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## Theory

### PICs Bad

The counterplan is plan inclusive, they should lose:

A. It’s topical. That’s o.k. if the plan is the focus, but they are taking our plan ground too.

B. No right to the counterplan: They have the right to the net benefit as a disad, but no right to suck up our case advantage as a counterplan.

C. Doesn’t test the plan: They can’t force us to defend parts of our plan in a vaccum

D. Destroys education by avoiding debate over the bulk of the plan and encouraging vague plan wording

## Perms

### Perm – Normal Means

#### Permutation do the counterplan – normal means is to hire a private company

Eduardo Engel, Yale University, Ronald Fischer, University of Chile in Santiago, and Alexander Galetovic, Universidad de los Andes in Santiago, February 2011, “Public-Private Partnerships to Revamp U.S. Infrastructure,” pdf.

One of the main tasks of government is to provide public infrastructure—bridges, highways, streets, jails, and airports—that serves the requirements of society at a reasonable cost. Because these projects are usually large sunk investments, it is critical to make good decisions about what is to be built, both in terms of which projects are built and in terms of those projects’ design and characteristics. Furthermore, once built, facilities require resources for maintenance and operation. Traditionally, these infrastructure projects have been publicly provided; a PWA would award the construction of a project designed by the PWA to a private firm. The private firm would build the project; after receiving the agreed payment, its contractual link with the project would end.

### Perm – Double Solvency

#### The permutation would result in two separate bodies monitoring the operation – doubling solvency.

Eduardo Engel, Yale University, Ronald Fischer, University of Chile in Santiago, and Alexander Galetovic, Universidad de los Andes in Santiago, February 2011, “Public-Private Partnerships to Revamp U.S. Infrastructure,” pdf.

4. IMPLEMENT BEST PRACTICES FOR GOVERNING PUBLIC-PRIVATE PARTNERSHIPS The internal structure of the public works authority (PWA) of state and local governments should be split between a unit responsible for planning, project selection, and awarding projects, and an independent unit responsible for contract enforcement and the supervision of contract renegotiations. By splitting the objectives of the two agencies, governments avoid the temptation to weaken enforcement of contracts in favor of better relations with construction companies or PPP firms. The division of responsibilities also leaves less scope for corruption. Our proposal respects the principle that there should be one instrument for each objective. Since the roles of planning and contracting new works are opposed to the objective of supervising existing contracts, separation of the roles is a healthy principle. The benefits of implementing these recommendations can result in important improvements in U.S. infrastructure delivery. Implementing PVR, by itself, can lead to large reductions in the required return on the project and in the revenue that must be collected from users. (The reduction is as much as 33 percent in some simulations.) Furthermore, if service standards are monitored and enforced by the PWA, enforcement is more likely than it would be without the private role because of the stakes that are at risk for the private partner. Many advantages of PPPs stem from the fact that they bundle construction, operations, and maintenance in a single contract. This provides incentives to minimize life-cycle costs, which are typically not present when the project is publicly provided. These proposals can go a long way toward ensuring that a project will be successful, allowing PPPs to show their advantages, unimpaired by erroneous considerations.

### Perm – General Solvency

#### Only the perm solves -- history proves that balanced cooperation is critical to success.

Stephen K. Aikins, Dr. Aikins completed his PhD in Public Administration at University of Nebraska at Omaha where he taught as an adjunct professor. He is currently an assistant professor in the Department of Government and International Affairs. His research interests are public financial management and economic policy, public information systems management, citizen centered e-government and risk-based policy evaluation, 11-1-2009, “Political Economy of Government Intervention in the Free Market System”

Historical accounts and evidence show that dominations of either the free market system or government in an economy have had disastrous consequences mainly due to the failure to avoid past mistakes, to build on past successes, and to put in place institutional safeguards and control mechanisms to minimize market and government failures. Government depends on business for investment, production, employment, higher standards of living, and government revenues. The market, on the other hand, depends on government for a competitive operating environment to ensure a level playing field and profitability. This implies that both government and the market need to coexist in a manner that respects the contribution of each toward a sustainable and vibrant economy in a democratic society. Such coexistence is necessary for the benefit of society and requires careful analysis and prudent judgment on the parts of both the market actors and policymakers.

