# **Airport Improvement Program (AIP) NEG**

# Inherency

#### The recent FAA reautorization bill allocated 13.4 billion dollars to AIP

**ATW 6/23** ( FAA battle ends with new 4-year reauthorization, Air transport world 2012-06-23 <http://proxy.lib.umich.edu/login?url=http://search.proquest.com.proxy.lib.umich.edu/docview/1021787258?accountid=14667>) KY

The long fight over reauthorizing FAA - which had been operating for more than four years via a series of 23 temporary funding extensions - finally came to an end last month with the US Senate's passage of a bill allocating $63.3 billion to the agency through Sept. 30, 2015. After years of controversial votes on the issue**, the Senate passed the compromise FAA legislation previously cleared by the House of Representatives by a strong 75-20 tally.** President Barack **Obama signed it into law Feb. 15.** Senate Commerce, Science and Transportation Committee chairman Jay Rockefeller (D-W.Va.) said, "I think there's general support in the aviation community for this bill . Nobody got all they wanted, but that's the nature of compromise and compromise was particularly difficult in this bill." While various industry players quibble with certain components of the legislation, most appear pleased that years of uncertainty over airport construction projects and the government's commitment to transitioning to a NextGen ATC system have finally ended. "We commend Congress for passing a responsible bill that recognizes that commercial aviation is central to America's global competitiveness and a key enabler of job growth and US productivity," Airlines for America (A4A) president and CEO Nicholas Calio said."**The bill will help accelerate deployment of the most cost-beneficial NextGen air traffic management system technologies**." US Aerospace Industries Assn. (AIA) said in a statement that the bill "is critical to FAA operations and offers stability and predictability to the aviation industry instead of the uncertainty fueled by one short-term extension after another." The passed-bill was rooted in a compromise over airline unionization voting rules reached in late January between Senate majority leader Harry Reid (D-Nev.) and House speaker John Boehner (R-Ohio). The most contentious issue in recent negotiations revolved around efforts by House Republicans to overturn a 2010 rule change by the National Mediation Board (NMB) lowering the threshold for an airline employee groups to unionize. Republicans backed away from that demand, accepting that airline unionization votes will require a majority of those voting (not a majority of all workers in an employee group, as had been the case before 2010). In return, Senate Democrats accepted a provision increasing the percentage of workers needed to formally request a unionization vote. "We wrote a four-year [FAA] bill in 2003 that expired [Sept. 30] 2007," House Transportation and Infrastructure Committee chairman John Mica (R-Fla.) said during the debate on the bill in the House. "These extensions cost the taxpayers millions of dollars Enough is enough. This is about putting people to work and defining federal policy for [aviation]." House aviation subcommittee top Democrat Rep. Jerry Costello (D-Ill.) said the bill passed was far from perfect, but he emphasized the US "desperately" needed a multiyear FAA reauthorization and therefore he supported it. **The new law will fund FAA through Sept. 30, 2015. It allocates $13.4 billion for the Airport Improvement Program (AIP), $38.3 billion for FAA operations, $10.9 billion for FAA facilities and equipment, and $672 million for research and development. It also outlines goals for implementing a satellite-based, NextGen ATC system, including creating a "chief NextGen officer" position at FAA.**

# Economy Advantage

Airlines industry resilient – statistics prove  
**Rice 11** – staff writer(Katie, “OAG Finds Airlines Resilient in Face of 30 Years of Crises”, Travel Pulse, 8 September 11, http://www.travelpulse.com/oag-finds-airlines-resilient-in-face-of-30-years-of-crises.html)//FK

[OAG](http://www.oagaviation.com/" \t "_blank), which provides detailed data about the airline industry, is reporting in its [OAG World Crisis Analysis](http://www.oagaviation.com/worldcrisisanalysis" \t "_blank) that the airline industry has shown surprising resilience given the crises it has had to deal with over the past 30 years. These include terrorism, pandemics and natural disasters. Despite that, according to the report, global airline capacity has grown on average 3.1 percent per year since 1979. OAG also finds that air travel is largely immune to regionalized events such as natural disasters, conflicts and fuel price spikes. In fact, in the vast majority of crises, there was a negligible impact in global airline capacity; regional level capacity dropped less than 4 percent and recovered within three months. From 1979 to Sept. 11, 2001, world airline capacity was steadily increasing at an average of 5 percent, or 94 million seats, per year. Since the 9/11 terrorist attacks on New York and Washington, D.C., world capacity has grown an average of 2.6 percent, or 81 million seats, per year. The World Trade Center attacks in 2001 and the Global Banking crisis of 2008-2009 are the only two events since 1979 that caused significant decreases in global air capacity, averaging a 3 percent and 9 percent drop in capacity and recovering within 36 months and 24 months, respectively. Regionalized events such as the Gulf Wars, swine flu and volcanic eruptions caused on average less than a 4 percent drop in regional airline capacity that recovered within three months or less, with a negligible impact on global capacity. Brazil, Russia, India, Indonesia, Middle East and China, where growth of the middle class and personal wealth is contributing to increased air travel demand, are driving continued air capacity growth. “One would have thought that tragic events in recent years would have dramatically affected air travel capacity for long periods of time, but that simply has not been the case, with only the World Trade Center attacks and Global Banking crises causing major disruptions,” said Mario Hardy, vice president-Asia Pacific for UBM Aviation. “Difficult lessons learned from past tragedies have been taken to heart and put to good use by the aviation industry, which is poised to continue growing for the foreseeable future.”

#### Airline industry resilient

**Chandler 11** – award-winning aviation and travel writer(Jerry, “How resilient are airlines? OAG says very” Cheapflights Travel Blog, 12 September 2011, <http://news.cheapflights.com/how-resilient-are-airlines-oag-says-very/>)//FK

From the good news, bad news file there’s this: [OAG asserts](http://finance.yahoo.com/news/OAG-30Year-World-Crisis-prnews-2267192805.html?x=0&.v=1" \t "_blank) airlines the world over are surprisingly resilient in the face of terrorist attacks, disease and natural disasters. Matter of fact, seating capacity has grown an annual rate of 3.1 percent since 1979. That’s good for fliers in search of cheap flights. There may be more seats out there, but that doesn’t necessarily mean there’s more competition. “I don’t think the industry’s been that resilient,” says Joe Brancatelli, the respected founder of JoeSentMe.com. “Since 1978 just the domestic U.S. [airline] industry has lost perhaps $100 billion. That’s resilience?” Brancatelli says when the airline industry deregulated in the late 1970s, there were some 30 airlines in the United States. Today there is a handful. Gone are names such as Pan Am, TWA, Braniff, Western, Eastern, PSA, Piedmont and others. Continental is merging with United as we speak. Brancatelli contends since 1979 just two really perennially competitive newcomers have emerged: discount airlines Southwest and JetBlue. While there may be fewer airlines out there, the OAG World Crisis Analysis maintains, “air travel is largely immune to regionalised events such as natural disasters, conflicts, and fuel prices hikes” – immune, that is, from all but the Sept. 11 attacks and the global banking crisis. UBM Aviation CEO Peter von Moltke says the analysis “shows how quickly the aviation industry responds and adapts in the face of almost any disaster, which is reassuring for…industries that depend on aviation.” Tourism is one of those industries. Quick bounce-backs by airlines mean carriers can re-forge connections to vacation destinations comparatively quickly – come hurricanes, earthquakes, or volcanic ash, or high water. Brancatelli says, however, that some of those connections can be less competitive – simply because there are fewer players. What’s your take? Are there enough seats for sale to where you’re headed, and enough competition aloft to make the trip affordable?Tell us what you think.

