# Budget Disad

### 1NC

#### US is displaying fiscal discipline – spending has grown at a snail’s pace

Baker 12 (Peter, “Obama More Conservative Than Hoover? Someone Thinks So,” 5-23-12,

<http://thecaucus.blogs.nytimes.com/2012/05/23/obama-more-conservative-than-hoover-someone-thinks-so/>)

COLORADO SPRINGS — It’s not every day that a White House boasts of being more conservative than Herbert Hoover. But there was Jay Carney, the presidential press secretary, on Wednesday telling reporters aboard Air Force One that Mr. Hoover was a more profligate spender than President Obama. Clearly unimpressed by the questions he was getting from reporters, Mr. Carney volunteered an extensive and robust answer to one that was not asked, defending Mr. Obama against Republican charges of fiscal recklessness. He read a passage from Rex Nutting of MarketWatch stating that spending under Mr. Obama had grown even more slowly than under Mr. Hoover. “The president has demonstrated significant fiscal restraint” and applied a “balanced approach” to spending, Mr. Carney said as Mr. Obama headed here for the Air Force Academy commencement. Mr. Carney added pointedly that any reporting to the contrary would be the result of “sloth and laziness.” He added a familiar attack on former President George W. Bush’s “tax cuts for the rich,” which “contributed significantly to the red ink that was gushing” when Mr. Obama took over. The commentary cited by the White House concluded that spending is rising just 0.4 percent a year under Mr. Obama. But such calculations depend on when you start counting. Mr. Nutting starts from the first full fiscal year under Mr. Obama, which started Oct. 1, 2009, more than eight months after he took office, because that is the first budget the new president could fully shape. His calculation also assumes that spending will fall in the next fiscal year as currently projected by the Congressional Budget Office. Counting that way relieves Mr. Obama of any responsibility for any increased spending in his first months in office, when he pushed through Congress a stimulus package of about $800 billion in spending and tax cuts. Between the 2008 fiscal year, the last in which Mr. Bush was president for the full year, and the 2009 fiscal year, when both Mr. Bush and Mr. Obama were president for part of the year, total federal spending increased to $3.5 trillion from $3 trillion, or 17 percent. Each president would like to assign blame for that to the other.

#### High Speed Rail is absurdly expensive, delays and planning revisions quadruple initial cost estimates

Reisman 12 (Will, “SF Examiner Staff Writer, High-speed rail cost increase latest in public works projects,” 1-8-12, <http://www.sfexaminer.com/local/transportation/2012/01/high-speed-rail-cost-increase-latest-public-works-projects>)

Overpromising and underdelivering have become the hallmark of California’s public works projects, and the latest plan to engage in this dubious practice is the state’s high-speed rail system. Originally estimated to cost $25 billion, the price tag for high-speed rail has now swelled to $98 billion, an explosion that has been assailed by critics and generated calls for the plan to be abandoned. Making that projection even more worrisome is that the original $25 billion estimate entailed the entire high-speed rail route from San Diego to Sacramento, while the newly revised $98 billion projection only details the costs from San Francisco to Anaheim. Click on the photo to the right to see photos from projects with cost overruns. The final tally of the state’s high-speed rail project will go well past $100 billion. Still, the story of high-speed rail is little different than the wildly vacillating cost estimates that have plagued other major projects. When the BART system was finally completed in the early 1970s, the total cost of the project was $1.6 billion — $624 million more than originally projected. BART’s project was so disappointing that it constitutes a chapter in Peter Hall’s 1980 book, “Great Planning Disasters.” It’s not alone. The rebuild of the Bay Bridge’s eastern span will cost $6.3 billion — more than four times the original projection of $1.5 billion, and more than 30 times an earlier $200 million estimate to retrofit the span. When the idea to connect Marin and San Francisco counties was first developed, the public was told that a bridge would cost $17 million. The Golden Gate Bridge ended up costing $35 million to complete. The BART extension to San Francisco International Airport, Muni’s Central Subway and T-Third Street expansion plans, and the Santa Clara Valley Transportation Agency’s light-rail system are just some of many examples of public works projects that exceeded their original price tags. According to a report by Caltrans, the state’s transportation department, a public works project with a value of more than $100 million is likely to have cost overruns ranging from 40 percent to 60 percent. Rod Diridon, executive director of the Mineta Transportation Institute and former member of the California High-Speed Rail Authority, said there are a number of reasons that contribute to this scenario. Federal mandates require that project backers release a cost estimate at the end of a plan’s concept study — a very rough sketch that often changes greatly as the undertaking is developed. As details emerge, the public often demands changes to the plan’s design, fearful that the project will interfere with their daily lives. That forces engineers and architects to come back with costlier versions of the original project. Redesigns create delays, which further drive up the overall cost of the project. “I compare public works projects to those hurricane forecasts that have these ‘cones of uncertainty’ where damage may be felt,” said Tom Radulovich, a BART board member. “Well, the further a project is from being completed, the bigger its ‘cone of uncertainty’ is.” John Knox White, a program director at TransForm, a regional transit advocacy group, said policymakers become enamored with an idea for a project, and then put the rosiest possible projections before the public to garner support for the plan. “If there is an idea, no one wants to overestimate the cost, because the more expensive it becomes, the less likely there will be support,” Knox White said.

#### Continued deficit spending collapses the economy

Roe 11 (Phil, member of the Education and Workforce Committee and Representative from Tennessee, “Cut, cap and balance: A fight toward fiscal responsibility,” 5-18, http://voices.washingtonpost.com/federal-eye/2010/05/navy\_plebes\_scale\_herndon\_monu.html)

On Monday, the United States reached the legal limit of its borrowing authority – further evidence that out-of-control spending is a matter of national security. Serious reforms and government spending cuts need to be made to avoid severe economic disruptions – both in the short and long-term. The national debt and deficits are rising at an unconscionable rate. The national debt now exceeds $14 trillion, and the government is still piling up debt at the rate of $200 million an hour, $30 billion a week, $120 billion a month and $1.6 trillion a year. It’s clear we don’t have a revenue problem – we have a spending problem. Raising the debt ceiling without these serious reforms will only burden our future generations with outrageous debt. Worse, the president and Senate Democrats are saying they want a “clean” debt ceiling increase, which means that they want to continue spending and borrowing more money with no strings attached. My view is we must not raise the debt ceiling by $1 without simultaneously making deep cuts in spending and taking real steps towards a balanced budget. It is imperative to the future of the country that we fight for an immediate shift toward fiscal responsibility. That is why I, along with my colleagues in the Republican Study Committee (RSC), wrote a letter to House Speaker John Boehner asking him to “Cut, Cap and Balance.” Specifically, we advocated for discretionary and mandatory spending reductions that would cut the deficit in half next year; enacting statutory, enforceable total-spending caps to reduce federal spending to 18 percent of Gross Domestic Product (GDP); and a Balanced Budget Constitutional Amendment (BBA) with strong protections against federal tax increases and including a Spending Limitation Amendment (SLA). This proposal will put us on a path to prosperity, and I will work to see provisions like this are included in any final agreement. I believe it is prudent to limit the extension of borrowing authority as much as possible, in order to demand accountability from Senate Democrats and the Obama Administration. Every day, we see more and more evidence of the need to confront the problem now. The International Monetary Fund (IMF) report released in April adds urgency to the need for meaningful actions — both short and long-term — to confront the nation's debt head-on. Additionally, Moody's Analytics released a report several weeks ago forecasting a downgrade in our country’s bond rating. It’s clear that if we fail to stop the spending spree, our nation will face economic collapse in the long-term.

#### Independently trades off with raising the debt ceiling

**Wingfield 11** (Kyle, writer – AJC, “Boehner’s smart move on debt ceiling, spending cuts,” 5-10, http://blogs.ajc.com/kyle-wingfield/2011/05/10/boehners-smart-move-on-debt-ceiling-spending-cuts/?cxntfid=blogs\_kyle\_wingfield)

The House Republicans have been setting the terms of the budget debate ever since Rep. Paul Ryan unveiled his “Path to Prosperity,” and now they’ve upped the ante. In a speech in New York City, Speaker John Boehner said any increase in the federal government’s debt limit must be accompanied by even larger spending cuts: Without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase. And the cuts should be greater than the accompanying increase in debt authority the President is given. A few thoughts on why this is good policy and good politics: First, it’s good policy because a “clean bill” to raise the debt ceiling, as the Obama administration wants, would be disastrous policy. Congress has proven that the mere requirement to raise the ceiling is not a sufficient restraint. And it’s become clear that the 2012 budget is not going to produce a grand bargain. If there’s going to be a compromise that begins to apply some semblance of fiscal discipline to Washington, the debt ceiling is the time for it. Second, it’s good policy because a more-cuts-than-new-authority approach is perhaps the only way to put teeth into the restraint side of the compromise. In an editorial, The Wall Street Journal reports that Boehner’s advisers say “those cuts would have to be scored as real by the Congressional Budget Office over a five-year budget window.” This is hardly Draconian: A debt-ceiling increase of $2 trillion through the end of fiscal 2012 — which the White House says is necessary to keep the government running until Oct. 1, 2012 — would mean spending cuts of $2 trillion over five years, or $400 billion a year. In fact, it comes closer to being too weak a proposal given the severity of our debt problem. A $400 billion cut this year could still leave us with an annual budget deficit approaching $1 trillion. Third, it’s good politics because it shows the House GOP learned a thing or two from its negotiations over the budget for the remainder of fiscal 2011. Note the part of the above quote about “scored as real by the Congressional Budget Office.” Republicans got burned when the $38 billion in 2011 budget cuts turned out to be more like $352 million this year — just 1 percent as much as advertised. The cuts can’t consist of programs that were already discontinued or mere reductions from what President Obama has requested for 2012. They need to be taken from real spending levels this year. Fourth, it’s good politics because it’s common sense. Opinion polls (see question 10 in this recent one, for example) show Americans strongly disagree with raising the debt ceiling in the first place. So, raising it at all is an act of compromise with taxpayers. The price of the compromise is a pledge to spend less taxpayer money in the future. It’s kind of like the terms of a loan: If you want to borrow $10,000 today, you have to promise to repay that $10,000 with interest in the future. (Although, as I noted above, the fact that borrowing would remain high means Washington is still acting like the loan shark in this situation.) Finally, it’s good policy and good politics because it sets a precedent in which cutting spending is necessary. That’s good policy because our problem will spiral out of control otherwise. And it’s good politics because, as others have noted before, we need a system in which politicians compete to spend less of our money, not more.

#### That causes food price spikes

**Min 10** (David, Associate Director for Financial Markets Policy – Center for American Progress, “The Big Freeze”, 10-28, http://www.americanprogress.org/issues/2010/10/big\_freeze.html)

A freeze on the debt ceiling could erode confidence in U.S. Treasury bonds in a number of ways, creating further and wider panic in financial markets. First, [by causing a disruption in the issuance of Treasury debt, as happened in 1995-96](http://www.gao.gov/archive/1996/ai96130.pdf), a freeze would cause investors to seek alternative financial investments, even perhaps causing a run on Treasurys. Such a run would cause the cost of U.S. debt to soar, putting even more stress on our budget, and the resulting enormous capital flows would likely be highly destabilizing to global financial markets, potentially creating more asset bubbles and busts throughout the world. Second, the massive withdrawal of public spending that would occur would cause significant concern among institutional investors worldwide that the U.S. would swiftly enter a second, very deep, recession, raising concerns about the ability of the United States to repay its debt. Finally, the sheer recklessness of a debt freeze during these tenuous times would signal to already nervous investors that there was a significant amount of political risk, which could cause them to shy away from investing in the United States generally. Taken together, these factors would almost certainly result in a significant increase in the interest rates we currently pay on our national debt, currently just above 2.5 percent for a 10-year Treasury note. If in the near term these rates moved even to 5.9 percent, the long-term rate predicted by the Congressional Budget Office, then our interest payments would increase by more than double, to nearly $600 billion a year. These rates could climb even higher, if investors began to price in a “default risk” into Treasurys—something that reckless actions by Congress could potentially spark—thus greatly exacerbating our budget problems. The U.S. dollar, of course, is the world’s reserve currency in large part because of the depth and liquidity of the U.S. Treasury bond market. If this market is severely disrupted, and investors lost confidence in U.S. Treasurys, then it is unclear where nervous investors might go next. A sharp and swift move by investors out of U.S. Treasury bonds could be highly destabilizing, straining the already delicate global economy. Imagine, for example, if investors moved from sovereign debt into commodities, most of which are priced and traded in dollars. This could have the catastrophic impact of weakening the world’s largest economies while also raising the prices of the basic inputs (such as metals or food) that are necessary for economic growth. In short, a freeze on the debt ceiling would cause our interest payments to spike, making our budget situation even more problematic, while potentially triggering greater global instability—perhaps even a global economic depression.

#### Prices spikes kill billions and cause global war

**Brown 7** (Lester R., Director – Earth Policy Institute, 3-21, http://www.earth-policy.org/Updates/2007/Update65.htm)

Urban food protests in response to rising food prices in low and middle income countries, such as Mexico, could lead to political instability that would add to the growing list of failed and failing states. At some point, spreading political instability could disrupt global economic progress. Against this backdrop, Washington is consumed with “ethanol euphoria.” President Bush in his State of the Union address set a production goal for 2017 of 35 billion gallons of alternative fuels, including grain-based and cellulosic ethanol, and liquefied coal. Given the current difficulties in producing cellulosic ethanol at a competitive cost and given the mounting public opposition to liquefied coal, which is far more carbon-intensive than gasoline, most of the fuel to meet this goal might well have to come from grain. This could take most of the U.S. grain harvest, leaving little grain to meet U.S. needs, much less those of the hundred or so countries that import grain. The stage is now set for direct competition for grain between the 800 million people who own automobiles, and the world’s 2 billion poorest people. The risk is that millions of those on the lower rungs of the global economic ladder will start falling off as higher food prices drop their consumption below the survival level.

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

### Fiscal Discipline Now: 2NC

#### Fiscal discipline now – federal spending increases are at historic lows

Nutting 12 (Ray, Wall Street Journal contributor, “Obama spending binge never happened,” 5-22-12, <http://articles.marketwatch.com/2012-05-22/commentary/31802270_1_spending-federal-budget-drunken-sailor>)

WASHINGTON (MarketWatch) — Of all the falsehoods told about President Barack Obama, the biggest whopper is the one about his reckless spending spree. As would-be president Mitt Romney tells it: “I will lead us out of this debt and spending inferno.” Almost everyone believes that Obama has presided over a massive increase in federal spending, an “inferno” of spending that threatens our jobs, our businesses and our children’s future. Even Democrats seem to think it’s true. But it didn’t happen. Although there was a big stimulus bill under Obama, federal spending is rising at the slowest pace since Dwight Eisenhower brought the Korean War to an end in the 1950s. Even hapless Herbert Hoover managed to increase spending more than Obama has. Here are the facts, according to the official government statistics: • In the 2009 fiscal year — the last of George W. Bush’s presidency — federal spending rose by 17.9% from $2.98 trillion to $3.52 trillion. Check the official numbers at the Office of Management and Budget. • In fiscal 2010 — the first budget under Obama — spending fell 1.8% to $3.46 trillion. • In fiscal 2011, spending rose 4.3% to $3.60 trillion. • In fiscal 2012, spending is set to rise 0.7% to $3.63 trillion, according to the Congressional Budget Office’s estimate of the budget that was agreed to last August. • Finally in fiscal 2013 — the final budget of Obama’s term — spending is scheduled to fall 1.3% to $3.58 trillion. Read the CBO’s latest budget outlook. Over Obama’s four budget years, federal spending is on track to rise from $3.52 trillion to $3.58 trillion, an annualized increase of just 0.4%. There has been no huge increase in spending under the current president, despite what you hear. Why do people think Obama has spent like a drunken sailor? It’s in part because of a fundamental misunderstanding of the federal budget. What people forget (or never knew) is that the first year of every presidential term starts with a budget approved by the previous administration and Congress. The president only begins to shape the budget in his second year. It takes time to develop a budget and steer it through Congress — especially in these days of congressional gridlock. The 2009 fiscal year, which Republicans count as part of Obama’s legacy, began four months before Obama moved into the White House. The major spending decisions in the 2009 fiscal year were made by George W. Bush and the previous Congress. Like a relief pitcher who comes into the game with the bases loaded, Obama came in with a budget in place that called for spending to increase by hundreds of billions of dollars in response to the worst economic and financial calamity in generations.

### A2 Debt Ceiling after Election: 2NC

#### Plan action now causes debt ceiling freeze and defense sequestration, even if the vote isn’t until after the election

Helderman 12 (Rosalind S., reporter for the Washington Post, “Geithner warns Boehner, GOP on end-of-year debt limit showdown,” 5-15-12, <http://www.washingtonpost.com/blogs/2chambers/post/geithner-warns-boehner-gop-on-end-of-year-debt-limit-showdown/2012/05/15/gIQAIJmORU_blog.html>)

Treasury Secretary Timothy Geithner cautioned Republicans on Tuesday not to raise questions about whether the United States will once again raise its legal debt limit late this year, saying the economy is already starting to feel the effects of the potential fiscal cliff confronting Congress at the end of the year. Geithner’s comments came as the White House and Democrats on Capitol Hill began reacting to a new ultimatum from House Speaker John A. Boehner (R-Ohio), who told an annual conference hosted by the Peter G. Peterson Foundation later Tuesday that Republicans will insist again this year that any increase in the debt limit be matched dollar-for-dollar with equal spending cuts. Republicans made the same demand in the negotiations that led to an economy-rattling partisan showdown over the nation’s last debt ceiling hike last summer. Senate Minority Leader Mitch McConnell (R-Ky.) said he agreed with Boehner’s framework for requiring cuts equal to any debt ceiling increase. “A request of the president to ask us to raise the debt ceiling ought to generate a significant response to deal with the problem of deficit and debt,” he said. But White House spokesman Jay Carney responded that a “charade” like last summer’s fight over the issue would hurt the economy. “It can’t possibly be the case that the right prescription for what we need to do right now is to engage in the kind of political brinksmanship that, unfortunately, congressional Republicans engaged in last year,” he said. Boehner told the group that the dollar-for-dollar match is necessary to force Washington to embark on the kind of fiscal restraint and entitlement reform that will slash deficits over time and stabilize the economy. The prepared remarks call the debt ceiling vote an “action-forcing event” that will require Washington to tackle its tough choices. But speaking to the same group, Geithner warned Tuesday that it is not “responsible” to call into question whether the nation will pay back money it has already borrowed by raising the debt limit. “This commitment to meet the obligations of the nation, this commitment to protect the creditworthiness of the country, is a fundamental commitment that you can never call into question or violate,” he said. He said he hopes Congress can find a way to raise the debt ceiling next time without “the drama and the pain and the damage they caused the country last July.” Congress will face a debt ceiling decision at the same time it faces a dramatic number of other major spending and taxing conundrums, including the expiration of the Bush-era tax cuts, the end of a temporary decreases in the payroll tax and implementation of painful automatic spending cuts that were included in the July deal to raise the debt ceiling. Geithner said the county is now “close enough” to that crunch for its consequences “to matter a lot” already. On Capitol Hill, House Minority Whip Steny Hoyer (D-Md.) said it was Boehner’s insistence that the debt ceiling had to be matched with spending cuts that led Congress to a deal that will result in $1.2 trillion in automatic reductions to defense and domestic programs in January. Republicans are working to reconfigure those cuts, arguing that they will hurt the Pentagon. “While it sounds good, the execution of that principle does not seem very disciplined,” Hoyer said. Hoyer called Boehner’s approach a “simplistic characterization” of what’s needed to fix the country’s fiscal problems that could impede a “big, bold, balanced” deal on taxes and spending to avert the end-of-year fiscal cliff, which he characterized as steeper than any he has seen in his more than 30 years in office. Sen. Chuck Schumer (D-N.Y.) said it was “pretty galling for Speaker Boehner to be laying down demands for another debt ceiling agreement when he won’t even abide by the last one.” “The last thing the country needs is a rerun of last summer’s debacle that nearly brought down our economy,” he said.

