or the simultaneous aggregation of supply and demand); and even fundamental new inventions (i.e., mapping the human genome). ICTs are so powerful precisely because they enhance the productivity and innovative capacity of every individual, firm, and industry they touch—and this holds true for developed and developing countries alike.6 In fact, ICT workers contribute three to five times more productivity than non-ICT workers.7 In Canada, ICT use has been associated with higher labor productivity in the industries that adopt it.8 In the United Kingdom, innovation—so much of it enabled by ICT—has accounted for 63 percent of annual labor productivity growth since 2000.9 In Australia, ICT capital has been found to be more productive than other types of capital at the aggregate level in all industries.10 In Chile, firms with greater ICT use had total factor productivity (TFP) 40 percent higher than those with lower ICT use.11 Research performed in 2011 by Oxford Economics confirmed that ICT continues to generate a bigger return to productivity growth than most other forms of capital investment.12 In other words, ICT is “super capital” that has a much larger impact on productivity than other forms of capital.13 ICT is just as vital to enabling innovation as to boosting productivity. For example, the OECD found that the probability of innovation in a firm increases with the intensity of ICT use, and that this held true for both manufacturing and services firms and for different types of innovation.14 Likewise, in the European Union, 32 percent of companies report being “active innovators,” with ICT enabling half of those firms’ product innovations and 75 percent of their process innovations.15 And the productivity gains and innovations driven by ICTs support job growth. Firms which are the most IT-intensive are 25 percent to 30 percent more likely to grow in terms of employment than low IT-intensive companies.16 In the United States, companies that were “intensive users of ICT” grew jobs at a rate of 5.1 percent from 2001 to 2009 (even while overall employment shrank 0.5 percent over that timeframe).17 Another study found that U.S. corporations investing more in ICT increased their workforces by 14 percent between 2006 and 2010, while the average increase for Fortune 500 firms was just 6 percent.18 And even though ICT tools and platforms such as the Internet do render some jobs obsolete, the McKinsey Global Institute finds that the Internet has created 2.6 jobs for every job it has destroyed.19 Ultimately, ICT’s productivity-enhancing and innovation-enabling benefits at the individual, firm, and industry level then aggregate up to enable productivity and economic growth at an economy level. For example, ICT was responsible for 75 percent of U.S. productivity growth from 1995 to 2002, and 44 percent from 2000 to 2006.20 According to Japan’s Ministry of Internal Affairs and Communications, Japan’s ICT industry has contributed 34 percent of the country’s economic growth from 2005 to 2010.21 Likewise, ICT usage in China has played a critical role in growth, accounting for 38 percent of TFP growth and as much as 21 percent of GDP growth.22 (See Figure 2) In fact, the Internet alone accounted for 21 percent of the aggregate GDP growth from 2006 to 2011 across thirteen leading economies—Brazil, Canada, China, France, Germany, India, Italy, Japan, Korea, Russia, Sweden, the United Kingdom, and the United States.23 (The Internet accounts for, on average, 3.4 percent of GDP across the large economies that comprise 70 percent of global GDP.)24 And this highlights a vital point: while ICT production is important for economies, the vast majority of economic benefits from technology—as much as 80 percent—come from the widespread usage of technology, while approximately 20 percent of the benefits from technology comes from its production. 25 This means that countries should not focus just on ICT production; ICT usage is even more important. Because ICT usage contributes greater benefits to economic growth, tariffs are particularly pernicious when applied to ICTs, hurting the nations that impose them by raising the cost of ICT goods and services, thus causing businesses (and individuals) to invest less in ICT, which lowers their productivity. Thus, not only do high tariffs on ICT products disadvantage more innovative, productive, and efficient foreign competitors while protecting domestic enterprises that often are less innovative, productive, or efficient, they raise the cost of ICT goods for ICT-using industries in an economy and inhibit the ability of those sectors to procure best-of-breed technologies at the best price. Hence, placing high tariffs on one sector of an economy (ICT) damages all the other sectors of an economy. And, by distorting global markets for innovative products and services, high tariffs disadvantage the economic interests of the most efficient and innovative enterprises, leaving the world with less innovation and higher-cost ICT products than would otherwise be the case. In contrast, cutting tariffs lowers prices on ICTs and raises demand for them. In fact, Gurbaxani et al. find that for every 1 percent drop in price in ICT products, there is a 1.5 percent increase in demand.26 This is a nice example of what’s called import demand elasticity—lower import prices lead to increased demand for a product or service. Low tariffs have also contributed to the development of global supply chains and the globalization of ICT hardware development that has also contributed to reducing ICT prices. In fact, Mann finds that the globalization of ICT hardware resulted in ICT prices some 10 percent to 30 percent lower than they would have been based on domestic production and domestic technological advances alone in the United States in the 1990s. Mann estimates this made U.S. GDP some $250 billion higher over the 1995 to 2000 period than it would have been had there been no globalization of IT hardware.27 Put simply, ICT tariff elimination bolsters ICT usage, which in turn boosts productivity and generates innovation, and this is why the ITA and its expansion are so important.

#### Expansion of CCF program makes more companies eligible and reduces costs for private investment

Bernie Johnson, 2012 [Workboat.com, expand capital construction fund eligibility, http://www.workboat.com/newsdetail.aspx?id=17853]The cost of new vessels that operate within U.S. waters could be reduced significantly if more operators were to have access to Capital Construction Fund financing.  The CCF program encourages the construction, reconstruction or acquisition of vessels through the deferment of federal income taxes on certain deposits placed into a CCF account. The program is currently available only to some deepwater operators.  To expand the program, Congress must amend existing CCF eligibility requirements. At present, the CCF financing only applies to U.S. vessels that operate internationally, on Great Lakes routes, or in noncontiguous domestic services to, from, or in Alaska, Hawaii and Puerto Rico. This includes offshore towing and OSV operators that operate in the Gulf, tug-and-barge operators that provide service between the Pacific Coast and Alaska, Great Lakes ferry and passenger vessel operators, and cruise vessels and tug-barge operators that provide inter-island service in Hawaii. A CCF account is often called a “maritime IRA.” With it, eligible U.S. vessel owners or operators can defer and eventually reduce federal income taxes on a portion of the earnings from existing vessels when the earnings are deposited in interest-bearing accounts and later used to purchase other U.S.-built, U.S.-flagged vessels. Once withdrawn, the funds are not subject to federal tax liability, though this requires a tax-basis adjustment for the new vessels. The CCF program lowers the effective cost of replacing or adding new vessels, accelerates the timeframe for accumulating capital for such purposes, and can be used to pay existing debt on vessels if it is part of an overall building program.

#### Solves the case and avoids politics

H. Clayton Cook, Jr., 2002 [THEIR AUTHOR (probably), B S Princeton University, LL B The University of Virginia. Mr. Cook served as General Counsel of the U. S. Maritime Administration, Financing the market via the CCF, http://www.marinemoneyoffshore.com/node/5698] Some of these transactions will be accomplished by the purchaser and shipyard acting alone. However, the majority will involve third party financing and the retention of financial advisors. In these situations qualified advisors will wish to earn their place at the table by demonstrating that their services will add substantial value to the transaction. During the last such period of major U.S. shipbuilding activity two programs supervised by the U.S. Maritime Administration ("MARAD") under Title VI and Title XI of the Merchant Marine Act, 1936, and its more recent amendments, were employed to meet vessel financing needs. To date, in this current decade, there has been only limited recourse to these programs. The MARAD Title XI Financing Guarantee program is reasonably well known, but it has fallen onto disfavor in part as the result of FY 2002 and FY 2003 controversies between the Bush Administration and the U.S. Congress. The MARAD Title VI Capital Construction Fund ("CCF") program is less well known. Thus far, the CCF program has escaped such controversy, and MARAD has recently proposed a significant program expansion. Perhaps it is time to examine the potential financing opportunities which the MARAD CCF program may offer? DISCUSSION 1.00 The U.S. Shipbuilding Scene. The Jones Act and the Passenger Vessel Services Act reserve the carriage of cargo and passengers between U.S. ports to vessels built in the United States, operated under U.S. registry and owned and operated by U.S. citizens. These Acts protect U.S. shipbuilders from competition by foreign shipyards and assure relatively stable values for U.S. flag vessel assets. Many of the vessels now in service in these "protected" trades are over 25 years in age. There is no reason to expect significantly shorter useful lives for their replacements. Shipowner profits tend to be cyclical, and commercial asset-based financing for U.S. flag vessels has seldom if ever been particularly forthcoming. This situation is true for U.S. vessel owners today. Commercial asset-based vessel financing, when available, will generally be limited to 80 percent of vessel cost, with a term of no more than 10 to12 years, or less than one-half the life of the vessel asset. Financing on this basis, as compared with financing over 20 or 25 year periods, will almost double annual debt service requirements in the early transaction years. This will increase the cost for the transportation service being provided -- be it a time charter rate to an energy company, or a ferry fare for a work-bound commuter – by the same multiple. The problem that remains is that of attracting the equity capital and long term debt financing necessary to fund these projects on a basis which is sufficiently economical to allow project success. 2.00 The MARAD CCF and Financing Guarantee Programs As originally put in place under the 1936 Act, and revised under the Merchant Marine Act of 1970 (the "1970 Act"), and the Federal Ship Financing Act of 1972, the MARAD Capital Construction Fund ("CCF") and MARAD Financing Guarantee programs enable qualified U.S. citizen operators: (i) to accumulate the equity for fleet replacement on a tax deferred basis over a period of up to 25 years, under U.S. government CCF program contracts; and (ii) to access private sector commercial vessel financing with terms of up to 25 years matched to vessel service lives, by means of a U.S. government program of Financing Guarantees. Where the Title VI CCF program is available, its proper application can be expected to materially reduce the out-of-pocket transaction cost to the vessel purchaser.1 (See end notes) This will be to the immediate benefit of the vessel owning operator. As applied in a lease financing transaction, the result will be to materially enhance an owner-lessor's transaction return or, should the owner- lessor determine that it wishes to share a portion of the benefit with the lessee, to allow the owner-lessor to offer a more competitive lease rate so as to capture a desired transaction. Where the Title XI Financing Guarantee program is available, the interest rates will almost always compare favorably (after including MARAD fees and transaction costs) with the rates that can be achieved by the involved vessel owner. In this context, the 25-year maturities available and Treasury related rates under the MARAD Title XI program are the most exact available financing fit for these long-lived U.S. flag vessel assets. In those situations where both MARAD programs can be employed, the benefits can be dramatic. All of the vessels being discussed will be qualified for the MARAD Title XI Financing Guarantee program. Vessels that will be employed in the Alaska, Hawaii, Puerto Rico and Great Lakes trades, and in certain Gulf of Mexico and other offshore services, will also be qualified for participation in the MARAD Title VI CCF program under current rules. In March of this year, MARAD proposed an expansion of the CCF program that would make it available for the construction of vessels engaged any U.S. coastwise service and for mobile offshore drilling units. 3.00 MARAD CCF Program. 3. 10 History and Purpose. While not widely known or appreciated, the CCF program has a history which dates back to the Revenue Act of 1920. As enacted in the 1936 Act, the CCF program was only available to vessels operating in the U.S. foreign trades. When the program was revised in 1970 its scope was broadened to include the U.S. Great Lakes and noncontiguous (Alaska, Hawaii and Puerto Rico) trades. The program provides for the accumulation of the capital necessary for the acquisition, construction or reconstruction of U.S. built vessels over a period not in excess of 25 years on a before tax basis. This is accomplished through the deferral of federal (and in most instances state) income taxes, on income from vessel operations and the gain on vessel sales of eligible vessels and qualified vessels vessels when deposited (and income on such deposits) under the terms of a CC F contract with MARAD. 3.20 Scope and Terms. The CCF program achieves its goals by means of the contracts which MARAD must let and oversee. Under these contracts, the eligible U.S. citizens commit to undertake activities that further CCF policies. In exchange, the United States commits to defer tax on monies deposited to finance these activities. The CCF tax deferral benefits constitute the contract consideration. A U.S. citizen who owns or leases at least one "eligible vessel" may enter a CCF agreement. § 607(a). An eligible vessel is a U.S.-flag, U.S.-built vessel operated in the foreign or domestic commerce of the U.S. § 607(k)(1). A CCF may be used for replacing, adding or reconstructing "qualified vessels": U.S.-built, U.S.- flag vessels, for operation in the U.S. foreign, Great Lakes or noncontiguous domestic trade or in U.S. fisheries. §§ 607(a), (k)(2). The agreement identifies the eligible and qualified vessels involved in the program (the "agreement vessels"), § 607(k) (3), in Schedules A and B of the agreement, respectively. 46 CFR § 390.4(b), (c). The CCF benefits are therefore unlike any other deferral benefits provided for in the Internal Revenue Code. In accord with the section 607 statutory requirements, MARAD negotiates the contracts that determine which private parties will receive these tax benefits, and what the terms will be for receiving and retaining those benefits. The tax benefit – deferral of tax on deposits – begins when a deposit of a type and in an amount allowed under the CCF program contract is deposited in an approved fund. Section § 607(d). Deposits by parties to CCF agreements may be approved and therefore permitted under the contract if they come from one of four sources: (1) operating income from agreement vessels; (2) amounts saved due to the depreciation deduction allowed for agreements vessels; (3) net proceeds from the sale or other disposition of any agreement vessel or from insurance or indemnity proceeds with respect to it; and (4) receipts from the investment or reinvestment of amounts held in the fund. These deposit sub- ceilings are specified in section 607 (b)(1). The tax deferral ends when the money in a CCF is withdrawn to finance the contract-approved vessel renewal. The fundholder begins to repay the deferred tax during the first year of such a "qualified withdrawal." Section 607(f), (g). Because the cost basis of a financed vessel is reduced by the amount of its CCF financing, the government recoups a corresponding part of the deferred tax due to reduced depreciation deductions. Reduced deductions increase the vessel owner's taxable income and therefore the amount of tax paid each year. Basis reduction also causes the vessel owner to realize increased gain upon sale of the vessel. As a result, the government usually recoups the rest of the deferred tax when it collects an increased amount of tax on such gain. Subject to joint regulations, tax on such additional gain may be deferred by redeposit of an amount that, "insofar as practicable, restore[s] the fund to the position it was in before the withdrawal" used to finance the vessel that was sold. § 607(g)(5). In recent years, however, little use has been made of this provision. The 1970 Act vests authority to set the conditions for CCF deposits and withdrawals exclusively in MARAD as the contracting agency. Under section 607(a) of the 1970 Act, MARAD sets such the program conditions by entering into contracts, and through published rules and regulations that are incorporated in the contracts. Pursuant to its authority to prescribe all deposit and withdrawal conditions through contracts or regulations, MARAD has issued regulations governing eligibility for CCF agreements, the sources and amounts of deposits, the use and timing of withdrawals and related deposit and withdrawal matters. See, e.g., 46 CFR Part 390. Under the authority granted in section 607(l), MARAD has also agreed to joint regulations with IRS, which appear at 46 CFR Part 391 and 26 CFR Part 3. As required by subsection (l), these regulations are "not inconsistent" with the contracting agencies' authority, as specified in preceding subsections of section 607. Since CCF deposits and withdrawals determine the flow of CCF tax benefits, the exercise of these powers fully controls the flow of the tax benefits. Tax deferral may also be terminated as the result of a "non-qualified withdrawal" -- one that is not for a CCF program-specified purpose. Discretion to treat all or part of a fund as withdrawn in a non-qualified withdrawal resides solely with the Secretary of Transportation. Generally, such treatment follows a determination by the Secretary that a substantial obligation under an agreement is not being fulfilled. Any such determination must be preceded by notice and a hearing. § 607(f)(2). Non-qualified withdrawals may be declared in a limited number of other situations. These include: § 607(h)(5)(A) (amount remaining in CCF after 25 years from deposit); §607(h) (5) (D) (amounts determined by the Secretary of Transportation to exceed the amount appropriate to meet the fundholder's vessel program construction objectives); and § 607(i) (non- qualifying corporate and partnership changes). When a non-qualified withdrawal is deemed to have occurred, the fundholder pays back the full amount of the deferred tax in the year of the withdrawal at the highest marginal rate, with interest. 3.30 CCF Program Expansion and Models. As set out in the MARAD Administrators's March 14th testimony in support of the MARAD Fiscal Year 2003 Budget Authorization, MARAD is now proposing the expansion of the CCF program to vessels engaged in the contiguous coastwise trades and to mobile offshore drilling units. "[I]n an effort to free up capital already set aside, the Administration proposes some improvements to the Capital Construction Fund program... The CCF Program enables operators to utilize private funds from company earnings to build vessels for the U.S. foreign trade, Great Lakes, noncontiguous domestic trade... of the Unites States. "Our bill would also permit the use of deposits into a CCF for the construction or reconstruction of vessels to be used in the contiguous coastwise domestic trade. This amendment would make it possible to use capital already deposited in CCF for vessels for coastwise trade. These vessels such as ferries and cargo ships, will help alleviate passenger and freight congestion on major U.S. highways and commuter routes. CCF deposits, however, could not be used for vessels participating in the inland river trade. The proposal would also permit the use of CCF deposits for mobile offshore drilling units (MODUs)." There are at least three CCF program examples or models that deserve vessel owner-operator and financial institution attention.