#### Perm do both -- federal action and participation is key to attract private investment and guarantee success.

Lisa Schweitzer, associate professor in the School of Policy, Planning and Development at USC, 7-13-2011, “For sale: U.S. infrastructure?; Like Greece, we may be forced to privatize large segments of our transportation system,” http://search.proquest.com.proxy.lib.umich.edu/docview/876035246

Greece is having a fire sale of its publicly-owned transportation system, with planes, trains and roads all being sold off as the country attempts to dig out of its debt crisis. Americans should watch and learn: We could well be privatizing large segments of our own transportation system soon because of the U.S. debt crisis. Last week, Rep. John L. Mica (R-Fla.,), chairman of the House Transportation and Infrastructure Committee, introduced a bill that would slash transportation spending, limiting it to the amount brought in by federal gas tax revenues and other existing highway fees. That roughly translates into federal spending of $215 billion to $230 billion over six years for highway and transit projects -- about half of what the Obama administration sought last year. The draconian spending proposal, dubbed "the Republican road to ruin" by critics, comes at a time when groups such as the American Society of Civil Engineers are saying that the U.S. needs to invest an additional $1 trillion beyond current levels over the next decade just to maintain and repair existing infrastructure. We are facing a road infrastructure crisis, and it is of our own making. The federal gas tax has been unchanged, at 18 cents, since 1993, even as vehicles have gotten more fuel efficient. Adjusted for inflation, it amounts to a measly 12 cents today. But Americans, according to surveys, don't want to raise the tax. For politicians like Mica, this opens doors to privatization projects. Last month, he introduced a bill that would put private companies in charge of Amtrak's operations in the Northeast Corridor. Taking that step, he contended, would be the fastest way to get high-speed rail up and running in the U.S. because it's clear that President Obama's federally sponsored rail plan has little support in Congress. Maybe Mica is right. But rushing to privatize state-owned assets can lead to terrible infrastructure deals that let private companies walk away with prime assets and leave taxpayers with no guarantee of better services or lower fees. Unlike the Greeks, who must sell to receive bailout funds, we still have a say in our infrastructure future. But the time for planning ahead and striking strong deals is dwindling, along with our infrastructure funds. Many European countries and cities have privatized infrastructure and city services. You want to use the highway -- you pay. You want to stroll through a "public" garden -- you pay. You can avoid higher taxes, but if you want the services, you pay the private company that holds the franchise. It is a system that works fine for those with cash to spend. Scaling down public ownership of transportation networks also means carefully selecting which parts of the system to sell or lease out. Private companies usually desire assets associated with the most demand for services, such as the Northeast Corridor. But if we sell off or lease these assets to get private companies to build a high-speed rail system there, we may also be giving up the only part of a high-speed rail network likely to generate enough cash in the long term to keep a national system running without taxpayer help. So far, privately run transportation projects show mixed outcomes. For every successful privatization story of service improvement and mounting profits -- Britain's airport privatization, say -- there's a disaster story of poor service and taxpayers left holding the bailout bag: think the Chunnel or Chicago's privatized parking woes. Privatized transportation projects carry risks for both sides. So long as Americans refuse to even index gas taxes to inflation, let alone raise the tax outright, we won't be spending enough to maintain our transportation infrastructure, which means that its value will continue to fall. That will make it difficult to attract private investment or get a fair price for state-owned assets if the government opts to privatize its transportation assets. Too many more years of disinvestment and we will have to make gun-to-the-head decisions like Greece's, shock ourselves with big tax increases later, or both. Without new revenue sources, the long-term problems for U.S. infrastructure finance are going to continue even if Congress manages a debt-ceiling deal. By contrast, if the U.S. defaults on its debt, our bond ratings will tumble. The higher costs of bond financing would then raise infrastructure costs through the roof. And those financing costs would put government negotiators at even more of a disadvantage in privatization deals. Averting default would give U.S. leaders wiggle room to find public-private partnerships that really do serve the public interest. To do so, they must choose to maintain both America's credibility and its existing assets.