### A2 Defense Authorization: 2NC

#### Defense Authorization Package preserves fiscal discipline

Crawford 12 (Rick Crawford, U.S. Representative, 1st Congressional District of Arkansas, “Providing for the common defense,” 5-22-12, <http://www.paragoulddailypress.com/articles/2012/05/22/opinion/doc4fbab8faad415612882786.txt>)

Establishing and maintaining a national fighting force is one of the responsibilities the Framers gave to Congress in the Constitution. Article 1, Section 8 of the Constitution instructs the Legislative Branch to “provide for the common defense and general welfare of the United States.” This week the House of Representatives upheld our Constitutional responsibility with the passage of the National Defense Authorization Act (NDAA). The legislation restores fiscal sanity to the defense budget, affirms our commitment to military families, prepares our forces for a dangerous world and rebuilds our military after a decade at war. To reflect the concern of our nation’s mounting debt, the National Defense Authorization Act restores fiscal discipline to the Defense Department. While ending the era of deficit spending is paramount, Congress also must make sure that our fighting forces have the resources they need in an increasingly dangerous world.

#  \*\*\*Link\*\*\*

## 2NC

### High Speed Rail Link: 2NC

#### A High Speed Rail system would require massive yearly subsidies to offer competitive fares

Levinson 97 (David Levinson, Institute of Transportation Studies at the University of California Berkeley, Jean Michel Mathieu, David Gillen, Adib Kanafani, “The full cost of high-speed rail: an engineering approach,” Ann Reg Sci (1997) 31:189–215, <http://nexus.umn.edu/papers/HighSpeedRail.pdf>)

The costs of high-speed rail are about the same as the costs for highway travel (assuming 1.5 persons per vehicle), and much higher than for air. Air is the fastest, and thus commits the users to the least time spent in travel. It requires the least infrastructure of all the modes, as airports are far less costly to build and expand than highways or high-speed rail. It also produces fewer externalities than the other modes. While there is risk of accident, it is very small. There is some congestion, though this is contained within the air travel system, and borne by air travelers. Unlike highways or high-speed rail, the noise problem is contained to points, rather than being spread over the entire corridor, and is likely to be significantly ameliorated with new generations of aircraft engines. It does pollute more than highspeed rail, but less than highways. The greater external costs generated by highway travel were compensated by lower infrastructure costs than high-speed rail. It should also be noted that many highway costs are already borne by users: accidents, and congestion, while external to the driver are internal to the highway transportation system. Also user costs of owning and maintaining a vehicle are borne by users, and do not require subsidy. Because the automobile is slower than other modes, it has the highest user time costs. However, individuals who choose to make the long drive between San Francisco and Los Angeles do so knowing it is more expensive than air travel, and probably are considering other benefits, such as the flexibility that the car offers as well as eliminating the need to rent a car at the destination end of the trip. Given all of the uncertainty inherent in the data, our analysis provides a first order estimate of the full cost of the trip on the California corridor from Los Angeles to San Francisco (677 km) of $ 163 per trip. Our estimates, shown in Table 6, suggest that the proposed high-speed rail system would require a public subsidy of $ 590,100,000 per year to be competitive with air transportation. It is important to understand the linkages between demand, supply, and cost. If the cost function is dominated by large fixed costs, as is the case with high-speed rail, which must be provided independent of the number of riders, then providing more riders will lower the cost to the average user. Our estimates were made based on a liberal assumption of 5.6 billion passenger miles per year, and though the precise numbers may change with changes in forecasts, the basic result will remain. It should be noted that the high-speed rail forecast was based on highly subsidized fares. It is likely that if market fares (to recover the infrastructure and carrier costs) were in place without subsidy, that the system would be unsustainable. The full cost of high-speed rail: an engineering approach 211 Table 9. Intermodal comparison of long-run average costs Cost category Air system High-speed rail Highways Infrastructure: capital and operating $ 0.0182 $ 0.129 $ 0.012 Carrier: capital cost (trains, planes) $ 0.0606 $ 0.016 $ 0.000 Carrier: operating cost $ 0.0340 $ 0.050 $ 0.000 User: capital & operating $ 0.0000 $ 0.000 $ 0.086 User: time $ 0.0114 $ 0.044 $ 0.100 User: congestion $ 0.0017 $ 0.000 $ 0.0046 External: accidents $ 0.0004 $ 0.000 $ 0.0200 External: noise $ 0.0043 $ 0.002 $ 0.0045 External: pollution $ 0.0009 $ 0.000 $ 0.0031 Total $ 0.131 $ 0.241 $ 0.230 Note: $/pkt for car assuming 1.5 passengers per car, $/pkt for air and high-speed rail, all transfers are subtracted out. Numbers may not add exactly due to rounding error. Discount rate of capital assumed to be 7.5% throughout. In summary, high-speed rail is the costliest of the three modes we examined, largely because of its high capital costs relative to the number of anticipated riders. It has the highest costs to the service provider, presumably the state of California, because other modes spread their costs among private sector owners and operators of vehicles and parts of the infrastructure system. Conclusion It is doubtful that without considerable subsidy high-speed rail could be constructed, much less profitable in California. These subsidies are anticipated to be higher than those required in other countries. The conditions in Europe and Japan during the early stages of high-speed rail are significantly different than most parts of the United States. Land uses are denser and cities are closer together. Furthermore, constraints on federal spending in the 1990’s hinder the development of new infrastructure. A last key distinction is that the regulated transportation sectors in Japan and Europe prevented competition from air travel to the same degree as in the United States when the HSR lines were planned and deployed. Had air travel been deregulated and privatized at the time, the decision to proceed with highspeed rail, particularly in Europe, may have been different. As an illustration of this, Southwest Airlines is a major opponent of high-speed rail in Texas (Krumm 1994). As with all rail modes, there is a significant amount of inflexibility associated with the system design. The high-speed networks are limited, and the rails require very specific vehicles. Compared with the greater flexibility afforded the untracked air travel system or the ubiquitous highway system, high-speed rail faces serious difficulties.

#### This would snowball – deficit spending gets sugar-coated with funding for other programs

**Fox News 11** (Chad Pergram, "Natural Disasters Could Challenge Campaign Spending Promises", 5-24-11, http://politics.blogs.foxnews.com/2011/05/25/natural-disasters-could-challenge-campaign-spending-promises)

It often starts like this. There's a series of natural disasters. Or 9-11. Or war. And Congress decides it needs to approve an additional spending bill to fund a critical area of the federal government in mid-year. Lawmakers fillet the federal budget into 12 sections, each one receiving an annual spending measure. But over the past 11 years, Congress has approved 16 extra spending bills, known as "supplementals," totaling nearly $1 trillion. $20 billion just after September 11th. $79 billion in 2003 for the war in Iraq. $10.5 billion in 2005 to respond to Hurricane Katrina. And in each case, some lawmakers make a compelling case for tacking on additional spending. It's essential for the troops. The people of New Orleans are desperate. And on Tuesday afternoon, the process started again. Rep. Robert Aderholt (R-AL) chairs the House Homeland Security Appropriations Subcommittee. That panel controls the purse strings for the Federal Emergency Management Agency (FEMA). Twisters ravaged parts of Aderholt's district and other sections of Alabama just a few weeks ago. Then came floods, up and down the Mississippi River. The federal government even blew up a major levee in Missouri to alleviate upstream flooding. And then a monster tornado sacked Joplin, MO, Sunday night. "It's going to be close," said Aderholt, when asked if FEMA had enough money to make it through September 30, the end of the government's fiscal year. On Tuesday, the House Appropriations Committee "marked-up" or wrote the final version of a measure to fund Homeland Security programs and FEMA. No one has tallied the cost of the storms in Alabama. There's no price tag on the flooding. And it's way too early to ring up the damages in Missouri. But Aderholt and others wanted to make sure FEMA had enough money for now. So during the markup session, lawmakers from both sides of the aisle injected $1 billion into FEMA's budget. Aderholt and others believe that on top of the $1 billion, they'll also have to craft an entirely separate supplemental spending bill to pay for the natural disasters. And perhaps those yet to come. "Hurricane season is just days away," warned Aderholt ominously. Not a single lawmaker expressed reservation and the Appropriations Committee adopted Aderholt's request by voice vote. There's a reason why no one objected. This year, it's flooding and tornadoes in the South and Midwest. But come summertime, it could be hurricanes in Florida and North Carolina. Or earthquakes in California. Wildfires in the west. Fiscal hawks are loathe to vote against such emergency measures. First, they want to help those in need. And second, they know their district or state could be next. Now here's where it gets interesting. In tight budget times, lawmakers are intent to find "pay-fors" to cover the additional costs of the natural disasters. In the case of the $1 billion for FEMA, the Appropriations Committee transferred unused funds from an Energy Department "green vehicle" program. Still, this money is not for NEXT fiscal year. It's for THIS fiscal year. The fiscal year for which Congress and President Obama just finished doing battle. The fiscal year where Republicans successfully pared $61 billion out of the budget. An alternative interpretation, but inaccurate interpretation of Tuesday's $1 billion FEMA infusion means the budget deal dwindled to just $60 billion. That's they way it would appear on a balance sheet if you're scoring at home. But if you're scoring in Congress, it doesn't work that way. Congress considers FEMA's $1 billion as an emergency. By definition, all emergency money is "off-budget." It's real dollars and cents going out the door. But Congress doesn't count it against the bottom line. It's kind of like a pitcher's Earned Run Average (ERA) in baseball. If a pitcher yields a run, it counts on the scoreboard. However, if someone committed an error that allowed that run to score, it's not marked against the pitcher's ERA. Regardless, the run crossed the plate and shows up on the scoreboard. Spending is spending. And a budgetary gimmick like this is precisely what so incensed the electorate last fall. Now there's a question of forging a supplemental spending bill once all of the disasters are paid for. Aderholt has talked about the need for an additional spending bill to cover FEMA. And he's not the only one. "$1 billion isn't going to do it," conceded Rep. David Price (D-NC), the top Democrat on the House Homeland Security Appropriations Subcommittee. "We are going to need the administration to offer a supplemental request." House Majority Leader Eric Cantor (R-VA) knows how sensitive this is. "If there is support for a supplemental, it would be accompanied by support for having pay-fors to that supplemental," said Cantor on Monday. Note that Cantor said "if there is support for a supplemental." Locating that support could be a problem. Rep. Jo Ann Emerson (R-MO) is a senior member of the Appropriations Committee and represents the district right next to where the tornadoes hit Sunday. Emerson conceded it may be hard to court conservatives whose districts aren't experiencing a natural disaster. "We can try and be responsible, but people need money," Emerson said. "While I think it's important we do everything to offset (the additional FEMA spending), I don't think we can find all that money." When it's a challenge to cobble together votes for a supplemental spending bill, lawmakers often turn to a time-honored tradition on Capitol Hill. They begin to decorate the supplemental with all sorts of baubles and ornaments to attract the support of reluctant lawmakers. But times have changed in Washington. And most conservatives are unwilling to go that route. "These bills become Christmas trees," said Rep. Steve Scalise (R-LA). "You end up having a bunch of items that having nothing to do with the bill." Rep. Jeff Landry (R-LA) is a freshman who represents Cajun country and the mouth of the Mississippi River. Some of the most serious flooding has washed over parts of Landry's southern Louisiana district. Landry knows what's essential to recover from the floods.

#### Domestic production rules hamstring HSR development – causes escalating costs and massive delays, our link timeframe is much faster than affirmative solvency

Ruetter 10 (Mark, Progressive Policy Institute Fellow, former editor of Railroad History, “China’s Switch from Importer to Exporter of Fast Trains Holds Lessons for U.S.,” <http://progressivepolicy.org/chinas-switch-from-importer-to-exporter-of-fast-trains-holds-lessons-for-u-s>)

In the world of high-speed rail, imitation can be an appealing form of flattery. While the Obama administration is literally tying the railway supply industry in knots by insisting on trainsets built solely of U.S. content, China opened its arms to foreign train manufacturers during the early stages of its high-speed rail program. Now within the space of six years, China has become the fastest-growing exporter of rail equipment in the world. On Wednesday, Argentina signed a $12 billion deal to purchase locomotives, cars and infrastructure from state-owned Chinese railways. This triumph follows the country’s success in exporting its technology to Saudi Arabia, Turkey and Venezuela. China’s ability to create a booming rail sector is a case study of how to leapfrog over established builders and stimulate domestic employment at the same time. In 2004, China sealed a contract with a consortium led by Kawasaki Heavy Industries to build “bullet trains.” Local equipment makers soon mastered the know-how for their manufacture and licensed other design features from companies in Canada, France, Germany and Sweden. Today, China operates the world’s fastest trains, with about 15 percent of the parts coming from overseas. Cutting a Deal in California On the global stage, China was a non-factor in high-speed-rail (HSR) manufacturing until about 20 months ago when it started bidding on projects overseas. With its cheap cost basis, China quickly made inroads against Siemens of Germany and Alstom of France – together with its former partner, Kawasaki, which reportedly could not imagine that the catch-up would be so fast. The Chinese government recently signed a preliminary agreement to cooperate with California to help finance and build a HSR line between San Diego and Sacramento. China’s rail ministry has a framework agreement to license its technology to General Electric. GE describes the agreement as requiring at least 80 percent of the components to come from American suppliers and final assembly in the U.S. GE itself would supply 200-mph electric locomotives using technology licensed from China. Gov. Arnold Schwarzenegger is scheduled to lead a trade mission to Beijing in September to discuss China’s offer. Insisting on All-American Content The example of China provides an alternative model to the “do-it-yourself” approach of the Obama administration. Propelled by a desire to create jobs quickly, the administration says it will only fund rail projects where all manufactured parts – plus the underlining iron and steel – are produced in the U.S. The 100-percent American rule was contained in Congressional legislation that authorized the spending of $8 billion in stimulus funds for HSR. The administration has told suppliers that it does not plan to use the law’s waiver to exempt some components, even though subway and light-rail trainsets funded with federal money may use up to 30 percent non-U.S. content. America’s supremacy in railway carbuilding has long past. The last builder, Pullman-Standard Co., went out of business 25 years ago. A century before, George Pullman built the largest passenger railcar business in the world through his innovative Pullman sleeping car. Without any current base to produce such equipment domestically, attempts to build a homegrown business are fraught with problems, according to many experts. Last month, the Government Accountability Office (GAO) noted that it could take as many as nine years to build high-speed trainsets domestically. This included up to 21 months for testing the equipment and 42 months for production. Easing Safety Rules Complicating the situation are rules established by the Federal Railroad Administration that bar foreign trainsets on American rails because they do not meet the agency’s safety standards. FRA requires massive amounts of steel in passenger cars so they can withstand a crash with a freight train on shared track. Foreign standards focus more on crash avoidance rather than crash survival, the GAO pointed out, making for lighter trains that nevertheless have stellar safety records.

#### Rail spending forecasts are low by nearly half – their authors are industry paid liars

Holm 2 (Bent Flyvbjerg, professor of planning with the Department of Development and Planning, Aalborg University, Denmark. founder and director of the university’s research program on transportation infrastructure planning and was twice a Visiting Fulbright Scholar to the U.S. Mette Skamris Holm, assistant professor of planning with the Department of Development and Planning, Aalborg University & Soren Buhl, associate professor with the Department of Mathematics, Aalborg University, and an associate statistician with the university’s research program on transportation infrastructure planning, “Underestimating Costs in Public Works Projects: Error or Lie?,” Journal of the American Planning Association, Summer 2002 u Vol. 68, No. 3)

Summary and Conclusions The main findings from the study reported in this article—all highly significant and most likely conservative— are as follows: • In 9 out of 10 transportation infrastructure projects, costs are underestimated. • For rail projects, actual costs are on average 45% higher than estimated costs (sd=38). • For fixed-link projects (tunnels and bridges), actual costs are on average 34% higher than estimated costs (sd=62). • For road projects, actual costs are on average 20% higher than estimated costs (sd=30). • For all project types, actual costs are on average 28% higher than estimated costs (sd=39). • Cost underestimation exists across 20 nations and 5 continents; it appears to be a global phenomenon. • Cost underestimation appears to be more pronounced in developing nations than in North America and Europe (data for rail projects only). • Cost underestimation has not decreased over the past 70 years. No learning that would improve cost estimate accuracy seems to take place. • Cost underestimation cannot be explained by error and seems to be best explained by strategic misrepresentation, i.e., lying. • Transportation infrastructure projects do not appear to be more prone to cost underestimation than are other types of large projects. We conclude that the cost estimates used in public debates, media coverage, and decision making for transportation infrastructure development are highly, systematically, and significantly deceptive. So are the costbenefit analyses into which cost estimates are routinely fed to calculate the viability and ranking of projects. The misrepresentation of costs is likely to lead to the misallocation of scarce resources, which, in turn, will produce losers among those financing and using infrastructure, be they taxpayers or private investors. We emphasize that these conclusions should not be interpreted as an attack on public (vs. private) spending on infrastructure, since the data are insufficient to decide whether private projects perform better or worse than public ones regarding cost underestimation. Nor do the conclusions warrant an attack on spending on transportation vs. spending on other projects, since other projects appear to be as liable to cost underestimation and escalation as are transportation projects. With transportation projects as an in-depth case study, the conclusions simply establish that significant cost underestimation is a widespread practice in project development and implementation, and that this practice forms a substantial barrier to the effective allocation of scarce resources for building important infrastructure. The key policy implication for this consequential and highly expensive field of public policy is that those legislators, administrators, bankers, media representatives, and members of the public who value honest numbers should not trust the cost estimates presented by infrastructure promoters and forecasters. Another important implication is that institutional checks and balances— including financial, professional, or even criminal penalties for consistent or foreseeable estimation errors—should be developed to ensure the production of less deceptive cost estimates. The work of designing such checks and balances has been begun elsewhere, with a focus on four basic instruments of accountability: (1) increased transparency, (2) the use of performance specifications, (3) explicit formulation of the regulatory regimes that apply to project development and implementation, and (4) the involvement of private risk capital, even in public projects (Bruzelius et al., 1998; Flyvbjerg et al., in press).

### A2 “Loan Guarantees Don’t Link”: 2NC

#### Loan guarantees link – costs escalate and bad loans must be covered

Jackson and Cooper 3 (Michael P. Jackson, Deputy Secretary, U.S. Department of Transportation, Jim Cooper, U.S. Representative for Tennessee, Department of Transportation Budget Priorities for Fiscal Year 2004 Hearing before the Committee on the Budget House of Representatives One Hundred Eighth Congress First Session, 2-12-3 Serial No. 108-3, <http://bulk.resource.org/gpo.gov/hearings/108h/85007.txt>)

Mr. Cooper. The Railroad Infrastructure Fund, could you tell me how much is currently available for loans in that fund, the RIF fund? Mr. Jackson. We have approved five Railroad Rehabilitation and Improvement Financing loans, we have five pending and I don't have on the top of my head the numbers. If you will give me a moment, I might be able to ask one of my colleagues to find it for me. Mr. Cooper. OK. So about five loans have been made from that fund? Mr. Jackson. Yes, sir. Mr. Cooper. And five more are pending? Mr. Jackson. Yes, sir. Mr. Cooper. Any ballpark idea of how much money would be remaining in the fund for loans? It is my understanding that few, if any, loans have been made from this fund. Mr. Jackson. We had a very slow start in this program. When the administration took over the mechanisms for putting the loans out into the market were only just being developed, so under Secretary Mineta's guidance, we did take a focus on this and pushed that regulatory regime and the initial review of those out. I would say the Department did not do a terrifically good job of launching this program. I think we have very clear rules and precedents for working now and I think we have worked with OMB well to be able to figure out how to review them in a timely fashion. I would say we got off to a slow start in managing this program well. I think we are doing much better now. I think we will have adequate resources in our budget to manage the program going forward. Mr. Cooper. So you anticipate accelerating the pace of loans from that fund and not shutting down the fund? Mr. Jackson. Donna is reminding me that we are really not budget constrained in this arena because the applicant funds the credit risk premium to cover the risk of the project and if it is a financially sound proposal, we have the flexibility to do quite a bit in this area. I don't see it as a budget-related issue or budget constrained. I see it more as what I was saying up front. Did we get ourselves launched and working right? Are we interfacing effectively with people who are participants in this? I think the answer was that we are ready to go now. Mr. Cooper. It is a relief to find an area that is not budget constrained. Don't tell anybody else. Mr. Jackson. I wanted to have that experience to say that once in my life. Mr. Cooper. How much money remains then in the fund if it is not budget constrained? Mr. Jackson. We have direct loans for acquisition or improvement of railroads. To date, we have approved loans of about $215 million. If the loan goes bad that is when we have to pay off our guarantee, so right now we are in good shape. Mr. Cooper. But your authority to make new loans is $1 billion, $2 billion? Mr. Jackson. I don't have a dollar figure. Can I get back to you and follow up with that? [The information referred to follows:] Mr. Jackson's Response to Mr. Cooper's Question Regarding TEA-21 The Transportation Equity Act for the 21st Century (TEA-21) provides a cap of $3.5 billion for the aggregate unpaid principal amounts of Railroad Rehabilitation and Improvement Financing (RRIF) loans at any one time, of which not less than $1 billion is to be available solely for smaller (non-Class I) railroads. Given that the five loans approved to date total $215.37 million, authority to make new loans totals up to a little less than $3.3 billion.