### 1NC

#### Globalization makes extinction inevitable- social and environmental factors build positive feedbacks create a cascade of destruction - only massive social reorganization produces sustainable change

**Ehrenfeld, Rutgers biology professor, 2005**

(David, “The Environmental Limits to Globalization”, Conservation Biology Vol. 19 No. 2, ebsco)

Ehrenfeld ‘5,

The overall environmental changes brought about or accelerated by globalization are, however, much easier to describe for the near future, even if the long-term outcomes are still obscure. Climate will continue to change rapidly (Watson 2002); cheap energy and other resources (Youngquist 1997; Hall et al. 2003; Smil 2003), including fresh water (Aldhous 2003; Gleick 2004), will diminish and disappear at an accelerating rate; agricultural and farm communities will deteriorate further while we lose more genetic diversity among crops and farm animals (Fowler & Mooney 1990; Bailey & Lappé 2002; Wirzba 2003); biodiversity will decline faster as terrestrial and aquatic ecosystems are damaged (Heywood 1995); harmful exotic species will become ever more numerous (Mooney & Hobbs 2000); old and new diseases of plants, animals, and humans will continue to proliferate (Centers for Disease Control and Prevention 1995-present; Lashley & Durham 2002); and more of the great ocean fisheries will become economically—and occasionally biologically—extinct (Myers & Worm 2003). Although critics have taken issue with many of these forecasts (Lomborg 2001; Hollander 2003), the critics' arguments seem more political than scientific; the data they muster in support of their claims are riddled with errors, significant omissions, and misunderstandings of environmental processes (Orr 2002). Indeed, these environmental changes are demonstrably and frighteningly real. And because of these and related changes, one social prediction can be made with assurance: globalization is creating an environment that will prove hostile to its own survival. This is not a political statement or a moral judgment. It is not the same as saying that globalization ought to be stopped. The enlightened advocates of globalization claim that globalization could give the poorest residents of the poorest countries a chance to enjoy a decent income. And the enlightened opponents of globalization assert that the damage done by globalization to local communities everywhere, and the increasing gap it causes between the rich and the poor, far outweigh the small amount of good globalization may do. The debate is vitally important, but the fate of globalization is unlikely to be determined by who wins it. Al Gore remarked about the political impasse over global warming and the current rapid melting of the world's glaciers: “Glaciers don't give a damn about politics. They just reflect reality” (Herbert 2004). The same inexorable environmental reality is even now drawing the curtains on globalization. Often minimized in the United States, this reality is already painfully obvious in China, which is experiencing the most rapid expansion related to globalization. Nearly every issue of China Daily, the national English-language newspaper, features articles on the environmental effects of globalization. Will efforts in China to rein in industrial expansion, energy consumption, and environmental pollution succeed (Fu 2004; Qin 2004; Xu 2004)? Will the desperate attempts of Chinese authorities to mitigate the impact of rapid industrialization on the disastrously scarce supplies of fresh water be effective (Li 2004; Liang 2004)? The environmental anxiety is palpable and pervasive. The environmental effects of globalization cannot be measured by simple numbers like the gross domestic product or unemployment rate. But even without such summary statistics, there are so many examples of globalization's impact, some obvious, some less so, that a convincing argument about its effects and trends can be made. Among the environmental impacts of globalization, perhaps the most significant is its fostering of the excessive use of energy, with the attendant consequences. This surge in energy use was inevitable, once the undeveloped four-fifths of the world adopted the energy-wasting industrialization model of the developed fifth, and as goods that once were made locally began to be transported around the world at a tremendous cost of energy. China's booming production, largely the result of its surging global exports, has caused a huge increase in the mining and burning of coal and the building of giant dams for more electric power, an increase of power that in only the first 8 months of 2003 amounted to 16% (Bradsher 2003; Guo 2004). The many environmental effects of the coal burning include, most importantly, global warming. Fossil-fuel-driven climate change seems likely to result in a rise in sea level, massive extinction of species, agricultural losses from regional shifts in temperature and rainfall, and, possibly, alteration of major ocean currents, with secondary climatic change. Other side effects of coal burning are forest decline, especially from increased nitrogen deposition; acidification of freshwater and terrestrial ecosystems from nitrogen and sulfur compounds; and a major impact on human health from polluted air. Dams, China's alternative method of producing electricity without burning fossil fuels, themselves cause massive environmental changes. These changes include fragmentation of river channels; loss of floodplains, riparian zones, and adjacent wetlands; deterioration of irrigated terrestrial environments and their surface waters; deterioration and loss of river deltas and estuaries; aging and reduction of continental freshwater runoff to oceans; changes in nutrient cycling; impacts on biodiversity; methylmercury contamination of food webs; and greenhouse gas emissions from reservoirs. The impoundment of water in reservoirs at high latitudes in the northern hemisphere has even caused a small but measurable increase in the speed of the earth's rotation and a change in the planet's axis (Rosenberg et al. 2000; Vörösmarty & Sahagian 2000). Moreover, the millions of people displaced by reservoirs such as the one behind China's Three Gorges Dam have their own environmental impacts as they struggle to survive in unfamiliar and often unsuitable places. Despite the importance of coal and hydropower in China's booming economy, the major factor that enables globalization to flourish around the world—even in China—is still cheap oil. Cheap oil runs the ships, planes, trucks, cars, tractors, harvesters, earth-moving equipment, and chain saws that globalization needs; cheap oil lifts the giant containers with their global cargos off the container ships onto the waiting flatbeds; cheap oil even mines and processes the coal, grows and distills the biofuels, drills the gas wells, and builds the nuclear power plants while digging and refining the uranium ore that keeps them operating. Paradoxically, the global warming caused by this excessive burning of oil is exerting negative feedback on the search for more oil to replace dwindling supplies. The search for Arctic oil has been slowed by recent changes in the Arctic climate. Arctic tundra has to be frozen and snow-covered to allow the heavy seismic vehicles to prospect for underground oil reserves, or long-lasting damage to the landscape results. The recent Arctic warming trend has reduced the number of days that vehicles can safely explore: from 187 in 1969 to 103 in 2002 (Revkin 2004). Globalization affects so many environmental systems in so many ways that negative interactions of this sort are frequent and usually unpredictable. Looming over the global economy is the imminent disappearance of cheap oil. There is some debate about when global oil production will peak—many of the leading petroleum geologists predict the peak will occur in this decade, possibly in the next two or three years (Campbell 1997; Kerr 1998; Duncan & Youngquist 1999; Holmes & Jones 2003; Appenzeller 2004; ASPO 2004; Bakhtiari 2004; Gerth 2004)—but it is abundantly clear that the remaining untapped reserves and alternatives such as oil shale, tar sands, heavy oil, and biofuels are economically and energetically no substitute for the cheap oil that comes pouring out of the ground in the Arabian Peninsula and a comparatively few other places on Earth (Youngquist 1997). Moreover, the hydrogen economy and other high-tech solutions to the loss of cheap oil are clouded by serious, emerging technological doubts about feasibility and safety, and a realistic fear that, if they can work, they will not arrive in time to rescue our globalized industrial civilization (Grant 2003; Tromp et al. 2003; Romm 2004). Even energy conservation, which we already know how to implement both technologically and as part of an abstemious lifestyle, is likely to be no friend to globalization, because it reduces consumption of all kinds, and consumption is what globalization is all about. In a keynote address to the American Geological Society, a noted expert on electric power networks, Richard Duncan (2001), predicted widespread, permanent electric blackouts by 2012, and the end of industrial, globalized civilization by 2030. The energy crunch is occurring now. According to Duncan, per capita energy production in the world has already peaked—that happened in 1979—and has declined since that date. In a more restrained evaluation of the energy crisis, Charles Hall and colleagues (2003) state that: The world is not about to run out of hydrocarbons, and perhaps it is not going to run out of oil from unconventional sources any time soon. What will be difficult to obtain is cheap petroleum, because what is left is an enormous amount of low-grade hydrocarbons, which are likely to be much more expensive financially, energetically, politically and especially environmentally. Nuclear power still has “important…technological, economic, environmental and public safety problems,” they continue, and at the moment “renewable energies present a mixed bag of opportunities.” Their solution? Forget about the more expensive and dirtier hydrocarbons such as tar sands. We need a major public policy intervention to foster a crash program of public and private investment in research on renewable energy technologies. Perhaps this will happen—necessity does occasionally bring about change. But I do not see renewable energy coming in time or in sufficient magnitude to save globalization. Sunlight, wind, geothermal energy, and biofuels, necessary as they are to develop, cannot replace cheap oil at the current rate of use without disastrous environmental side effects. These renewable alternatives can only power a nonglobalized civilization that consumes less energy (Ehrenfeld 2003b). Already, as the output of the giant Saudi oil reserves has started to fall (Gerth 2004) and extraction of the remaining oil is becoming increasingly costly, oil prices are climbing and the strain is being felt by other energy sources. For example, the production of natural gas, which fuels more than half of U.S. homes, is declining in the United States, Canada, and Mexico as wells are exhausted. In both the United States and Canada, intensive new drilling is being offset by high depletion rates, and gas consumption increases yearly. In 2002 the United States imported 15% of its gas from Canada, more than half of Canada's total gas production. However, with Canada's gas production decreasing and with the “stranded” gas reserves in the United States and Canadian Arctic regions unavailable until pipelines are built 5–10 years from now, the United States is likely to become more dependent on imported liquid natural gas (LNG). Here are some facts to consider. Imports of LNG in the United States increased from 39 billion cubic feet in 1990 to 169 billion cubic feet in 2002, which was still <1% of U.S. natural gas consumption. The largest natural gas field in the world is in the tiny Persian Gulf state of Qatar. Gas is liquefied near the site of production by cooling it to −260°F (−162°C), shipped in special refrigerated trains to waiting LNG ships, and then transported to an LNG terminal, where it is off-loaded, regasified, and piped to consumers. Each LNG transport ship costs a half billion dollars. An LNG terminal costs one billion dollars. There are four LNG terminals in the United States, none in Canada or Mexico. Approximately 30 additional LNG terminal sites to supply the United States are being investigated or planned, including several in the Bahamas, with pipelines to Florida. On 19 January 2004, the LNG terminal at Skikda, Algeria, blew up with tremendous force, flattening much of the port and killing 30 people. The Skikda terminal, renovated by Halliburton in the late 1990s, will cost $800 million to $1 billion to replace. All major ports in the United States are heavily populated, and there is strong environmental opposition to putting terminals at some sites in the United States. Draw your own conclusions about LNG as a source of cheap energy (Youngquist & Duncan 2003; Romero 2004). From LNG to coal gasification to oil shale to nuclear fission to breeder reactors to fusion to renewable energy, even to improvements in efficiency of energy use (Browne 2004), our society looks from panacea to panacea to feed the ever-increasing demands of globalization. But no one solution or combination of solutions will suffice to meet this kind of consumption. In the words of Vaclav Smil (2003): Perhaps the evolutionary imperative of our species is to ascend a ladder of ever-increasing energy throughputs, never to consider seriously any voluntary consumption limits and stay on this irrational course until it will be too late to salvage the irreplaceable underpinnings of biospheric services that will be degraded and destroyed by our progressing use of energy and materials. Among the many other environmental effects of globalization, one that is both obvious and critically important is reduced genetic and cultural diversity in agriculture. As the representatives of the petrochemical and pharmaceutical industries' many subsidiary seed corporations sell their patented seeds in more areas previously isolated from global trade, farmers are dropping their traditional crop varieties, the reservoir of our accumulated genetic agricultural wealth, in favor of a few, supposedly high-yielding, often chemical-dependent seeds. The Indian agricultural scientist H. Sudarshan (2002) has provided a typical example. He noted that Over the last half century, India has probably grown over 30,000 different, indigenous varieties or landraces of rice. This situation has, in the last 20 years, changed drastically and it is predicted that in another 20 years, rice diversity will be reduced to 50 varieties, with the top 10 accounting for over three-quarters of the sub-continent's rice acreage. With so few varieties left, where will conventional plant breeders and genetic engineers find the genes for disease and pest resistance, environmental adaptations, and plant quality and vigor that we will surely need? A similar loss has been seen in varieties of domestic animals. Of the 3831 breeds of ass, water buffalo, cattle, goat, horse, pig, and sheep recorded in the twentieth century, at least 618 had become extinct by the century's end, and 475 of the remainder were rare. Significantly, the countries with the highest ratios of surviving breeds per million people are those that are most peripheral and remote from global commerce (Hall & Ruane 1993). Unfortunately, with globalization, remoteness is no longer tenable. Here is a poignant illustration. Rural Haitians have traditionally raised a morphotype of long-snouted, small black pig known as the Creole pig. Adapted to the Haitian climate, Creole pigs had very low maintenance requirements, and were mainstays of soil fertility and the rural economy. In 1982 and 1983, most of these pigs were deliberately killed as part of swine disease control efforts required to integrate Haiti into the hemispheric economy. They were replaced by pigs from Iowa that needed clean drinking water, roofed pigpens, and expensive, imported feed. The substitution was a disaster. Haitian peasants, the hemisphere's poorest, lost an estimated $600 million. Haiti's ousted President Jean-Bertrand Aristide (2000), who, whatever his faults, understood the environmental and social effects of globalization, wrote There was a 30% drop in enrollment in rural schools… a dramatic decline in the protein consumption in rural Haiti, a devastating decapitalization of the peasant economy and an incalculable negative impact on Haiti's