## Private Industry Fails

### Private Industry Fails – Too Costly

#### Initial costs are too high for the private industry – public action is necessary

Jean-Paul Rodrigue, Ph.D. in Transport Geography, 2009, “The Financing of Transportation Infrastructure,” http://people.hofstra.edu/geotrans/eng/ch7en/appl7en/ch7a2en.html

4. Limitations of Private Capital Even if public and private actors have established institutional and finance arrangements, many have been hard pressed to meet the demands imposed by growing volumes of passengers and freight traffic. Shifts in regional and global patterns of trade patterns associated with trade agreements and globalization have also created pressures to develop infrastructures supporting global supply chains. A challenge resides in identifying the respective roles and competencies of the public and private sectors, which varies substantially depending on the concerned mode. Although a level of privatization is commonly perceived as a desirable outcome for the efficient use and operation of transportation infrastructures, privatization comes with limitations. In some instances privatization can be unsuccessful. The main reasons are linked with the private contractor unable to honor the commitments (which is rare) or the new cost structure is perceived to be unfair by users since the privatized infrastructure now offers market pricing (more common). If customers are used to low and subsidized costs they will not well respond to market prices, particularly if they are not introduced in an incremental manner. Although private initiatives commonly result in efficiency gains, private capital involves many limitations concerning capital costs and the issue of domestic versus foreign capital: Capital costs. Nominal costs for private capital are often higher than for public debt, since the later is guaranteed by the full faith in the credit of the state. This can create a moral hazard as the capital costs and their risks are transferred to the public in terms of guarantees to cover operating costs (cross-subsidy) or bail-outs in case of default. This process is very common in a variety of public enterprises which is spite of acute losses operate on the assumption that their financial shortfalls will be covered by the state. Thus, depending on the size and capitalization of a transport operator, capital costs can be higher than for a public counterpart. Domestic vs. foreign finance. Local private capital markets can be very limited, particularly in developing countries. Transportation assets are also so substantial that they are only accessible to the largest equity firms. Modern transportation infrastructure projects are easily beyond the range of local and regional governments. Finance can thus be tapped from foreign markets. Even in the United States, terminal assets are mainly accessible only to a few large equity firms, many of which are foreign owned. This can be controversial as the case of Dubai Ports World purchasing the port terminal assets of P&O in 2006 demonstrated. Because of political pressures DPW was forced to sell the American port assets of the transaction to the AIG holding company. Fluctuations in exchange rates can also be a significant risk factor, but if a currency is undervalued (debased), investments can pour in to take advantage of the discount to capture valuable and revenue generating assets.

#### Investment costs are too high for the private industry

Jean-Paul Rodrigue, Ph.D. in Transport Geography, 2009, “The Financing of Transportation Infrastructure,” http://people.hofstra.edu/geotrans/eng/ch7en/appl7en/ch7a2en.html

Even if public and private actors have established institutional and finance arrangements, many have been hard pressed to meet the demands imposed by growing volumes of passengers and freight traffic. Shifts in regional and global patterns of trade patterns associated with trade agreements and globalization have also created pressures to develop infrastructures supporting global supply chains. A challenge resides in identifying the respective roles and competencies of the public and private sectors, which varies substantially depending on the concerned mode. Although a level of privatization is commonly perceived as a desirable outcome for the efficient use and operation of transportation infrastructures, privatization comes with limitations. In some instances privatization can be unsuccessful. The main reasons are linked with the private contractor unable to honor the commitments (which is rare) or the new cost structure is perceived to be unfair by users since the privatized infrastructure now offers market pricing (more common). If customers are used to low and subsidized costs they will not well respond to market prices, particularly if they are not introduced in an incremental manner. Although private initiatives commonly result in efficiency gains, private capital involves many limitations concerning capital costs and the issue of domestic versus foreign capital: Capital costs. Nominal costs for private capital are often higher than for public debt, since the later is guaranteed by the full faith in the credit of the state. This can create a moral hazard as the capital costs and their risks are transferred to the public in terms of guarantees to cover operating costs (cross-subsidy) or bail-outs in case of default. This process is very common in a variety of public enterprises which is spite of acute losses operate on the assumption that their financial shortfalls will be covered by the state. Thus, depending on the size and capitalization of a transport operator, capital costs can be higher than for a public counterpart.