### A2 Business Investment Turn: 2NC

#### Fiscal irresponsibility from the Fed discourages businesses from investing

Saphir 12 (Ann, Reuters Correspondent in Chicago, “Fed is sugar-coating Congress's task,” 4-30-12, <http://www.reuters.com/article/2012/04/30/usa-fed-fisher-idUSL1E8FUI6K20120430>)

(Reuters) - The U.S. Federal Reserve's super-easy monetary policy is doing little to spur job creation and is giving Congress license to avoid tackling looming fiscal problems and the towering national debt, a top Fed official said on Monday. "By providing monetary accommodation, we are saying, in essence, 'Congress, you better eat your vegetables, or we are going to serve you a big plate of monetary cookies,'" Richard Fisher, president of the Dallas Fed, told the Milken Institute Global Conference. The Fed's program of bond purchases is pushing down the price of debt, interfering with a pricing mechanism that would otherwise force Congress to come to terms with its "fiscal misfeasance," he said. "We have children in Congress," he said. "They need to be disciplined." Unless Congress acts to reduce uncertainties around fiscal policy, the Fed's low-interest-rate policy will remain powerless to boost jobs, he said, reprising a theme he revisits often in speeches around the country. The U.S. central bank last week kept its policy on hold, reiterating its expectation that it will need to keep rates near zero through late 2014 to support a weak recovery. Fisher, who is not a voter this year on the Fed's policy-setting panel, has been a staunch opponent of further Fed easing and identifies as an inflation hawk. While the Fed has been successful in keeping inflation in hand, he said, its easy money policy has not succeeded in bringing unemployment down to acceptable levels. Unemployment registered 8.2 percent in March, well above the 5.5 percent rate that is typically seen as representing full employment in the United States. Asked to explain why low rates have not pushed unemployment down faster, Fisher said, "My argument is because of fiscal policy." Uncertainty over taxes and regulation are keeping businesses from hiring, Fisher added.

#### Profligate spending prevents compromise on debt limit extension, kills investment

Welna 12 (David, NPR's congressional correspondent, 2011 Everett McKinley Dirksen Award for Distinguished Reporting of Congress, given by the National Press Foundation, “Debt Ceiling Debate Is Revived In Washington,” 5-16-12, <http://www.npr.org/2012/05/16/152809395/debt-ceiling-debate-is-revived-in-washington>)

If you thought the two political parties had moved past their differences over the debt ceiling, think again. INSKEEP: Let's recall - who could forget - Congress boosted the Treasury's borrowing authority by $2 trillion after a dramatic showdown last summer that also led to the first downgrade ever of the nation's credit rating. But yesterday, the Obama administration said that borrowing authority is set to max out by the end of the year. GREENE: And that prompted House Speaker John Boehner to insist that any increase in the debt limit will have to be matched by even greater cuts in spending. Here's NPR's David Welna. DAVID WELNA, BYLINE: Sometimes it takes a Washington summit to tease out what's coming down the political pike. That's just what happened yesterday in the big auditorium a few blocks from the White House, where administration officials and lawmakers came together for the third annual Peter G. Peterson Foundation Fiscal Summit. Treasury Secretary Timothy Geithner arrived with a warning: The United States, he said, will likely hit its debt limit sometime before the end of the year. SECRETARY TIMOTHY GEITHNER: Only Congress, of course, can act to raise the debt limit and, you know, we hope that they do it this time without the drama and the pain and the damage they caused the country last July. WELNA: Inflicting such pain and damage, Geithner pointedly noted, would not be responsible. House Speaker John Boehner responded a few hours later. REPRESENTATIVE JOHN BOEHNER: Yes, allowing America to default on its debt would be irresponsible. But it would be more irresponsible to raise the debt ceiling without taking dramatic steps to reduce spending and reform the budget process. WELNA: Boehner vowed he'll approach raising the debt ceiling next time the same way he did last year. BOEHNER: When the time comes, I will again insist on my simple principle of cuts and reforms greater than the debt limit increase.

### A2 “Infrastructure Failing”: 2NC

#### Virtual infrastructure developments will remove the need for traditional infrastructure

Rappeport 8 (Alan, CFO.com writer, “Vermont Wants to Be the "Delaware of the Net,"” http://www.cfo.com/article.cfm/11654091?f=search)

Known for its Green Mountains, maple syrup, and, of course, moonlight, Vermont might not seem the most likely state to welcome companies with edgy technology. And yet it is virtually in the lead. A bill signed into law earlier this month positions it as a leader in incorporating so-called virtual firms — those without a physical headquarters, actual paper filings, and directors' meetings (they're all online.) If it succeeds, it could emerge with the nation's first virtual tech corridor. The bid to attract companies with infrastructures as diaphanous as Vermont's moonlight has special appeal. It aims to offer far-flung groups, working on collaborative projects, the benefits of a corporation connection — without the costs that come with commuting and using centralized office space. Officials hope the law will replicate the success that Vermont has had as an "offshore" haven for captive insurance arrangements. That effort has drawn more than 500 companies to set up entities in the state. "Like with captive insurance, we're changing with the times," Mike Quinn, commissioner of Vermont's Department of Economic Development, tells CFO.com. "We expect to see some activity from this." One company that could be attracted to Vermont's new model is Metanomics , an online forum of weblogs, chat sessions, and video interviews run by Robert Bloomfield, an accounting professor at Cornell University's Johnson School of Management. With a dozen people working and contributing from sites in Belgium, Australia, California, as well as New York state, this virtual nonprofit organization certainly has the potential to bring in real money. "It would be nice to be a corporation and enjoy all of the benefits, without having to ever be in the same place at the same time," says Bloomfield. The provision is likely to benefit group efforts in cases where distance does not matter. Open source approaches, wikis, software developers, and publications would be ideal for Vermont, which hopes to be the "Delaware of the Net." Delaware, of course, has created a haven for business incorporations by offering low taxes and favorable regulation for companies. What Quinn describes as an esoteric element to a tax amendment was actually an academic brainchild. David Johnson, a professor at New York Law School and head of the Virtual Company Project has lobbied for Vermont to change its rules for Limited Liability Companies (LLC) as a way of adapting corporate structure to the Internet age. "People are coming together online to create valuable things," says Johnson. "They do that for social reasons or reputational reasons, but they find it difficult partly because of traditional barriers in corporate law." The organic nature of online companies tends to clash with the more rigid traditional corporate culture that requires a charter, a hierarchy of managers, and investors for raising capital. To produce work online, people merely need a computer linked to the Web and their "intellectual capital." Until now, much of this type of work, exemplified by the comprehensive Wikipedia encyclopedia, has been done for love rather than money.

#### High Speed Rail doesn’t address the major problems with transportation infrastructure

Anderson 10 (Norman, Progressive Policy Institute, “The State of U.S. Infrastructure: A Snapshot,” 5-30-10, <http://progressivepolicy.org/the-state-of-u-s-infrastructure-a-snapshot>

We all want the infrastructure market to pick up dramatically and generate jobs, build productivity, and create competitiveness. But there is a yawning gap between public expressions of optimism and what infrastructure executives have been telling me about the state of their business. We continue to hear good news about the infrastructure industry in the media and from the administration, yet head counts at infrastructure firms are still down by as much as 25 percent, and executives say that the U.S. market is still essentially flat. To get a granular picture of the state of infrastructure, my firm, CG/LA Infrastructure, last week sent out a survey of about 11,000 infrastructure executives and professionals throughout the U.S. and in all sectors of the industry. While only a fraction of the responses have come in so far, I’d like to share some preliminary results, which affirm the pessimistic mood that I’ve picked up in conversations. Here’s a snapshot of the state of U.S. infrastructure through the eyes of the men and women running our top firms: 1.) What is your current perception of the U.S. infrastructure market? Fifty-one percent of executives who have responded so far say that the market is “getting worse,” while 33 percent said that it is essentially flat and 15 percent said that it is improving. The grim results may seem surprising, but it makes sense when you think about it. Most states have not recovered from last year’s cataclysm and continue to cut their budgets across the board. Considering that 70 percent of infrastructure spending is the responsibility of states and municipalities, it would be a surprise if infrastructure spending didn’t go down. 2. In your day-to-day infrastructure work, what are the most problematic issues in terms of improving project development speed? The U.S. needs to dramatically increase investments in infrastructure. Our survey question tried to get at the barriers to that kind of increased investment, and the current problems for restarting the market. In our menu of options — respondents were allowed to choose as many as they wished from a list of factors — fifty-four percent of infrastructure executives mentioned “financing” as a problem. Meanwhile, 30 percent highlighted weak public sector capacity. This is significant. If we are going to invest in infrastructure, then we need a highly capable public sector. Additionally 30 percent of executives also highlighted permitting issues as a barrier. Surprisingly, environmental issues, normally the biggest ‘problem’ on any industry survey, ranked fourth, highlighted by only 24 percent of executives. Clearly the overriding issue is financing. How is that going to be addressed, and who will benefit? These are questions for another survey, and deserve a lot more attention than they are getting – particularly given the preponderant role of state and municipal budgets, and the dramatic weakness in those budgets. And lurking behind these concerns is a question few people are asking: What has become of the Obama administration’s initial National Infrastructure Bank proposal? 3. High-speed rail (HSR) is a signature initiative of the Obama administration. How do you rate this proposal in terms of current progress, and future potential, on a scale of 1-10, with 10 being excellent and 1 being poor? Another striking result: 53 percent of respondents clustered their answers in the 1-3 range (97 percent scored the high-speed rail program “7” or below). The results reflect my experience with industry, where the initial excitement about the program has rapidly given way to doubt and incredulity.

#### Rail funding requires local matching

Cooper 3 (Jim Cooper, U.S. Representative for Tennessee, Department of Transportation Budget Priorities for Fiscal Year 2004 Hearing before the Committee on the Budget House of Representatives One Hundred Eighth Congress First Session, 2-12-3, <http://bulk.resource.org/gpo.gov/hearings/108h/85007.txt>)

Mr. Cooper. Another question. New start funds for commuter rail, it is my understanding the formula has been changed to 20 local and 80 Federal to a 50-50 match. These are New Start funds for commuter rail, the funding share has been switched from 20-80 to 50-50. Can you tell me why that was done? Mr. Jackson. One of the things we found was there was much more demand for these programs than we were able to meet. We have found in recent experiences that the average amount provided by way of a local match is about 49 percent, so our practice in the real world is that we have found communities and States able to make a higher match level work. We are constrained in terms of supporting a significant number of these applications, more than we could afford if we didn't work in this direction. We provided a couple of years notice about how we expect to gradually move to this higher match level. Mr. Cooper. But it could also be viewed as discriminating in favor of the rich communities who can come up with a local match and discriminating against the poor communities that have a tough time finding adequate revenues. What is your solution to that problem?

#### That crowds out more important infrastructure projects, they make the problem worse

SMN 12 (Southern Maryland News, “Transportation remains stuck at red light, http://www.somdnews.com/article/20120601/OPINION/706019955/-1/transportation-remains-stuck-at-red-light&template=southernMaryland

When the 2012 General Assembly session began there was all kinds of enthusiastic talk about propping up — and even safeguarding — much-needed transportation funding. State and business leaders spoke of how transportation infrastructure was the pathway to health and prosperity for Maryland’s economy. Local jurisdictions, meanwhile, clamored for a restoration of highway user revenues, stripped in recent years to help fill budget gaps, so they could take care of basic functions such as filling potholes and snow removal. Now it’s back to square one. The state’s transportation needs were basically overlooked in the regular session that ended in April and last month’s special session to patch together a final budget. Gov. Martin O’Malley, whose attempts to apply the state sales tax to gasoline and then to raise the sales tax a penny to pay for transportation projects failed miserably, said previously that Maryland had underinvested in transportation over the past two decades and, he added, “we have the worst congestion in the country.” The governor conveniently ignored the raids, including his own, on the Transportation Trust Fund, including highway user revenues, that helped create the problem. Maryland has some serious transportation issues that go beyond making sure bridges don’t collapse and road surfaces get patched. On the drawing board are major undertakings such as the Purple Line, a 16-mile light rail between Bethesda and New Carrollton via Silver Spring that has been discussed for more than 20 years; the 14-mile Red Line, which would run from Woodlawn to east Baltimore; and the Corridor Cities Transitway, a 15-mile project in Montgomery County. All are expensive ventures, to put it mildly. The price tag for the transit-way is expected to be $828 million. That pales when compared with the projected costs of the Purple Line, at $1.925 billion, and the Red Line, at $2.2 billion. All of this leaves little state backing for the project most vital to St. Mary’s and Calvert counties — a replacement for the Gov. Thomas Johnson Memorial Bridge. Outgoing Maryland Department of Transportation Secretary Beverley K. Swaim-Staley said the state will seek Federal Transit Administration funds for at least half of the cost of the transit-way and will explore a public-private partnership as well. These so-called P3s are an increasingly likely option for projects of this sort, although risks are involved. Will the private partner be as responsive to the public? Will fares be kept in line? How does the state prevent getting stuck in a bad, long-term arrangement? Even if the state pursues the P3s, a good deal of public funding is needed for most transportation projects. There’s no getting around the need to replenish the Transportation Trust Fund. The Maryland Blue Ribbon Commission on Transportation Funding concluded that the state needs an additional $870 million a year in new transportation revenues just to address current needs. That alone reinforces the need for state officials to get serious — finally — about keeping transportation coffers stocked and dedicated.

### A2 HSR Creates Jobs

#### Only 3,000 jobs are created for every 1 billion spent on HSR

Enthoven 10 (Alain C. Enthoven – Marriner S. Eccles Professor of Public and Private Management (emeritus), GSB Stanford; President, Litton Medical Products; (BA Economics, Stanford; Rhodes Scholar–Oxford; PhD Economics, MIT) William C. Grindley – World Bank; Associate Division Director, SRI International; Founder and CEO, Pacific Strategies, ret. (B Architecture, Clemson; Master of City Planning, MIT) William H. Warren – 40 years of Silicon Valley finance, sales and consulting experience, management, including CEO of several start-ups, Director/Officer at ROLM, Centigram, and Memorex (MBA, Stanford), “The Financial Risks of

California’s Proposed High-Speed Rail Project,” 10-12-12, <http://cc-hsr.org/assets/pdf/CHSR-Financial_Risks-101210-D.pdf>)

However, both the earlier 160,000 and the 600,000 (3.75 times larger) 2009 forecasts differ significantly from those using Bureau of Labor Statistics (BLS) data. BLS data show that every $1 million invested creates three construction jobs. CARRD used that baseline and deducted for the costs of rail train sets and equipment manufactured outside California. CARRD said, “The $25 billion ($42.6 billion less non-California related expenditures) will generate the equivalent of 75,000 years worth of employment using the 3 jobs/$1 million ratio. Over the 10 years that planning and construction are expected to last, this would mean about 7,500 more Californians at work each year. In addition, some of the raw materials used in construction might be produced in California. The total number of constructionrelated jobs could be 100,000-120,000 one-year jobs, equivalent to 10-12,000 jobs that last the 10 years that construction is expected to last.” 194 This is certainly not the 600,000 full time one-year jobs CHSRA implies for California’s hard-hit construction workers. Who to believe? CHSRA’s forecasts use 20,000 jobs per $1 billion spent on construction. 195 The Bureau of Labor Statistics uses a ratio of three construction jobs per $1 million, which is equal to 3,000 annual jobs created per $1 billion spent. The difference of 17,000 jobs per year per $1 billion spent on construction is not trivial. Since CHSRA doesn’t use a BLS-based ratio, and we have no access to how CHSRA arrived at ratio more than six times that of BLS, this key aspect of the construction job-creating possibilities of CHSR must be better understood before proceeding with the project.

### HSR Costs Underestimated – Ext.

#### Cost is underestimated – empirically tested & true

Holm 2 (Bent Flyvbjerg, professor of planning with the Department of Development and Planning, Aalborg University, Denmark. founder and director of the university’s research program on transportation infrastructure planning and was twice a Visiting Fulbright Scholar to the U.S. Mette Skamris Holm, assistant professor of planning with the Department of Development and Planning, Aalborg University & Soren Buhl, associate professor with the Department of Mathematics, Aalborg University, and an associate statistician with the university’s research program on transportation infrastructure planning, “Underestimating Costs in Public Works Projects: Error or Lie?,” Journal of the American Planning Association, Summer 2002 u Vol. 68, No. 3)

Four Steps to Understanding Deceptive Cost Estimation We see four steps in the evolution of a body of scholarly research aimed at understanding practices of cost underestimation and deception in decision making for transportation infrastructure. The first step was taken by Pickrell (1990) and Fouracre, Allport, and Thomson (1990), who provided sound evidence for a small number of urban rail projects that substantial cost underestimation is a problem, and who implied that such underestimation may be caused by deception on the part of project promoters and forecasters. The second step was taken by Wachs (1990), who established—again for a small sample of urban rail projects—that lying, understood as intentional deception, is, in fact, an important cause of cost underestimation. Wachs began the difficult task of charting who does the lying, why it occurs, what the ethical implications are, etc. The problem with the research in the first two steps is that it is based on too few cases to be statistically significant; the pattern found may be due to random properties of the small samples involved. This problem is solved in the third step, taken with the work reported in this article. Based on a large sample of transportation infrastructure projects, we show that (1) the pattern of cost underestimation uncovered by Pickrell and others is of general import and is statistically significant, and (2) the pattern holds for different project types, different geographical regions, and different historical periods. We also show that the large-sample pattern of cost underestimation uncovered by us lends statistical support to the conclusions about lying and cost underestimation arrived at by Wachs for his small sample. The fourth and final step in understanding cost underestimation and deception would be to do for a large sample of different transportation infrastructure projects what Wachs did for his small sample of urban rail projects: establish whether systematic deception actually takes place, who does the deception, why it occurs, etc. This may be done by having a large number of forecasters and project promoters, representing a large number of projects, directly express, in interviews or surveys, their intentions with and reasons for underestimating costs. This is a key topic for further research. In sum, then, we do not claim with this article to have provided final proof that lying is the main cause of cost underestimation in transportation infrastructure projects. We claim, however, to have taken one significant step in a cumulative research process for testing whether this is the case by establishing the best and largest set of data about cost underestimation in transportation infrastructure planning so far seen, by carrying out the first statistically significant study of the issues involved, and by establishing that our data support and give statistical significance to theses about lying developed in other research for smaller, statistically nonsignificant samples. As part of further developing our understanding of cost underestimation, it would also be interesting to study the differences between projects that are approved on a competitive basis, by voters at an election, and those that are funded through formula-based allocations. One may speculate that there is an obvious incentive to make a project look better, and hence to underestimate costs, in the campaign leading up to an election. A good singlecase study of this is Kain’s (1990) article about a rail transit project in Dallas. Votes are cast more often for large rail, bridge, and tunnel projects than for road projects. For example, most U.S. highway funds are distributed to states based on a formula (i.e., there is no competitive process). A state department of transportation (DOT) is likely to have a fixed annual budget for construction. The DOT leadership would presumably want fairly accurate cost estimates before allocating the budget. One may speculate that large cost underestimation is less likely in this situation. There are exceptions to this scenario. Sometimes DOT officials want to persuade state legislators to increase their budget. And states occasionally submit bond issue proposals to voters. In Europe, the situation is similar on important points, although differences also exist. This may explain the result found below, that cost underestimation is substantially lower for roads than for rail, bridges, and tunnels, and that this is the case both in the U.S. and Europe. Needless to say, more research is necessary to substantiate this observation.