soil and agricultural productivity. The Haitian peasantry has not recovered to this day…. For many peasants the extermination of the Creole pigs was their first experience of globalization. The sale of Mexican string beans and South African apples in Michigan and Minnesota in January is not without consequences. The globalization of food has led to the introduction of “high-input” agricultural methods in many less-developed countries, with sharply increasing use of fertilizers, insecticides, herbicides, fungicides, irrigation pumps, mechanical equipment, and energy. There has been a correspondingly sharp decline in farmland biodiversity—including birds, invertebrates, and wild crop relatives—much of which is critically important to agriculture through ecosystem services or as reservoirs of useful genes (Benton et al. 2003). The combination of heavy fertilizer use along with excessive irrigation has resulted in toxic accumulations of salt, nitrates, and pesticides ruining soils all over the world, along with the dangerous drawdown and contamination of underground reserves of fresh water (Hillel 1991; Kaiser 2004; Sugden et al. 2004). Although population growth has been responsible for some of this agricultural intensification, much has been catalyzed by globalization (Wright 1990). Aquaculture is another agriculture-related activity. Fish and shellfish farming—much of it for export—has more than doubled in the past 15 years. This industry's tremendous requirements for fish meal and fish oil to use as food and its degradation of coastal areas are placing a great strain on marine ecosystems (Naylor et al. 2000). Other unanticipated problems are occurring. For instance, the Scottish fisheries biologist Alexander Murray and his colleagues (2002) report that infectious salmon anemia … is caused by novel virulent strains of a virus that has adapted to intensive aquacultural practices and has exploited the associated [ship] traffic to spread both locally and internationally…. Extensive ship traffic and lack of regulation increase the risk of spreading disease to animals raised for aquaculture and to other animals in marine environments…. [and underscore] the potential role of shipping in the global transport of zoonotic pathogens. The reduction of diversity in agriculture is paralleled by a loss and reshuffling of wild species. The global die-off of species now occurring, unprecedented in its rapidity, is of course only partly the result of globalization, but globalization is a major factor in many extinctions. It accelerates species loss in several ways. First, it increases the numbers of exotic species carried by the soaring plane, ship, rail, and truck traffic of global trade. Second, it is responsible for the adverse effects of ecotourism on wild flora and fauna (Ananthaswamy 2004). And third, it promotes the development and exploitation of populations and natural areas to satisfy the demands of global trade, including, in addition to the agricultural and energy-related disruptions already mentioned, logging, over-fishing of marine fisheries, road building, and mining. To give just one example, from 1985 to 2001, 56% of Indonesian Borneo's (Kalimantan) “protected” lowland forest areas—many of them remote and sparsely populated—were intensively logged, primarily to supply international timber markets (Curran et al. 2004). Surely one of the most significant impacts of globalization on wild species and the ecosystems in which they live has been the increase in introductions of invasive species (Vitousek et al. 1996; Mooney & Hobbs 2000). Two examples are zebra mussels (Dreissena polymorpha), which came to the Great Lakes in the mid-1980s in the ballast water of cargo ships from Europe, and Asian longhorn beetles (Anoplophera glabripennis), which arrived in the United States in the early 1990s in wood pallets and crates used to transfer cargo shipped from China and Korea. Zebra mussels, which are eliminating native mussels and altering lake ecosystems, clog the intake pipes of waterworks and power plants. The Asian longhorn beetle now seems poised to cause heavy tree loss (especially maples [Acer sp.]) in the hardwood forests of eastern North America. Along the U.S. Pacific coast, oaks (Quercus sp.) and tanoaks (Lithocarpus densiflorus) are being killed by sudden oak death, caused by a new, highly invasive fungal disease organism (Phytophthora ramorum), which is probably also an introduced species that was spread by the international trade in horticultural plants (Rizzo & Garbelotto 2003). Estimates of the annual cost of the damage caused by invasive species in the United States range from $5.5 billion to $115 billion. The zebra mussel alone, just one of a great many terrestrial, freshwater, and marine exotic animals, plants, and pathogens, has been credited with more than $5 billion of damage since its introduction (Mooney & Drake 1986; Cox 1999). Invasive species surely rank among the principal economic and ecological limiting factors for globalization. Some introduced species directly affect human health, either as vectors of disease or as the disease organisms themselves. For example, the Asian tiger mosquito (Aedes albopictus), a vector for dengue and yellow fevers, St. Louis and LaCrosse encephalitis viruses, and West Nile virus, was most likely introduced in used truck tires imported from Asia to Texas in the 1980s and has spread widely since then. Discussion of this and other examples is beyond the scope of this article. Even the partial control of accidental and deliberate species introductions requires stringent, well-funded governmental regulation in cooperation with the public and with business. Many introductions of alien species cannot be prevented, but some can, and successful interventions to prevent the spread of introduced species can have significant environmental and economic benefits. To give just one example, western Australia has shown that government and industry can cooperate to keep travelers and importers from bringing harmful invasive species across their borders. The western Australian HortGuard and GrainGuard programs integrate public education; rapid and effective access to information; targeted surveillance, which includes preborder, border, and postborder activities; and farm and regional biosecurity systems (Sharma 2004). Similar programs exist in New Zealand. But there is only so much that governments can do in the face of massive global trade. Some of the significant effects of globalization on wildlife are quite subtle. Mazzoni et al. (2003) reported that the newly appearing fungal disease chytridiomycosis (caused by Batrachochytrium dendrobatidis), which appears to be the causative agent for a number of mass die-offs and extinctions of amphibians on several continents, is probably being spread by the international restaurant trade in farmed North American bullfrogs (Rana catesbeiana). These authors state: “Our findings suggest that international trade may play a key role in the global dissemination of this and other emerging infectious diseases of wildlife.” Even more unexpected findings were described in 2002 by Alexander et al., who noted that expansion of ecotourism and other consequences of globalization are increasing contact between free-ranging wildlife and humans, resulting in the first recorded introduction of a primary human pathogen, Mycobacterium tuberculosis, into wild populations of banded mongooses (Mungos mungo) in Botswana and suricates (Suricata suricatta) in South Africa. The known effects of globalization on the environment are numerous and highly significant. Many others are undoubtedly unknown. Given these circumstances, the first question that suggests itself is: Will globalization, as we see it now, remain a permanent state of affairs (Rees 2002; Ehrenfeld 2003a)? The principal environmental side effects of globalization—climate change, resource exhaustion (particularly cheap energy), damage to agroecosystems, and the spread of exotic species, including pathogens (plant, animal, and human)—are sufficient to make this economic system unstable and short-lived. The socioeconomic consequences of globalization are likely to do the same. In my book The Arrogance of Humanism (1981), I claimed that our ability to manage global systems, which depends on our being able to predict the results of the things we do, or even to understand the systems we have created, has been greatly exaggerated. Much of our alleged control is science fiction; it doesn't work because of theoretical limits that we ignore at our peril. We live in a dream world in which reality testing is something we must never, never do, lest we awake. In 1984 Charles Perrow explored the reasons why we have trouble predicting what so many of our own created systems will do, and why they surprise us so unpleasantly while we think we are managing them. In his book Normal Accidents, which does not concern globalization, he listed the critical characteristics of some of today's complex systems. They are highly interlinked, so a change in one part can affect many others, even those that seem quite distant. Results of some processes feed back on themselves in unexpected ways. The controls of the system often interact with each other unpredictably. We have only indirect ways of finding out what is happening inside the system. And we have an incomplete understanding of some of the system's processes. His example of such a system is a nuclear power plant, and this, he explained, is why system-wide accidents in nuclear plants cannot be predicted or eliminated by system design. I would argue that globalization is a similar system, also subject to catastrophic accidents, many of them environmental—events that we cannot define until after they have occurred, and perhaps not even then. The comparatively few commentators who have predicted the collapse of globalization have generally given social reasons to support their arguments. These deserve some consideration here, if only because the environmental and social consequences of globalization interact so strongly with each other. In 1998, the British political economist John Gray, giving scant attention to environmental factors, nevertheless came to the conclusion that globalization is unstable and will be short-lived. He said, “There is nothing in today's global market that buffers it against the social strains arising from highly uneven economic development within and between the world's diverse societies.” The result, Gray states, is that “The combination of [an] unceasing stream of new technologies, unfettered market competition and weak or fractured social institutions” has weakened both sovereign states and multinational corporations in their ability to control important events. Note that Gray claims that not only nations but also multinational corporations, which are widely touted as controlling the world, are being weakened by globalization. This idea may come as a surprise, considering the growth of multinationals in the past few decades, but I believe it is true. Neither governments nor giant corporations are even remotely capable of controlling the environmental or social forces released by globalization, without first controlling globalization itself. Two of the social critics of globalization with the most dire predictions about its doom are themselves masters of the process. The late Sir James Goldsmith, billionaire financier, wrote in 1994, It must surely be a mistake to adopt an economic policy which makes you rich if you eliminate your national workforce and transfer production abroad, and which bankrupts you if you continue to employ your own people…. It is the poor in the rich countries who will subsidize the rich in the poor countries. This will have a serious impact on the social cohesion of nations. Another free-trade billionaire, George Soros, said much the same thing in 1995: “The collapse of the global marketplace would be a traumatic event with unimaginable consequences. Yet I find it easier to imagine than the continuation of the present regime.” How much more powerful these statements are if we factor in the environment! As globalization collapses, what will happen to people, biodiversity, and ecosystems? With respect to people, the gift of prophecy is not required to answer this question. What will happen depends on where you are and how you live. Many citizens of the Third World are still comparatively self-sufficient; an unknown number of these will survive the breakdown of globalization and its attendant chaos. In the developed world, there are also people with resources of self-sufficiency and a growing understanding of the nature of our social and environmental problems, which may help them bridge the years of crisis. Some species are adaptable; some are not. For the nonhuman residents of Earth, not all news will be bad. Who would have predicted that wild turkeys (Meleagris gallopavo), one of the wiliest and most evasive of woodland birds, extinct in New Jersey 50 years ago, would now be found in every county of this the most densely populated state, and even, occasionally, in adjacent Manhattan? Who would have predicted that black bears (Ursus americanus), also virtually extinct in the state in the mid-twentieth century, would now number in the thousands (Ehrenfeld 2001)? Of course these recoveries are unusual—rare bright spots in a darker landscape. Finally, a few ecological systems may survive in a comparatively undamaged state; most will be stressed to the breaking point, directly or indirectly, by many environmental and social factors interacting unpredictably. Lady Luck, as always, will have much to say. In his book The Collapse of Complex Societies, the archaeologist Joseph Tainter (1988) notes that collapse, which has happened to all past empires, inevitably results in human systems of lower complexity and less specialization, less centralized control, lower economic activity, less information flow, lower population levels, less trade, and less redistribution of resources. All of these changes are inimical to globalization. This less-complex, less-globalized condition is probably what human societies will be like when the dust settles. I do not think, however, that we can make such specific predictions about the ultimate state of the environment after globalization, because we have never experienced anything like this exceptionally rapid, global environmental damage before. History and science have little to tell us in this situation. The end of the current economic system and the transition to a postglobalized state is and will be accompanied by a desperate last raid on resources and a chaotic flurry of environmental destruction whose results cannot possibly be told in advance. All one can say is that the surviving species, ecosystems, and resources will be greatly impoverished compared with what we have now, and our descendants will not thank us for having adopted, however briefly, an economic system that consumed their inheritance and damaged their planet so wantonly. Environment is a true bottom line—concern for its condition must trump all purely economic growth strategies if both the developed and developing nations are to survive and prosper. Awareness of the environmental limits that globalized industrial society denies or ignores should not, however, bring us to an extreme position of environmental determinism. Those whose preoccupations with modern civilization's very real social problems cause them to reject or minimize the environmental constraints discussed here (Hollander 2003) are guilty of seeing only half the picture. Environmental scientists sometimes fall into the same error. It is tempting to see the salvation of civilization and environment solely in terms of technological improvements in efficiency of energy extraction and use, control of pollution, conservation of water, and regulation of environmentally harmful activities. But such needed developments will not be sufficient—or may not even occur—without corresponding social change, including an end to human population growth and the glorification of consumption, along with the elimination of economic mechanisms that increase the gap between rich and poor. The environmental and social problems inherent in globalization are completely interrelated—any attempt to treat them as separate entities is unlikely to succeed in easing the transition to a postglobalized world. Integrated change that combines environmental awareness, technological innovation, and an altered world view is the only answer to the life-threatening problems exacerbated by globalization (Ehrenfeld 2003b).