## Prizes Fail

### Prizes Fail

#### Competitive auctions create the most corruption and inefficiency – government action alone is necessary

Eduardo Engel et al., professor of economics at Yale University, 2006, “Privatizing Highways in the United States”, Review of Industrial Organization,

Given the limitations faced by traditional regulation, periodic auctions should be more effective in rent extraction than outright privatization of the highway. The problem with this argument is that a franchise establishes a long-term relationship between the franchise-holder and the regulator. They are subject to Williamson’s (1985) “fundamental transformation”, from an initial competitive auction into a long term bilateral monopoly between the regulator and the franchise-holder, since assets are sunk and it can be very costly for the government to switch supplier or for the firm to avoid being expropriated. Thus, the bidding mechanism must be designed so as to reduce the likelihood of opportunistic renegotiations. Attention must be paid both to avoiding regulatory capture by the franchise-holder and to the possibility of creeping expropriation by the highway authority (for example, by fixing low tolls after investments have been made). Footnote 24 continued opportunistic behavior than under the traditional approach, since the relation between the government and private firms covers a much longer time period. Moreover, we have assumed that the cost of building the project under the traditional approach and with a BOT contract are the same. If the public sector has an intrinsic cost advantage so that ζm<1, then the traditional approach is preferable.. Also, as mentioned above, public provision may be superior if property rights are not sufficiently protected. 46 EDUARDO ENGEL ET AL. While the auction of the franchise dissipates rents, some regulation, including the possibility of periodic re-auctioning, is inevitable. First, whenever the franchise enjoys monopoly power, the franchise-holder has no incentives to provide good service quality. Second, since the franchise has a finite time horizon, current franchise-holders do not have the appropriate incentives to invest in maintenance, specially towards the end of the franchise period. The enforcement of quality standards requires the regulator to resist lobbying for leniency by the franchise-holder. If objective quality standards can be defined, as is the case for highways, enforcement may be subcontracted to specialized private firms. This raises the problem of providing adequate incentives for these firms and these incentives depend on the value of a reputation for honesty for inspection firms. 2. FLEXIBILITY WITHOUT FOSTERING OPPORTUNISTIC BEHAVIOR As mentioned in the Introduction, franchise contracts tend to be inflexible. This reflects the desire to reduce the risk of regulatory takings or, alternatively, to reduce the power of corrupt regulators to favor franchise owners at the expense of the public. However, there are circumstances when inflexibility may be very costly to society. In particular, it would be useful to have a franchise contract which included a fair compensation for breach of the original contract. Consider, as in the case of the Orange County Express Lane, where demand grew faster than expected and it is desirable to build an additional lane before the franchise term concludes. How should the expansion costs be divided between the franchise-holder, the government and users? How much of the additional income from user tolls is to be appropriated by the franchise-holder? In such cases, two options are open to the planner. One is to renegotiate the original contract, with the associated problems of bargaining in a bilateral monopoly situation. The second option is to cancel the concession and pay a fair compensation for the profits foregone by the franchise-holder. The problem with the second option is that the fair compensation is the expected present value of future profits had the franchise continued under the original terms. This value depends on future realizations of demand and cannot be inferred from historical data. This value is therefore highly subjective, and having both parties agree on it may lead to endless disputes. The issue of flexibility also arises when setting tolls. In the case of a fixed term franchise, to reduce risk it is advisable to specify the toll schedule (in real terms) before the franchise begins. Yet this often leads to tolls that are ex post inefficient. For example, in the case of an urban highway which is franchised for 20 years, the high demand uncertainty discussed earlier implies that tolls set in advance will almost surely lead to either PRIVATIZING HIGHWAYS IN THE UNITED STATES 47 inefficiently high levels of congestion, or to politically untenable levels of under-utilization.

## Federal Government Key

### Federal Government Key – Corruption

#### Federal oversight is necessary to prevent corruption

Facts on File News Services, 2007 Issues and Controversies, “Infrastructure Upkeep.”

Supporters of increased federal spending on infrastructure, on the other hand, say that restoring infrastructure is a pressing task that the federal government is uniquely qualified to undertake. There is no good reason to oppose increasing the gasoline tax by a few cents, they say, or to oppose spending on infrastructure what is currently being spent on the ongoing war in Iraq. And supporters argue that rather than being more accountable than the government, private owners of infrastructure are actually less easy to hold accountable if something goes wrong. Proponents of increasing federal spending contend that critics are driven by ideology. Opposition to taxes and federal power has fostered a climate where government neglect of infrastructure upkeep is widely accepted, they charge. That undermines the point of infrastructure, they say, which is to make society work better.