#### Infrastructure jobs are likely to be grossly under-estimated in cost

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Inaccuracy of Cost Estimates Figure 1 shows a histogram with the distribution of inaccuracies of cost estimates. If errors in estimating costs were small, the histogram would be narrowly concentrated around zero. If errors in overestimating costs were of the same size and frequency as errors in underestimating costs, the histogram would be symmetrically distributed around zero. Neither is the case. We make the following observations regarding the distribution of inaccuracies of construction cost estimates: • Costs are underestimated in almost 9 out of 10 projects. For a randomly selected project, the likelihood of actual costs being larger than estimated costs is 86%. The likelihood of actual costs being lower than or equal to estimated costs is 14%. • Actual costs are on average 28% higher than estimated costs (sd=39). • We reject with overwhelming significance the thesis that the error of overestimating costs is as common as the error of underestimating costs (p<0.001; two-sided test, using the binomial distribution). Estimated costs are biased, and the bias is caused by systematic underestimation. • We reject with overwhelming significance the thesis that the numerical size of the error of underestimating costs is the same as the numerical size of the error of overestimating costs (p<0.001; nonparametric Mann-Whitney test). Costs are not only underestimated much more often than they are overestimated or correct, costs that have been underestimated are also wrong by a substantially larger margin than costs that have been overestimated. We conclude that the error of underestimating costs is significantly much more common and much larger than the error of overestimating costs. Underestimation of costs at the time of decision to build is the rule rather than the exception for transportation infrastructure projects. Frequent and substantial cost escalation is the result.

#### Rail infrastructure projects are far more expensive than estimated – assume it’ll cost more

Holm 2 (Bent Flyvbjerg, professor of planning with the Department of Development and Planning, Aalborg University, Denmark. founder and director of the university’s research program on transportation infrastructure planning and was twice a Visiting Fulbright Scholar to the U.S. Mette Skamris Holm, assistant professor of planning with the Department of Development and Planning, Aalborg University & Soren Buhl, associate professor with the Department of Mathematics, Aalborg University, and an associate statistician with the university’s research program on transportation infrastructure planning, “Underestimating Costs in Public Works Projects: Error or Lie?,” Journal of the American Planning Association, Summer 2002 u Vol. 68, No. 3)

Based on the available evidence, we conclude that rail promoters appear to be particularly prone to cost underestimation, followed by promoters of fixed-link projects. Promoters of road projects appear to be relatively less inclined to underestimate costs, although actual costs are higher than estimated costs much more often than not for road projects as well. Further subdivisions of the sample indicate that high-speed rail tops the list of cost underestimation, followed by urban and conventional rail, in that order. Similarly, cost underestimation appears to be larger for tunnels than for bridges. These results suggest that the complexities of technology and geology might have an effect on cost underestimation. These results are not statistically significant, however. Even if the sample is the largest of its kind, it is too small to allow repeated subdivisions and still produce significant results. This problem can be solved only by further data collection from more projects. We conclude that the question of whether there are significant differences in the practice of cost underestimation among rail, fixed-link, and road projects must be answered in the affirmative. The average difference between actual and estimated costs for rail projects is substantially and significantly higher than that for roads, with fixed-link projects in a statistically nonsignificant middle position. The average inaccuracy for rail projects is more than twice that for roads, resulting in average cost escalations for rail more than double that for roads. For all three project types, the evidence shows that it is sound advice for policy and decision makers as well as investors, bankers, media, and the public to take any estimate of construction costs with a grain of salt, especially for rail and fixed-link projects.

#### Applies to North American projects

Holm 2 (Bent Flyvbjerg, professor of planning with the Department of Development and Planning, Aalborg University, Denmark. founder and director of the university’s research program on transportation infrastructure planning and was twice a Visiting Fulbright Scholar to the U.S. Mette Skamris Holm, assistant professor of planning with the Department of Development and Planning, Aalborg University & Soren Buhl, associate professor with the Department of Mathematics, Aalborg University, and an associate statistician with the university’s research program on transportation infrastructure planning, “Underestimating Costs in Public Works Projects: Error or Lie?,” Journal of the American Planning Association, Summer 2002 u Vol. 68, No. 3)

Cost Underestimation by Geographical Location In addition to testing whether cost underestimation differs for different kinds of projects, we also tested whether it varies with geographical location among Europe, North America, and “other geographical areas” (a group of 10 developing nations plus Japan). Table 2 shows the differences between actual and estimated costs in these three areas for rail, fixed-link, and road projects. There is no indication of statistical interaction between geographical area and type of project. We therefore consider the effects from these variables on cost underestimation separately. For all projects, we find that the difference between geographical areas in terms of underestimation is highly significant (p<0.001). Geography matters to cost underestimation. If Europe and North America are compared separately, which is compulsory for fixed links and roads because no observations exist for these projects in other geographical areas, comparisons can be made by t-tests (as the standard deviations are rather different, the Welch version is used). For fixed-link projects, the average difference between actual and estimated costs is 43.4% in Europe versus 25.7% North America, but the difference between the two geographical areas is nonsignificant (p=0.414). Given the limited number of observations and the large standard deviations for fixed-link projects, we would need to enlarge the sample with more fixed-link projects in Europe and North America in order to test whether the differences might be significant for more observations. For rail projects, the average difference between actual and estimated costs is 34.2% in Europe versus 40.8% in North America. For road projects, the similar numbers are 22.4% versus 8.4%. Again, the differences between geographical areas are nonsignificant (p=0.510 and p=0.184, respectively). We conclude, accordingly, that the highly significant differences we found above for geographical location come from projects in the “other geographical areas” category. The average difference between actual and estimated costs in this category is a hefty 64.6%.

#### They aren’t improving – under-estimation is likely intentional

Holm 2 (Bent Flyvbjerg, professor of planning with the Department of Development and Planning, Aalborg University, Denmark. founder and director of the university’s research program on transportation infrastructure planning and was twice a Visiting Fulbright Scholar to the U.S. Mette Skamris Holm, assistant professor of planning with the Department of Development and Planning, Aalborg University & Soren Buhl, associate professor with the Department of Mathematics, Aalborg University, and an associate statistician with the university’s research program on transportation infrastructure planning, “Underestimating Costs in Public Works Projects: Error or Lie?,” Journal of the American Planning Association, Summer 2002 u Vol. 68, No. 3)

Have Estimates Improved Over Time? In the previous two sections, we saw how cost underestimation varies with project type and geography. In this section, we conclude the statistical analyses by studying how underestimation has varied over time. We ask and answer the question of whether project promoters and forecasters have become more or less inclined over time to underestimate the costs of transportation infrastructure projects. If underestimation were unintentional and related to lack of experience or faulty methods in estimating and forecasting costs, then, a priori, we would expect underestimation to decrease over time as better methods were developed and more experience gained through the planning and implementation of more infrastructure projects. Figure 3 shows a plot of the differences between actual and estimated costs against year of decision to build for the 111 projects in the sample for which these data are available. The diagram does not seem to indicate an effect from time on cost underestimation. Statistical analyses corroborate this impression. The null hypothesis that year of decision has no effect on the difference between actual and estimated costs cannot be rejected (p=0.22, F-test). A test using year of completion instead of year of decision (with data for 246 projects) gives a similar result (p=0.28, F-test). We therefore conclude that cost underestimation has not decreased over time. Underestimation today is in the same order of magnitude as it was 10, 30, and 70 years ago. If techniques and skills for estimating and forecasting costs of transportation infrastructure projects have improved over time, this does not show in the data. No learning seems to take place in this important and highly costly sector of public and private decision making. This seems strange and invites speculation that the persistent existence over time, location, and project type of significant and widespread cost underestimation is a sign that an equilibrium has been reached: Strong incentives and weak disincentives for underestimation may have taught project promoters what there is to learn, namely, that cost underestimation pays off. If this is the case, underestimation must be expected and it must be expected to be intentional. We examine such speculation below. Before doing so, we compare cost underestimation in transportation projects with that in other projects.

#  \*\*\*Impact\*\*\*

## 2NC

### Impact – 2NC

#### Any risk of the disad outweighs –

#### --Magnitude –

#### --It’s quick –

#### --Turns case –Deficit spending collapses the economy

**Bohn 10** (Henning, University of California Santa Barbara, “The Economic Consequences of Rising U.S. Government Debt: Privileges at Risk” Departmental Working Papers, Department of Economics, UCSB, http://escholarship.org/uc/item/7kz6v3zs)

The rapidly growing federal government debt has become a concern for policy makers and the public. Yet the U.S. government has seemingly unbounded access to credit at low interest rates. Historically, Treasury yields have been below the growth rate of the economy. The paper examines the ramifications of debt financing at low interest rates. Given the short maturity of U.S. public debt – over $2.5 trillion maturing in 2010 – investor expectations are critical. Excessive debts justify reasonable doubts about solvency and monetary stability and thus undermine a financing strategy built on the perception that U.S. debt is safe. The rapidly growing U.S. government debt has become a concern for policy makers and the public. The ratio of U.S. public debt to GDP has increased from 36.2% in 2007 to 53.0% in 2009. Under current policies, the debt-GDP ratio is likely to reach 70% by 2011 and 90% by 2020.1 What are the consequences of this rising U.S. government debt? The paper will argue that a proper analysis of U.S. debt must account for the U.S. government’s ability to issue debt at interest rates that are on average below the growth rate of the U.S. economy. Evidence suggests that the low interest rates are largely due to perceptions of safety, with a secondary role for liquidity effects. Given the short maturity of U.S. public debt – over $2.5 trillion maturing in 2010 – investor expectations are critical. To refinance its debt, the government must ensure that bond buyers remain firmly convinced of the government’s solvency. Excessive debts justify reasonable doubts about solvency and about inflation. Hence they undermine a financial strategy built on a perception of safety.

### A2 “Food Prices Defense”

#### Even without escalation, half the planet dies

**Brown 5** (Lester, President of Earth Policy Institute, MPA – Harvard, Former Advisor to the Secretary of Agriculture, Outgrowing The Earth, http://www.earth-policy.org/Books/Out/)

“Many Americans see terrorism as the principal threat to security,” said Brown, “but for much of humanity, the effect of water shortages and rising temperatures on food security are far more important issues. For the 3 billion people who live on 2 dollars a day or less and who spend up to 70 percent of their income on food, even a modest rise in food prices can quickly become life-threatening. For them, it is the next meal that is the overriding concern.”

#### And --- food conflicts go global --- triggers World War 3

Calvin 98 (William, Theoretical Neurophysiologist – U Washington, Atlantic Monthly, January, Vol 281, No. 1, p. 47-64)

The population-crash scenario is surely the most appalling. Plummeting crop yields would cause some powerful countries to try to take over their neighbors or distant lands -- if only because their armies, unpaid and lacking food, would go marauding, both at home and across the borders. The better-organized countries would attempt to use their armies, before they fell apart entirely, to take over countries with significant remaining resources, driving out or starving their inhabitants if not using modern weapons to accomplish the same end: eliminating competitors for the remaining food. This would be a worldwide problem -- and could lead to a Third World War-- but Europe's vulnerability is particularly easy to analyze. The last abrupt cooling, the Younger Dryas, drastically altered Europe's climate as far east as Ukraine. Present-day Europe has more than 650 million people. It has excellent soils, and largely grows its own food. It could no longer do so if it lost the extra warming from the North Atlantic.

## Debt Ceiling

### Economy

#### Freeze causes a run on Treasury bonds --- collapsing the global economy

**Min 10** (David, Associate Director for Financial Markets Policy – Center for American Progress, “The Big Freeze”, 10-28, http://www.americanprogress.org/issues/2010/10/big\_freeze.html)

 By law, a statutory limit restricts the total amount of debt the federal government can accumulate. Only Congress can raise this limit. On the heels of the worst recession since the Great Depression, this “debt ceiling” is projected to be reached sometime early next year. Increasingly, conservatives are pledging to vote against any increases to the debt ceiling—even if this means shutting down the federal government. This reckless pledge would have disastrous consequences for the U.S. economy and the global financial markets, and would severely worsen the long-term budget situation to boot. This conservative pledge has historical antecedents. In the fall of 1995, congressional Republicans refused to raise the debt ceiling for a period of about six months, until they reversed course in March 1996 in response to plummeting poll numbers. This original “debt ceiling crisis,” as it’s become known, was extraordinarily costly, roiling the financial markets and forcing two government shutdowns. The consequences of refusing to raise the debt ceiling would be even more costly today, given the precarious state of the U.S. economy and global financial markets, and potentially could be disastrous. Unlike in 1995, when our economic outlook was good, we are currently fighting our way out of the Great Recession and coming off of the worst financial crisis since the 1930s. Nonetheless, [led by the advice of Newt Gingrich](http://thehill.com/blogs/blog-briefing-room/news/91857-gingrich-government-shutdown-could-happen-over-healthcare-battle), the former House Speaker who was the architect of the 1995-96 debt ceiling crisis, [many conservatives](http://blogs.abcnews.com/politicalpunch/2010/09/republicans-talk-about-government-shut-down-over-spending-white-house-pounces-on-promise-of-gridlock.html) are [clamoring](http://www.washingtonmonthly.com/archives/individual/2010_09/025918.php) for a repeat of this past episode in recklessness. The budgetary consequences of this conservative pledge would be catastrophic and far-reaching, forcing the immediate cessation of more than 40 percent of all federal government activities (excluding only interest payments on the national debt), including Social Security, military operations in Iraq and Afghanistan, homeland security, Medicare, and unemployment insurance. This would not only threaten the safety and economic security of all Americans, but also have dire impacts for the economy and job growth. In short, the economic consequences of such a large and precipitous drop in spending would be crushing, and almost certainly result in a severe drop in economic growth and employment at a time when we can least afford it. Moreover, such a move could lead to a panic in the international financial markets. Following the 2008 financial crisis, we have seen debt crises hit Ireland, Greece, and Italy, with fears that this could spread further and cause a global economic downturn. The financial markets are on edge today, with U.S. Treasury bonds being the safe haven for most investment capital. Refusing to raise the debt ceiling would recklessly disrupt the sale and purchase of new Treasury bonds, and could potentially cause a run on outstanding Treasurys as well, as investors sought other investments. This could have catastrophic consequences for our economy as well as the economic stability of the rest of the world.

#### Failure to lift the debt ceiling crushes the economy

**Jackson 11** (David, “Obama aide: Refusal to raise debt ceiling would be 'catastrophic'”, The Oval – USA Today, 1-2, http://content.usatoday.com/communities/theoval/post/2011/01/obama-aide-refual-to-raise-debt-ceiling-would-be-catasrophic/1) The chairman of President Obama's Council of Economic Advisers said today it would be "insanity" for Congress to refuse to lift the nation's debt ceiling and that inaction would be "catastrophic" for the nation's financial recovery. "This is not a game," [CEA Chairman Austan Goolsbee](http://abcnews.go.com/Politics/goolsbee-tea-party-playing-chicken-debt-ceiling-vote/story?id=12522970) told Jake Tapper on ABC's This Week. "The debt ceiling is not something to toy with." Goolsbee also discussed efforts to create jobs and generate economic growth. The debt ceiling discussion begins shortly after the 4:35 mark of the video. The United States is about $400 billion away from hitting the $14.3 trillion debt ceiling, and a congressional vote on whether to raise that limit should come this spring. Some Republicans have called for keeping the ceiling as a way to force cuts in federal spending. Goolsbee said that would lead to a default on U.S. obligations, "which is totally unprecedented in American history." That would create a string of other problems, Goolsbee said: The impact on the economy would be catastrophic. I mean, that would be a worse financial economic crisis than anything we saw in 2008. As I say, that's not a game. I don't see why anybody's talking about playing chicken with the debt ceiling. If we get to the point where you've damaged the full faith and credit of the United States, that would be the first default in history caused purely by insanity ... There would be no reason for us to default, other than that would be some kind of game. We shouldn't even be discussing that. People will get the wrong idea. The United States is not in danger of default ... We do not have problems such as that. This would be lumping us in with a series of countries through history that I don't think we would want to be lumped in with.

### Terrorism

#### Debt freeze causes terrorism

**Min 10** (David, Associate Director for Financial Markets Policy – Center for American Progress, “The Big Freeze”, 10-28, http://www.americanprogress.org/issues/2010/10/big\_freeze.html)

Conservatives’ call for a debt ceiling freeze looks even more senseless when one considers that our economy is struggling to recover from a severe recession. Because economic growth remains anemic, tax receipts are flat after falling sharply, which makes it particularly difficult to balance the budget. Refusing to raise the debt ceiling would essentially force the federal government to balance the budget immediately, at a time of cyclically low revenues. While this may sound appealing to deficit hawks and [deficit peacocks](http://www.americanprogress.org/issues/2010/01/deficit_peacock.html) alike, it would actually have catastrophic consequences, both in the short term and the long term. A $1.3 trillion deficit is projected for FY 2011, on a [total budget of $3.8 trillion](http://cbo.gov/ftpdocs/112xx/doc11280/03-24-apb.pdf). If we assume that the Obama administration did not want to default on the national debt, and thus continued to make interest payments on outstanding U.S. Treasury obligations ($244 billion), then being forced to balance the budget next year would mean cutting over 40 percent of all other expenditures. But some federal spending is more important than others, right? Let’s assume that we keep certain “sacrosanct” programs whole, not cutting Social Security ($728 billion), defense spending during a time of war ($701 billion), Medicare ($507 billion), Medicaid ($262 billion), and benefits for military veterans ($126.5 billion). If we did that and then eliminated spending on all other government programs, we would still be looking at a small deficit. Yet such a move would mean no FBI, no Department of Justice, no Homeland Security, no border security, no education funding, no unemployment insurance, no school lunches, no national parks, no food stamps, no student loan funding, no air transportation safety, no drug enforcement, no food and drug safety, etc. etc. etc., ad nauseum. Such severe expenditure cuts would be devastating in two ways. First, they would eviscerate the basic services and protections offered by our federal government, leaving our country in perilous danger from a myriad of threats and many of its most vulnerable citizens without a safety net. Americans would be vulnerable to increased crime, drugs, terrorism, food safety, and air traffic safety, to name just a few. And these spending cuts would slash the social obligations we have promised to military veterans, the elderly, and students, among others. Such large spending cuts couldn’t simply be confined to nonessential services. They would cut to the very core of the protections and core benefits provided by the federal government.