#### Our alternative is to decolonize economic engagement. Questioning the politics of space and knowledge that make engagement an economic tool of manipulation is key to sustainable development.

**Walsh, Estudios Culturales Latinoamericanos de la Universidad Andina Simón Bolívar, 2012**

(Catherine, “The Politics of Naming”, Cultural Studies, 26.1, Project Muse)

Cultural Studies, in our project, is constructed and understood as more than a field of ‘study’. It is broadly understand as a formation, a field of possibility and expression. And it is constructed as a space of encounter between disciplines and intellectual, political and ethical projects that seek to combat what Alberto Moreiras called the impoverishment of thought driven by divisions (disciplinary, epistemological, geographic, etc.) and the socio-political-cultural fragmentation that increasingly makes social change and intervention appear to be divided forces (Moreiras 2001). As such, Cultural Studies is conceived as a place of plural-, inter-, transand in-disciplinary (or undisciplined) critical thinking that takes as major concern the intimate relationships between culture, knowledge, politics and economics mentioned earlier, and that sees the problems of the region as both local and global. It is a space from which to search for ways of thinking, knowing, comprehending, feeling and acting that permit us to intervene and influence: a field that makes possible convergence and articulation, particularly between efforts, practices, knowledge and projects that focus on more global justice, on differences (epistemic, ontological, existential, of gender, ethnicity, class, race, nation, among others) constructed as inequalities within the framework of neo-liberal capitalism. It is a place that seeks answers, encourages intervention and engenders projects and proposals. It is in this frame of understanding and practice in our Ph.D. programme in Latin-American Cultural Studies at the Universidad Andina Simo´n Bolı´var, that this broad description-definition continues to take on more concrete characteristics. Here I can identify three that stand out: the inter-cultural, the inter-epistemic and the de-colonial. The inter-cultural has been and still is a central axis in the struggles and processes of social change in the Andean region. Its critical meaning was first affirmed near the end of the 1980s in the Ecuadorian indigenous movement’s political project. Here inter-culturality was positioned as an ideological principal grounded in the urgent need for a radical transformation of social structures, institutions and relationships, not only for indigenous peoples but also for society as a whole. Since then, inter-culturality has marked a social, political, ethical project and process that is also epistemological;6 a project and a process that seek to re-found the bases of the nation and national culture, understood as homogenous and mono-cultural. Such call for re-founding does not to simply add diversity to what is already established, but rather to rethink, rebuild and inter-culturalize the nation and national culture, and with in the terrains of knowledge, politics and life-based visions. It is this understanding of the inter-cultural that is of interest. Concretely, we are interested in the spaces of agency, creation, innovation and encounter between and among different subjects, knowledges, practices and visions. Referring to our project of Cultural Studies as (inter)Cultural Studies, enables and encourages us to think from this region, from the struggles, practices and processes that question Eurocentric, colonial and imperial legacies, and work to transform and create radically different conditions for thinking, encountering, being and coexisting or co-living. In a similar fashion, the inter-epistemic focuses on the need to question, interrupt and transgress the Euro-USA-centric epistemological frameworks that dominate Latin-American universities and even some Cultural Studies programmes. To think with knowledges produced in Latin America and the Caribbean (as well as in other ‘Souths’, including those located in the North) and by intellectuals who come not only from academia, but also from other projects, communities and social movements are, for us, a necessary and essential step, both in de-colonization and in creating other conditions of knowledge and understanding. Our project, thus, concerns itself with the work of inverting the geopolitics of knowledge, with placing attention on the historically subjugated and negated plurality of knowledge, logics and rationalities, and with the political-intellectual effort to create relationships, articulations and convergences between them. The de-colonial element is intimately related to the two preceding points. Here our interest is, on one hand, to make evident the thoughts, practices and experiences that both in the past and in the present have endeavoured to challenge the colonial matrix of power and domination, and to exist in spite of it, in its exterior and interior. By colonial matrix, we refer to the hierarchical system of racial civilizational classification that has operated and operates at different levels of life, including social identities (the superiority of white, heterosexual males), ontological-existential contexts (the dehumanization of indigenous and black peoples), epistemic contexts (the positioning of Euro-centrism as the only perspective of knowledge, thereby disregarding other epistemic rationalities), and cosmological (the control and/or negation of the ancestral-spiritual-territorial-existential bases that govern the life-systems of ancestral peoples, most especially those of African Diaspora and of Abya Yala) (see Quijano 1999). At the centre or the heart of this matrix is capitalism as the only possible model of civilization; the imposed social classification, the idea of ‘humanity’, the perspective of knowledge and the prototype life-system that goes with it defines itself through this capitalistic civilizational lens. As Quijano argues, by defending the interests of social domination and the exploitation of work under the hegemony of capital, ‘the ‘‘racialization’’ and the ‘‘capitalization’’ of social relationships of these models of power, and the ‘‘eurocentralization’’ of its control, are in the very roots of our present problems of identity,’ in Latin America as countries, ‘nations’ and States (Quijano 2006). It is precisely because of this that we consider the de-colonial to be a fundamental perspective. Within our project, the de-colonial does not seek to establish a new paradigm or line of thought but a critically-conscious understanding of the past and present that opens up and suggests questions, perspectives and paths to explore. As such, and on the other hand, we are interested in stimulating methodologies and pedagogies that, in the words of Jacqui Alexander (2005), cross the fictitious boundaries of exclusion and marginalization to contribute to the configuration of new ways of being and knowing rooted not in alterity itself, but in the principles of relation, complement and commitment. It is also to encourage other ways of reading, investigating and researching, of seeing, knowing, feeling, hearing and being, that challenge the singular reasoning of western modernity, make tense our own disciplinary frameworks of ‘study’ and interpretation, and persuade a questioning from and with radically distinct rationalities, knowledge, practices and civilizational-life-systems. It is through these three pillars of the inter-cultural, the inter-epistemic and the de-colonial that we attempt to understand the processes, experiences and struggles that are occurring in Latin America and elsewhere. But it is also here that we endeavour to contribute to and learn from the complex relationships between culture-politics-economics, knowledge and power in the world today; to unlearn to relearn from and with perspectives otherwise. Practices, experiences and challenges In this last section, my interest is to share some of the particularities of our doctorate programme/project, now in its third cycle; its achievements and advancements; and the challenges that it faces in an academic context, increasingly characterized regionally and internationally, by disciplinarity, depolitization, de-subjectivation, apathy, competitive individualism and nonintervention. Without a doubt, one of the unique characteristics of the programme/ project is its students: all mid-career professionals mainly from the Andean region and from such diverse fields as the social sciences, humanities, the arts, philosophy, communication, education and law. The connection that the majority of the students have with social and cultural movements and/or processes, along with their dedication to teaching or similar work, helps to contribute to dynamic debate and discussion not always seen in academia and post-graduate programmes. Similarly, the faculty of the programme stand out for being internationally renowned intellectuals, and, the majority, for their commitment to struggles of social transformation, critical thinking and the project of the doctorate itself. The curriculum offering is based on courses and seminars that seek to foment thinking from Latin American and with its intellectuals in all of their diversity comprehend, confront and affect the problems and realities of the region, which are not only local but global. The pedagogical methodological perspective aforementioned works to stimulate processes of collective thought and allow the participants to think from related formations, experiences and research topics and to think with the differences disciplinary, geographical, epistemic and subjective thereby fracturing individualism by dialoguing, transgressing and inter-crossing boundaries. Trans-disciplinarity, as such, is a fundamental position and process in our project. The fact that the graduate students come from an array of different backgrounds provides a plurality in which the methodologicalpedagogical practice becomes the challenge of collectively thinking, crossing disciplinary backgrounds and creating new positions and perspectives, conceived and formed in a trans-disciplinary way. The majority of courses, seminars and professors, also assume that this is a necessary challenge in today’s world when no single discipline and no single intellectual is capable alone of analyzing, comprehending or transforming social reality. Nevertheless, trans-disciplinary gains continue to be a point of criticism and contention, especially given the present trend to re-discipline the LatinAmerican university. As Edgardo Lander has argued (2000a), this tendency reflects the neo-liberalization of higher education, as well as the increasing conservatism of intellectuals, including those that previously identified as or to continue to identify themselves as progressives and/or leftists. To establish oneself in a discipline or presume truth through a discipline, a common practice today, is to reinstall the geopolitics of knowing. This, in turn, strengthens Euro-USA-centrism as ‘the place’ of theory and knowledge. As such, the subject of dispute is not simply the trans-disciplinary aspect of Cultural Studies but also its ‘indisciplinary’ nature, that is, the effort central to our project to include points of view that come from Latin America and thinkers who are not always connected to academia (see Walsh et al. 2002). Our interest is not, as some claim, to facilitate the agendas or cultural agency of subaltern groups or social movements, promote activism or simply include other knowledge forms, but instead to build a different political-intellectual project a political-intellectual project otherwise. Such project gives centrality to the need to learn to think from, together and with LatinAmerican reality and its actors, thereby stimulating convergences, articulations and inter-culturalizations that aim at creating an academia that is committed to life itself. Such a perspective does not eliminate or deny knowledge conceived in Europe or North America usually named as ‘universal’ or its proponents and thinkers. Instead, it incorporates such knowledge as part of a broader canon and worldview that seeks pluriversality, recognizing the importance of places and loci of enunciation. For our project, all of this serves to highlight the doubly complicated situation that is still in flux. On one hand, there is the negative association with trans-disciplinarity and the academic suppositions that accompany it, particularly in the area of research; this requires that our theses be doubly rigorous. And, on the other hand, there is the geopolitical limitation not only of disciplines but also of academic disciplining. To argue, as we do, that knowledge and thought are also produced outside of universities and, in dialogue with Hall, that political movements also produce and provoke theoretic moments and movements, is to question and challenge the academic logic and the authority of a universal and singular reasoning and science. We will, through such questioning and challenges, always be marginalized, placed on the fringe, under a microscope, criticized and disputed. Because of this, the challenges that we have encountered have been many. On one hand, there are those challenges that many face in the Latin-American academic context: the real difficulties of financing, infrastructure and research support. On the other hand, are the challenges that come with the traditional academic disciplinary structure, its de-politization and de-subjectification. Here the challenge is to transgress the established norms of neutrality, distance and objectivity. It is also to confront the standards that give little relevance to historically subjugated groups, practices and knowledges, and to the interlinking of race, ethnicity, gender and sexuality with the structures and models of power and knowledge. It is to make evident past and present struggles that give real meaning to the arguments of heterogeneity, decoloniality and inter-culturality. Here the criticism and dispute comes from many sides: from those who describe these efforts as too politicized (and, as such, supposedly less ‘academic’), uni-paradigmatic (supposedly limited to only one ‘line of thought’), fundamentalist (supposedly exclusionary of those subjects not marked by the colonial wound) and as obsessed with conflict (and therefore far from the tradition of ‘culture’, its letters and object of study). These challenges together with the tensions, criticisms and disputes that they mark often times make the path more difficult. Still, and at the same time, they allow us to clarify the distinctive and unique aspects of our project and its motivations to continue with its course of construction, insurgence and struggle. Our concern here is not so much with the institutionalizing of Cultural Studies. Better yet, and in a much broader fashion, we are concerned with epistemic inter-culturalization, with the de-colonialization and pluriversalization of the ‘university’, and with a thinking from the South(s). To place these concerns, as argued here, within a perspective and a politics of naming: ‘(inter)Cultural Studies in de-colonial code,’ is to open, not close, paths. Conclusion In concluding the reflections I have presented here, it is useful to return to a fundamental point touched by Stuart Hall: ‘intervention’. In particular and with Hall, I refer to the will to intervene in and transform the world, an intervention that does not simply relate to social and political contexts and fields, but also to epistemology and theory. That is to an intervention and transformation in and a de-colonization of the frameworks and logics of our thinking, knowing and comprehending. To commit oneself in mind, body and spirit as Frantz Fanon argued. To consider Cultural Studies today a project of political vocation and intervention is to position and at the same time build our work on the borders of and the boundaries between university and society. It is to seriously reflect on whom we read and with whom we want and/or need to dialogue and think, to understand the very limits or our knowledge. And precisely because of this, it is to act on our own situation, establishing contacts and exchanges of different kinds in a pedagogicalmethodological zeal to think from and think with, in what I have elsewhere called a critical inter-culturality and de-colonial pedagogy (Walsh 2009). In universities and societies that are increasingly characterized by nonintervention, auto-complacency, individualism and apathy, intervention represents, suggests and promotes a position and practice of involvement, action and complicity. To take on such a position and practice and to make it an integral part of our political-intellectual project is to find not only ethical meaning in work on culture and power, but also to give this work some heart. That is to say, to focus on the ever-greater need and urgency of life. To call these Cultural Studies or critical (inter)Cultural Studies is only one of our options, and part of the politics of naming.