## Airline Industry Specific

### CP Links to Politics

#### Airline industries will lobby hard against the CP

Robert W. Poole Jr., Director of Transportation Policy and Searle Freedom Trust Transportation Fellow – Reason Foundation, and Chris Edwards, Director of Tax Policy Studies, June 2010, “Airports and Air Traffic Control”, Cato Institute, http://www.downsizinggovernment.org/transportation/airports-atc

Why has the United States resisted these types of airport reforms occurring around the world?15 One reason is that U.S. state and local airports have for decades received federal aid for development and construction. Federal law generally provides that governments that have received federal aid for an infrastructure facility have to repay previous federal grants if the facility is privatized. Moreover, the FAA has interpreted a legal provision requiring that all "airport revenues" be used solely for airport purposes to apply to any lease or sale proceeds, which prevents a city from selling its airport and using the proceeds for its general fund. Another important factor is that state and local governments can issue tax-exempt bonds to finance airports because they are government-owned facilities. Thus, borrowing can be done at a lower cost than borrowing by private airport owners issuing taxable debt. However, this bias against private ownership can be overcome. The federal government could pursue tax reforms to reduce or eliminate the tax exemption on municipal bond interest. Alternatively, the government could permit private airport operators to make use of tax-exempt revenue bonds ("private activity bonds"), as it has done for companies involved in the toll road business. A final hurdle to airport privatization in the United States has often been the airlines. For various structural reasons, they worry that their costs may be higher or they may face more airline competition if airports were privatized. Typically, major airlines are like an anchor tenant in a shopping mall. At U.S. airports, major airlines generally have long-term lease-and-use agreements, which often give them control over terminals or concourses and the right to approve or veto capital spending plans. That gives them the power to oppose airport expansion if it would mean more airline competition in that location.

### Government Action Necessary

#### Government based action is a prereq

Thea Sebastian, Director Climate Science Watch, and Rick Piltz, Director of Climate Science Watch, July 2007, “NextGen Air Transportation System Progress Reports Ignore Climate Change”, http://www.climatesciencewatch.org/file-uploads/NextGen\_final\_18jul07.pdf

Furthermore, America is missing a key opportunity to vitalize its private sector. The aviation industry commands a substantial portion of the U.S. economy, generating 5.4% of the GDP – and more than 9% when aviation-related industries are also included. This figure encompasses 11 million jobs and $640 billion in revenues.29 If the government were to support a drive for cleaner, climate-friendly technologies, this could stimulate a massive upswing in private sector participation. Unlike things like “flat taxes on passengers or flat taxes on aircraft movements, aviation fuel taxes” (which are directly intended to “reduce the amount of flying we do but don't provide any incentives to make flying more efficient”), emissions caps could spark an economically energizing influx of private investment.30

### CP Fails – Inefficient

#### Privatization creates significant inefficiencies in the airport system.

Alaxander Keith, 2001,, Issues and Controversies, http://www.2facts.com.proxy.lib.umich.edu/icof\_story.aspx?PIN=i0601700&term=privatization, “Air-Travel Delays”

Other policy makers, however, insist that the FAA is capable of making the needed improvements. They point to the agency's recent announcement of a 10-year plan to reduce flight delays as a sign that the FAA has the problem under control. Opponents also contend that continued federal involvement is necessary to insure that air travel remains open to people across the entire nation--a private company might allow the airlines to concentrate service in the more profitable major cities, critics warn.

#### Airport privatization is unsafe

Alaxander Keith, 2001,, Issues and Controversies, http://www.2facts.com.proxy.lib.umich.edu/icof\_story.aspx?PIN=i0601700&term=privatization, “Air-Travel Delays”

Other experts oppose reallocating air-traffic control to a separate organization, however. The U.S. is the safest nation for air travel in the world, due to the efforts of the FAA, they contend. They argue that air-traffic control and safety are inextricably intertwined, and that any reforms that weaken the FAA could threaten aviation safety. "Safety is a governmental responsibility," says Transportation Secretary Norman Mineta. Moreover, critics of a privatized system argue that experts still do not have a complete understanding of the full consequences of systems such as Nav Canada. For example, recently some small regional airlines within Canada have complained that the system gives preference to Air Canada, the country's predominant airline. "The jury is out on privatization," says Kevin Psutka, president of the Canadian Owners and Pilots Association. Critics of privatization also question whether a system modeled after Nav Canada would even work in the U.S. They contend that the airline industry in the U.S. is much bigger and more complicated than in other nations, making U.S. air-traffic control a far greater challenge. "We have a lot we can learn from looking at private structures that are set up in place in Europe and Canada," says FAA Chairman Jane Garvey. "But our system is much more complex."