#### Extinction

**Ayson 10** (Robert, Professor of Strategic Studies and Director of the Centre for Strategic Studies: New Zealand – Victoria University of Wellington, “After a Terrorist Nuclear Attack: Envisaging Catalytic Effects”, Studies in Conflict & Terrorism, 33(7), July)

*A Catalytic Response: Dragging in the Major Nuclear Powers*

A terrorist nuclear attack, and even the use of nuclear weapons in response by the country attacked in the first place, would not necessarily represent the worst of the nuclear worlds imaginable. Indeed, there are reasons to wonder whether nuclear terrorism should ever be regarded as belonging in the category of truly existential threats. A contrast can be drawn here with the global catastrophe that would come from a massive nuclear exchange between two or more of the sovereign states that possess these weapons in significant numbers. Even the worst terrorism that the twenty-first century might bring would fade into insignificance alongside considerations of what a general nuclear war would have wrought in the Cold War period. And it must be admitted that as long as the major nuclear weapons states have hundreds and even thousands of nuclear weapons at their disposal, there is always the possibility of a truly awful nuclear exchange taking place precipitated entirely by state possessors themselves. But these two nuclear worlds—a non-state actor nuclear attack and a catastrophic interstate nuclear exchange—are not necessarily separable. It is just possible that some sort of terrorist attack, and especially an act of nuclear terrorism, could precipitate a chain of events leading to a massive exchange of nuclear weapons between two or more of the states that possess them. In this context, today's and tomorrow's terrorist groups might assume the place allotted during the early Cold War years to new state possessors of small nuclear arsenals who were seen as raising the risks of a catalytic nuclear war between the superpowers started by third parties. These risks were considered in the late 1950s and early 1960s as concerns grew about nuclear proliferation, the so-called n+1 problem. It may require a considerable amount of imagination to depict an especially plausible situation where an act of nuclear terrorism could lead to such a massive inter-state nuclear war. For example, in the event of a terrorist nuclear attack on the United States, it might well be wondered just how Russia and/or China could plausibly be brought into the picture, not least because they seem unlikely to be fingered as the most obvious state sponsors or encouragers of terrorist groups. They would seem far too responsible to be involved in supporting that sort of terrorist behavior that could just as easily threaten them as well. Some possibilities, however remote, do suggest themselves. For example, how might the United States react if it was thought or discovered that the fissile material used in the act of nuclear terrorism had come from Russian stocks,[40](http://www.informaworld.com.proxy-remote.galib.uga.edu/smpp/section?content=a923238837&fulltext=713240928" \l "EN0040) and if for some reason Moscow denied any responsibility for nuclear laxity? The correct attribution of that nuclear material to a particular country might not be a case of science fiction given the observation by Michael May et al. that while the debris resulting from a nuclear explosion would be “spread over a wide area in tiny fragments, its radioactivity makes it detectable, identifiable and collectable, and a wealth of information can be obtained from its analysis: the efficiency of the explosion, the materials used and, most important … some indication of where the nuclear material came from.”[41](http://www.informaworld.com.proxy-remote.galib.uga.edu/smpp/section?content=a923238837&fulltext=713240928#EN0041) Alternatively, if the act of nuclear terrorism came as a complete surprise, and American officials refused to believe that a terrorist group was fully responsible (or responsible at all) suspicion would shift immediately to state possessors. Ruling out Western ally countries like the United Kingdom and France, and probably Israel and India as well, authorities in Washington would be left with a very short list consisting of North Korea, perhaps Iran if its program continues, and possibly Pakistan. But at what stage would Russia and China be definitely ruled out in this high stakes game of nuclear Cluedo? In particular, if the act of nuclear terrorism occurred against a backdrop of existing tension in Washington's relations with Russia and/or China, and at a time when threats had already been traded between these major powers, would officials and political leaders not be tempted to assume the worst? Of course, the chances of this occurring would only seem to increase if the United States was already involved in some sort of limited armed conflict with Russia and/or China, or if they were confronting each other from a distance in a proxy war, as unlikely as these developments may seem at the present time. The reverse might well apply too: should a nuclear terrorist attack occur in Russia or China during a period of heightened tension or even limited conflict with the United States, could Moscow and Beijing resist the pressures that might rise domestically to consider the United States as a possible perpetrator or encourager of the attack? Washington's early response to a terrorist nuclear attack on its own soil might also raise the possibility of an unwanted (and nuclear aided) confrontation with Russia and/or China. For example, in the noise and confusion during the immediate aftermath of the terrorist nuclear attack, the U.S. president might be expected to place the country's armed forces, including its nuclear arsenal, on a higher stage of alert. In such a tense environment, when careful planning runs up against the friction of reality, it is just possible that Moscow and/or China might mistakenly read this as a sign of U.S. intentions to use force (and possibly nuclear force) against them. In that situation, the temptations to preempt such actions might grow, although it must be admitted that any preemption would probably still meet with a devastating response. As part of its initial response to the act of nuclear terrorism (as discussed earlier) Washington might decide to order a significant conventional (or nuclear) retaliatory or disarming attack against the leadership of the terrorist group and/or states seen to support that group. Depending on the identity and especially the location of these targets, Russia and/or China might interpret such action as being far too close for their comfort, and potentially as an infringement on their spheres of influence and even on their sovereignty. One far-fetched but perhaps not impossible scenario might stem from a judgment in Washington that some of the main aiders and abetters of the terrorist action resided somewhere such as Chechnya, perhaps in connection with what Allison claims is the “Chechen insurgents' … long-standing interest in all things nuclear.”[42](http://www.informaworld.com.proxy-remote.galib.uga.edu/smpp/section?content=a923238837&fulltext=713240928#EN0042) American pressure on that part of the world would almost certainly raise alarms in Moscow that might require a degree of advanced consultation from Washington that the latter found itself unable or unwilling to provide.

### A2 Terrorists Weak

#### Terrorism remains a threat

Jordan 06 (Lara, “Another attack just a matter of time,” http://cnews.canoe.ca/CNEWS/World/2006/09/07/1811150.html)

The threat of terrorism against the United States remains chillingly lethal five years after 9/11, and officials predict another massive attack is not a matter of if — but when. Despite a government overhaul and more than $250 billion spent to bolster security on airlines, at borders and in seaports, few doubt al-Qaida’s intent to strike the U.S. again. That the nation hasn’t been hit since Sept. 11, 2001, may say as much about terrorists’ patience as it does about steps taken to stop them. “I know of nobody in the intelligence field who doesn’t believe there will be another attack,” said Thomas Kean, former New Jersey governor and Republican chair of the 9/11 Commission that investigated the government’s security missteps leading up to the 2001 hijackings. “There’s going to be another attack,” Kean said. “They just can’t tell you when.” In a new age of rapid and widespread ID checks, locked and bulletproof cockpit doors in airliners, armed pilots, tracking foreigners’ visas and monitoring Muslim and Arab communities, few expect a precise repeat of the plot that used airline hijackings to bring down big buildings. The unsettling reality of terrorism, however, is that it is always in search of new ways to accomplish mass death and destruction. And always in search of the weakest link.

### A2 Terrorists Cannot Acquire Nukes

#### Terrorists can easily acquire nuclear materials

Cameron 08 (Gavin Cameron, assistant professor of political science at the University of Calgary, Canada, Nuclear Terrorism: Weapons for Sale or Theft?, July 28, 2008, <http://www.america.gov/st/peacesec-english/2008/July/20080815122156XJyrreP0.8970606.html>)

As with intact nuclear devices, nuclear materials have been the target of several groups, most notably al-Qaida and Aum Shinrikyo. Both sought to acquire weaponizable material from the states of the former Soviet Union in the 1990s, although Aum Shinrikyo also tried and failed to enrich natural uranium. In spite of the difficulties both experienced in their acquisition efforts, the risk of terrorists gaining access to nuclear material remains considerable. The amount of existing nuclear material scattered around the world in military and civilian sectors is enormous. Harvard University's Graham Allison says there is sufficient plutonium and highly enriched uranium to produce 240,000 nuclear weapons. Of course, security practices vary. In many states, such material is adequately protected, controlled, and accounted for, but elsewhere security measures are much looser. Consequently, there have been regular reports of the embezzlement, theft, or smuggling of nuclear materials from facilities. In this respect, the Newly Independent States of the former Soviet Union represent a particular concern, largely due to the quantities of material present there; but similar reports have emanated from states around the world. So far, the majority of incidents have involved small quantities of weapons-grade material, or larger quantities of non-weapons-grade nuclear material. The risk, however, is clearly present. Moreover, given that accounting standards are not universally high in all states, it is far from clear whether authorities would know in all cases if a significant quantity of weapons-grade material, sufficient to construct a nuclear device, were to go missing.

### Iraq / Afghanistan

#### Debt freeze de-funds Iraqi military operations

**Min 10** (David, Associate Director for Financial Markets Policy – Center for American Progress, “The Big Freeze”, 10-28, http://www.americanprogress.org/issues/2010/10/big\_freeze.html)

By law, a statutory limit restricts the total amount of debt the federal government can accumulate. Only Congress can raise this limit. On the heels of the worst recession since the Great Depression, this “debt ceiling” is projected to be reached sometime early next year. Increasingly, conservatives are pledging to vote against any increases to the debt ceiling—even if this means shutting down the federal government. This reckless pledge would have disastrous consequences for the U.S. economy and the global financial markets, and would severely worsen the long-term budget situation to boot. This conservative pledge has historical antecedents. In the fall of 1995, congressional Republicans refused to raise the debt ceiling for a period of about six months, until they reversed course in March 1996 in response to plummeting poll numbers. This original “debt ceiling crisis,” as it’s become known, was extraordinarily costly, roiling the financial markets and forcing two government shutdowns. The consequences of refusing to raise the debt ceiling would be even more costly today, given the precarious state of the U.S. economy and global financial markets, and potentially could be disastrous. Unlike in 1995, when our economic outlook was good, we are currently fighting our way out of the Great Recession and coming off of the worst financial crisis since the 1930s. Nonetheless, [led by the advice of Newt Gingrich](http://thehill.com/blogs/blog-briefing-room/news/91857-gingrich-government-shutdown-could-happen-over-healthcare-battle), the former House Speaker who was the architect of the 1995-96 debt ceiling crisis, [many conservatives](http://blogs.abcnews.com/politicalpunch/2010/09/republicans-talk-about-government-shut-down-over-spending-white-house-pounces-on-promise-of-gridlock.html) are [clamoring](http://www.washingtonmonthly.com/archives/individual/2010_09/025918.php) for a repeat of this past episode in recklessness. The budgetary consequences of this conservative pledge would be catastrophic and far-reaching, forcing the immediate cessation of more than 40 percent of all federal government activities (excluding only interest payments on the national debt), including Social Security, military operations in Iraq and Afghanistan, homeland security, Medicare, and unemployment insurance. This would not only threaten the safety and economic security of all Americans, but also have dire impacts for the economy and job growth.

#### That crushes U.S. leadership

**Cordesman 7** (Anthony, Senior Fellow – CSIS, The Tenuous Case for Strategic Patience in Iraq, 8-6, http://www.comw.org/warreport/fulltext/0708cordesman.pdf

America's performance in Iraq has become a **critical factor** in how the world judges the US. Like it or not, the US is rightly seen as having gone to war for the wrong reasons, as having consistently mismanaged the “peace” that followed and been largely responsible for the suffering of some 27 million Iraqis. Strategically, ideologically, and morally, the US cannot avoid being linked to the future of Iraq, regardless of whether it maintains a military presence. It is important to note in this regard that while Americans are still concerned with finding ways to define “victory” in Iraq, virtually the entire world already perceives the US as having decisively lost. Every international opinion poll that measures international popular reactions to the US performance in the war – Oxford Analytica, Pew, ABC/BBC/ARD/USA Today, Gallup, etc. – sees the US as responsible for a war it cannot justify and which has caused immense Iraqi suffering. Virtually every internal poll of Iraqi opinion with any credibility -- Oxford Analytica, ABC/BBC/ARD/USA Today, ORB, etc. – has produced similar results. The US probably cannot entirely reverse these attitudes in Iraq, the region, allied states, and increasingly in America. It may well, however, be able to greatly ameliorate them over time. It seems likely that the US will ultimately be judged far more by how it leaves Iraq, and what it leaves behind, than how it entered Iraq. The **global political image** of the US – and its **ability to use both “hard” and “soft” power in other areas** in the future, depends on what the US does now even more than on what it has done in the past.

#### Global nuclear war

**Khalilzad 95** (Zalmay, RAND Corporation, Losing The Moment? Washington Quarterly, Vol 18, No 2, p. 84)

Under the third option, the United States would seek to retain global leadership and to preclude the rise of a global rival or a return to multipolarity for the indefinite future. On balance, this is the best long-term guiding principle and vision. Such a vision is desirable not as an end in itself, but because a world in which the United States exercises leadership would have tremendous advantages. First, the global environment would be more open and more receptive to American values -- democracy, free markets, and the rule of law. Second, such a world would have a better chance of dealing cooperatively with the world's major problems, such as nuclear proliferation, threats of regional hegemony by renegade states, and low-level conflicts. Finally, U.S. leadership would help preclude the rise of another hostile global rival, enabling the United States and the world to avoid another global cold or hot war and all the attendant dangers, including a **global** **nuclear** **exchange**. U.S. leadership would therefore be more conducive to global stability than a bipolar or a multipolar balance of power system.

### A2 Heg Not Stop Conflict

#### Collapse of leadership causes global nuclear war

Kagan 11 (Robert, Senior Associate – Carnegie Endowment for International Peace, “The Price of Power”, The Weekly Standard, 1-24, http://www.weeklystandard.com/articles/price-power\_533695.html?nopager=1)

Today the international situation is also one of high risk.  • The terrorists who would like to kill Americans on U.S. soil constantly search for safe havens from which to plan and carry out their attacks. American military actions in Afghanistan, Pakistan, Iraq, Yemen, and elsewhere make it harder for them to strike and are a large part of the reason why for almost a decade there has been no repetition of September 11. To the degree that we limit our ability to deny them safe haven, we increase the chances they will succeed. • American forces deployed in East Asia and the Western Pacific have for decades prevented the outbreak of major war, provided stability, and kept open international trading routes, making possible an unprecedented era of growth and prosperity for Asians and Americans alike. Now the United States faces a new challenge and potential threat from a rising China which seeks eventually to push the U.S. military’s area of operations back to Hawaii and exercise hegemony over the world’s most rapidly growing economies. Meanwhile, a nuclear-armed North Korea threatens war with South Korea and fires ballistic missiles over Japan that will someday be capable of reaching the west coast of the United States. Democratic nations in the region, worried that the United States may be losing influence, turn to Washington for reassurance that the U.S. security guarantee remains firm. If the United States cannot provide that assurance because it is cutting back its military capabilities, they will have to choose between accepting Chinese dominance and striking out on their own, possibly by building nuclear weapons. • In the Middle East, Iran seeks to build its own nuclear arsenal, supports armed radical Islamic groups in Lebanon and Palestine, and has linked up with anti-American dictatorships in the Western Hemisphere. The prospects of new instability in the region grow every day as a decrepit regime in Egypt clings to power, crushes all moderate opposition, and drives the Muslim Brotherhood into the streets. A nuclear-armed Pakistan seems to be ever on the brink of collapse into anarchy and radicalism. Turkey, once an ally, now seems bent on an increasingly anti-American Islamist course. The prospect of war between Hezbollah and Israel grows, and with it the possibility of war between Israel and Syria and possibly Iran. There, too, nations in the region increasingly look to Washington for reassurance, and if they decide the United States cannot be relied upon they will have to decide whether to succumb to Iranian influence or build their own nuclear weapons to resist it. In the 1990s, after the Soviet Union had collapsed and the biggest problem in the world seemed to be ethnic conflict in the Balkans, it was at least plausible to talk about cutting back on American military capabilities. In the present, increasingly dangerous international environment, in which terrorism and great power rivalry vie as the greatest threat to American security and interests, cutting military capacities is simply reckless. Would we increase the risk of strategic failure in an already risky world, despite the near irrelevance of the defense budget to American fiscal health, just so we could tell American voters that their military had suffered its “fair share” of the pain? The nature of the risk becomes plain when one considers the nature of the cuts that would have to be made to have even a marginal effect on the U.S. fiscal crisis. Many are under the illusion, for instance, that if the United States simply withdrew from Iraq and Afghanistan and didn’t intervene anywhere else for a while, this would have a significant impact on future deficits. But, in fact, projections of future massive deficits already assume the winding down of these interventions.Withdrawal from the two wars would scarcely make a dent in the fiscal crisis. Nor can meaningful reductions be achieved by cutting back on waste at the Pentagon—which Secretary of Defense Gates has already begun to do and which has also been factored into deficit projections. If the United States withdrew from Iran and Afghanistan tomorrow, cut all the waste Gates can find, and even eliminated a few weapons programs—all this together would still not produce a 10 percent decrease in overall defense spending.  In fact, the only way to get significant savings from the defense budget—and by “significant,” we are still talking about a tiny fraction of the cuts needed to bring down future deficits—is to cut force structure: fewer troops on the ground; fewer airplanes in the skies; fewer ships in the water; fewer soldiers, pilots, and sailors to feed and clothe and provide benefits for. To cut the size of the force, however, requires reducing or eliminating the missions those forces have been performing. Of course, there are any number of think tank experts who insist U.S. forces can be cut by a quarter or third or even by half and still perform those missions. But this is snake oil. Over the past two decades, the force has already been cut by a third. Yet no administration has reduced the missions that the larger force structures of the past were designed to meet. To fulfill existing security commitments, to remain the “world’s power balancer of choice,” as Leslie Gelb puts it, to act as “the only regional balancer against China in Asia, Russia in eastern Europe, and Iran in the Middle East” requires at least the current force structure, and almost certainly more than current force levels. Those who recommend doing the same with less are only proposing a policy of insufficiency, where the United States makes commitments it cannot meet except at high risk of failure. The only way to find substantial savings in the defense budget, therefore, is to change American strategy fundamentally. The Simpson-Bowles commission suggests as much, by calling for a reexamination of America’s “21st century role,” although it doesn’t begin to define what that new role might be.  Others have. For decades “realist” analysts have called for a strategy of “offshore balancing.” Instead of the United States providing security in East Asia and the Persian Gulf, it would withdraw its forces from Japan, South Korea, and the Middle East and let the nations in those regions balance one another. If the balance broke down and war erupted, the United States would then intervene militarily until balance was restored. In the Middle East and Persian Gulf, for instance, Christopher Layne has long proposed “passing the mantle of regional stabilizer” to a consortium of “Russia, China, Iran, and India.” In East Asia offshore balancing would mean letting China, Japan, South Korea, Australia, and others manage their own problems, without U.S. involvement—again, until the balance broke down and war erupted, at which point the United States would provide assistance to restore the balance and then, if necessary, intervene with its own forces to restore peace and stability.  Before examining whether this would be a wise strategy, it is important to understand that this really is the only genuine alternative to the one the United States has pursued for the past 65 years. To their credit, Layne and others who support the concept of offshore balancing have eschewed halfway measures and airy assurances that we can do more with less, which are likely recipes for disaster. They recognize that either the United States is actively involved in providing security and stability in regions beyond the Western Hemisphere, which means maintaining a robust presence in those regions, or it is not. Layne and others are frank in calling for an end to the global security strategy developed in the aftermath of World War II, perpetuated through the Cold War, and continued by four successive post-Cold War administrations. At the same time, it is not surprising that none of those administrations embraced offshore balancing as a strategy. The idea of relying on Russia, China, and Iran to jointly “stabilize” the Middle East and Persian Gulf will not strike many as an attractive proposition. Nor is U.S. withdrawal from East Asia and the Pacific likely to have a stabilizing effect on that region. The prospects of a war on the Korean Peninsula would increase. Japan and other nations in the region would face the choice of succumbing to Chinese hegemony or taking unilateral steps for self-defense, which in Japan’s case would mean the rapid creation of a formidable nuclear arsenal. Layne and other offshore balancing enthusiasts, like John Mearsheimer, point to two notable occasions when the United States allegedly practiced this strategy. One was the Iran-Iraq war, where the United States supported Iraq for years against Iran in the hope that the two would balance and weaken each other. The other was American policy in the 1920s and 1930s, when the United States allowed the great European powers to balance one another, occasionally providing economic aid, or military aid, as in the Lend-Lease program of assistance to Great Britain once war broke out. Whether this was really American strategy in that era is open for debate—most would argue the United States in this era was trying to stay out of war not as part of a considered strategic judgment but as an end in itself. Even if the United States had been pursuing offshore balancing in the first decades of the 20th century, however, would we really call that strategy a success? The United States wound up intervening with millions of troops, first in Europe, and then in Asia and Europe simultaneously, in the two most dreadful wars in human history.  It was with the memory of those two wars in mind, and in the belief that American strategy in those interwar years had been mistaken, that American statesmen during and after World War II determined on the new global strategy that the United States has pursued ever since. Under Franklin Roosevelt, and then under the leadership of Harry Truman and Dean Acheson, American leaders determined that the safest course was to build “situations of strength” (Acheson’s phrase) in strategic locations around the world, to build a “preponderance of power,” and to create an international system with American power at its center. They left substantial numbers of troops in East Asia and in Europe and built a globe-girdling system of naval and air bases to enable the rapid projection of force to strategically important parts of the world. They did not do this on a lark or out of a yearning for global dominion. They simply rejected the offshore balancing strategy, and they did so because they believed it had led to great, destructive wars in the past and would likely do so again. They believed their new global strategy was more likely to deter major war and therefore be less destructive and less expensive in the long run. Subsequent administrations, from both parties and with often differing perspectives on the proper course in many areas of foreign policy, have all agreed on this core strategic approach.  From the beginning this strategy was assailed as too ambitious and too expensive. At the dawn of the Cold War, Walter Lippmann railed against Truman’s containment strategy as suffering from an unsustainable gap between ends and means that would bankrupt the United States and exhaust its power. Decades later, in the waning years of the Cold War, Paul Kennedy warned of “imperial overstretch,” arguing that American decline was inevitable “if the trends in national indebtedness, low productivity increases, [etc.]” were allowed to continue at the same time as “massive American commitments of men, money and materials are made in different parts of the globe.” Today, we are once again being told that this global strategy needs to give way to a more restrained and modest approach, even though the indebtedness crisis that we face in coming years is not caused by the present, largely successful global strategy. Of course it is precisely the success of that strategy that is taken for granted. The enormous benefits that this strategy has provided, including the financial benefits, somehow never appear on the ledger. They should. We might begin by asking about the global security order that the United States has sustained since Word War II—the prevention of major war, the support of an open trading system, and promotion of the liberal principles of free markets and free government. How much is that order worth? What would be the cost of its collapse or transformation into another type of order? Whatever the nature of the current economic difficulties, the past six decades have seen a greater increase in global prosperity than any time in human history. Hundreds of millions have been lifted out of poverty. Once-backward nations have become economic dynamos. And the American economy, though suffering ups and downs throughout this period, has on the whole benefited immensely from this international order. One price of this success has been maintaining a sufficient military capacity to provide the essential security underpinnings of this order. But has the price not been worth it? In the first half of the 20th century, the United States found itself engaged in two world wars. In the second half, this global American strategy helped produce a peaceful end to the great-power struggle of the Cold War and then 20 more years of great-power peace. Looked at coldly, simply in terms of dollars and cents, the benefits of that strategy far outweigh the costs.  The danger, as always, is that we don’t even realize the benefits our strategic choices have provided. Many assume that the world has simply become more peaceful, that great-power conflict has become impossible, that nations have learned that military force has little utility, that economic power is what counts. This belief in progress and the perfectibility of humankind and the institutions of international order is always alluring to Americans and Europeans and other children of the Enlightenment. It was the prevalent belief in the decade before World War I, in the first years after World War II, and in those heady days after the Cold War when people spoke of the “end of history.” It is always tempting to believe that the international order the United States built and sustained with its power can exist in the absence of that power, or at least with much less of it. This is the hidden assumption of those who call for a change in American strategy: that the United States can stop playing its role and yet all the benefits that came from that role will keep pouring in. This is a great if recurring illusion, the idea that you can pull a leg out from under a table and the table will not fall over.