### Solvency

#### Multiple barriers prevent solvency

Perakis and Denisis, 8 – Department of Naval Architecture & Marine Engineering, University of Michigan (Anastassios N. Perakis and Athanasios Denisis, “A survey of short sea shipping and its prospects in the USA”, Maritime Policy and Management, December 2008, <http://www.maritimeadvisors.com/pdf/Survey%20of%20SSS%20Prospects%20in%20the%20U.S..pdf> | AK)

6. Obstacles hindering the implementation of SSS in the US Despite the wide acceptance of SSS among transportation stakeholders as an environmentally friendly alternative, there are various administrative, legal, operational and financial obstacles that delay the expansion of short sea services. These obstacles are: 1. Additional handling costs. SSS adds extra nodes or transhipment points in the transportation chain. Instead of trucks carrying the cargo directly from origin to destination, short sea vessels take over the longer haulage, and trucks make only the local pick-up and final delivery. At the transfer points or intermodal terminals, there are additional handling costs for the loading and unloading of the cargo. 2. Image problem. Traditionally, SSS has the image of a slow, unreliable and obsolete mode of transportation. Therefore, shippers are currently reluctant of using this new mode. Several surveys revealed that on-time reliability is the most important priority for shippers. Therefore, SSS should provide a high level of service in terms of on-time reliability, in order me is to alter that image by effectively promoting the advantages of SSS to the shippers and facilitating the c-operation among transportation modes. 3. Harbour Maintenance Tax (HMT). The HMT is assessed as a 0.015% ‘ad valorem’ fee on the value of the commercial cargo, which is transported on vessels using the US ports. Therefore, it is applied on both domestic and international containers that are been transported by vessels, but not on the cargo that is transported by trucks or rail. This is a major impediment to SSS, since it is applied on every transhipment point. Many transportation industry stakeholders are calling on the waiver of HMT for the domestic SSS transportation. The recent repeal of the HMT in the Great Lakes is a major support for SSS. 4. Jones Act. In the US, as elsewhere, one of the major impediments to the development of coastal shipping is the restrictions of ‘cabotage’ laws. Certain provisions of the Merchant Marine Act of 1920, also known as Jones Act, which requires that any vessel operating between two US ports must be US-built, US-owned, and manned by US citizens, significantly increases the capital and the operating costs for any short sea operation. Thus, it makes SSS more expensive and less competitive. A study in 1993 suggested that the net cost of the Jones Act to the US economy is $4.4 billion US per year [47]. As the idea of SSS is gaining ground, the debate over the Jones Act has been reignited. Defenders of the Jones Act claim that it is way to revitalize the domestic shipbuilding industry, by providing financial incentives for shipowners to build in the US. Shipyard owners claim that they can be competitive for smaller standardized vessel designs with a shipbuilding program for a series of ships to be constructed over the next 15–20 years. On the other hand, shipowners argue that they can purchase SSS vessels from the international ship market for a fraction of what they cost in the US.

### Auto Industry

#### No impact to congestion – no causal relationship with economic detriment

Dumbaugh, 12 – associate professor and interim director at the School of Urban and Regional Planning at Florida Atlantic University (Eric Dumbaugh, “Rethinking the Economics of Traffic Congestion”, The Atlantic Cities, 6/1/12, <http://www.theatlanticcities.com/commute/2012/06/defense-congestion/2118/> | AK)

With a few notable exceptions, transportation planning practice in the United States is focused on managing or eliminating traffic congestion. Regardless of whether planners are advocating for highway infrastructure to improve level-of-service, or transit projects intended to “get cars off the road,” the underlying assumption is that congestion relief is an unmitigated good. Such arguments are often based on the idea that traffic congestion and vehicle delay are bad for the economy. According to the Texas Transportation Institute, vehicle delay costs Americans $115 billion in wasted fuel and time each year. The common interpretation of such statistics is that our cities and regions would be so much more economically productive if only we could eliminate the congestion that occurs on urban streets. But this begs the question: is traffic congestion really a drag on the economy? Economies are measured not in terms of vehicle delay or the amount of travel that people do, but in terms of the dollar value of the goods and services that they produce. If it is true that congestion is detrimental to a region’s economy, then one would expect that people living in areas with low levels of traffic congestion would be more economically productive, on a per capita basis, than those in areas with high levels of congestion. This is a testable assertion. With the help of my research assistant Wenhao Li, I sought to determine whether vehicle delay had a negative effect on urban economies. I combined TTI’s data on traffic delay per capita with estimates of regional GDP per capita, acquired from the U.S. Bureau of Economic Analysis. I used 2010 data for both variables, converted them to their natural logs, and modeled them using regression analysis. And what did I find? As per capita delay went up, so did GDP per capita. Every 10 percent increase in traffic delay per person was associated with a 3.4 percent increase in per capita GDP. For those interested in statistics, the relationship was significant at the 0.000 level, and the model had an R2 of 0.375. In layman’s terms, this was statistically-meaningful relationship. Such a finding seems counterintuitive on its surface. How could being stuck in traffic lead people to be more productive? The relationship is almost certainly not causal. Instead, regional GDP and traffic congestion are tied to a common moderating variable - the presence of a vibrant, economically-productive city. And as city economies grow, so too does the demand for travel. People travel for work and meetings, for shopping and recreation. They produce and demand goods and services, which further increases travel demand. And when the streets become congested and driving inconvenient, people move to more accessible areas, rebuild at higher densities, travel shorter distances, and shift travel modes. Stated another way, people adapt to congested environments. Because cities provide greater access to job opportunities than do rural areas, as well as wages that are more than 30 percent higher than their non-metropolitan counterparts they have a powerful economic incentive to do so. Fortunately for our cities and their economies, urban environments are precisely what is sought by the millennial generation. 88 percent of millennials report that they would prefer to live in urban environments, and they are already driving less and riding transit more than their Gen X and boomer counterparts. Indeed, many millennials view driving as a vice, with 55 percent indicating that they have made a deliberate effort to reduce the amount of driving that they do. They are also leading a surge in cycling in cities like Seattle, Minneapolis, Denver, and Washington, D.C., all of which have seen their share of bike commuting double over the last decade. These trends are of great concern to the auto industry. While behavioral adaptations and changes in consumer preferences have already begun to address the issue of personal transportation in congested environments, a second issue remains unanswered: how do congested areas deal with freight and goods movement? A common argument is that if a region’s roadways are congested, goods will be unable to get to market and its economy will falter. Yet even the most casual glance at our most congested regions - New York, Los Angeles, and San Francisco to name three - quickly dispels this idea. These are not places where consumer choices are limited, nor are they areas with stagnant economies. Quite the contrary. They are precisely the areas where one finds not only the most vibrant economies, but also the greatest variety of goods and services. How is this possible? It is important to recognize that major manufacturing and freight activities rarely occur in congested city centers, where land values are too high to make these activities economically viable. Likewise, long-haul truck drivers, who are paid on a per-mile travelled basis, have a powerful economic incentive to avoid traveling through urban areas during congested time periods, which reduces the number of miles per hour they can travel, and thus the number of dollars per hour they receive for their time. Urban economies naturally encourage these activities to move away from congested areas and time periods. It is nevertheless true that goods movement is growing in the United States, making it a transportation issue that cannot be dismissed lightly. Should a region discover that it needs additional capacity for freight traffic, plenty of capacity can be found by converting a “free” highway lane into a truck-only toll lane, which not only allocates highway capacity for goods movement, but which also generates the revenues needed to pay for the highway’s maintenance. Given that highway infrastructure in the United States is aging and in growing need of repair, and that the ongoing decline of federal gas tax revenues has made it difficult for many state and local governments to fund basic highway maintenance, such solutions are likely to look increasingly attractive in the future. Within cities themselves, the relevant issue is neither manufacturing nor long-haul transport, but the movement of goods destined for local markets. This is currently addressed through a variety of strategies, including the scheduling of deliveries to off-peak periods and the use of bicycle couriers in highly-congested areas. It has also led to the development of more technologically-sophisticated solutions, such as the use of GPS-based fleet management systems that permit dynamic trip scheduling and routing, allowing drivers to bypass localized pockets of traffic congestion. This is a growth industry that is projected to generate more than $9 billion in annual revenues by 2015. As Jane Jacobs has observed, city economies generate the resources needed to solve city problems. None of this is to suggest that there is no benefit in having our transportation system operate efficiently. But automobile congestion, vehicle delay, and their proxy, level-of-service, are not measures of system efficiency. Nor are they measures of economic vitality. They are nothing more or less than measures of how convenient it is to drive an automobile.

#### Alt causes to auto industry decline

Michael Totten 2012 (American journalist. November 25, 2012. Autohub360. *Reasons behind the Decline of the us Auto Industry*.

http://www.autohub360.com/index.php/reasons-behind-the-decline-of-the-us-auto-industry-439/