#### Alt caus – airline industry will inevitably be vulnerable due to fuel price volatility

**FAA, 2011**(Federal Aviation Administration, “The Economic Impact of Civil Aviation on the U.S. Economy”, August, http://www.faa.gov/air\_traffic/publications/media/FAA\_Economic\_Impact\_Rpt\_2011.pdf) Megan

**The highly volatile price of fuel continues to be a major concern for the airline industry and overall economy**. In the summer of 2008, jet-fuel prices spiked to record highs, followed quickly by a precipitous drop in the autumn (Figure 4). Oil market speculators drove the increase as did flat U.S. crude petroleum field production, cuts in U.S. refining capacity, declines in Strategic Petroleum Reserve stocks, decreases in Organization of Petroleum Exporting Countries (OPEC) production targets, and political uncertainty in the Persian Gulf, Venezuela, Algeria and Nigeria.13 Prices subsequently fell during the remaining months of 2008 to $53 per barrel in February 2009—a 68 percent decline. This decrease was mainly due to the delayed impact of falling overall demand for oil as a result of the recession.14 **With the upturn in the economy, the price of jet fuel has slowly risen.** In January 2011, the price of jet fuel averaged $110 per barrel. Recent political turmoil in North Africa and the Middle East has led to further price increases.While many analysts believe that the oil market will return to more familiar patterns, it should be noted that t**he increased demand from China, India, Brazil and other emerging economies will likely place upward pressure on the price of energy faced by airlines and by their customers**. Moreover, as in all forecasts, some events cannot be foreseen. **Recent unrest in the Middle East and Africa has created more uncertainty for all transportation-related services and dampened economic expectations**. From December 31, 2010, through March 4, 2011, the spot price of U.S. Gulf Coast jet fuel, according to the U.S. Energy Information Administration, rose 63 cents per gallon to $3.13, versus an increase of 42 cents per gallon for all of 2010.

#### **Alt caus – rising oil prices**

Davison 12 – financial planner (Craig Davison, “Rising oil prices affecting airlines; may cause fare increase”, 2 April 2012, The News and Advance, <http://www2.newsadvance.com/news/2012/apr/02/rising-oil-prices-affecting-airlines-may-cause-far-ar-1813741/>)//FK

Drivers are concerned as gas prices creep near four bucks a gallon. But rising oil prices also are adding millions of dollars in expenses each day for airlines. The trend could lead to airfare price increases. It also could cause airlines to reduce the number of flights or use smaller crafts with fewer available seats, said Mark Courtney, director of Lynchburg Regional Airport. Higher fuel prices put more pressure on airlines to produce higher revenues per flight to offset the additional losses, he said. Fuel is the largest single cost to airlines and accounts for about 35 percent of expenses, according to Airlines For America, an industry trade organization. As the busier summer months approach, airlines are waiting to see how much more fuel prices will increase, Courtney said. “The biggest determinate there, in my opinion, is the uncertainty,” he said. “It tends to force the airlines in a wait-and-see mode.” Airfare costs have been on the rise recently. Between January 2011 and January 2012, the average fare rose 9 percent, AFA reported. Fuel prices are expected to stay high. Last month, the International Air Transport Association’s outlook for the global airline industry increased its expectations for fuel costs in 2012. That organization initially expected fuel to average $99 a barrel this year. Now, it predicts it will cost an average of $115, a number that could go higher if tensions in theMiddle Eastworsen. Operations in Lynchburg will stay the same for the time being, according to US Airways, which has six departing and six incoming flights between the city and Charlotte, N.C., a US Airways hub with connections to more than 130 destinations. “We’re not looking at cutting flights at this time due to fuel prices,” said spokesman Todd Lehmacher, although he noted the company remains concerned about fuel costs. Local airfare prices have increased over the past two years, Courtney said, but prices in 2010 were “rock bottom” due to low demand during the depths of the recession. The average roundtrip fare to the 29 most popular destinations from Lynchburg Regional Airport was $289 as of March 20, he said. In October 2010, the lowest leisure traveler round-trip flight to Las Vegas cost $198 and lowest-priced trip to San Franciscocost $218, he said. More than just fuel prices helped set those fares. Demand was lower then from leisure and business passengers, Courtney explained, forcing airlines to lower rates to attract more travelers. Airfare price increases tend to come from airlines across the board, he said. One company may try an increase in price, but if they other companies don’t move, the increased price is often rescinded to stay competitive, he said. While costs have gone up at Lynchburg airport, the fares stayed competitive with other regional airports, Courtney said. While Lynchburg averages $289 per round-trip, Roanoke Regional Airport’s most recent average roundtrip airfare was $332, he said. This rise in fuel prices comes at a time when fuel efficiency for airlines has greatly increased over the past few years, reducing the amount of fuel used, according to Airlines for America. In 2005, airlines used about 54.7 million gallons of fuel a day. In 2011, it was 48.3 million. The increase in costs upped the amount spent on fuel. Airlines spent $33.2 billion in 2005 on fuel, according to data from AFA. By 2011, that increased to $50.5 billion. In recent years, the spike in fuel prices cut airlines’ profits. In 2010, American passenger airlines recorded a net profit of $2.7 billion. In 2011, that number dropped to $390 million. Between 2010 and 2011, operating revenue grew 12.6 percent but expenses increased 15.5. Fuel costs rose 36 percent, according to AFA. Courtney said the airport will continue to promote its competitive fare structure and to work with US Airways to benefit the airline and the airport. He said the airport needs to give the best possible air service for the best possible airfare, while remaining profitable for US Airways. “It’s a balancing act,” he said. “We have to satisfy the airlines and we have to satisfy the community.”

#### Airline sector collapse inevitable – rising fuel prices and reorganization costs

**Smith 12** – staff writer(Aaron, “American Airlines loses another $1.7 billion”, CNNMoney, 19 April 2012, <http://money.cnn.com/2012/04/19/news/companies/american-airlines/index.htm>)//FK

NEW YORK (CNNMoney) -- The parent of American Airlines, which went into bankruptcy last year, announced a quarterly net loss of $1.7 billion on Thursday, slammed by reorganization costs and rising fuel prices. The loss was more than quadruple the carrier's loss from a year earlier, when AMR Corp. reported a net loss of $405 million in the first quarter of 2011. AMR said the part of the loss stemmed from $1.4 billion in reorganization costs in the latest quarter. The company said the costs were related to its [bankruptcy filing](http://money.cnn.com/2011/11/29/news/companies/american_airlines_bankruptcy/index.htm?iid=EL) from last Nov. 29. The largest chunk of those costs -- some $1 billion - is related to the rejection of eight aircraft leases and eight aircraft engine leases, and the modification of 158 aircraft leases, the airline said.[Merger hangover continues to pain United](http://money.cnn.com/2012/04/17/united-southwest-houston/?iid=EL) American was also hit by rising fuel prices. The company said that it paid $3.24 per gallon of jet fuel in the first quarter of 2012, a 17% increase from $2.76 in the year-earlier quarter. The airline said this equated to an increase in costs of $325 million. While American Airlines didn't specifically mention job cuts in its quarterly report, **the carrier said in February that it was**[**cutting 13,000 positions**](http://money.cnn.com/2012/02/01/news/companies/american_jobs/index.htm?iid=EL) from its overall staff of 88,000. Layoffs, especially when they happen en masse, typically cost a lot of money for the company that's handing out the severance packages.

#### **They have the causal relationship reversed – the air transportation industry depends on the recovery of the economy not the other way around**

FAA 11 – (Federal Aviation Administration, “The Economic Impact of Civil Aviation on the U.S. Economy”, U.S. Department of Transportation, http://www.faa.gov/air\_traffic/publications/media/FAA\_Economic\_Impact\_Rpt\_2011.pdf)//FK

Economic recovery in the air transportation industry depends heavily on the economic recovery of the rest of the economy, the willingness and financial ability of individuals and businesses to undertake travel, and the need for air-freight services. As the overall economy improves and as more individuals and businesses are willing and able to travel, more arrangements are made for trips to be completed at a future date. Therefore, economic movements in the air transportation industry generally lag movements in the rest of the economy. The recent growth in the economy is leading to increases in airline operating revenues and RPM, 21 but not industry employment. Airline industry employment is in decline and could continue to fall even as the industry recovers. Airline employment has fallen since reaching a peak in 2000, before the onset of the U.S. recession in 2001 and the ensuing terrorist attacks on September 11.