## Deficit Spending

### Dollar Drop: 2NC

#### Deficit spending collapses dollar hegemony

**Lewis 11** (Katherine, writer for the fiscal times, “National Debt: Budget Turmoil Slams Treasurys”, 5-3-11, http://www.thefiscaltimes.com/Articles/2011/05/03/National-Debt-Budget-Turmoil-Slams-Treasuries.aspx?p=1)

If global investors start to shun U.S. debt as a safe haven — and the dollar as the world’s reserve currency — the federal government will face difficulty continuing to fund operations with trillions of dollars in debt. Rising interest rates would also cause borrowing costs to skyrocket and adversely impact other portions of the federal budget. During the fourth quarter of 2010, U.S. households, the financial sector and foreign investors purchased Treasury securities worth nearly $300 billion less than the average purchases of the previous three quarters, according to an analysis of Federal Reserve data by Société Generale. China, the single biggest Treasury investor with just under 26 percent of U.S. debt, is shifting some of its Treasury investment to commodities and capital investment outside the U.S. In January, China reduced its portfolio by $5.4 billion to $1.15 trillion, according to data released by the Treasury Department.

#### Causes nuclear war

**Porter 6** ([Dave](http://www.blueoregon.com) , Director of Business Development-Structures at General Dynamics, “Oregon Steel”, Blue Oregon, 12-8, http://www.blueoregon.com/2006/12/ff\_oregon\_steel.html)

There could be a soft landing or a domestic and international disaster. As Clyde Prestowitz in ["Three Billion New Capitalists: The Great Shift of Wealth and Power to the East"](http://www.blueoregon.com/2006/12/%3A/www.pbs.org/newshour/bb/economy/july-dec05/prestowitz_8-15.html) writes: "The nightmare scenario - an economic 9/11 - is a sudden, massive sell-off of dollars; a world financial panic whose trigger might be as minor, relatively speaking, as the assassination of a second-rate archduke in a third-rate European city. A collapse of the dollar and its consequent abandonment as the world's reserve currency would create a deep recession in the United States. Gas and fuel prices would soar, anything imported would suddenly become much more expensive, interest rates would jump, as would unemployment. The "stagflation" of the 1970's - slow growth and high unemployment combined with double-digit interest rates-would look like a walk in the park. And since the United States is at present the world's only major net importer, all of the exporters that depend on it for their economic stability would suffer severely as well. It's the thought of these consequences that make the big dollar holders so nervous, and makes them, for now, hold on to their excess dollars." Our economy has been totally mismanged and it's scary. And beyond the worldwide economic ruin, international cooperation would break down and wars would erupt. Peoples around the world would be so vulnerable and angry that they would blame and envy their neighbors. I am particularly concerned about China-US relations during the rest of the 21st century. Both countries would be under severe stress in such a scenario. **Nuclear exchanges would not be impossible**. As I have argued in our proposal ["Developing the China Connection through Educational Programs,"](http://www.dennisrichardson.org/pdf/OBPchineseproposal.pdf) we need to give our children the skills to get through such a crisis.

#### (OPTIONAL) -- Also accesses the economy

**e-Watchman 7** (“The End of Money”, 6-22, http://e-watchman.co.uk/index.php?p=50&more=1&c=1&tb=1&pb=1)

That is the exact same scenario that sent the Reichsmark up in flames – only this time the situation is not confined to a single nation. It is global.The truth is that because the U.S. Dollar is the world’s reserve currency and many nations hold trillions in dollar-denominated debt, like U.S. treasury notes, a significant collapse of the Dollar will **bring the entire system down**. Presently the holders of U.S. dollars, such as the secretive [sovereign wealth funds](http://www.usatoday.com/money/economy/2007-06-21-cash-usat_N.htm), are quietly looking for ways to unload them before they are stuck holding worthless paper.

### Dollar Drop: Heg Impact

#### Dollar collapse obliterates U.S. global leadership

**Taylor 5** (Jay, Editor – Gold & Technology Stocks, Gold Digest, 1-21,

http://www.gold-eagle.com/gold\_digest\_05/taylor012105.html)

Given my views that we are inevitably headed toward a deflationary cleansing of the excesses of the market, I have always had a sense that at some point the dollar would show surprising strength. But given the U.S. addiction to foreign capital, I have come more recently to believe that avoiding a major collapse of the U.S. dollar is a policy that must be maintained at virtually all costs. It is a well-documented fact that we Americans have enjoyed a consumption spree beyond belief because of low interest rates made possible by foreigners reinvesting their export earnings in the U.S. What fewer people have focused on, however, is the really big reason why the U.S. cannot afford to let the dollar fall too far, even if defending it means a collapse of the U.S. housing and equity market and an evolution into the Kondratieff winter depression. The survival of an American empire that can send its military into foreign lands to secure sources of oil, secure trade routes, and intimidate foreign leaders into "playing ball" requires that the dollar remain the world's reserve currency. **Nothing is more important** to the survival of U.S. superpower status than the dollar remaining as the world’s reserve currency.

#### Global nuclear war

**Arbatov 7** (Alexei, Member – Russian Academy of Sciences and Editor – Russia in Global Affairs, “Is a New Cold War Imminent?”, Russia in Global Affairs, 5(3), July / September, <http://eng.globalaffairs.ru/numbers/20/1130.html>)

However, the low probability of a new Cold War and the collapse of American unipolarity (as a political doctrine, if not in reality) cannot be a cause for complacency. Multipolarity, existing objectively at various levels and interdependently, holds many difficulties and threats. For example, if the Russia-NATO confrontation persists, it can do much damage to both parties and international security. Or, alternatively, if Kosovo secedes from Serbia, this may provoke similar processes in Abkhazia, South Ossetia and Transdniestria, and involve Russia in armed conflicts with Georgia and Moldova, two countries that are supported by NATO. Another flash point involves Ukraine. In the event of Kiev’s sudden admission into the North Atlantic Alliance (recently sanctioned by the U.S. Congress), such a move may divide Ukraine and provoke mass disorders there, thus making it difficult for Russia and the West to refrain from interfering. Meanwhile, U.S. plans to build a missile defense system in Central and Eastern Europe may cause Russia to withdraw from the INF Treaty and resume programs for producing intermediate-range missiles. Washington may respond by deploying similar missiles in Europe, which would dramatically increase the vulnerability of Russia’s strategic forces and their control and warning systems. This could make the stage for nuclear confrontation even tenser. Other “centers of power” would immediately derive benefit from the growing Russia-West standoff, using it in their own interests. China would receive an opportunity to occupy even more advantageous positions in its economic and political relations with Russia, the U.S. and Japan, and would consolidate its influence in Central and South Asia and the Persian Gulf region. India, Pakistan, member countries of the Association of Southeast Asian Nations and some exalted regimes in Latin America would hardly miss their chance, either. A multipolar world that is not moving toward nuclear disarmament is a world of an expanding Nuclear Club. While Russia and the West continue to argue with each other, states that are capable of developing nuclear weapons of their own will jump at the opportunity. The probability of nuclear weapons being used in a regional conflict will increase significantly. International Islamic extremism and terrorism will increase dramatically; this threat represents the reverse side of globalization. The situation in Afghanistan, Central Asia, the Middle East, and North and East Africa will further destabilize. The wave of militant separatism, trans-border crime and terrorism will also infiltrate Western Europe, Russia, the U.S., and other countries. The surviving disarmament treaties (the Non-Proliferation Treaty, the Conventional Armed Forces in Europe Treaty, and the Comprehensive Nuclear Test Ban Treaty) will collapse. In a worst-case scenario, there is the chance that an adventuresome regime will initiate a missile launch against territories or space satellites of one or several great powers with a view to triggering an exchange of nuclear strikes between them. Another high probability is the threat of a terrorist act with the use of a nuclear device in one or several major capitals of the world.

## Econ

### A2 US not key to Global

#### US is key to global economic growth

**Mead 4** (Walter Russell, Senior Fellow at the Council on Foreign Relations, Foreign Policy, April 1, pg. Lexis)

Similarly, in the last 60 years, as foreigners have acquired a greater value in the United States--government and private bonds, direct and portfolio private investments--more and more of them have acquired an interest in maintaining the strength of the U.S.-led system. A collapse of the U.S. economy and the ruin of the dollar would do more than dent the prosperity of the United States. Without their best customer, countries including China and Japan would fall into depressions. The financial strength of every country would be severely shaken should the United States collapse. Under those circumstances, debt becomes a strength, not a weakness, and other countries fear to break with the United States because they need its market and own its securities. Of course, pressed too far, a large national debt can turn from a source of strength to a crippling liability, and the United States must continue to justify other countries' faith by maintaining its long-term record of meeting its financial obligations. But, like Samson in the temple of the Philistines, a collapsing U.S. economy would inflict enormous, unacceptable damage on the rest of the world. That is sticky power with a vengeance. THE SUM OF ALL POWERS? The United States' global economic might is therefore not simply, to use Nye's formulations, hard power that compels others or soft power that attracts the rest of the world. Certainly, the U.S. economic system provides the United States with the prosperity needed to underwrite its security strategy, but it also encourages other countries to accept U.S. leadership. U.S. economic might is sticky power.

### Heg

#### --Turns heg

**Khalilzad 96** (Zalmay, Senior Fellow at Rand, Strategic Appraisal, p.31)

Whether the United States retains its global leadership position will depend in large part on what happens in the United states. One factor that will be key will be the state of the U.S. economy. The United States is unlikely to preserve its military and technological dominance if the U.S. economy declines seriously or if the balance of economic power shifts decisively to another country. In such an environment, the domestic economic and political base for global leadership would diminish, and the United States would probably incrementally withdraw from the world. As the United States weakened, others would try to fill the vacuum. The world is likely then to become multipolar. Therefore, leadership requires a strong U.S. economy.

### Terrorism

#### --Turns terrorism

**Schaub 4** (Drew, Professor of Political Science – Penn State University, Journal of Conflict Resolution, 48(2), April)

Despite the caveats, our analysis suggests important policy implications for the war against terrorism. National governments should realize that economic globalization is not the cause of, but a possible partial solution to, transnational terrorism. Although opening up one’s border facilitates the movement of terrorists and their activities, our results show that the effect of such facilitation appears weak. It does not precipitate a significant rise in transnational terrorist attacks within countries. This is an important lesson for policy makers who are designing antiterrorism policies. More important, economic openness, to the extent that it promotes economic development, may actually help to reduce indirectly the number of transnational terrorist incidents inside a country. Closing borders to foreign goods and capital may produce undesirable effects. Economic closure and autarky can generate more incentives to engage in transnational terrorist activities by hindering economic development. Antiterrorism policy measures should be designed with caution. They should not be designed to slow down economic globalization. Promoting economic development and reducing poverty should be important components of the global war against terrorism. Such effects are structural and system-wide. It is in the best interest of the United States not only to develop by itself but also to help other countries to grow quickly. The effect of economic development on the number of transnational terrorist incidents is large. The role of economic development deserves much more attention from policy makers than it currently enjoys.

### War

#### Global nuclear war

**Auslin 9** (Michael, Resident Scholar – American Enterprise Institute, and Desmond Lachman – Resident Fellow – American Enterprise Institute, “The Global Economy Unravels”, Forbes, 3-6, http://www.aei.org/article/100187)

What do these trends mean in the short and medium term? The Great Depression showed how social and global chaos followed hard on economic collapse. The mere fact that parliaments across the globe, from America to Japan, are unable to make responsible, economically sound recovery plans suggests that they do not know what to do and are simply hoping for the least disruption. Equally worrisome is the adoption of more statist economic programs around the globe, and the concurrent decline of trust in free-market systems. The threat of instability is a pressing concern. China, until last year the world's fastest growing economy, just reported that 20 million migrant laborers lost their jobs. Even in the flush times of recent years, China faced upward of 70,000 labor uprisings a year. A sustained downturn poses grave and possibly immediate threats to Chinese internal stability. The regime in Beijing may be faced with a choice of repressing its own people or diverting their energies outward, leading to conflict with China's neighbors. Russia, an oil state completely dependent on energy sales, has had to put down riots in its Far East as well as in downtown Moscow. Vladimir Putin's rule has been predicated on squeezing civil liberties while providing economic largesse. If that devil's bargain falls apart, then wide-scale repression inside Russia, along with a continuing threatening posture toward Russia's neighbors, is likely. Even apparently stable societies face increasing risk and the threat of internal or possibly external conflict. As Japan's exports have plummeted by nearly 50%, one-third of the country's prefectures have passed emergency economic stabilization plans. Hundreds of thousands of temporary employees hired during the first part of this decade are being laid off. Spain's unemployment rate is expected to climb to nearly 20% by the end of 2010; Spanish unions are already protesting the lack of jobs, and the specter of violence, as occurred in the 1980s, is haunting the country. Meanwhile, in Greece, workers have already taken to the streets. Europe as a whole will face dangerously increasing tensions between native citizens and immigrants, largely from poorer Muslim nations, who have increased the labor pool in the past several decades. Spain has absorbed five million immigrants since 1999, while nearly 9% of Germany's residents have foreign citizenship, including almost 2 million Turks. The xenophobic labor strikes in the U.K. do not bode well for the rest of Europe. A prolonged global downturn, let alone a collapse, would dramatically raise tensions inside these countries. Couple that with possible protectionist legislation in the United States, unresolved ethnic and territorial disputes in all regions of the globe and a loss of confidence that world leaders actually know what they are doing. The result may be a series of small explosions that coalesce into a big bang.

### A2: Not Cause War

#### Economic decline causes war – studies prove

**Royal 10** (Jedediah, Director of Cooperative Threat Reduction at the U.S. Department of Defense, 2010, Economic Integration, Economic Signaling and the Problem of Economic Crises, in Economics of War and Peace: Economic, Legal and Political Perspectives, ed. Goldsmith and Brauer, p. 213-215)

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent stales. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level. Pollins (20081 advances Modclski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 19SJ) that leads to uncertainty about power balances, increasing the risk of miscalculation (Fcaron. 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately. Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level. Copeland's (1996. 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states arc likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 Third, others have considered the link between economic decline and external armed conflict at a national level. Mom berg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write. The linkage, between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict lends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other (Hlomhen? & Hess. 2(102. p. X9> Economic decline has also been linked with an increase in the likelihood of terrorism (Blombcrg. Hess. & Wee ra pan a, 2004). which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. "Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DcRoucn (1995), and Blombcrg. Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force arc at least indirecti) correlated. Gelpi (1997). Miller (1999). and Kisangani and Pickering (2009) suggest that Ihe tendency towards diversionary tactics arc greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked lo an increase in the use of force. In summary, rcccni economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict al systemic, dyadic and national levels.' This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

# \*\*\*Aff Answers\*\*\*

## 2AC

### 2AC Frontline: Budget Disadvantage

#### US fiscal discipline is derailed, no chance of it coming back

RCP 12 (Real Clear Politics, “Obama Claim Of Fiscal Discipline "Whopper Of The Year",” 5-24-12, <http://www.realclearpolitics.com/video/2012/05/24/krauthammer_obama_claim_of_fiscal_discipline_is_whopper_of_the_year.html>)

"That is what makes it whopper of the year," syndicated columnist Charles Krauthammer says of a report that federal spending, under the Obama administration, has risen at the lowest pace in 60 years. "This is an unbelievable distortion of the truth. If you compare it to what was spent in the Bush years, particularly if you take out the emergency spending that the two administrations agreed on in the end -- the bailouts -- then you have an 8% increase, which is historic. You had it in 2009 alone, increases in the agencies of 20% and 50% in some of the agencies. Historically high and Obama increased it year after year."