Up until the 1950s, the Big Three U.S. car companies controlled the U.S. car market. However, by 2008, the Big Three were suddenly teetering on the brink of bankruptcy. Yet the reasons for the decline of the U.S. auto industry were not sudden. They have been years in the making. The decline of the U.S. auto industry Up until the 1970s, the total market share of all imports did not exceed 10%. By 1998, the Big Three still held 70% of the U.S. car market. While the trend was clear, it was still inconceivable to most people that any import company could seriously threaten any of the Big Three on their own turf. In 2008, previous signs of trouble finally blazed into the open. In spite of a stagnant Japanese economy, every Asian car company except Mitsubishi saw U.S. market share rise, to an unprecedented total of 44.6%. The European car companies claimed another 7.8% of the U.S. car market. The Big Three still held most of the U.S. car market, but their combined share was down to 47.5%, the first time ever it had fallen below 50%. More shockingly, the Big Three were no longer the Big Three. Toyota had jumped ahead of both Chrysler and Ford to take over as number 2. Ford was demoted to number 3. Honda had just outsold Chrysler for the first time ever to become the new number 4, although it slipped briefly back to number 5 in the year after Chrysler was restructured. Only GM managed to cling to its status as number 1, but its days were numbered. By mid-2009, both Chrysler and GM had gone bankrupt. Ford came close, but escaped bankruptcy by the skin of its teeth. By the time GM ceased to exist, it had been hemorrhaging red ink to the tune of nearly $40 billion USD a year. Poor management The Big Three automakers had developed their dominant position in the U.S. car market in the absence of any serious overseas competition. As a result, the management of the Big Three became complacent. They only took action when profits started falling, and even then, management tended to cut costs rather than improve the product. Complacency The American-built car was an important symbol of American freedoms to work, to travel, and to own a house. City expansion, with new, affordable suburbs, was planned with the car in mind. City planners built freeways to and within every major city in the U.S. Big American-made cars thrived while gas was plentiful and cheap. The innovations which came from the Big Thee automakers were about comfort and style. Their car designs had improved suspensions and improved handling, but there was no major innovation to improve fuel economy. The Big Three were able to coast on their reputation for a long time in the biggest car market in the world. In fact, the environment of domestic complacency had become so entrenched that even at the beginning of 2009, some market analysts still insisted that market share movements were a temporary glitch of the current market state. Lack of innovation U.S. companies tended to respond to consumer demand rather than anticipating it. The Japanese and Korean automakers competed so fiercely with each other that they not only anticipated consumer demand, they actively searched for the next major innovation and then created consumer demand for the new product. This approach was impossible for U.S. automakers, whose investors expected immediate profits. The first shock was the sudden demand for cheaper, more fuel-efficient cars after the oil crisis of the 1970s. The U.S. automakers belatedly tried to catch up to their foreign counterparts. However, falling sales in small cars and sedans led to lower profits, which led to unhappy investors. To save their profit margin, the Big Three cut back on nonprofitable divisions and fell back on the reliable U.S. pickup truck market. They also developed minivans and SUVs, some of which could be built on the same frames as pickups. Foreign companies were quick to see the potential of these vehicles and make their own versions, which were often more fuel-efficient. When oil prices spiked again after Hurricane Katrina, the SUV market fell, but the Big Three were hurt more than the imports. Each time sector sales fell, the Big Three retreated into the reliable U.S. pickup truck market. However, the foreign auto manufacturers had identified this as a place where they could easily pick up market share with minimal work. To counter the new competition, the Big Three fell back on brand loyalty, but brand loyalty only goes so far. When Toyota came out with the world’s first mass-produced hybrid vehicle in 1997, foreign companies quickly followed suit. By 1999, Honda had already developed the Insight, and then the Civic Hybrid by 2002. Mazda and Mitsubishi had their own models of hybrid ready to go by 2002 as well. In the meantime, Toyota had never stopped developing and innovating their initial Prius breakthrough. However, none of the Big Three released a hybrid until the Ford Escape offered a hybrid model in 2005. The early hybrid conversion of Chevy’s 2004 Silverado did not even offer an electric motor for propulsion. However, by that time, it no longer mattered. The writing was already on the wall. The unions The U.S. automakers were hit particularly hard by the demographic pension hump which was caused by large numbers of baby boomers retiring at the same time and drawing their pensions and increased medical costs from the company coffers. These increased pension costs coincided with the long-term trend of declining sales which had begun when the last of the baby boomers were still being born. Automakers in countries with public health insurance were not hit as strongly. A unionized American auto worker also makes much more in wages and benefits than his Mexican, Korean, or Chinese counterparts. Thus, U.S. carmakers have a global cost disadvantage against Korean and Chinese automakers, although the NAFTA agreements allow them to outsource cheaper labor in Mexico without penalty. However, the German carmakers have long suffered from an even higher labor cost disadvantage and an even stronger currency. In fact, in 2007, German auto workers averaged around $67 USD in wages and benefits, roughly twice as much as American auto workers at that time. After wage and benefit cuts in both Germany and the U.S. in 2010 and 2011, German auto workers now make more like 3 times as much as American auto workers. Yet higher German wages and benefits have not hurt the German automakers, even in the U.S. market. While the German automakers did need help during the ongoing financial crisis, the major German automakers have recovered and are larger and stronger than ever, and are often considered to be the emerging threat to the U.S. market. Part of the difference in outcomes may be because German automakers have emphasized brand loyalty based on product quality rather than on patriotism. This enables many German brands to charge a premium in the U.S marketplace which compensates for increased tariffs. Thus, the difference in results comes back to management decisions over the last several decades. Financing The tipping point for the U.S. auto industry may have been financing. In the years leading up to the ongoing financial crisis, up to 24% of car sales were financed through home equity lines of credit. This means that when the real estate bubble burst, the U.S. auto industry was directly affected, with U.S. U.S. car sales going from 17 million in 2006 to 10.6 million in 2009. In turn, U.S. carmakers immediately reacted in the same way they had always reacted to financial difficulty, by laying off workers, closing plants, and cutting costs. However, with 1 in 6 people employed directly or indirectly by the U.S. automotive industry, the traditional reaction this time only magnified the greater economic collapse, so that even fewer people were able to afford cars. By mid-2009, Chrysler and GM were bankrupt, and Ford survived only by mortgaging its assets to the point that it now pays $2 billion in financing costs annually.

#### U.S. manufacturing is resurgent---slew of factors make it sustainable and immune to a double-dip

**PWS 2012**

(Pricewaterhouse Coopers, “A Homecoming For U.S. Manufacturing?”, 9-21, http://www.manufacturing.net/articles/2012/09/a-homecoming-for-us-manufacturing?et\_cid=2861124&et\_rid=279915960&linkid=http%3a%2f%2fwww.manufacturing.net%2farticles%2f2012%2f09%2fa-homecoming-for-us-manufacturing, ldg)

NEW YORK― Consensus views on a U.S. manufacturing resurgence have largely centered on rising labor costs in markets such as China as the key driver of re-shoring back to the U.S. However, a new PwC US report, A Homecoming for U.S. Manufacturing?, reveals that while rising labor costs are part of the story, a range of factors—including transportation and energy costs and protecting the supply chain—could drive a sustained manufacturing renaissance in the U.S. beyond any cyclical recovery, potentially improving investment, employment, production output and research & development (R&D). PwC’s new report identifies seven factors—including transportation and energy costs; currency fluctuations; U.S. market demand; labor costs; U.S. talent; availability of capital; and the tax and regulatory climate—as the primary catalysts influencing manufacturers' decisions to establish production facilities domestically and produce products closer to their major customer bases. PwC's report also notes that localizing production can mitigate supply chain disruptions, which totaled $2.2 billion in financial impact for U.S. industrial products companies in 2011. “The reviving industrial manufacturing sector is instrumental to U.S. economic recovery,” said Bob McCutcheon, PwC’s U.S. Industrial Products leader. “Beyond the cyclical rebound, however, a host of structural changes is emerging that may lead to the U.S. becoming an important location for basing production and R&D facilities for several industries. In addition to trends in labor costs, other factors include the need to reduce transportation and energy costs; the emergence of the U.S. as a more attractive exporter and the relative attractiveness of the U.S. markets.”

#### Manufacturing can’t sustain the recovery-bad jobs

**Reich, Berkeley public policy professor, 2012**

(Robert, “The factory jobs aren’t coming back”, 2-17, http://www.salon.com/2012/02/17/the\_factory\_jobs\_arent\_coming\_back/, ldg)

But American manufacturing won’t be coming back. Although 404,000 manufacturing jobs have been added since January 2010, that still leaves us with 5.5 million fewer factory jobs today than in July 2000 – and 12 million fewer than in 1990. The long-term trend is fewer and fewer factory jobs. Even if we didn’t have to compete with lower-wage workers overseas, we’d still have fewer factory jobs because the old assembly line has been replaced by numerically-controlled machine tools and robotics. Manufacturing is going high-tech. Bringing back American manufacturing isn’t the real challenge, anyway. It’s creating good jobs for the majority of Americans who lack four-year college degrees. Manufacturing used to supply lots of these kind of jobs, but that was only because factory workers were represented by unions powerful enough to get high wages. That’s no longer the case. Even the once-mighty United Auto Workers has been forced to accept pay packages for new hires at the Big Three that provide half what new hires got a decade ago. At $14 an hour, new auto workers earn about the same as most of America’s service-sector workers. GM just announced record profits but its new workers won’t be getting much of a share. In the 1950s, more than a third of American workers were represented by a union. Now, fewer than 7 percent of private-sector workers have a union behind them. If there’s a single reason why the median wage has dropped dramatically for non-college workers over the past three and a half decades, it’s the decline of unions. How do the candidates stand on unions? Mitt Romney has done nothing but bash them. He vows to pass so-called “right to work” legislation barring job requirements of union membership and payment of union dues. “I’ve taken on union bosses before, ” he says,” and I’m happy to take them on again.” When Romney’s not blaming China for American manufacturers’ competitive problems he blames high union wages. Romney accuses the president of “stacking” the National Labor Relations Board with “union stooges.” Rick Santorum says he’s supportive of private-sector unions. While in the Senate he voted against a national right to work law (Romney is now attacking him on this) but Santorum isn’t interested in strengthening unions, and he doesn’t like them in the public sector. President Obama praises “unionized plants” – such as Master Lock, the Milwaukee maker of padlocks he visited last week, which brought back one hundred jobs from China. But the president has not promised that if reelected he’d push for the Employee Free Choice Act, which would make it easier for workers to organize a union. He had supported it in the 2008 election but never moved the legislation once elected. The president has also been noticeably silent on the labor struggles that have been roiling the Midwest – from Wisconsin’s assault on the bargaining rights of public employees, through Indiana’s recently-enacted right to work law – the first in the Rust Belt. The fact is, American corporations – both manufacturing and services – are doing wonderfully well. Their third quarter profits totaled $2 trillion. That’s 19 percent higher than the pre-recession peak five years ago. But American workers aren’t sharing in this bounty. Although jobs are slowly returning, wages continue to drop, adjusted for inflation. The fundamental problem isn’t the decline of American manufacturing, and reviving manufacturing won’t solve it. The problem is the declining power of American workers to share in the gains of the American economy.

#### Economic collapse doesn’t cause war

**Bazzi et al., UCSD economics department, 2011**

(Samuel, “Economic Shocks and Conflict: The (Absence of?) Evidence from Commodity Prices”, November, <http://www.chrisblattman.com/documents/research/2011.EconomicShocksAndConflict.pdf?9d7bd4>, ldg)

VI. Discussion and conclusions A. Implications for our theories of political instability and conflict The state is not a prize?—Warlord politics and the state prize logic lie at the center of the most influential models of conflict, state development, and political transitions in economics and political science. Yet we see no evidence for this idea in economic shocks, even when looking at the friendliest cases: fragile and unconstrained states dominated by extractive commodity revenues. Indeed, we see the opposite correlation: if anything, higher rents from commodity prices weakly 22 lower the risk and length of conflict. Perhaps shocks are the wrong test. Stocks of resources could matter more than price shocks (especially if shocks are transitory). But combined with emerging evidence that war onset is no more likely even with rapid increases in known oil reserves (Humphreys 2005; Cotet and Tsui 2010) we regard the state prize logic of war with skepticism.17 Our main political economy models may need a new engine. Naturally, an absence of evidence cannot be taken for evidence of absence. Many of our conflict onset and ending results include sizeable positive and negative effects.18 Even so, commodity price shocks are highly influential in income and should provide a rich source of identifiable variation in instability. It is difficult to find a better-measured, more abundant, and plausibly exogenous independent variable than price volatility. Moreover, other time-varying variables, like rainfall and foreign aid, exhibit robust correlations with conflict in spite of suffering similar empirical drawbacks and generally smaller sample sizes (Miguel et al. 2004; Nielsen et al. 2011). Thus we take the absence of evidence seriously. Do resource revenues drive state capacity?—State prize models assume that rising revenues raise the value of the capturing the state, but have ignored or downplayed the effect of revenues on self-defense. We saw that a growing empirical political science literature takes just such a revenue-centered approach, illustrating that resource boom times permit both payoffs and repression, and that stocks of lootable or extractive resources can bring political order and stability. This countervailing effect is most likely with transitory shocks, as current revenues are affected while long term value is not. Our findings are partly consistent with this state capacity effect. For example, conflict intensity is most sensitive to changes in the extractive commodities rather than the annual agricultural crops that affect household incomes more directly. The relationship only holds for conflict intensity, however, and is somewhat fragile. We do not see a large, consistent or robust decline in conflict or coup risk when prices fall. A reasonable interpretation is that the state prize and state capacity effects are either small or tend to cancel one another out. Opportunity cost: Victory by default?—Finally, the inverse relationship between prices and war intensity is consistent with opportunity cost accounts, but not exclusively so. As we noted above, the relationship between intensity and extractive commodity prices is more consistent with the state capacity view. Moreover, we shouldn’t mistake an inverse relation between individual aggression and incomes as evidence for the opportunity cost mechanism. The same correlation is consistent with psychological theories of stress and aggression (Berkowitz 1993) and sociological and political theories of relative deprivation and anomie (Merton 1938; Gurr 1971). Microempirical work will be needed to distinguish between these mechanisms. Other reasons for a null result.—Ultimately, however, the fact that commodity price shocks have no discernible effect on new conflict onsets, but some effect on ongoing conflict, suggests that political stability might be less sensitive to income or temporary shocks than generally believed. One possibility is that successfully mounting an insurgency is no easy task. It comes with considerable risk, costs, and coordination challenges. Another possibility is that the counterfactual is still conflict onset. In poor and fragile nations, income shocks of one type or another are ubiquitous. If a nation is so fragile that a change in prices could lead to war, then other shocks may trigger war even in the absence of a price shock. The same argument has been made in debunking the myth that price shocks led to fiscal collapse and low growth in developing nations in the 1980s.19 B. A general problem of publication bias? More generally, these findings should heighten our concern with publication bias in the conflict literature. Our results run against a number of published results on commodity shocks and conflict, mainly because of select samples, misspecification, and sensitivity to model assumptions, and, most importantly, alternative measures of instability. Across the social and hard sciences, there is a concern that the majority of published research findings are false (e.g. Gerber et al. 2001). Ioannidis (2005) demonstrates that a published finding is less likely to be true when there is a greater number and lesser pre-selection of tested relationships; there is greater flexibility in designs, definitions, outcomes, and models; and when more teams are involved in the chase of statistical significance. The cross-national study of conflict is an extreme case of all these. Most worryingly, almost no paper looks at alternative dependent variables or publishes systematic robustness checks. Hegre and Sambanis (2006) have shown that the majority of published conflict results are fragile, though they focus on timeinvariant regressors and not the time-varying shocks that have grown in popularity. We are also concerned there is a “file drawer problem” (Rosenthal 1979). Consider this decision rule: scholars that discover robust results that fit a theoretical intuition pursue the results; but if results are not robust the scholar (or referees) worry about problems with the data or empirical strategy, and identify additional work to be done. If further analysis produces a robust result, it is published. If not, back to the file drawer. In the aggregate, the consequences are dire: a lower threshold of evidence for initially significant results than ambiguous ones.20