#### **Alt cause econ - Eurozone collapse inevitable**

TBT 6/21 – English Newspaper published since 1976 (The Business Times, 6/21/12, “The Eurozone needs Urgent Action – Again”, The Business Times, Lexis)//Bwang

THE twists and turns in the eurozone are becoming wearily familiar. At first, Greece didn't need any help from strangers; then it needed just a few billion euros of spare change to pay the bills and keep the lights on until fickle bond investors came to their senses and began lending it money again. That turned out to be wildly over-optimistic; Greece can no longer pretend that anything short of a full-blown rescue is needed. Now it's Spain's turn to insist that it doesn't need a bailout, just a loan of a hundred billion euros or so to shore up its banks while it restructures its finances and economy - but nobody believes that any longer. Soaring bond yields suggest that both Spain and Italy are at risk of losing access to the bond markets soon, despite the latest attempts by European leaders to prevent the crisis from spreading beyond Greece. On Saturday, eurozone finance ministers agreed to lend Spain as much as 100 billion euros to prop up its banks, which face the twin dangers of mounting bad debts and dwindling deposits. And on Sunday, Greek voters elected new leaders willing to accept harsh public spending cuts and sweeping changes to its economy in exchange for financial aid. The very next day, the yield on 10-year Spanish government bonds rose to more than 7 per cent, while the 10-year Italian government bond yield topped 6 per cent. As their cost of borrowing spirals higher, Spain and Italy - respectively the fourth and third biggest economies in the eurozone - are trapped in a vicious circle of rising debt and falling credit-worthiness that makes it increasingly expensive and difficult for them to roll over their debt. This threatens to crush their economies, unless outsiders come to their rescue. At 1.07 trillion euros, Spain's economic output is nearly five times that of Greece, based on 2011 economic data compiled by the International Monetary Fund; Italy's economy is bigger yet, at 1.58 trillion euros. Together, Spain and Italy account for 28 per cent of the eurozone's 9.42-trillion-euro economy. The collapse of both economies would be disastrous for Europe - and the rest of the world. That doesn't seem lost on the rest of Europe's leaders. Germany has been heavily criticised for opposing more drastic measures to contain the crisis, such as selling bonds jointly backed by all 17 eurozone member countries to help its weaker members. But German Chancellor Angela Merkel is under severe political pressure at home from German voters not to spend their money rescuing what they see as profligate neighbours. As the Greeks showed when they forced out former prime minister George Papandreou late last year, popular sentiment cannot be easily dismissed. Still, news reports from the G-20 summit in Mexico yesterday suggested that Germany may soon soften its stance, allowing its heavily indebted neighbours to borrow directly from the eurozone's bailout fund. By fits and starts, Europe's leaders are again struggling to contain the crisis. Before long, it may be too late.

#### **Eurozone crisis kills US & world economy and prevents aircraft manufacturing**

Dawson 11— US Specialist Economics Editor at Thomson Reuters (Stella, 11/30/11, “Scenarios: Impact of euro zone crisis on U.S. economy”, Reuters, <http://www.reuters.com/article/2011/11/30/us-usa-economy-scenarios-idUSTRE7AT1V720111130>)//Bwang

A serious slowdown throughout the European Union would lessen its import appetite, hurting China. The European Union is China's largest export market, so a euro-zone recession would cause a slowdown in China, dragging down other Asian countries which increasingly feed China's manufacturing machine, and thus would drive a global economic slowdown. Wells Fargo estimated that a slowing Europe would dampen demand for commodities, hitting coal mining in West Virginia and precious metals in Utah. Auto and aircraft parts manufacturing in Kentucky, Connecticut, Washington, South Caroline and Alabama would be affected. Key service sectors also are likely to be affected -- tourism, finance, entertainment, software and engineering. This would hit New York, California Florida, Texas and the Carolinas. Mark Vitner, Wells Fargo senior economist, predicts a rolling euro-zone crisis that affects the U.S. economy like a low-grade fever, not bad enough to fell it. "We are really going to be bumping along from crisis to crisis," he said. "I can't see European leaders allowing it to fall apart, and I can't see them fixing it either." FINANCIAL MELTDOWN: A disorderly sovereign default that causes a 40 percent decline in world equity prices, a widening of credit spreads by 350 basis points in some euro-zone countries, plunging business and consumer confidence, and a global downturn. IMPACT: U.S. GDP growth lowered by 2.05 percentage points in 2012 and by 2.77 points in 2013, accompanied by deflation or disinflationary pressures. Unemployment, currently at 9 percent, would rise by at least two percentage points in 2013. Developed country GDP would be 5 percent lower by 2013. The OECD is the first agency to provide a detailed forecast of the possible impact of the euro-zone crisis spiraling out of control. The picture could turn even uglier, depending upon the policy response. If euro area countries stuck to their fiscal tightening, a further 2.5 percentage points would be robbed from U.S. GDP in 2013; and if one or several countries were seen at risk of leaving the euro zone, higher interest rates on debt and bank runs would add to instability. Exit would cause political, economic and market upheaval. "Such turbulence in Europe, with the massive wealth destruction, bankruptcies and a collapse in confidence in European integration and cooperation, would most likely result in a deep depression in both the exiting and remaining euro area countries, as well as in the world economy," the OECD said on Monday.

#### Economy collapse inevitable- debt is too massive for a recovery

**Williams 5/29** – Professor of economics at George Mason University (Walter E., “Our Nation’s Future” 5/29/12 <http://lewrockwell.com/williams-w/w-williams126.html>//AB)

Our **nation is rapidly approaching a point from which there's little chance to avoid a financial collapse**. The heart of our problem can be seen as a **tragedy of the commons**. That's a set of circumstances when something is commonly owned and individuals acting rationally in their own self-interest produce a set of results that's inimical to everyone's long-term interest. Let's look at an example of the tragedy of the commons phenomenon and then apply it to our national problem. Imagine there are 100 cattlemen all having an equal right to graze their herds on 1,000 acres of commonly owned grassland. The rational self-interested response of each cattleman is to have the largest herd that he can afford. Each cattleman pursing similar self-interests will produce results not in any of the cattlemen's long-term interest – overgrazing, soil erosion and destruction of the land's usefulness. Even if they all recognize the dangers, does it pay for any one cattleman to cut the size of his herd? The short answer is no because he would bear the cost of having a smaller herd while the other cattlemen gain at his expense. In the long term, they all lose because the land will be overgrazed and made useless. We can think of the fede**ral budget as a commons to which each of our 535 congressmen and the president have access**. Like the cattlemen, each congressman and the president want to get as much out of the federal budget as possible for their constituents. **Political success depends upon "bringing home the bacon."** Spending is popular, but taxes to finance the spending are not. The tendency is for spending to rise and its financing to be concealed through borrowing and inflation. Does it pay for an individual congressman to say, "This spending is unconstitutional and ruining our nation, and I'll have no part of it; I will refuse a $500 million federal grant to my congressional district"? The answer is no because he would gain little or nothing, plus the federal budget wouldn't be reduced by $500 million. Other congressmen would benefit by having $500 million more for their districts. What about the constituents of a principled congressman? If their congressman refuses unconstitutional spending, it doesn't mean that they pay lower federal income taxes. All that it means is constituents of some other congressmen get the money while the nation spirals toward financial ruin, and they wouldn't be spared from that ruin because their congressman refused to participate in unconstitutional spending. What we're witnessing in Greece, Italy, Ireland, Portugal and other parts of Europe is a direct result of their massive spending to accommodate the welfare state. A greater number of people are living off government welfare programs than are paying taxes. Government debt in Greece is 160 percent of gross domestic product. The other percentages of GDP are 120 in Italy, 104 in Ireland and 106 in Portugal. As a result of this debt and the improbability of their ever paying it, their credit ratings either have reached or are close to reaching junk bond status. **Here's the question for us: Is the U.S. moving in a direction toward or away from the troubled EU nations? It turns out that our national debt, which was 35 percent of GDP during the 1970s, is now 106 percent of GDP,** a level not seen since World War II's 122 percent. That debt, plus our more than $100 trillion in unfunded liabilities, has led Standard & Poor's to downgrade our credit rating from AAA to AA+, and the agency is keeping the outlook at "negative" as a result of its having little confidence that Congress will take on the politically sensitive job of tackling the same type of entitlement that has turned Europe into a basket case. I am all too afraid that Benjamin Franklin correctly saw our nation's destiny when he said, "When the people find that they can vote themselves money, that will herald the end of the republic."