#### No Fiscal Discipline Now – Defense Authorization

AP 12 (Associated Press, “House panel backs $642 billion defense bill,” 5-10-12,

<http://www.foxnews.com/us/2012/05/10/house-panel-oks-missile-defense-site-on-east-coast/>)

The House Armed Services Committee on Thursday overwhelmingly backed a $642 billion defense bill that calls for construction of a missile defense site on the East Coast, restores aircraft and ships slated for early retirement and ignores the Pentagon's cost-saving request for another round of domestic base closings. Despite the clamor for fiscal discipline, the committee crafted a military spending blueprint that's $8 billion more than the level President Barack Obama and congressional Republicans agreed to last summer in the deficit-cutting law. The spending plan calls for a base defense budget of $554 billion, including nuclear weapons spending, plus $88 billion for the war in Afghanistan and counterterrorism efforts. Obama had proposed a $551 billion defense budget, plus $88 billion for the war and counterterrorism. The panel vote early Thursday morning was 56-5.

#### No action on the debt ceiling until next year – plan doesn’t trade off with an extension

Faler 12 (Brian, Bloomberg News, “Boehner Demands Spending Cuts for Any Debt Limit Increase,” 5-16-12, <http://www.businessweek.com/news/2012-05-15/boehner-demands-spending-cuts-for-any-debt-limit-increase>)

House Speaker John Boehner revived Republicans’ insistence that any increase in the nation’s debt limit be matched by at least as much in spending cuts, positioning his party for a renewed standoff with Democrats over the federal budget. “Allowing the debt ceiling to go up without addressing our fiscal challenge would be the most irresponsible thing that I could do,” Boehner said in a speech yesterday before a conference in Washington sponsored by the Peter G. Peterson Foundation. Boehner’s demand, which included other changes in the budget, drew fire from Democrats who said Republicans were pushing for a replay of last year’s battle over raising the debt limit. Lawmakers have fought over whether to raise taxes and cut entitlement programs to help close the budget shortfall. “It is absolutely reckless to threaten that the United States will not pay its bills,” said Representative Chris Van Hollen, the top Democrat on the House Budget Committee, also at the conference. “That is not fiscal discipline -- that is fiscal irresponsibility. We should be coming together to try and find a way out, not drawing lines in the sand.” Year-End Deadline Boehner’s comments signal no clear path to resolving a crush of tax-and-spending decisions waiting for lawmakers at the end of this year. Income tax cuts first enacted under President George W. Bush will expire, as will a temporary reduction in the Social Security payroll tax. More than $1 trillion in automatic spending cuts are set to begin taking effect, extended unemployment benefits will run out and the government will brush up against its $16.394 trillion legal cap on borrowing. Both parties are waiting for the November election before negotiating the issues. Lawmakers of both parties yesterday said they doubt the issues will be resolved in a post-election session of Congress. “I don’t see that happening,” said House Budget Committee Chairman Paul Ryan, a Wisconsin Republican. Lawmakers may instead use the so-called lame-duck session to create a “framework” in which to make decisions early next year, said Van Hollen of Maryland, who agreed that “it’s hard for me to see how you resolve” the issues by January. Accounting Maneuvers Treasury Secretary Timothy Geithner, also speaking at the conference, said his agency can use accounting maneuvers to postpone having to lift the debt cap until next year. Their comments came at an annual conference of lawmakers and budget experts organized by Peterson, the co-founder of the New York-based private-equity firm Blackstone Group LP (BX) (BX), who is an anti-deficit activist.

#### No Link - Public-Private partnerships cover funding & start up for investments

Lane 11 (Petra Todorovich, director of America 2050, a national urban planning initiative, assistant visiting professor at the Pratt Institute Graduate Center for Planning and the Environment and a member of the Board of Advisors of the Eno Transportation Foundation, Masters in City and Regional Planning from the Bloustein School of Planning and Public Policy at Rutgers University; Daniel Schned, associate planner for America 2050 at Regional Plan Association part-time lecturer at the Edward J. Bloustein School of Planning and Public; and Robert Lane, senior fellow for urban design at Regional Plan Association and a founding principal of Plan & Process LLP. Loeb Fellow at the Harvard Graduate School of Design, “High-Speed Rail: International Lessons for U.S. Policy Makers,” September 2011, Lincoln Institute of Land Policy, Policy Focus Report)

Public-private partnerships (sometimes referred to as P3s) generally constitute any arrangement between a government sponsor and a private sector entity in which the private entity provides one or more stages of the project delivery process—designing, building, operating, owning or leasing, maintaining, and ﬁnancing parts of the infrastructure. These partnerships offer the beneﬁt of ﬂexibility to suit the speciﬁc needs of the public sector while encouraging different models of private involvement and investment (Geddes 2011). Public-private partnerships are considered an especially attractive solution for ﬁnancing infrastructure projects. For example, the Florida Department of Transportation was already in the process of ﬁnding a private partner to design, build, operate, maintain, and ﬁnance the state’s high-speed rail line before the project was cancelled in February 2011 (Haddad 2010).

#### Infrastructure failing now and will crush the economy - minimal investment is needed – aff solvency outweighs the link

CEG 11 (Construction Equipment Guide, “American Society of Civil Engineers Releases U.S. Economy, Family Budgets Report,” 11-28-11, http://www.constructionequipmentguide.com/American-Society-of-Civil-Engineers-Releases-US-Economy-Family-Budgets-Report/17267/)

American Businesses and Workers Will Suffer The report shows that failing infrastructure will drive the cost of doing business up by adding $430 billion to transportation costs in the next decade. It will cost firms more to ship goods, and the raw materials they buy will cost more due to increased transportation costs. Productivity across the business sector also will tumble. Those increased costs will cause businesses to underperform by $240 billion over the next decade, which will drive the prices of goods up. As a result, U.S. exports will fall by $28 billion, including 79 of 93 tradable commodities. Ten sectors of the U.S. economy account for more than half of this unprecedented loss in export value — among them key technology sectors like machinery, medical devices, communications equipment, which produces much of this country’s innovations. America also would lose jobs in high-value sectors as business income goes down. Almost 877,000 jobs would be lost by 2020, primarily in the high-value, professional, business and medical sectors which are vital to America’s knowledge-based service economy, the report said. Ultimately, Americans will get paid less. While the economy would lose jobs, those who are able to find work will find their paychecks cut. “The cost to businesses will reduce the productivity and competitiveness of American firms relative to global competitors significantly. By 2020, American families will lose more than $7,000 because of the ripple effects that will occur throughout the economy,” said Steven Landau of the EDR Group. “Business will have to divert increasing portions of earned income to pay for transportation delays and vehicle repairs, draining money that would otherwise be invested in innovation and expansion.” Families Will Have a Lower Standard of Living. A lack of investment in transportation infrastructure would inflict a double whammy on American families who would see their household incomes fall by $60 a month by 2020, while having to spend $30 per month more for goods. The total cost to families would exact about $10,600 per family between now and 2020, equal to $1,600 per year on household budgets. Modest Investment Needed The report estimates that in order to bring the nation’s surface transportation infrastructure up to tolerable levels, policymakers would need to invest approximately $1.7 trillion between now and 2020 in the nation’s highways and transit systems. The United States is currently on track to spend a portion of that — $877 billion — during the same timeframe. The infrastructure funding gap equals $846 billion over 9 years or $94 billion per year. Small investments in infrastructure, equal to about 60 percent of what Americans spend on fast food each year, would: • Protect 1.1 million jobs • Save Americans nearly two billion hours in travel time each year and • Deliver an average of $1,060 to each family, and • Protect $2,600 in GDP for every man, woman and child in the United States The report, the first of four scheduled by the society, examined the country’s surface transportation infrastructure. Future reports will examine the state of the nation’s infrastructure as it relates to water and, wastewater delivery and treatment; energy transmission; and airports and marine ports.

#### Deficit spending will not cause US collapse, job creation outweighs the economic impact

Stiglitz 12 (Joseph E. Stiglitz, University Professor at Columbia University, and a Nobel laureate in Economics, “Stimulating the Economy in an Era of Debt and Deficit, The Economists’ Voice http://www.degruyter.com/view/j/ev March, 2012)

The first priority of the country should be a return to full employment. The underemployment of labor is a massive waste and, more than anything else, jeopardizes our country’s future, as the skills of our young get wasted and alienation grows. As the work of Jayadev5 as well as the IMF6 convincingly shows, austerity in America will almost surely weaken growth. Moreover, as the work of Ferguson and Johnson7 shows, we should view with suspicion the claim (e.g. by Rogoff and Reinhardt) that exceeding a certain a debt-to-GDP ratio will trigger a crash. Even if this notion were true on average, the U.S. is not an average country. It is a reserve currency country, with markets responding to global instability—even when caused by the U.S.—by lowering interest rates. The U.S. has managed even bigger deficits. Unlike the countries of Europe, there is no risk that we will not pay what we owe. To put it bluntly, we promise to repay dollars, and we control the printing presses. But a focus on the ratio of debt-to-GDP is simply economic nonsense. No one would judge a firm by looking at its debt alone. Anyone claiming economic expertise would want to look at the balance sheet—assets as well as liabilities. Borrowing to invest is different from borrowing for consumption. The failure of the deficit hawks to realize this is consistent with my earlier conclusion that this debate is not about the size of the deficit, but about the size of the government and the progressivity of the tax system.

#### -- No impact to food prices – the poorest are insulated from global markets

**Paarlberg 8** (Robert, Professor of Political Science – Wellesley College, “It's Not the Price that Causes Hunger”, The International Herald Tribune, 4-23, Lexis)

International prices of rice, wheat and corn have risen sharply, setting off violent urban protests in roughly a dozen countries in Asia, Africa and Latin America. But is this a ''world food crisis?'' It is certainly a troubling instance of price instability in international commodity markets, leading to social unrest among urban food-buyers. But we must be careful not to equate high crop prices with hunger around the world. Most of the world's hungry people do not use international food markets, and most of those who use these markets are not hungry. International food markets, like international markets for everything else, are used primarily by the prosperous and secure, not the poor and vulnerable. In world corn markets, the biggest importer by far is Japan. Next comes the European Union. Next comes South Korea. Citizens in these countries are not underfed. In the poor countries of Asia, rice is the most important staple , yet most Asian countries import very little rice. As recently as March , India was keeping imported rice out of the country by imposing a 70 percent duty. Data on the actual incidence of malnutrition reveal that the regions of the world where people are most hungry, in South Asia and Sub-Saharan Africa, are those that depend least on imports from the world market. Hunger is caused in these countries not by high international food prices, but by local conditions, especially rural poverty linked to low productivity in farming. When international prices are go up, the disposable income of some import-dependent urban dwellers is squeezed. But most of the actual hunger takes place in the villages and in the countryside , and it **persists even when international prices are low**. When hunger is measured as a balanced index of calorie deficiency, prevalence of underweight children and mortality rates for children under five, we find that South Asia and sub-Saharan Africa in 2007 had hunger levels two times as high as in the developing countries of East Asia, four times as high as in Latin America, North Africa or the Middle East, and five times as high as in Eastern Europe and Central Asia. The poor in South Asia and sub-Saharan Africa are hungry even though their connections to high-priced international food markets are quite weak. In the poorest developing countries of Asia, where nearly 400 million people are hungry, international grain prices are hardly a factor, since imports supply only 4 percent of total consumption - even when world prices are low. Similarly in sub-Saharan Africa, only about 16 percent of grain supplies have recently been imported, going mostly into the more prosperous cities rather than the impoverished countryside, with part arriving in the form of donated food aid rather than commercial purchases at world prices. The region in Africa that depends on world markets most heavily is North Africa, where 50 percent of grain supplies are imported. Yet food consumption in North Africa is so high (average per capita energy consumption there is about 3,000 calories per day, comparable to most rich countries) that increased import prices may cause economic stress for urban consumers (and perhaps even street demonstrations) but little real hunger. Import dependence is also high in Latin America (50 percent for some countries) but again high world prices will not mean large numbers of hungry people, because per capita GDP in this region is five times higher than in sub-Saharan Africa. There is a severe food crisis among the poor in South Asia and sub-Saharan Africa, but it does not come from high world prices. Even in 2005 in sub-Saharan Africa, a year of low international crop prices, 23 out of 37 countries in the region consumed less than their nutritional requirements. Africa's food crisis grows primarily out of the low productivity, year in and year out, of the 60 percent of all Africans who plant crops and graze animals for a living. The average African smallholder farmer is a woman who has no improved seeds, no nitrogen fertilizers, no irrigation and no veterinary medicine for her animals. Her crop yields are only one third as high as in the developing countries of Asia, and her average income is only $1 a day.

#### -- Lack of infrastructure and distribution networks cause famine – not high prices

**Khosla 7** (Vinod, Founder – Sun Microsystems and Khosla Ventures, “Food versus Fuel” or the “Salve for Africa”?, <http://www.khoslaventures.com/presentations/FOODvFUEL.pdf>)

Despite its misplaced pessimism about corn-ethanol, the excerpted section does note that the advent of cellulosic ethanol would mitigate the purported prices rises; as production capacity for cellulosic ethanol ramps up, it will be competitive, even without further improvements in technology. Cellulosic ethanol will act as price-ceiling on corn ethanol, much as corn ethanol can do for oil today. Nonetheless, the pessimism that the world’s poor starve because we don’t produce enough food is absurd. The Food and Agriculture Organization (FAO) notes that there is more food per-capita today than ever before – the lack of infrastructure, income, and distribution networks are the real causes of hunger, and not corn prices (indeed, the U.S exports just 17% of its corn production, and the majority of even this exported crop is used for livestock feed). Instead of rebelling against corn ethanol, the developing world (and Africa in particular) has been pushing the western world for agricultural subsidy reductions in the West, noting that their farmers cannot compete (and earn income) against such heavily discounted products. Critics conjure up images of starving children as innocent byproducts of corn ethanol; meanwhile, the EU actually pays farmers not to grow food (and thus to reduce supply). The (subsidized) low prices of agricultural products like corn have made foreign farmers in poor countries uneconomic producers. According to the New York Times (Aug 18, 2007), “CARE, the big global charity, had decided to stop selling subsidized American farm products in poor African countries because the program was inefficient and undercut local farmers.” Corn ethanol, by helping make corn more economic to grow and hence reducing corn subsidies, is actually helping the poor.

## 1AR

### No Axn on Debt Limit: 1AR

#### No debt limit debate until next year

Welna 12 (David, NPR's congressional correspondent, 2011 Everett McKinley Dirksen Award for Distinguished Reporting of Congress, given by the National Press Foundation, “Dire Predictions Amid Another Looming Fiscal Battle,” 5-29-12, <http://www.npr.org/blogs/itsallpolitics/2012/05/29/153889383/dire-predictions-amid-another-looming-fiscal-battle>)

Meanwhile, some Republicans and Democrats in the Senate have begun private talks about ways to prevent falling off a fiscal cliff at year's end. One of them, Colorado Democrat Michael Bennet, says everything depends on who wins in November. "Not to mix a metaphor, but these are huge tectonic plates that are going to shift after this election, when it's not just the tax cuts expiring, but the sequester and the debt ceiling and all the rest," he said. "And I think it's very unlikely that anything's going to be done before the election." Lobbyist Trent Lott, a former Mississippi senator and Republican majority leader, says he's seen many other lame-duck sessions after big elections, but none like the one coming up. "If everything stays pretty much status quo, they might do some things in a lame-duck session, if it's like, you know, the House stays Republican, the Senate stays Democrat and Obama stays in," he said. "Any other mixture or any other result, it'll probably all be pushed until next year."

### Infrastructure Key: 1AR

#### Transportation infrastructure is failing in the US – this will cost the economy in jobs and growth, plan is key to address the structural issues

CEG 11 (Construction Equipment Guide, “American Society of Civil Engineers Releases U.S. Economy, Family Budgets Report,” 11-28-11, http://www.constructionequipmentguide.com/American-Society-of-Civil-Engineers-Releases-US-Economy-Family-Budgets-Report/17267/)

The nation’s deteriorating surface transportation infrastructure will cost the American economy more than 876,000 jobs, and suppress the growth of the country’s gross domestic product by $897 billion by 2020, according to a new report released by the American Society of Civil Engineers. The report, conducted by the Economic Development Research Group of Boston, showed that in 2010, deficiencies in America’s roads, bridges, and transit systems cost American households and businesses roughly $130 billion, including approximately $97 billion in vehicle operating costs, $32 billion in delays in travel time, $1.2 billion in safety costs, and $590 million in environmental costs. If investments in surface transportation infrastructure are not made soon, those costs are expected to grow exponentially. Within 10 years, U.S. businesses would pay an added $430 billion in transportation costs, household incomes would fall by more than $7,000, and U.S. exports will fall by $28 billion per year, the report estimates. “Clearly, failing to invest in our roads, bridges and transit systems has a dramatic negative impact on America’s economy,” said Kathy J. Caldwell, president of ASCE. “The link between a nation’s infrastructure and its economic competitiveness has always been understood. But today, for the first time, we have data showing how much failing to invest in our surface transportation system can negatively impact job growth and family budgets. This report is a wake-up call for policymakers because it shows that investing in infrastructure contributes to creating jobs, while failing to do so hurts main street America.

### Food Prices Defense: 1AR

#### -- Market reactions solve – production will increase to meet demand

**Khosla 7** (Vinod, Founder – Sun Microsystems and Khosla Ventures, “Food versus Fuel” or the “Salve for Africa”?, <http://www.khoslaventures.com/presentations/FOODvFUEL.pdf>)

Markets have **already reacted** to the higher-corn demand with increases supply, which have already dropped prices to about $3.50 per bushel. The ProExporter Network’s data shows us that while total corn demand in 2007/08 is estimated to be approximately 900 million bushels higher than 2006/07, total supply will increase by a 1.6 billion bushels (sufficient for about 4.8 billion gallons of ethanol or a big proportion of 2007 production!).12

#### -- Billions won’t die – their data is wrong

**Khosla 7** (Vinod, Founder – Sun Microsystems and Khosla Ventures, “Food versus Fuel” or the “Salve for Africa”?, <http://www.khoslaventures.com/presentations/FOODvFUEL.pdf>)

Stopping bad policy is a worthwhile goal, but we should not abandon all biofuels. There is no doubt that we can produce biofuels in the right or wrong way. However, at each step, we need to evaluate the costs of biofuels vs. the long-term costs of continuing with our current path. There exists vast tracts of underutilized pastureland worldwide and good energy crop practices can improve the sustainability of farming while meeting our energy needs. Lester Brown’s assertions that food supplies are likely to be threatened by corn ethanol (800M motorists vs. 2 billion poor people) is **illogical and ill-thought out** – the data is extrapolated from corn ethanol projections (without a basic understanding that cellulosic, and not corn ethanol, is the long term future) is flawed at best. To repeat what we have cited before: taking this “logic” to Brown’s idealistic vision of wind power – it would be akin to extrapolating to “if we produced all our electricity with wind 75% of the planet would be without electricity 75% of the time (or worse!)”. Irrational, fear-mongering extrapolation of data leads to irrational results.

### Dollar Drop Defense: 1AR

#### Weak Dollar Benefits Us Economy -- Manufacturing Industry and Foreign Investment

**NPR 8** (National Public Radio, “Some Businesses Benefit from Weak Dollar”, 2-6-08, http://www.npr.org/templates/story/story.php?storyId=18726158)

But U.S. exporters are benefiting from the lower dollar. Compact Power, a South Carolina company that makes tractors and landscaping equipment, has doubled its foreign sales in the past year "because their products look cheap compared to local competitors," O'Sullivan says. The weak dollar is also encouraging foreign manufacturers to set up factories in the U.S. European auto manufacturers are looking to increase their presence in the U.S., but foreign exchange isn't the only reason. "It's part of a strategy to be closer to their [customers] as well," O'Sullivan says. "But with the weak dollar, it looks a lot more attractive to set up manufacturing here than it did, say, five years ago." The dollar may also be having an impact on outsourcing. Because of India's strengthening currency and rising wages, some Indian companies are looking to hire workers for customer-service call centers in the U.S. because it's more cost-effective, O'Sullivan says. Will all this end up helping the U.S. economy overcome its weakness? "We're seeing corporate earnings boosted by this phenomenon, we're seeing exports boosted, possibly an employment boost if many [foreign] manufacturers do decide to expand here," O'Sullivan says. "So, in fact, the weaker dollar will help balance a little bit of the economic weakness that we're seeing. But I'm not sure it'll be enough. We'll have to wait and see."