## High Speed Rail Specific

### CP Fails – No Solvency

#### Private involvement fails -- multiple reasons.

Toy Dutzik et al, Jordan Scendier, and Phineas Baxandall, members of the Public Interest Research group, 6-17-2011, “High-Speed Rail: Public, Private or Both? Assessing the Prospects, Promise and Pitfalls of Public-Private Partnerships.” Summer. http://uspirg.org/sites/pirg/files/reports/HSR-PPP-USPIRG-July-19-2011.pdf

Public-private rail partnerships have the potential to unlock access to private capital, expertise, technology and economies of scale, and can also help mitigate the risk of high-speed rail projects to taxpayers. However, PPPs also come with a number of risks and costs, including: • Higher costs for capital, as well as costs related to the profits paid to private shareholders. • Heightened risk for the public once a project has begun, due to the ability of private-sector actors to hold projects hostage and demand increased subsidies or other concessions from government. • The costs of hiring and retaining the lawyers, financial experts and engineers needed to protect the public interest in the negotiation of PPP agreements and to enforce those agreements over time. • Loss of control over the operation of the high-speed rail line, which can result in important transportation assets being operated primarily to boost private profit rather than best advance public needs. • Delays in the early stages of a project, as government and private partners engage in the difficult and complex task of negotiating PPP agreements. High-speed rail PPPs and efforts toward rail privatization abroad have a mixed track record.

### CP Fails – Federal Funding Key

#### The CP fails -- federal funding is necessary.

Tanya Snyder, Streetsblog's Capitol Hill editor, 6-27-2011, “The Economist Issues a Reality Check to Rail Privatization Proponents”,DC Street Blog, http://dc.streetsblog.org/2011/06/27/the-economist-issues-a-reality-check-to-rail-privatization-proponents/

The Economist’s blog on business travel, Gulliver, has a short post this morning about Rep. John Mica’s proposal to privatize the Northeast Corridor. Blogger “N.B.” has a healthy dose of skepticism for arguments on either side but does significantly more damage to Mica’s argument that that of his opponents. Gulliver strikes a blow at the very idea that private companies can accomplish what Mica hopes they will: Surely the congressman is aware that most high-speed systems elsewhere in the first world were built with enormous investments of government money (not to mention exercises of government power, including eminent domain seizures to find land for new routes). Major infrastructure projects, be they airports, highways, or railroads, are more often than not undertaken with significant government support. Privatisation of established rail lines has been successful before and can be again. But Americans shouldn’t trick themselves into thinking that private investors will willingly foot the bill for massively upgrading the nation’s high-speed rail infrastructure. The post also questions the anti-privatization argument that the proposal would leave less profitable routes without an important source of funding. “Economics, not nostalgia or politics, should determine where Amtrak operates,” N.B. writes. “Right now, it’s often the opposite. Is it really necessary that Amtrak service Dodge City, Kansas (pop. 27,340)?” Of course, the blog also says the obvious: this proposal isn’t going anywhere. House members can argue about it all they want, but the Senate isn’t having it, and neither is the president. It was wise of Mica to introduce the bill separately from the rest of the reauthorization, to avoid the risk of letting this controversial idea sink the rest of the bill.

#### HSR is too big for the private sector – too much risk

John Cox, Assistant Editor and Business Reporter for Bakersfield, 4-18-2011, “Private sector lines up to invest in high-speed rail,” Bakersfield, http://www.bakersfield.com/news/business/economy/x833057566/Private-sector-lines-up-to-invest-in-high-speed-rail