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#### Econ collapse inevitable – mass credit bust coming

**Bowman 11** – head of research at Adam Smith Institute (Sam, 8/23/11 “Mises on the causes of the crisis” < http://www.adamsmith.org/blog/tax-and-economy/mises-on-the-causes-of-the-crisis>//AB)

The excitement about toppling Col Gadaffi is understandable, but a distraction from our real troubles. I have significant reservations about the intervention, but he was a brute and it's good to see the end of him. In the long run, though, the ongoing financial crisis will probably prove to be much more important to our lives. We shouldn't lose sight of it. We may be **witnessing the start of a double-dip recession**, or even the end of the **beginning of another Great Depression**. What happened? The Mises Institute blog has posted a fabulous speech by Ludwig von Mises this week. Given in 1931, Mises spoke on "The Causes of the Economic Crisis" (PDF, pp. 155–182). Then, as now, a **secondary economic crash pushed the world deeper into recession**. It **was avoidable**, but **not by** the **time it became apparent** to the world. Sometimes you cannot undo the mistakes of the past. **Massive malinvestments caused by central banks "underbidding interest rates**" (in Mises's terms) can only be undone through **business failure**, however painful. Bailing businesses out simply prolongs the pain**.** As usual, Mises is on the money here: The **severe convulsions of the economy are** the **inevitable** result of policies which hamper market activity, the regulator of capitalistic production. If everything possible is done to prevent the market from fulfilling its function of bringing supply and demand into balance, it should come as no surprise that a serious disproportionality between supply and demand persists, that **commodities remain unsold, factories stand idle, many millions are unemployed,** destitution and misery are growing and that finally, in the wake of all these, **destructive radicalism is rampant in politics**. The periodically returning crises of cyclical changes in business conditions are the effect of attempts, undertaken repeatedly, to underbid the interest rates which develop on the unhampered market. These attempts to underbid unhampered market interest rates are made through the intervention of banking policy—by credit expansion through the additional creation of uncovered notes and checking deposits—in order to bring about a boom. The crisis under which we are now suffering is of this type, too. However, it goes beyond the typical business cycle depression, not only in scale but also in character—because the interventions with market processes which evoked the crisis were not limited only to influencing the rate of interest. The interventions have directly affected wage rates and commodity prices, too. . . . All attempts to emerge from the crisis by new interventionist measures are completely misguided. There is only one way out of the crisis: Forgo every attempt to prevent the impact of market prices on production. Give up the pursuit of policies which seek to establish interest rates, wage rates and commodity prices different from those the market indicates. This may contradict the prevailing view. It certainly is not popular. Today all governments and political parties have full confidence in interventionism and it is not likely that they will abandon their program. However, it is perhaps not too optimistic to assume that those governments and parties whose policies have led to this crisis will some day disappear from the stage and make way for men whose economic program leads, not to destruction and chaos, but to economic development and progress. Treating too much debt with more debt or giving reckless banks a bailout is economic homeopathy. There's no post-hoc cure to long-term foolishness. Eventually, you have to pay the piper, and resolve to take the steps necessary to avoid that situation in future. The only solution to our current crisis is to weather the storm. There may be certain types of monetary central planning that are less bad than others, but all are still least-bad ways of doing something the government should have no involvement in. If we're serious about avoiding a repeat in a couple of years, we need to start thinking seriously about how to abolish central banks. It isn't the symptoms we need to fight, it's the disease.

# Terrorism Advantage

#### **No credible risk of general aviation attack – their impact is just hype**

Cratty 11 (Carol, staff writer at CNN, “U.S. warns on small planes, but says no plots known” 9/4/11 articles.cnn.com/2011-09-04/us/terror.planes\_1\_small-planes-general-aviation-aviation-attack/2?\_s=PM:US Accessed 6/25/12) KY

U.S. officials say terrorists could try to use small aircraft in attacks, but have no specific information that such a plot is in the works, according to a new notice distributed by federal officials. "Violent extremists with knowledge of general aviation and access to small planes pose a significant potential threat to the Homeland," according to an intelligence bulletin issued by the Department of Homeland Security and the FBI. But according to the alert, U.S. officials "do not have current, credible information or intelligence of an imminent attack being planned against aviation" by al Qaeda or its affiliates.

#### **No terrorist threat to general aviation – TSA has implemented effective security measures**

Peters 09 (Katherine McIntire, senior correspondent to *Government Executive,* Citing a report form the Homeland Secuirty Department’s inspector general, “General aviation presents limited security threat IG finds” 6/17/09 www.govexec.com/defense/2009/06/general-aviation-presents-limited-security-threat-ig-finds/29387/ Accessed 6/26/12) KY

The Homeland Security Department's inspector general said Wednesday the national security threat posed by general aviation is "limited and mostly hypothetical." General aviation accounts for 77 percent of all domestic flights and includes air cargo transport, emergency medical flight operations, flight school training, and corporate and private aviation. Rep. Sheila Jackson Lee, D-Texas, asked the IG to investigate after a Houston television station alleged "security breaches" occurred at three local airports when reporters were able to approach airfields or aircraft without identifying themselves. In a direct reference to the television report, titled, "Is Houston a Sitting Duck for Terrorism?" the watchdog's report contains a section titled "Houston Is Not a 'Sitting Duck for Terrorism.' " "We reviewed the allegations and determined that they were not compelling," wrote Homeland Security IG Richard Skinner. Reporters were unaware of some passive security and monitoring measures the airports had taken, such as 24-hour video surveillance, locked or disabled planes, and controlled fuel access. Guidelines and alerts the Transportation Security Administration issued, "coupled with voluntary measures taken by owners and operators of aircraft and facilities, provide baseline security for aircraft based at general aviation sites," Skinner wrote. Besides the three Houston-area airports approached by the television reporters, the IG's staff visited a number of large and small, public and privately owned general aviation facilities in metropolitan areas where people could be at risk in the event of a terrorist attack launched from the airports. The IG noted TSA has tailored its security strategy to the range of airfield environments and classes of aircraft and operators, rather than introducing overly broad regulations that are costly to implement. The agency also analyzes credible intelligence information to prioritize existing threats and identify practical, targeted measures to reduce risks in the aviation sector. "Although [TSA's Office of Intelligence] has identified potential threats, it has concluded that most [general aviation] aircraft are too light to inflict significant damage, and has not identified specific imminent threats from [general aviation] aircraft," the IG stated. "Significant regulation of the industry would require considerable federal funding," Skinner added. The watchdog did not make any recommendations to TSA, and agency officials did not submit formal comments in response to the report. "The current status of [general aviation] operations does not present a serious homeland security vulnerability requiring TSA to increase regulatory oversight of the industry," the IG concluded.

#### Even if terrorists have bioweapons they can’t possibly disperse them

**Smithson 05** Amy E., PhD, project director for biological weapons at the Henry L. Stimson Center.( “Likelihood of Terrorists Acquiring and Using Chemical or Biological Weapons”. http://www.stimson.org/cbw/?SN=CB2001121259)//MSO

**Terrorists cannot count on** just **filling the delivery system with agent, pointing the device, and flipping the switch to activate it. Facets that must be deciphered include** the **concentration of agent** in the delivery system, **the ways in which the delivery system degrades the potency of the agent**, and **the right dosage to incapacitate or kill** human or animal targets. For open-air delivery, the **meteorological conditions must be taken into account. Biological agents have extreme sensitivity to sunlight, humidity, pollutants in the atmosphere, temperature, and even exposure to oxygen, all of which can kill the microbes**. Biological agents can be dispersed in either dry or wet forms. Using a dry agent can boost effectiveness because drying and milling the agent can make the particles very fine, a key factor since particles must range between 1 to 10 ten microns, ideally to 1 to 5, to be breathed into the lungs. **Drying an agent,** however, **is done through a complex and challenging process that requires a sophistication of equipment and know-how that terrorist organizations are unlikely to possess. The alternative is to develop a wet slurry**, which is much easier to produce but a **great deal harder to disperse effectively**. Wet slurries can clog sprayers and undergo mechanical stresses that can kill 95 percent or more of the microorganisms.