#### Weak Dollar Helps Us Aerospace Industry

**Zorroli 7** (Jim, National Public Radio, “Weak Dollar Can Bode Well for Manufacturers”, November 20, 2007, http://www.npr.org/templates/story/story.php?storyId=16452575)

"The aircraft industry has become a very international industry. While aircraft might have a Boeing nameplate in Washington or the Airbus nameplate in France, the parts for those airplanes are made all over the world," he said. Kamatics makes bearings for commercial and military aircraft. It manufactures them in Connecticut but a third of its products go overseas. Airbus is a big customer. So is the Brazilian company Embraer. The conventional wisdom is that **the declining dollar is good for manufacturers** like Kamatics. "It helps us if we're in head-to-head competition for a particular application and (the competitor) is building in Europe. We now have a price advantage because our costs are the same but our price is now 40 percent less that it was just three years ago against the Euro," Kornegay said.

#### AND, Aerospace industry key to the economy

**ITA 11** (International Trade Administration, “Aerospace Industry is Critical Contributor to U.S. Economy According To Obama Trade Official At Paris Air Show,” http://www.trade.gov/press/press-releases/2011/aerospace-industry-critical-contributor-to-us-economy-062111.asp

The U.S. aerospace industry is a **strategic contributor to the economy**, national security, and technological innovation of the United States,” Sánchez said. “The industry is key to achieving the President’s goals of doubling exports by the end of 2014 and contributed $78 billion in export sales to the U.S. economy in 2010.” During the U.S. Pavilion opening remarks, Sánchez noted that the aerospace sector in the United States supports more jobs through exports than **any other industry**.

### Heg Defense: 1AR

#### Heg doesn’t prevent conflict

**Crawford 3** (Timothy W., Professor of Political Science – Boston College, Pivotal Deterrence: Third-Party Statecraft and the Pursuit of Peace, p. 209-210)

*Forward Engagement, Global Leadership, and U.S. Pivotal Deterrence*

As the preponderant power in a globalized and interdependent world, the United States—so we are told—must embrace "forward engagement" and "global leadership." Depending on one's preferred partisan formula, it must either "address problems early before they become crises," or "shape circumstances before crises emerge."9 In these slogans there is a strong whiff of an enduring nostrum. As an early twentieth century writer put it, "the secret of foreign policy" is that "a nation cannot be merely pas­sive ... a nation should in every line take the most vigorous initiative."10 Or, as President George W. Bush put it in September 2002, "In the world that we have entered, the only path to peace and security is the path of ac­tion."11 Those who trumpet such an activist posture tend only to see peaceful consequences resulting from forward engagement. For them "American power is now the linchpin of stability in every region, from Europe to Asia to the Persian Gulf to Latin America."12 They rarely concede that the strong prospect of U.S. involvement in regional conflicts may not always cause sta­bility but instead cause instability. But the incentives (if not the underlying motives) that lead some to aggress will often be shaped by optimism about outside involvement.13 We should not assume that the forces of globaliza­tion that justify U.S. activism and incline the international community toward intervention do not also play into the strategies of regional adver­saries. It is naive to think that they, with survival at stake, do not gird for war keenly aware of the opportunities as well as dangers posed by inter­vention by the United States or other outside actors. There is thus no reason to assume that forward U.S. engagement will re­inforce regional stability and promote peaceful change. Because the United States may significantly influence the outcome of many conflicts, that po­tential must be seen for what it is; something that, by looming so large, may encourage as well discourage revisionism. If the massive risks of running afoul of U.S. power are a deterrent "shaping" the intentions of some re­gional antagonists, the potential windfall of securing U.S. support will shape the intentions of others. Because the benefits of enlisting U.S. support in a war may be enormous, even the slim chance of doing so may goad a party to act provocatively, become inflexible in negotiations, or otherwise do things that make war likely. In sum, forward U.S. engagement may fuel disintegrative as well as integrative tendencies in world politics and "jiggle loose" as many deadly conflicts as it knits back together.

#### Historically true

**Layne 97** (Christopher, Visiting Professor – Naval Postgraduate School, From Preponderance to Offshore Balancing)

Two critical objections could be lodged against an offshore balancing grand strategy: an offshore balancing strategy would increase—not lower—the risk of U.S. involvement in a major war, and the strategy of preponderance should not be abandoned because its benefits exceed its costs. Advocates of preponderance believe it is ifiusory to think that the United States can disengage from international commitments, because it inevitably would be drawn into major wars even if initially it tried to remain aloof. The example of Europe is frequently invoked: whenever a major European war breaks out, it is said, the United States invariably is compelled to intervene. Preponderance’s advocates also claim that U.S. security commitments in Europe and East Asia are a form of insurance: it is cheaper and safer for the United States to retain its security commitments and thereby deter wars from happening than to stand on the sidelines only to be compelled to intervene later under what presumably would be more dangerous conditions. Yet this argument is unsupported by the historical record, and it is not evident that the strategy of preponderance will in fact minimize the risk of U.S. involvement in future wars.

### Terrorism Defense: 1AR

#### -- No attacks – terrorists are weak

**Mueller 9** (John, Professor of Political Science – Ohio State University and Contributor – Foreign Affairs, “How Dangerous Are the Taliban?”, Foreign Affairs, April / May, http://www.foreignaffairs.com/articles/64932/john-mueller/how-dangerous-are-the-taliban)

In addition, al Qaeda has yet to establish a significant presence in the United States. In 2002, U.S. intelligence reports asserted that the number of trained al Qaeda operatives in the United States was between 2,000 and 5,000, and FBI Director Robert Mueller assured a Senate committee that al Qaeda had "developed a support infrastructure" in the country and achieved both "the ability and the intent to inflict significant casualties in the U.S. with little warning." However, after years of well funded sleuthing, the FBI and other investigative agencies have been unable to uncover **a single true** al Qaeda sleeper cell or operative within the country. Mueller's rallying cry has now been reduced to a comparatively bland formulation: "We believe al Qaeda is still seeking to infiltrate operatives into the U.S. from overseas." Even that may not be true. Since 9/11, some two million foreigners have been admitted to the United States legally and many others, of course, have entered illegally. Even if border security has been so effective that 90 percent of al Qaeda’s operatives have been turned away or deterred from entering the United States, some should have made it in -- and some of those, it seems reasonable to suggest, would have been picked up by law enforcement by now. The lack of attacks inside the United States combined with the inability of the FBI to find **any** potential **attackers** suggests that the terrorists are either not trying very hard or are **far less clever and capable** than usually depicted. Policymakers and the public at large should keep in mind the words of Glenn Carle, a 23 year veteran of the CIA who served as deputy national intelligence officer for transnational threats: "We must see jihadists for the small, lethal, disjointed and miserable opponents that they are." Al Qaeda "has only a handful of individuals capable of planning, organizing and leading a terrorist operation," Carle notes, and "its capabilities are far inferior to its desires."

#### -- No nuclear terrorism – acquisition impossible – prefer recent evidence

**Krepon 9** (Michael, Co-Founder – Henry L. Stimson Center and Diplomat Scholar – University of Virginia, “The Mushroom Cloud That Wasn’t”, Foreign Affairs, May / June, Lexis)

At the height of the Cold War, almost no one was bold enough or foolish enough to predict the Soviet Union's collapse, let alone without the eruption of a nuclear exchange between the two superpowers. One of the few who prophesied its demise, George Kennan, was deeply worried about a nuclear cataclysm. Kennan, a former U.S. ambassador to the Soviet Union and the father of containment policy, warned repeatedly that unwise U.S. nuclear policies could lead to Armageddon. The Cold War is now history, but warnings of an impending nuclear catastrophe are still very much alive. Anxieties today stem not from the threat of a surprise Soviet missile attack but from the fear of Iran, North Korea, Pakistan, and terrorist groups seeking to carry out catastrophic attacks against soft targets in the United States. And yet, not a single death has occurred as a result of nuclear terrorism. Since 9/11, there have been more than 36,000 terrorist attacks, resulting in approximately 57,000 fatalities and 99,000 casualties. A terrible, mass-casualty attack using nuclear or biological weapons could occur at any time, and much more can be done to keep the United States safe. As the attacks that have occurred have repeatedly demonstrated, terrorists do not need weapons of mass destruction (WMD) to cause grievous harm; they can do so using hijacked airplanes, fertilizer, automatic weapons, and grenades. But the situation is far from bleak. It is not easy for terrorist groups to acquire the skills and materials necessary to construct a nuclear weapon. Meanwhile, Washington and Moscow have reduced their nuclear arsenals by 34,000 weapons over the past two decades, nuclear testing is now rare, the list of countries with worrisome nuclear programs is very short by historical standards, and the permanent members of the UN Security Council now have less to fight about -- and more reasons to cooperate in preventing worst-case scenarios from occurring -- than ever before.

## Econ Defense

### Econ Defense: 2AC

#### US and global economy is resilient

**Behravesh 6** (Nariman, most accurate economist tracked by USA Today and chief global economist and executive vice president for Global Insight, Newsweek, “The Great Shock Absorber; Good macroeconomic policies and improved microeconomic flexibility have strengthened the global economy's 'immune system.'” 10-15-2006, www.newsweek.com/id/47483)

The U.S. and global economies were able to withstand three body blows in 2005--one of the worst tsunamis on record (which struck at the very end of 2004), one of the worst hurricanes on record and the highest energy prices after Hurricane Katrina--without missing a beat. This resilience was especially remarkable in the case of the United States, which since 2000 has been able to shrug off the biggest stock-market drop since the 1930s, a major terrorist attack, corporate scandals and war. Does this mean that recessions are a relic of the past? No, but recent events do suggest that the global economy's "immune system" is now strong enough to absorb shocks that 25 years ago would probably have triggered a downturn. In fact, over the past two decades, recessions have not disappeared, but have become considerably milder in many parts of the world. What explains this enhanced recession resistance? The answer: a combination of good macroeconomic policies and improved microeconomic flexibility. Since the mid-1980s, central banks worldwide have had great success in taming inflation. This has meant that long-term interest rates are at levels not seen in more than 40 years. A low-inflation and low-interest-rate environment is especially conducive to sustained, robust growth. Moreover, central bankers have avoided some of the policy mistakes of the earlier oil shocks (in the mid-1970s and early 1980s), during which they typically did too much too late, and exacerbated the ensuing recessions. Even more important, in recent years the Fed has been particularly adept at crisis management, aggressively cutting interest rates in response to stock-market crashes, terrorist attacks and weakness in the economy. The benign inflationary picture has also benefited from increasing competitive pressures, both worldwide (thanks to globalization and the rise of Asia as a manufacturing juggernaut) and domestically (thanks to technology and deregulation). Since the late 1970s, the United States, the United Kingdom and a handful of other countries have been especially aggressive in deregulating their financial and industrial sectors. This has greatly increased the flexibility of their economies and reduced their vulnerability to inflationary shocks. Looking ahead, what all this means is that a global or U.S. recession will likely be avoided in 2006, and probably in 2007 as well. Whether the current expansion will be able to break the record set in the 1990s for longevity will depend on the ability of central banks to keep the inflation dragon at bay and to avoid policy mistakes. The prospects look good. Inflation is likely to remain a low-level threat for some time, and Ben Bernanke, the incoming chairman of the Federal Reserve Board, spent much of his academic career studying the past mistakes of the Fed and has vowed not to repeat them. At the same time, no single shock will likely be big enough to derail the expansion. What if oil prices rise to $80 or $90 a barrel? Most estimates suggest that growth would be cut by about 1 percent--not good, but no recession. What if U.S. house prices fall by 5 percent in 2006 (an extreme assumption, given that house prices haven't fallen nationally in any given year during the past four decades)? Economic growth would slow by about 0.5 percent to 1 percent. What about another terrorist attack? Here the scenarios can be pretty scary, but an attack on the order of 9/11 or the Madrid or London bombings would probably have an even smaller impact on overall GDP growth.

#### Economic decline doesn’t cause war

**Ferguson 6** (Niall, Professor of History – Harvard University, Foreign Affairs, 85(5), September / October, Lexis)

Nor can economic crises explain the bloodshed. What may be the most familiar causal chain in modern historiography links the Great Depression to the rise of fascism and the outbreak of World War II. But that simple story leaves too much out. Nazi Germany started the war in Europe only after its economy had recovered. Not all the countries affected by the Great Depression were taken over by fascist regimes, nor did all such regimes start wars of aggression. In fact, **no** general **relationship between economics and conflict is discernible** for the century as a whole. Some wars came after periods of growth, others were the causes rather than the consequences of economic catastrophe, and some **severe economic crises were not followed by wars**.

#### U.S. isn’t key to the global economy

**ML 6** (Merrill Lynch, “US Downturn Won’t Derail World Economy”, 9-18, http://www.ml.com/index.asp?id=7695\_7696\_8149\_63464\_70786\_71164)

A sharp slowdown in the U.S. economy in 2007 is **unlikely to drag the** rest of the **global economy down** with it, according to a research report by Merrill Lynch’s (NYSE: MER) global economic team. The good news is that there are strong sources of growth outside the U.S. that should **prove resilient** to a consumer-led U.S. slowdown. Merrill Lynch economists expect U.S. GDP growth to slow to 1.9 percent in 2007 from 3.4 percent in 2006, but non-U.S. growth to decline by only half a percent (5.2 percent versus 5.7 percent). Behind this decoupling is higher non-U.S. domestic demand, a rise in intraregional trade and supportive macroeconomic policies in many of the world’s economies. Although some countries appear very vulnerable to a U.S. slowdown, one in five is actually on course for faster GDP growth in 2007. Asia, Japan and India appear well placed to decouple from the United States, though Taiwan, Hong Kong and Singapore are more likely to be impacted. European countries could feel the pinch, but rising domestic demand in the core countries should help the region weather the storm much better than in previous U.S. downturns. In the Americas, Canada will probably be hit, but Brazil is set to decouple.

### Econ Resilient: 1AR

#### Economy resilient

**Main Wire 8** (Reporting the Congressional Budget Office Summer Report on Economic Assessments, “FOMC Seen Hiking FFR Through '09,'10”, 9-9, Lexis)

However, the economic outlook could also improve sooner than CBO is currently forecasting. During the past 25 years, the economy has been **resilient in the face of** **adverse shocks**; since 1983, it has experienced only two relatively mild recessions, and inflation has been much more contained than in earlier years. Some economists attribute that long period of relative stability to a number of developments -- for example, less economic regulation, greater competition in labor and product markets (including globalization), and more-effective monetary policy. They argue that the economy has become more competitive and more flexible, able to respond to shocks because prices can adjust more quickly to reflect relative scarcities. (According to that view, scarce goods and services can be quickly redirected to their most valued uses, and a price shocks negative effect on output will be muted.) The current turbulence in the financial markets is testing that argument, but up to now, the economy has coped with the severe shocks of the past year relatively well. In particular, in a distinct contrast to events following the shocks of the 1970s, the lack of a steady surge in core inflation and unit labor costs, and the degree to which the consumption of petroleum products has declined, indicate an efficient response by businesses and households to skyrocketing oil prices. (For example, initial estimates indicate that the consumption of petroleum products during the second quarter of this year was about 4 percent lower than it was a year ago, even though real GDP was 1.8 percent higher. In contrast to responses to earlier oil price shocks, the reduction in the use of petroleum per unit of GDP has occurred without causing major disruptions.) Moreover, the apparent restraint in core inflation has given the Federal Reserve more latitude to try to mitigate the downturn in the economy. Also, some of the negative effects that the shortage of credit has had on businesses' investment spending may have been alleviated by the relatively healthy balance sheets of nonfinancial corporations.

### Doesn’t Cause War: 1AR

#### Economic decline doesn’t cause war –

#### --Studies prove

**Miller 00** (Morris, Economist, Adjunct Professor in the Faculty of Administration – University of Ottawa, Former Executive Director and Senior Economist – World Bank, “Poverty as a Cause of Wars?”, Interdisciplinary Science Reviews, Winter, p. 273)

The question may be reformulated. Do wars spring from a popular reaction to a sudden economic crisis that
exacerbates poverty and growing disparities in wealth and incomes? Perhaps one could argue, as some scholars do, that it is some dramatic event or sequence of such events leading to the exacerbation of poverty that, in turn, leads to this deplorable denouement. This exogenous factor might act as a catalyst for a violent reaction on the part of the people or on the part of the political leadership who would then possibly be tempted to seek a diversion by finding or, if need be, fabricating an enemy and setting in train the process leading to war. According to a study undertaken by Minxin Pei and Ariel Adesnik of the Carnegie Endowment for International Peace, there would not appear to be any merit in this hypothesis. After studying ninety-three episodes of economic crisis in twenty-two countries in Latin America and Asia in the years since the Second World War they concluded that:19 Much of the conventional wisdom about the political impact of economic crises may be wrong ... The severity of economic crisis – as measured in terms of inflation and negative growth - bore **no relationship** to the collapse of regimes ... (or, in democratic states, rarely) to an outbreak of violence ... In the cases of dictatorships and semidemocracies, the ruling elites responded to crises by increasing repression (thereby using one form of violence to abort another).

#### --No resources

**Duedney 91** (Daniel, Hewlett Fellow in Science, Technology, and Society – Princeton University, “Environment and Security: Muddled Thinking?”, Bulletin of the Atomic Scientists, April)

Poverty wars. In a second scenario, declining living standards first cause internal turmoil, then war. If groups at all levels of affluence protect their standard of living by pushing deprivation on other groups, class war and revolutionary upheavals could result. Faced with these pressures, liberal democracy and free market systems could increasingly be replaced by authoritarian systems capable of maintaining minimum order.9 If authoritarian regimes are more war-prone because they lack democratic control, and if revolutionary regimes are war-prone because of their ideological fervor and isolation, then the world is likely to become more violent. The record of previous depressions supports the proposition that widespread economic stagnation and unmet economic expectations contribute to international conflict. Although initially compelling, this scenario has major flaws. One is that it is arguably based on unsound economic theory. Wealth is formed not so much by the availability of cheap natural resources as by capital formation through savings and more efficient production. Many resource-poor countries, like Japan, are very wealthy, while many countries with more extensive resources are poor. Environmental constraints require an end to economic growth based on growing use of raw materials, but not necessarily an end to growth in the production of goods and services. In addition, **economic decline does not** necessarily **produce conflict**. How societies respond to economic decline may largely depend upon the rate at which such declines occur. And as people get poorer, they may become less willing to spend scarce resources for military forces. As Bernard Brodie observed about the modern era, “The predisposing factors to military aggression are full bellies, not empty ones.” The experience of economic depressions over the last two centuries may be irrelevant, because such depressions were characterized by under-utilized production capacity and falling resource prices. In the 1930s increased military spending stimulated economies, but if economic growth is retarded by environmental constraints, military spending will exacerbate the problem.

#### -- No timeframe

**Russett 83** (Bruce, Dean Acheson Professor of International Relations and Political Science – Yale University, “Prosperity and Peace: Presidential Address”, International Studies Quarterly, 27(4), p. 384)

The ‘optimism’ argument seems strained to me, but elements of Blainey’s former thesis, about the need to mobilize resources before war can be begun, are more plausible, especially in the 20th century. Modern wars are fought by complex organizations, with complex and expensive weapons. It takes time to design and build the weapons that military commanders will require, and it takes time to train the troops who must use them. Large bureaucracies must plan and obtain some consensus on those plans; and even in a dictatorship the populace in general must be prepared, with clear images of who are their enemies and of the cause that will justify war with them. In short, preparations for war take time. Just how long a lag we should expect to find between an economic downturn and subsequent war initiation is unclear. But surely it will be **more than a year or two**, and war may well occur **only after** the economy is recovering.