#### Economy resilient-overwhelming number of indicators prove

**Gross, Newsweek global business editor, 2012**

(Daniel, “Myth Of Decline: U.S. Is Stronger and Faster Than Anywhere Else”, 4-30, <http://www.thedailybeast.com/newsweek/2012/04/29/myth-of-decline-u-s-is-stronger-and-faster-than-anywhere-else.html>, ldg)

The U.S. remains the largest, richest, most secure market in the world, full of valuable resources. That’s why it continues to lead the world in foreign direct investment (FDI). In 2010, FDI rose to $194.5 billion from $135 billion in 2009, and stood at $155 billion through the first three quarters of 2011. The Japanese retailer Uniqlo in October 2011 opened its three-story, 89,000-square-foot flagship store on the corner of Fifth Avenue and 53rd Street in Manhattan. The lease it signed—$300 million for 15 years—is the most expensive retail lease in New York’s history. When news broke in December 2011 that former Citigroup CEO Sandy Weill had sold his apartment at 15 Central Park West for the unprecedented price of $88 million, experts wondered which Russian oligarch was behind the purchase. It was fertilizer magnate Dmitry Rybolovlev, who bought it for his 22-year-old daughter. To hear declinists tell it, the U.S. doesn’t make anything anymore. Well, yes, except for the $180 billion in goods and services Americans export every month. Outside the U.S., there are 6.6 billion people with generally rising living standards who are willing and eager to buy what Americans are selling. Since bottoming in April 2009 at $124 billion, monthly exports have risen nearly 50 percent. In 2010, when the economy added 1.03 million new jobs, the number of jobs supported by exports rose by 500,000, from 8.7 million to 9.2 million. More people around the world are eating better, which is good, because the U.S. is to food what Saudi Arabia is to oil. Agricultural exports hit a record $115.8 billion in 2010, and in 2011 soared to $136 billion—nearly double the 2007 total. In a modern-day analogue of carrying coals to Newcastle, the U.S. ships beef to Brazil, rice to Japan, and soybeans to China ($9.19 billion worth in 2009 alone). Total exports to China soared from $41.2 billion in 2005 to $104 billion in 2011. “Every unit that gets manufactured in this site this year is going to be exported,” General Electric CEO Jeff Immelt told employees at the company’s gas-turbine plant in Greenville, S.C., in the spring of 2011. I accompanied Immelt as he walked through the immaculate factory. The 2011 production schedule called for 90 such electricity-generating units, at about $25 million each. Small companies have transformed into export powerhouses, as well. Wallquest, a family-owned high-end wallpaper company outside Philadelphia, saw exports rise from 35 percent of sales in 2009 to 65 percent in 2010, as orders streamed in from Russia, Saudi Arabia, and China. Increasingly, foreigners don’t just buy the stuff Americans make. They buy only-in-America experiences—like higher education. Since 1972 the number of foreign students has risen every year, with the exception of the three years after 9/11. A record 690,923 foreign students enrolled in the 2009–10 academic year, according to the Institute of International Education. “In the countries that are thriving, there’s increasing interest from families who want access to the American higher-education system and are in a position to pay for it,” said Stephen Schutt, president of Lake Forest College, a small liberal-arts college near Chicago (tuition: $38,320). Schutt spent his 2011 spring break in China, visiting secondary schools. Of the 410 students who matriculated in the fall of 2011, 63 (or 15 percent) hailed from 33 countries. Every tuition dollar is an export. Tourism has boomed in the age of decline, too. Those lines of people with funny accents clogging up the lines at Disneyland? They represent exports just as valuable as the bushels of grain being loaded onto container ships in Los Angeles. In 2010, a record 59.8 million international visitors came to the U.S., up 8.7 percent from 2009. That year, tourism was a $134.5 billion export industry. Increasingly, U.S. companies are meeting global consumers where they live. Whether it is Starbucks in Turkey, Mary Kay in China, Taco Bell in India, or an American medical school in the Persian Gulf, U.S. business concepts travel remarkably well. In 2010, for the firms in the S&P 500 stock index that broke out such results separately, 46.3 percent of revenues came from outside the U.S., up from 43.5 percent in 2006. By 2015, market-research company J.D. Power projects, the world’s drivers will purchase 103 million light vehicles per year, and 84 percent of those sales will take place outside U.S. borders. Last November, I went to Shanghai to visit a car plant that wouldn’t seem out of place in Ohio. It belongs to GM Shanghai, a joint venture of General Motors and the Chinese car company SAIC. Here the revived car company is reviving a brand, Buick, that has been left for dead in America. Buick is tapping into a long legacy in China; it is commonly noted that the last emperor owned one. The Buick Excelle, a small vehicle modeled on the Chevrolet Cruze, is a high-volume product: 200,000 are made each year in China. “We’re fully loaded here,” plant manager David Gibbons told me. In the third quarter of 2011 GM sold 620,000 vehicles in China, compared with 555,000 in the U.S. The ways in which U.S. companies continue to gain traction—even at a time when the economic prospects of the U.S. seem dim—was driven home to me by my experience at the World Economic Forum in Davos, Switzerland, in January. I attended a luncheon and a dinner where the elites hung on every word uttered by Sheryl Sandberg, the chief operating officer at Facebook. At the hottest ticket—the Google party—the crowd was entranced. Once past the velvet ropes, status-hungry attendees were alternately checking out the name tags that hung around people’s necks and looking lovingly ... into their iPhones. High in the Alps, at a confab where American decline is a perennial theme, where new models of dynamism are thought to emerge from everywhere but America, the most significant presences were U.S. companies. Apple and Google are the nation’s second- and ninth-largest companies by market capitalization, with a combined value of nearly $600 billion. Facebook has been valued at more than $100 billion. Yet in 2002, none of these companies existed in anything like their current form. Their combined market cap was a few billion dollars, consisting mostly of Apple, an also-ran personal-computer maker. Google was a piece of code. Mark Zuckerberg was just entering Harvard. All three gained mass and scale during the long expansion of the 2000s, but took off in the years after the Lehman crash. Today, they are iconic magnets of human capital. They represent American economic dynamism the way Chevrolet and McDonald’s once did. Sure, they employ relatively modest numbers of people. But their economic significance lies in the fact that they’ve created platforms for other businesses, industries, and entrepreneurs to create new economic arrangements. Think of what iTunes has done for the publishing, music, and entertainment industries. The U.S. is losing primacy in geopolitics, but it remains the indispensable economic nation. The systems that American companies have invented are being put to vital use. Egypt’s pro-democracy activists organized on Facebook. Syrian dissidents make videos of clashes with the Army on iPhones and upload them for the world to see on YouTube. Highly productive American farmers are feeding the world. Planes manufactured by Boeing provide mobility to people in Africa. It’s easy to look at the record of the past few years and despair. The U.S. has a very long way to go to make up for lost ground in housing and, especially, in jobs. The resurgence of the corporate sector, which provides ample reason for optimism, hasn’t translated into new positions for the legions of unemployed. But here, too, there’s positive news. Since February 2010, the private sector, which accounts for 83 percent of all employment, has added nearly 4.1 million jobs, or about 160,000 per month. That’s not sufficient, but it’s a sign that the jobs machine is clearly working again. The public sector has been the sole source of job loss: austerity-minded government entities have cut a million jobs since 2010. But the sharp reductions have come to a halt. In the months since the Lehman debacle, the U.S. has no more lost its ability to grow and innovate than reality-TV producers have lost their ability to coax skanky behavior out of New Jersey’s youth. And despite all the headwinds, there’s no reason the expansion that started in July 2009 can’t go on as long as the previous three, which lasted 73 months, 120 months, and 92 months, respectively. When the definitive history of this period is written, it is possible—no, likely—that this post-bust era will go down not as a time of economic decline, but as one of regeneration.

### Shipbuilding

#### Can’t solve shipbuilding industry – too many structural problems from within.

Sarder et al, 10 Industrial Engineering Technology at The University of Southern Mississippi (MD B., Ahad Ali, Susan Ferreira, Mohammad A. Rahman, “Managing Material Flow at the US Shipbuilding Industry,” January 10, 2010, <http://www.iieom.org/paper/132%20MD%20Sarder.pdf>)//AS

Building a ship utilizes highly complex processes to design and construct built-to-order products that meet its customer requirements [1]. This process includes the cooperation of all parties, including the Customers, the shipbuilder and its suppliers. The process further necessitates a seamless interaction of the suppliers, material management, planning and scheduling, and production. It is this method of these interactions that can either cost the shipbuilder and customer due to rework and rescheduling or allow the shipbuilder to construct the ship at the cost and in the timeframe allotted by the contract and even more desirable, at a profit. Because of the high costs of constructing ships and current practices of shipbuilding, many times the shipbuilder does not make a large profit and sometimes not at all. In order to make a profit, the shipbuilder has to do two things: 1) Create processes and practices to reduce and eliminate rework, reschedule and low quality products, 2) Properly bid into the contract any normal production disruption caused in the schedule by Government dictated requirements, Government furnished information and equipment, and 3) Create processes to capture and charge for disruptions caused by change to requirements, schedules or low quality information or material provided by the Government or vendors. The shipbuilding industry is dependent heavily on the Government. The only domestic customers for ships have been either the U.S. Government or firms completely dependent on the government policy [2]. Therefore it is essential that shipbuilders take the necessary steps to make a profit within its limited market.

#### No naval deterrence impact

Marvin, 11 [Taylor, Prospect Journal of International Affairs UCSD, CUTTING US DEFENSE SPENDING IS NOT A THREAT TO AMERICAN SECURITY, <http://prospectjournal.ucsd.edu/index.php/2011/09/cutting-us-defense-spending-is-not-a-threat-to-american-security/>]

However, US military spending far exceeds the level necessary to deter foreign aggression, even against peripheral US interests. Some of this excess is justified: if America wishes to fight long foreign wars and lead international humanitarian military interventions the Pentagon budget must support these missions. Despite this, American defense spending is ultimately vastly disproportionate to its core requirements. The US Navy is a good example of this excess. America currently fields eleven aircraft carriers. Russia possesses one, a Cold War relic vastly less capable than its American counterparts. Despite Chinese naval ambitions in the western Pacific, China has struggled to refit an abandoned Soviet carrier, the ex-Varyag, for combat, and the introduction of modern indigenous Chinese carriers is likely decades off. It is not unreasonable to suppose that America’s deterrence value would not be diminished if budget cuts forced the Navy to reduce the US carrier fleet. While a reduction in the number of US carrier battle groups would significantly reduce the number of theaters the US could exert military control over at any given time, this would likely not make US military threats less credib**le**; that is, China would not be marginally more likely to invade Taiwan if the US fielded only seven six billion dollar supercarriers. Because the capabilities of all US military branches are so far beyond the minimum necessary to maintain an effective deterrence even if the US government dramatically reduced the defense budget America’s overall security and ability to project power on a global scale would remain far in excess of any potential rivals.

#### The impact is empirically denied and their evidence reflects a flawed understanding of how to measure the aggregate of US naval power

Hoffman, 08 [Frank G. Hoffman, Senior Fellow of the Foreign Policy Research Institute, From Preponderance to Partnership: American Maritime Power in the 21st Century, http://www.cnas.org/node/529

One of the most important national security challenges facing the next president of the United States will be preserving America’s maritime power. The U.S. Navy has been cut in half since the 1980s, shrinking steadily from 594 to today’s 280 ships. The fleet size has been cut by 60 ships during the Bush administration alone, despite significantly increased Pentagon budgets.

Several naval analysts and commentators, including the observant Robert Kaplan, have argued that America’s present naval fleet constitutes an “elegant decline” or outright neglect. A former Reagan administration naval official contends that our current maritime policy and investment levels are “verging towards unilateral naval disarmament.”

This is something of an overstatement. The American naval fleet is still substantially larger than any other, and has unmatched global reach and endurance. The U.S. Navy’s aggregate tonnage is the equivalent of the next 17 international navies, of which 14 are U.S. allies, and our power projection capabilities retain a 4:1 advantage in missiles. Looking simply at overall naval ship totals may not be the most accurate measure of naval power, but it is an historical standard of measurement. By that criterion, the U.S. Navy has not been this size since World War I, when Britain’s Royal Navy was the guarantor of the global commons.