Too many technical barriers to terrorists dispersing bioweapons  
**Washington Post 04** - John Mintz, staff writer,“Technical Hurdles Separate Terrorists From Biowarfare <http://www.washingtonpost.com/wp-dyn/articles/A35011-2004Dec29.html>)//MSO

In 2002, a panel of biowarfare experts concluded in a report co-published by the National Defense University (NDU) that while terrorists could mount some small-scale bioattacks, larger assaults would require them to overcome many technical hurdles. Some key biotechnologies would be achievable only three to four years from then, the panel found. "When we sent out the report for review to [hands-on] bench scientists, we got the response, 'What do you mean we can't do this? We're doing it now,' " said Raymond Zilinskas, a co-author of the report who heads biowarfare studies at the Center for Nonproliferation Studies, a California think tank. "It shows how fast the field is moving." Those skeptical of the prospect of large-scale bioattacks cite the tiny number of biological strikes in recent decades. Members of the Rajneeshee cult sickened 750 people in 1984 when they contaminated salad bars in 10 Oregon restaurants with salmonella. Among the few others were the 2001 anthrax attacks through the U.S. mail that killed five people. One reason for the small number of attacks is that nearly every aspect of a bioterrorist's job is difficult. The best chance of acquiring the anthrax bacterium,Bacillus anthracis**,** is either from commercial culture collections in countries with lax security controls, or by digging in soil where livestock recently died of the disease -- a tactic Aum Shinrikyo tried unsuccessfully in the Australian Outback. Once virulent stocks of anthrax have been cultured, it is no trivial task to propagate pathogens with the required attributes for an aerosolized weapon: the hardiness to survive in an enclosed container and upon release into the atmosphere, the ability to lodge in the lungs, and the toxicity to kill. The particles' size is crucial: If they are too big, they fall to the ground, and if they are too small, they are exhaled from the body. If they are improperly made, static electricity can cause them to clump. Making a bug that defeats antibiotics, a desired goal for any bioweaponeer, is relatively simple but can require laborious trial and error, because conferring antibiotic resistance often reduces a bioweapon's killing power. Field-testing germ weapons is necessary even for experienced weapons makers, and that is likely to require open spaces where animals or even people can be experimentally infected. Each bioagent demands specific weather conditions and requires unforgiving specifications for the spraying device employed. "Dry" anthrax is harder to make -- it requires special equipment, and scientists must perform the dangerous job of milling particles to the right size. "Wet" anthrax is easier to produce but not as easily dispersed**.** Experts agree thatanthrax is the potential mass-casualty agent most accessible to terrorists. The anthrax letter sent in 2001 to then-Senate Minority Leader Thomas A. Daschle (D-S.D.) contained one gram of anthrax, or 1 trillion spores.

# Environment Advantage

#### Recent air traffic agreement solves for the world’s aviation impact on the environment

**ALPA 10**— Collective bargaining representative for over 59,000 pilots of 39 U.S. and Canadian airlines (Air Line Pilots Association, International, July 2010, “Aviation Sustainability and the Environment”, ALPA White Paper, <http://www.alpa.org/portals/alpa/pressroom/inthecockpit/AviationandtheEnvironmentWP_7-2010.pdf)//Bwang>

ICAO is looking at more stringent requirements to combat climate change. At a high-level ICAO meeting in October 2009, states representing 93 percent of global commercial air traffic reached agreement onthe following:further reducing aviation’s impact on the environment, in cooperation with the air transport industry, through such initiatives as a goal of 2 percent annual improvement in fuel efficiency globally until the year 2050; a global CO2 standard for aircraft; a framework formarket-based measures in international aviation; measures to assist developing states and to facilitate access to financial resources, technology transfer, and capacity building; and continued further work on the development and implementation of alternative fuels for aviation worldwide, which could lead to aviation being the first sector to use sustainable alternative fuels on a global basis.

#### Aviation’s impact on the environment is a drop in the bucket

**Bisignani 07 –** Director General and CEO of the International Air Transport Association from 2002-2011 (Giovanni, “Aviation and global warming,” The New York Times, 9/20, <http://www.nytimes.com/2007/09/20/opinion/20iht-edbisi.1.7583290.html)//JS>

**Hyperbole characterizes the debate on aviation and climate change**. Who to believe? Politicians? Environmental activists? Airlines? Scientists?

So **let's look at the facts. And let's take them from the world's most authoritative body on this issue, the UN's Intergovernmental Panel on Climate Change (IPCC**).

**The IPCC estimates that aviation today is responsible for 2 percent of global CO2 emissions with a total climate change impact of 3 percent. These figures have remained largely unchanged over the last two decades, despite the growth of air traffic**. **Projecting forward to 2050, the IPCC has aviation at 3 percent of global CO2 emissions and 5-6 percent of climate change impact. We are and will remain a small part of the big problem of climate change.**

#### Aviation has the least impact on the environment and its impact is declining in the status quo

ALPA 10— Collective bargaining representative for over 59,000 pilots of 39 U.S. and Canadian airlines (Air Line Pilots Association, International, July 2010, “Aviation Sustainability and the Environment”, ALPA White Paper, <http://www.alpa.org/portals/alpa/pressroom/inthecockpit/AviationandtheEnvironmentWP_7-2010.pdf)//Bwang>

Aviation is a good news story; we safely move hundreds of millions of passengers annually around the world in comfort, at great speed, and with less impact on the environment than any other mode of transportation in history. However, aviation is a visible target and has drawn the attention of numerous groups around the world who condemn the industry for being a driver of projected climate change. As pilots, we deal with facts, and the facts clearly show that while aviation is a contributor of greenhouse gas and other emissions, it plays only a very small role in the overall issue. The industry is poised to make even greater strides in reducing emissions through technology and operating procedures. We believe that the best way to achieve those results is the same way that we have made such great advances thus far, namely, through industry’s investments in increasingly advanced technology.

#### Aviation’s contribution to global warming is negligible

**Misiti 12 –** Staff writer for Be Green (Alex, “Greenhouse Gas Effects On Flying vs. Driving,” Be Green Blog, <http://begreen.botw.org/2012/01/greenhouse-gas-effects-on-flying-vs-driving/>)//JS

**When examining the effects that a flight has on the environment over a 20-year timeframe, a much different result is observed.** **Though the CO2 given off by planes continues to contribute to global warming for many years, the impact that vapour trails and ozone have after a long period of time is negligible compared to the impact they had over the first 5-year time period**. In addition to this, **planes also give off nitrous oxide, a pollutant that uses the logistics of high altitude chemistry to actually break down methane, a GHG. Because the process of breaking methane down actually negates the effects of global warming, it is considered to have a cooling effect on the atmosphere**. One study even found that for time frames longer than twenty years, **flying contributes less to warming (per passenger mile) than driving a gas-guzzling automobile, such as a truck or SUV1**. It is important to realize that these studies were conducted with regards to the global transport system and not on an individual basis. In other words, a ten-hour trip in a car does not necessarily contribute more to climate change than does that same trip on a plane. The analysis in these studies was conducted by taking into consideration the entire volume of transport done throughout the world with regards to both flying and driving. This same study compared the environmental impacts of the other modes of transportation over the course of different periods of time as well. The results can be seen below.

#### Airlines have greatly reduced their environmental impact

**ALPA 10**— Collective bargaining representative for over 59,000 pilots of 39 U.S. and Canadian airlines (Air Line Pilots Association, International, July 2010, “Aviation Sustainability and the Environment”, ALPA White Paper, <http://www.alpa.org/portals/alpa/pressroom/inthecockpit/AviationandtheEnvironmentWP_7-2010.pdf)//Bwang>

Air transportation provides a significant portion of mass transportation in North America; airlines in 2009 carried almost 770 million passengers and carried over 20 million tons of freight and mail. Even while conducting these operations, aviation arguably has the most successful record of any sector of the economy in limiting its impact on the environment while increasing its productivity. Airlines have greatly reduced carbon-based emissions through several measures and incentives including engine technology that reduces fuel burn and emission of undesirable gases and particulates. Compared to aircraft in use in 1972, the North American airline industry now carries six times more payload using 60 percent less fuel and has reduced by 95 percent the number of people significantly impacted by aircraft noise. As an example of fuel efficiency improvements, first-generation jet aircraft, such as the Boeing 707, made transcontinental air travel quick and easy, but the fuel efficiency left something to be desired. However, a transcontinental Boeing 777-200 traveling today from New York to Los Angeles will burn less than 10,000 gallons of fuel while carrying 340 passengers. That yields a fuel efficiency of over 75 miles per gallon on the basis of an individual passenger. By contrast, according to the U.S. Bureau of Transportation Statistics of the Research and Innovative Technology Administration, in 2007 the average passenger car fuel efficiency was just 22.5 miles per gallon. This outstanding record of environmental achievement has resulted almost entirely from the voluntary actions of the airlines who continually demand new aircraft from the manufacturers that burn less fuel, carry greater payloads, and create less noise. Boeing’s newest aircraft is the B-787; due to its cutting-edge technology, the aircraft is designed to use 20 percent less fuel, and thereby create 20 percent less greenhouse gas (GHG) emissions—than current aircraft of the same size. This aircraft is just one example of the kinds of investments that the airlines make in a very heavily capitalized industry. The Air Transport Association of America (ATA) quantifies these commercial aviation fuel efficiency improvements. Between 1978 and 2008, fuel efficiency was improved approximately 110 percent, resulting in 2.7 billion metric tons of carbon dioxide (CO2) savings, which is roughly equivalent to taking more than 19.5 million cars off the road each year. Between 2000 and 2008, U.S. airlines reduced GHG emissions by 5.5 percent while transporting 17 percent more passengers and cargo.

#### Aviation’s focus on carbon reduction means plan can’t solve warming – doesn’t address other non-carbon emissions

**Ribeiro, Kobayashi 07** – National Secretary of Climate Change and Environmental Quality of the Brazilian Ministry of Environment and Coordinating Lead Author of the Intergovernmental Panel On Climate Change (Suzana, Shigeki, “Climate Change 2007: Synthesis Report,” Intergovernmental Panel On Climate Change Fourth Assessment Report, 2007, http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-chapter5.pdf)//JS

**A major difficulty in developing a mitigation policy for the climate impacts of aviation is how to cover non-CO2 climate impacts, such as the emission of nitrogen oxides** (NOx**) and the formation of condensation trails and cirrus clouds** (see also Box 5.1 in section 5.2). **IPCC** (1999) **estimated these effects to be about 2 to 4 times greater than those of CO2 alone, even without considering the potential impact of cirrus cloud enhancement. This means that the perceived environmental effectiveness of any mitigation policy will depend on the extent to which these non-CO2 climate effects are also taken into account.**

#### Innovations won’t stop climate change – takes too long to implement

**Allen & Lichman 09 –** Law firm practicing airport development law and litigation emphasizing environmental matters (“Why the Airports and the Aviation Industry Need to Be Concerned About Climate Change: Part One, Facts about Aviation and Climate Change,” Aviation & Airport Development Law News, 9/24, http://www.aviationairportdevelopmentlaw.com/2009/09/articles/faa-1/regulatory/why-the-airports-and-the-aviation-industry-need-to-be-concerned-about-climate-change-part-one-facts-about-aviation-and-climate-change/#more)//JS

So what are the policy and legal implications of these facts? First and foremost, it is evident that **aviation plays a larger role in climate change than most in the aviation industry would like to admit.** This means that now is not the time for complacency or resting on illusory laurels. If aviation is not to be left behind by the auto and truck industry as well as shipping, it needs to take action sooner rather than later to control its impact on climate change. Second, these facts indicate that, at least in the short run, **technological innovations will not noticeably affect the impact that aviation has on climate change**. As both the GAO and Lee et al. pointed out, **although the aviation industry is making technological advances that will reduce emissions that create climate change, these advances will not be available for implementation in the near future.** Third, airports cannot walk away from issues surrounding the climate change impact created by aircraft. Although according to a 2006 Seattle-Tacoma International Airport greenhouse gas inventory 90% of total CO2 emissions associated with that airport were form aircraft operating above 3,000 feet, the airport is still responsible for those emissions. Using simple “but for” logic, if it were not for Seattle-Tacoma Airport, those airplanes would not be landing there, therefore, the airport should take responsibility for all incoming flights.

#### Airports have little incentive to participate and little knowledge of AIP environmental programs (VALE)

**GAO 08 -** Investigative arm of Congress charged with examining matters relating to the receipt and payment of public funds (Government Accountability Office, “Aviation and the Environment: Initial Voluntary Airport Low Emissions Program Projects Reduce Emissions, and FAA Plans to Assess the Program’s Overall Performance as Participation Increases,” Report to Congressional Committees, 11/7, <http://web.mit.edu/aeroastro/partner/reports/congrept_aviation_envirn.pdf>)//JS **Officials at all four of the nonparticipating airports we contacted stated that VALE emission-reduction projects currently are not a high-priority use of AIP funds when compared with airport expansion or improvement efforts**. For example, these **officials stated that they prefer to use AIP funds for higher-priority safety and airport efficiency and capacity improvement efforts.** However, these officials noted that reducing emissions is important for addressing community air quality concerns. In addition, **officials at two nonparticipating airports, as well as an official at one airport that has been approved for a VALE project, said that it was their understanding that VALE projects compete for AIP funds with all AIP-eligible projects. Consequently, the two nonparticipating airports chose not to pursue VALE projects and the participating airport has limited the scale of its VALE project to use AIP funds for high-priority projects**. FAA officials stated that these airports have a misperception of VALE AIP grants in that VALE projects do not compete with most other types of AIP-eligible projects at airports, because VALE projects are funded through a 35 percent set aside earmarked for noise-abatement and emission-reduction projects. Therefore, VALE AIP grants have no effect on an airport’s eligibility for other types of AIP grants. ACI-NA officials noted that **some airports may not be best positioned to take advantage of the VALE program because they have no relevant capital projects planned or do not need to replace ground service equipment, which has up to a 15-year life cycle. Officials** from one of the nonparticipating airports we contacted **stated that most of the airport’s facilities and equipment are relatively new and will not need to be replaced in the near future. Also, officials** at the four nonparticipating airports we contacted **stated that they already have some of the equipment and facilities that are eligible under VALE. Officials** from one airport **noted that their airport lacked the expertise to conduct the emissions inventory required to establish a baseline for measuring VALE project emission reductions.** FAA officials noted that airports eligible for VALE, including smaller airports with less planning resources, typically can be reimbursed by FAA for project formulation costs, including hiring a contractor to assist in conducting the emissions inventory and preparing the VALE application, if the project is approved. FAA officials and airport officials noted that **some airports have been reluctant to seek approval for emission-reduction credits from their state air quality authority**, as FAA requires before it will approve a project. According to these officials, **some airports have little experience in dealing with their state air quality authority** because airport emission reductions previously have not been necessary as part of the CAA SIP. **Officials** from one airport we visited **stated that it is their impression that the state air quality authority will not grant emission-reduction credits for any reason, and, consequently, the airport had not pursued a VALE grant, even though it is currently undertaking a terminal and gate expansion project**. According to FAA officials, the guidance that EPA has developed for AERCs provides instructions to state air quality officials on the process and criteria for issuing AERCs to airports.

#### Can’t solve—requires a global approach

**ALPA 10**— Collective bargaining representative for over 59,000 pilots of 39 U.S. and Canadian airlines (Air Line Pilots Association, International, July 2010, “Aviation Sustainability and the Environment”, ALPA White Paper, <http://www.alpa.org/portals/alpa/pressroom/inthecockpit/AviationandtheEnvironmentWP_7-2010.pdf)//Bwang>

The international dimension—Aviation is a global industry and requires global solutions. Any environmental measures affecting aviation should be in conformity with the policies being developed cooperatively by the 190 contracting states of the Chicago Convention through ICAO, including the prohibition against taxing fuel used in international operations**.** The integrity of the international aviation system is based on the establishment of limits on the ability of any one country to impact the flying rights of another country.

### Emission Tax CP Solvency

#### EU proves emissions tax system can solve without hindering economic growth – and it’s modeled globally

**Hale and Carrington 12** – staff writer for the Guardian AND the head of environment at the Guardian (Erin and Damian, “EU hails airline emissions tax success,” The Guardian UK, 5/15, <http://www.guardian.co.uk/environment/2012/may/15/eu-airline-emissions-tax-success>)//JS