#### Navy has guaranteed access and can get ships from everywhere-shipbuilding would never collapse

**Thayer, MSC Contractor Operated Ships director, 2012**

(Christopher, “Military Sealift Command Builds For The Future”, 8-23, <http://www.sldinfo.com/military-sealift-command-builds-for-the-future/>, ldg)

The 80 ships would include ships that we take on for short periods of time for voyage charters or short-time charters to support the various programs. SLD: How does the contractor operated ships business model work? Is it built around the nature of the personnel or the nature of the ship? Thayer: In January of this year, Admiral Buzby restructured our business lines. We now operate around two business lines or business modes. The first is built around government operated ships and, in all cases, they are government owned and operated ships. Civil service mariners operate all these ships. The second are all the other ships that are either contractor owned or government owned but operated by contractors. And these ships are designed to support the Services and TRANSCOM in three program areas, Special Missions, Prepositioning and Sealift. With regard to contractor-operated ships, I am now the interface with my program managers to about a dozen prime contractors. And in many cases, we are using the same contractors for ships in our different program areas. This allows us to enhance common practices and consistencies in dealing with the companies. SLD: How do you leverage the commercial market space? Thayer: We have the capacity to reach into the commercial marketplace and charter ships. For example, in the first gulf war, we chartered over 200 ships in addition to activating organic ships. For OIF, we chartered about 50 ships in addition to activating organic ships to support that effort. So as there was a ramp-up, we are able to leverage the commercial marketplace. Another example is our response to the Haiti crisis. We used some government-owned ships that were immediately available on the east coast, and as well we went into the commercial marketplace to charter ships. In fact, we even went to the Maritime Administration, and activated one of the former Hawaii Super Ferries to support Haiti. So we are able to go into the marketplace in a peer competitive fashion and acquire assets. There are also agreements in place, similar to airlift. They call it the voluntary intermodal sealift agreement, and that’s an agreement that’s administered by U.S. TRANSCOM, and the Military Surface Deployment and Distribution Command with the ocean carriers that operate U.S. Flag ships in commercial liner service moving government cargos that’s outside of the MSC domain. And in coordination with the Maritime Administration we can tap into capacity that is not being used for DOD on those ships and that’s being used for commercial purposes. This is based on a commitment and an agreement to be in the Maritime Security Program where they get a stipend to expand DOD’s use of those resources. The result is that there is just an unbelievably huge amount of capability out in the maritime domain. Not just U.S. flag and U.S. owned, but globally, we are able to tap the market to satisfy COCOM mission requirements. We work with brokers who have access to global commercial shipping to surge and adjust capacity to our requirements. Our staff works with a network of brokers on the commercial side, and those brokers are connected globally to ship owners and operators. We can essentially reach into the global market by calling our brokers and requesting availability status for our global needs.

#### Can’t leverage heg

Maher 11---adjunct prof of pol sci, Brown. PhD expected in 2011 in pol sci, Brown (Richard, The Paradox of American Unipolarity: Why the United States May Be Better Off in a Post-Unipolar World, Orbis 55;1)

At the same time, preeminence creates burdens and facilitates imprudent behavior. Indeed, because of America’s unique political ideology, which sees its own domestic values and ideals as universal, and the relative openness of the foreign policymaking process, the United States is particularly susceptible to both the temptations and burdens of preponderance. For decades, perhaps since its very founding, the United States has viewed what is good for itself as good for the world. During its period of preeminence, the United States has both tried to maintain its position at the top and to transform world politics in fundamental ways, combining elements of realpolitik and liberal universalism (democratic government, free trade, basic human rights). At times, these desires have conflicted with each other but they also capture the enduring tensions of America’s role in the world. The absence of constraints and America’s overestimation of its own ability to shape outcomes has served to weaken its overall position. And because foreign policy is not the reserved and exclusive domain of the president---who presumably calculates strategy according to the pursuit of the state’s enduring national interests---the policymaking process is open to special interests and outside influences and, thus, susceptible to the cultivation of misperceptions, miscalculations, and misunderstandings. Five features in particular, each a consequence of how America has used its power in the unipolar era, have worked to diminish America’s long-term material and strategic position. Overextension. During its period of preeminence, the United States has found it difficult to stand aloof from threats (real or imagined) to its security, interests, and values. Most states are concerned with what happens in their immediate neighborhoods. The United States has interests that span virtually the entire globe, from its own Western Hemisphere, to Europe, the Middle East, Persian Gulf, South Asia, and East Asia. As its preeminence enters its third decade, the United States continues to define its interests in increasingly expansive terms. This has been facilitated by the massive forward presence of the American military, even when excluding the tens of thousands of troops stationed in Iraq and Afghanistan. The U.S. military has permanent bases in over 30 countries and maintains a troop presence in dozens more.13 There are two logics that lead a preeminent state to overextend, and these logics of overextension lead to goals and policies that exceed even the considerable capabilities of a superpower. First, by definition, preeminent states face few external constraints. Unlike in bipolar or multipolar systems, there are no other states that can serve to reliably check or counterbalance the power and influence of a single hegemon. This gives preeminent states a staggering freedom of action and provides a tempting opportunity to shape world politics in fundamental ways. Rather than pursuing its own narrow interests, preeminence provides an opportunity to mix ideology, values, and normative beliefs with foreign policy. The United States has been susceptible to this temptation, going to great lengths to slay dragons abroad, and even to remake whole societies in its own (liberal democratic) image.14 The costs and risks of taking such bold action or pursuing transformative foreign policies often seem manageable or even remote. We know from both theory and history that external powers can impose important checks on calculated risk-taking and serve as a moderating influence. The bipolar system of the Cold War forced policymakers in both the United States and the Soviet Union to exercise extreme caution and prudence. One wrong move could have led to a crisis that quickly spiraled out of policymakers’ control. Second, preeminent states have a strong incentive to seek to maintain their preeminence in the international system. Being number one has clear strategic, political, and psychological benefits. Preeminent states may, therefore, overestimate the intensity and immediacy of threats, or to fundamentally redefine what constitutes an acceptable level of threat to live with. To protect itself from emerging or even future threats, preeminent states may be more likely to take unilateral action, particularly compared to when power is distributed more evenly in the international system. Preeminence has not only made it possible for the United States to overestimate its power, but also to overestimate the degree to which other states and societies see American power as legitimate and even as worthy of emulation. There is almost a belief in historical determinism, or the feeling that one was destined to stand atop world politics as a colossus, and this preeminence gives one a special prerogative for one’s role and purpose in world politics. The security doctrine that the George W. Bush administration adopted took an aggressive approach to maintaining American preeminence and eliminating threats to American security, including waging preventive war. The invasion of Iraq, based on claims that Saddam Hussein possessed weapons of mass destruction (WMD) and had ties to al Qaeda, both of which turned out to be false, produced huge costs for the United States---in political, material, and human terms. After seven years of war, tens of thousands of American military personnel remain in Iraq. Estimates of its long-term cost are in the trillions of dollars.15 At the same time, the United States has fought a parallel conflict in Afghanistan. While the Obama administration looks to dramatically reduce the American military presence in Iraq, President Obama has committed tens of thousands of additional U.S. troops to Afghanistan. Distraction. Preeminent states have a tendency to seek to shape world politics in fundamental ways, which can lead to conflicting priorities and unnecessary diversions. As resources, attention, and prestige are devoted to one issue or set of issues, others are necessarily disregarded or given reduced importance. There are always trade-offs and opportunity costs in international politics, even for a state as powerful as the United States. Most states are required to define their priorities in highly specific terms. Because the preeminent state has such a large stake in world politics, it feels the need to be vigilant against any changes that could impact its short-, medium-, or longterm interests. The result is taking on commitments on an expansive number of issues all over the globe. The United States has been very active in its ambition to shape the postCold War world. It has expanded NATO to Russia’s doorstep; waged war in Bosnia, Kosovo, Iraq, and Afghanistan; sought to export its own democratic principles and institutions around the world; assembled an international coalition against transnational terrorism; imposed sanctions on North Korea and Iran for their nuclear programs; undertaken ‘‘nation building’’ in Iraq and Afghanistan; announced plans for a missile defense system to be stationed in Poland and the Czech Republic; and, with the United Kingdom, led the response to the recent global financial and economic crisis. By being so involved in so many parts of the world, there often emerges ambiguity over priorities. The United States defines its interests and obligations in global terms, and defending all of them simultaneously is beyond the pale even for a superpower like the United States. Issues that may have received benign neglect during the Cold War, for example, when U.S. attention and resources were almost exclusively devoted to its strategic competition with the Soviet Union, are now viewed as central to U.S. interests. Bearing Disproportionate Costs of Maintaining the Status Quo. As the preeminent power, the United States has the largest stake in maintaining the status quo. The world the United States took the lead in creating---one based on open markets and free trade, democratic norms and institutions, private property rights and the rule of law---has created enormous benefits for the United States. This is true both in terms of reaching unprecedented levels of domestic prosperity and in institutionalizing U.S. preferences, norms, and values globally. But at the same time, this system has proven costly to maintain. Smaller, less powerful states have a strong incentive to free ride, meaning that preeminent states bear a disproportionate share of the costs of maintaining the basic rules and institutions that give world politics order, stability, and predictability. While this might be frustrating to U.S. policymakers, it is perfectly understandable. Other countries know that the United States will continue to provide these goods out of its own self-interest, so there is little incentive for these other states to contribute significant resources to help maintain these public goods.16 The U.S. Navy patrols the oceans keeping vital sea lanes open. During financial crises around the globe---such as in Asia in 1997-1998, Mexico in 1994, or the global financial and economic crisis that began in October 2008--- the U.S. Treasury rather than the IMF takes the lead in setting out and implementing a plan to stabilize global financial markets. The United States has spent massive amounts on defense in part to prevent great power war. The United States, therefore, provides an indisputable collective good---a world, particularly compared to past eras, that is marked by order, stability, and predictability. A number of countries---in Europe, the Middle East, and East Asia---continue to rely on the American security guarantee for their own security. Rather than devoting more resources to defense, they are able to finance generous social welfare programs. To maintain these commitments, the United States has accumulated staggering budget deficits and national debt. As the sole superpower, the United States bears an additional though different kind of weight. From the Israeli-Palestinian dispute to the India Pakistan rivalry over Kashmir, the United States is expected to assert leadership to bring these disagreements to a peaceful resolution. The United States puts its reputation on the line, and as years and decades pass without lasting settlements, U.S. prestige and influence is further eroded. The only way to get other states to contribute more to the provision of public goods is if the United States dramatically decreases its share. At the same time, the United States would have to give other states an expanded role and greater responsibility given the proportionate increase in paying for public goods. This is a political decision for the United States---maintain predominant control over the provision of collective goods or reduce its burden but lose influence in how these public goods are used. Creation of Feelings of Enmity and Anti-Americanism. It is not necessary that everyone admire the United States or accept its ideals, values, and goals. Indeed, such dramatic imbalances of power that characterize world politics today almost always produce in others feelings of mistrust, resentment, and outright hostility. At the same time, it is easier for the United States to realize its own goals and values when these are shared by others, and are viewed as legitimate and in the common interest. As a result of both its vast power but also some of the decisions it has made, particularly over the past eight years, feelings of resentment and hostility toward the United States have grown, and perceptions of the legitimacy of its role and place in the world have correspondingly declined. Multiple factors give rise toanti-American sentiment, and anti-Americanism takes different shapes and forms.17 It emerges partly as a response to the vast disparity in power the United States enjoys over other states. Taking satisfaction in themissteps and indiscretions of the imposing Gulliver is a natural reaction. In societies that globalization (which in many parts of the world is interpreted as equivalent to Americanization) has largely passed over, resentment and alienation are felt when comparing one’s own impoverished, ill-governed, unstable society with the wealth, stability, and influence enjoyed by the United States.18 Anti-Americanism also emerges as a consequence of specific American actions and certain values and principles to which the United States ascribes. Opinion polls showed that a dramatic rise in anti-American sentiment followed the perceived unilateral decision to invade Iraq (under pretences that failed to convince much of the rest of the world) and to depose Saddam Hussein and his government and replace itwith a governmentmuchmore friendly to the United States. To many, this appeared as an arrogant and completely unilateral decision by a single state to decide for itselfwhen---and under what conditions---military force could be used. A number of other policy decisions by not just the George W. Bush but also the Clinton and Obama administrations have provoked feelings of anti-American sentiment. However, it seemed that a large portion of theworld had a particular animus for GeorgeW. Bush and a number of policy decisions of his administration, from voiding the U.S. signature on the International Criminal Court (ICC), resisting a global climate change treaty, detainee abuse at Abu Ghraib in Iraq and at Guantanamo Bay in Cuba, and what many viewed as a simplistic worldview that declared a ‘‘war’’ on terrorism and the division of theworld between goodand evil.Withpopulations around theworld mobilized and politicized to a degree never before seen---let alone barely contemplated---such feelings of anti-American sentiment makes it more difficult for the United States to convince other governments that the U.S.’ own preferences and priorities are legitimate and worthy of emulation. Decreased Allied Dependence. It is counterintuitive to think that America’s unprecedented power decreases its allies’ dependence on it. During the Cold War, for example, America’s allies were highly dependent on the United States for their own security. The security relationship that the United States had with Western Europe and Japan allowed these societies to rebuild and reach a stunning level of economic prosperity in the decades following World War II. Now that the United States is the sole superpower and the threat posed by the Soviet Union no longer exists, these countries have charted more autonomous courses in foreign and security policy. A reversion to a bipolar or multipolar system could change that, making these allies more dependent on the United States for their security. Russia’s reemergence could unnerve America’s European allies, just as China’s continued ascent could provoke unease in Japan. Either possibility would disrupt the equilibrium in Europe and East Asia that the United States has cultivated over the past several decades. New geopolitical rivalries could serve to create incentives for America’s allies to reduce the disagreements they have with Washington and to reinforce their security relationships with the United States.