**More than 99% of all major global airlines have complied with the first step of**[**Europe**](http://www.guardian.co.uk/world/europe-news)**'s controversial scheme to charge them for their**[**carbon emissions**](http://www.guardian.co.uk/environment/carbon-emissions)**. The inclusion of aviation in the**[**European Union**](http://www.guardian.co.uk/world/eu)**'s emissions trading system (ETS) from the start of 2012 caused uproar from airlines** in [more than 20 countries](http://www.businessgreen.com/bg/news/2153544/opponents-discuss-countermeasures-eus-aviation-co2-plan) including the US, [China](http://www.guardian.co.uk/world/china), Russia and Japan, **but virtually all submitted the required baseline emissions data for 2011**. Only eight Chinese airlines and two Indian ones did not comply by the 31 March deadline. Connie Hedegaard, the European commissioner for climate action, said: "To put these figures into perspective, these [10] airlines represent less than 3% of total aviation emissions. So the bottom line is **more than 1,200 airlines from all other countries but China and**[**India**](http://www.guardian.co.uk/world/india)**have complied: implementation of the law is there."** EU member states have contacted the Indian and Chinese airlines to remind them of their obligations, said Hedegaard, and extended the deadline until mid-June. The [inclusion of international airlines](http://www.guardian.co.uk/environment/2011/dec/20/eu-charge-airlines-carbon-emissions) in the ETS scheme prompted failed legal attempts to kill the move. Subsequently, a so-called "coalition of the unwilling" has threatened [to refuse to pay the carbon tax](http://www.reuters.com/article/2012/04/11/us-india-eu-climate-idUSBRE83A07S20120411) or to retaliate against Europe. China has threatened to [drop aircraft orders from Europe's Airbus](http://www.guardian.co.uk/environment/2012/mar/09/airbus-eu-carbon-trading-chinese?INTCMP=ILCNETTXT3487). Small fines for non-compliance could be levied now by EU member states and, in the future, airlines that do not comply could face fines of $128 per tonne of CO2 emitted or be banned from European airports. Hedegaard said the EU was currently negotiating with China on whether equivalent measures could be put in place by the Chinese authorities, which the EU would find acceptable. Under the [EU's cap and trade system](http://ec.europa.eu/clima/policies/ets/index_en.htm), major polluters are given allowances to emit greenhouse gases. If the company exceeds its allowances, it has to buy extra permits, but if it cuts its emissions it can sell the allowances. **Over time, the total number of allowances is scaled back, in order to cut emissions and tackle global warming**, but the ETS currently has a large oversupply of permits due to over-allocation and the reduction of economic activity caused by the economic crisis. Initially, most of the permits are given to the airlines free of charge. The EC estimates the ETS will cost Chinese airlines less than €2.5m a year and Indian airlines €1m a year, an "insignificant amount", according to an EC source. **The collection of 2011 aviation emissions data will be used to set a benchmark. Next year, the EU will distribute**[**allowances equivalent to 97%**](http://ec.europa.eu/clima/policies/transport/aviation/allowances/index_en.htm)**of the previous year's emissions, and then 95% for 2013-2020**. Hedegaard said she was happy with the overall progress made so far by the ETS: **"The EU ETS emissions continued in 2011 to decrease: it decreased at 2% at the same time that we actually had economic growth. It shows once again that emissions reductions and economic growth can go together. It also shows that the ETS is actually delivering results."**

# Passenger Facility Charges (PFCs) CP

#### Increasing the maximum PFC would solve by giving airports flexibility to generate their own revenue

**Huerta,** acting Federal Aviation Administrator, **2012**  
(Michael, March 22, http://appropriations.house.gov/uploadedfiles/hhrg-112-ap20-wstate-mhuerta-vmendez-progoff-jszabo-dot-20120322.pdf) Megan

**Our FY 2013 request of $2.4 billion for the A**irport **I**mprovement **P**rogram **ensures the safety, capacity, and efficiency of our nation’s airports through a combination of focused grant funding and an increase in maximum Passenger Facility Charges (PFCs), from $4.50 to $7.00. This would give large and medium hub airports greater flexibility to generate more revenue** for airport development projects. To assist those airports that need the most help, the proposal focuses federal grants on smaller commercial and general aviation airports that do not have access to additional revenue or outside sources of capital.

#### **Allowing large and medium airports to opt out of AIP and increase their PFCs solves**

Kirk, specialist in transportation policy, 2009(Robert, “Airport Improvement Program (AIP): Reauthorization Issues for Congress”, May 29, http://www.fas.org/sgp/crs/misc/R40608.pdf) Megan

**One way to reduce the amount of trust fund revenue needed for AIP would be to allow large and medium hub airports to opt out of the AIP program in favor of unrestricted or higher PFC financing. This would**, in the view of some airport executives, also **give them the flexibility they would prefer to have in managing their airports. These airports would no longer be bound by all of the grant assurances that are currently required** of participants.

#### PFCs solve for a wider range of projects and boost private investment

**FAA/OST 99** - Task Force study (“Airport Business Practices and Their Impact”, October 1999, http://ostpxweb.dot.gov/aviation/Data/airportsbuspract.htm)//MSO

The governing statute and the implementing regulations require that PFCs be used to finance eligible airport projects that preserve or enhance safety, capacity, or security of the national air transportation system; reduce noise or its impact; or enhance airline competition. FAA’s primary role in administering the program is to approve or disapprove the projects submitted to it, based on the governing statute and its regulations. Tenant airlines cannot block an airport from imposing PFCs for approved projects. By allowing airports to assess a fee of up to $3 per enplaned passenger, PFCs provide an important and growing source of funds to improve and expand airport infrastructure Moreover, PFCs may be used to fund a broader range of terminal projects than can be funded under the Federal Airport Improvement Program (AIP). Unlike AIP grants, PFCs may also be used to pay a project’s interest costs, which can be critical to undertaking the project and assuring investors of its financial viability.

#### **PFCs solve and promote competition**

**FAA/OST 99** - Task Force study (“Airport Business Practices and Their Impact”, October 1999, http://ostpxweb.dot.gov/aviation/Data/airportsbuspract.htm)//MSO

Airports can use PFCs to enhance safety, security, capacity, noise, and competition. Congress clearly understood that PFCs could be important for enhancing competition at airports. During congressional hearings leading to passage of the PFC statute, statements by the Secretary of Transportation and others frequently referred to the competitive benefits of PFCs. For instance, GAO testified that PFCs would shift more control over airport expansion decisions from airlines back to airports by reducing airports' need for airline approval of capital projects. Further, a PFC would be especially useful at airports where one or two airlines control most of the traffic or most of the gates and other essential facilities through restrictive leases.In addition to specifying the enhancement of airline competition as one of the principal qualifying PFC objectives, Congress incorporated into the PFC legislation a number of provisions that were intended to make the PFC Program effective for funding procompetitive projects. The PFC regulations also emphasized the intended role of PFCs to promote competition.

#### Deregulating PFCs saves billions

**Poole 11** - Searle Freedom Trust Transportation Fellow and Director of Transportation Policy (Robert, Reason Foundation, Airport Policy and Security Newsletter #73, November 4, 2011

<http://reason.org/news/printer/airport-policy-and-security-news-73>)//MSO

Last month I reported that the Airports Council International-North America had urged the deficit-reduction **Super Committee** to remove the current federal cap on local airport Passenger Facility Charges (PFCs), and that 10 major airports had subsequently told the Super Committee they would be willing to give up AIP entitlement grants in exchange. That group has expanded to 12 major airport operators, responsible for 19 commercial airports including 16 large hub airports. This expanded group sent a new letter to the Super Committee on October 27th, saying they would all agree to give up passenger and cargo AIP entitlement funds in exchange for just an increase in the cap from the current $4.50 to at least $7.50 per enplanement. They estimated the net federal budgetary savings from this change at $1.3 billion over the next 10 years. While that’s a large total, the annual savings of $130 million/year are not much of a contribution to deficit reduction. In an accompanying position paper, the 12 airport groups estimate that if all large and medium hub airports—as opposed to just the 16 large hubs they themselves operate—made the same agreement, the 10-year AIP savings would be $3.4 billion. And both numbers are net savings, taking into account the current requirement that airports with a $4.50 PFC already give up 75% of their passenger entitlements (and those at $3.00 give up 50%). But the savings could be even larger. If all 65 large and medium hub airports gave up all AIP funds (including discretionary grants), the 10-year savings would be around $11 billion, averaging $1.1 billion per year. Now we’re talking about meaningful deficit-reduction, given that the federal general fund now contributes $5 billion a year to the FAA budget. But even that pales in comparison with the bolder approach suggested by the U.S. DOT during the Reagan administration. In those days, PFCs had been outlawed by Congress. But in the 1982 FAA reauthorization bill, Congress directed DOT to study the extent to which potentially self-supporting airports could be removed from getting federal airport grants. The resulting report, “The Effects of Airport Defederalization, Final Report,” (DOT-P-36-87-4) was released in February 1987. DOT’s survey of airport managers found that defederalization had fairly strong support: 55% of large hubs, 69% of medium hubs, 56% of small hubs, and 31% of non-hubs. Analysis of the financial statements of 40 selected airports were used to estimate the amount of annual budgets that would need to be replaced by new funding sources for each of the four airport size categories. Those results were converted into hypothetical per-passenger fee amounts, as follows (based on 1985 AIP amounts): Large hubs $0.98 per enplanement Medium hubs $2.15 Small hubs $4.94  Non-hubs $8.33 It would take some work to do a comparable analysis using today’s AIP numbers and currently projected airport capital investment needs. But what was true in the mid-1980s is likely still the case today. AIP for air carrier airports could be replaced with increased PFCs, with the increases inversely proportional to airport size. In FY 2006, those four categories accounted for 65.3% of the AIP total of $3.5 billion. Thus, the one-year savings that year from defederalizing those four airport categories would have been $2.3 billion. The 1987 DOT report also states the following about the bond market: “Airports do not now face, nor do they appear to face in the future, difficulty in borrowing from the private capital market to finance improvements. Voluntary or mandatory defederalization would have no perceptible effect on this situation.” Today, after several decades of experience with PFCs, that statement is even more certain than it was 25 years ago.

#### Airports want PFC autonomy

**CAPA, 2011** – International Centre For Aviation (“Time to rethink US airport funding, CAPA, 10/18/2011, http://www.centreforaviation.com/analysis/time-to-rethink-us-airport-funding-60733)//MSO

Thinking bold thoughts, airport leaders are considering the following trade-off for air-carrier airports: **give up some or all AIP grants in exchange for decontrol of the level of PFCs**. In Aug-2011, for example, ACI-NA’s Principato wrote to all 12 Senators and House members comprising the deficit-reduction Super Committee asking them to get the federal government out of setting the level of PFCs. (Principato calls ACI-NA’s reform effort the “Moses initiative” — as in “let my airports go**.”) A group of 10 of the country’s largest airports sent** the Super Committee **a letter** on 14-Sep-2011 **saying they would be willing to give up AIP entitlement funds in exchange for PFC autonomy. Several member airports wanted to go further, giving up all AIP funding if they got PFC autonomy,** sources say. Leaders of 12 commercial airports in Texas met in  on 27-Sep-2011 to discuss the same set of issues. In addition to PFC reform, they argued that Congress should make permanent the exemption of airport revenue bonds from the Alternative Minimum Tax. There are reports that similar airport groups now exist in California, Florida, and New York.

#### Airports prefer PFCs to AIP grants – works in Canada

**McAllister, 11 –** editor of Airport Business Magazine (Brad, “Airport Finance – The Money Folks Talk,” Airport Business, 8/1, Proquest)//JS

**On AIP funding**, Poinsatte relates that **there are a lot of airports that would be happy to get out of the program altogether for the trade-off of the ability to charge a PFC, while letting airports finance in the same way as the Canadian model - that is as opposed to relying on federal government grant assurances**.

# Privatization CP

#### Politics – Congress wants privatization **Kirk,** specialist in transportation policy**,** **2009** (Robert, “Airport Improvement Program (AIP): Reauthorization Issues for Congress”, May 29, http://www.fas.org/sgp/crs/misc/R40608.pdf)

**For Congress the privatization debate is both about saving money on airports that can be less dependent on federal assistance and also, in the broader sense, whether federal involvement in airport infrastructure is excessive.** Airport privatization differs from defederalization in that privatization denotes a change in ownership from a public entity to a private one. **Airport privatization in the United States has, for the most part, been limited to what some would refer to as commercialization of airport management or services**. The use of private companies to provide airport services is widespread. At the largest airports in the United States employees of private companies—the airlines, concessionaires and other contractors—account for 90% of all employees.99

# States CP

#### **States empirically solve and have multiple sources of revenue to fund airports**

**FAA/OST 99** - Task Force study (“Airport Business Practices and Their Impact”, October 1999, http://ostpxweb.dot.gov/aviation/Data/airportsbuspract.htm)//MSO

State and local governments have contributed to the development and operation of community airports, offering matching grants to secure federal support, providing direct grants to fund airport maintenance projects, and financing the installation of navigation aids. To expand air service and to encourage competition, state and local governments have also supported airport marketing initiatives. As the availability of federal funds has declined relative to capital needs, the efforts of state and local governments have become increasingly important, especially as AIP grants have been targeted on airport projects and facilities of national importance. During the 1990’s, state and local grants accounted for between 7 percent and 11 percent of annual expenditures for airport capital-development purposes. States have used a variety of revenue sources to support their local airports. While aviation fuel taxes are the most significant source of state funds, aircraft registration fees, airport licensing, pilot registration, and taxes (income, personal property, and sales/use) are also important revenue sources.

# FAA Trade-Off Link

#### Budget trade-off link

Kirk, specialist in transportation policy, 2009(Robert, “Airport Improvement Program (AIP): Reauthorization Issues for Congress”, May 29, http://www.fas.org/sgp/crs/misc/R40608.pdf) Megan

**The AIP is a good example of how broader budget issues can have implications for not only a program’s funding level but also the program’s scope and benefit distribution**. Should ample revenues be available, the reauthorization of AIP could likely maintain the programmatic status quo with relatively few changes to the program’s structure, although project eligibility criteria could be broadened. Given, however, the recent decline in the uncommitted balance of the aviation trust fund, **for the AIP to grow substantially some observers expect that something will have to change in the budgetary environment**. Increased tax revenues (either through new taxes, higher fares, or faster economic growth) or an increase in the general fund share would be needed to provide for an AIP increase on the order of the increases initiated by AIR21and maintained in Vision 100.91 Otherwise, any AIP increase would have to come at the expense of other FAA programs. **For a variety reasons, some within the transportation community expect budgetary constraints will restrict the size of the AIP budget.** As mentioned earlier, the uncommitted balance in the trust fund is much smaller than it was during the last authorization cycle. **More money may be needed to fund the F&E component of the FAA budget to support the modernization of the air traffic control system under the Next Gen**eration Air Transportation System (NGATS) and, in a constrained budgetary environment, **this could exert downward pressure on the AIP component of the FAA budget.** The enforcement of pay-as-you-go rules and a renewed commitment to reduce the federal budget deficit could also make it difficult to increase AIP funding.92 As was mentioned earlier, the annual obligation limitation for AIP has held steady from FY2006-FY2009. The March 2009 Congressional Budget Office (CBO) analysis of the Airport and Airway Trust Fund projects that the uncommitted balance of the fund will drop to just $386 million in FY2010.93 **This leaves little room for programmatic expansion for AIP** without revenue increases or an expanded general fund contribution to other parts of the FAA budget.

# Coercion Link

#### Coercion link - AIP taxation

USA Today 09 (Anonymous, “Ticket taxes get diverted to fund tiny airfields”; USA Today, September 24, 2009, ProQuest)//IIN

Every frequent flier knows how irritating air travel can be these days: long lines, cramped seats, extra fees for just about everything, and assorted government charges that drive up the cost of a typical $250 roundtrip ticket by 16%. What most passengers don't realize, however, is that a wildly disproportionate amount of taxes they're paying for airport improvements goes to more than 2,800 fields across the USA that they'll never use. Unless, of course, they fly on the private planes that these small fields serve. Since the Airport Improvement Program began in 1982, $15 billion -- about a third of the money collected for the program -- has gone to the smaller airfields with no scheduled passenger flights, according to a USA TODAY analysis published last week. By contrast, the nation's 30 largest airports, which enplaned more than 500 million passengers last year alone, got about $13 billion**.** How to explain such a senseless allocation of taxes? It's the same two words responsible for earmarks and other political distortions: Congress and lobbying. At the start of this decade, Congress reworked the airport program to steer more money to the 2,834 smaller fields, which handle only "general aviation." How it happened is easy to understand. Private pilots with their own planes, and corporations that own jets, make up one of the most formidable lobbies in Washington. Just about every lawmaker has scores of pilots in his district, and many lawmakers have been frequent fliers on private planes. From 2001 to 2006, lawmakers took 2,154 trips on corporate jets, according to a study by PolitcalMoneyLine, an independent research group. This flow of forced largesse from commercial air passengers brings business and services to small towns and helps connect rural areas with the rest of the country. Some small airports help relieve congestion at nearby bigger airports. But it would be hard to find fliers who wouldn't rather keep their money or see it spent to improve the airports they use. Besides, USA TODAY's analysis found that half of the small fields are within 20 miles of another private-aviation airport, making many redundant. And in seven states analyzed, 90% **of the private-aviation airports operate at less than one-third capacity. For example, the Williamsburg-Whitley County Airport in Kentucky -- built with $11 million in federal funds and boasting a 5,500-foot lighted runway and colonial-style terminal -- sees just two or three flights a day. The powerful groups that represent** private pilots **(the Aircraft Owners and Pilots Association has been dubbed "the NRA of the air")** argue that commercial airports have other sources of federal funds, **which they do,** and that the nation's small airfields are akin to the nation's highway and road system**, which is just silly. Virtually** everyone **in the nation drives a car, rides in cars or buses as a passenger, or** benefits from products moved on the nation's highways**.** That's not the case with private-aviation airfields, where projects are financed mostly by taxes on passengers who never set foot in them. We don't argue that this network is unnecessary. The Airport Improvement Program, however, wasn't intended to be a piggy bank for the small-plane lobby. Air passengers shouldn't have their pockets picked to fund an extravagance that benefits a select few.