Challenges ahead But it remains unclear exactly how and when private sector deals might come together. Also, doubts persist as to whether the rail authority will be able to reassure would-be investors that the project will be fully built as proposed. Uncertainty with regard to the project’s public sector financing poses a significant hurdle. The Obama administration’s budget deal with Congressional Republicans earlier this month slashed all $2.5 billion in 2011 high-speed rail funding, though van Ark insisted that his agency retains access to $5.5 billion in state and federal money — enough to build the initial segment from north of Fresno to about Bakersfield starting next year. Some say the lack of a federal commitment to finish the project will jeopardize private investment. “It’s very difficult to put a long-term plan together not knowing if you’re going to be funded next year,” said Stephen Buschmeyer, vice president of business development at Tutor Perini Corp., a large, Sylmar-based construction firm that he said has tentatively offered to perform and finance some of the system’s construction in exchange for an equity stake in the project. This dilemma — private sector reluctance to invest in California high-speed rail without adequate public sector commitment, and vice versa — came up last year in a highly critical report to the state Legislature by an industry peer review group.

### CP Fails – Links to Politics

#### CP links to politics – perm solves

Keith Laing, Transportation staff writer for The Hill, 6-15-2011, “GOP unveils plan to privatize Amtrak” The Hill Transportation Blog, “http://thehill.com/blogs/transportation-report/railroads/166601-gop-unveils-plan-to-privatize-rail-service-provided-by-amtrak”

Democrats on Mica's panel strongly disagreed with his assessment that private companies could better deliver rail service than Amtrak, rushing to the agency's defense Wednesday as Mica was speaking at the Capitol. "Taking a play out of President Bush’s book, Republicans are dusting off a chronically unpopular proposal that will cripple Main Street by auctioning off Amtrak’s assets to Wall Street,” the ranking Democrat on the Transportation and Infrastructure Committee, Rep. Nick J. Rahall (D-W.Va.), said in a statement released Wednesday morning. “Instead of abolishing Amtrak, Republicans should abandon this ill-conceived ideological assault on passenger rail service – just as we did when President Bush first proposed it – and work with Democrats to build true high-speed and intercity passenger rail in America,” Rahall said. Rahall called the privatization plan, which Mica is co-sponsoring with Rep. Bill Shuster (R-Pa.), "a death knell for passenger rail service from coast to coast. "Privatizing this profitable corridor will not merely affect train service in that region; it will have a devastating domino effect from coast to coast, leaving trains stuck at the station across the Nation,” Rahall said. “The Auto Train, Capitol Limited, California Zephyr, Cardinal, Coast Starlight, Empire Builder, Palmetto and Silver Service, Texas Eagle and so many other vital lifelines will no longer serve as engines of economic growth but will be mere relics of a bygone era.” However, Republicans found Democratic support from former Pennsylvania Gov. Ed Rendell, who is now an MSNBC political analyst and co-chairman of an advocacy group dedicated to infrastructure improvements known as Building America's Future. Rendell called into Mica's press conference to say that he is a supporter of Amtrak, but the privatization plan made sense to him. "I'm not a critic of Amtrak. Far from it," he said. "But the only way you're going to get that money to make this project a reality is you have the states, the federal government and private companies at the table."

#### Cp links to politics – sparks huge fights between corporations and unions

Ashley Halsey, Washington Post columnist, 5-26-2011, “House GOP proposal would privatize high-speed rail along Amtrak’s Northeast Corridor,” Washington Post, “http://www.washingtonpost.com/local/house-gop-proposal-would-privatize-high-speed-rail-along-amtraks-northeast-corridor/2011/05/26/AGBEZKCH\_story.html”s

Mica believes that private investors will step forward to build and operate high-speed rail in the Northeast Corridor, significantly reducing the annual subsidy required to pay Amtrak to run the rest of the country’s passenger rail service. “Amtrak receives, $1.5 billion in their annual subsidy,” he said. “If you look at their figures, about $500 million goes to operations. So the other billion is pretty much being poured into the Northeast Corridor because they don’t own any other track.” Ignacio Jayanti, president of the private equity firm Corsair Capital, told the committee that it would be possible to raise $50 billion to $60 billion from investors over the 10-year period he said it would take to build high-speed rail in the corridor. “There are significant private-sector dollars that are available,” Jayanti said. Mica cited as a success story the privatization of two British rail lines by Virgin Trains, saying ridership doubled on lines from London to Manchester, England, and Glasgow, Scotland, and that the service turned a profit while eliminating government subsidies and sustaining rail employees’ wages. Legislation Mica says he plans to introduce within two weeks will face a partisan split, as was evident at the hearing, where Sen. Frank R. Lautenberg (D-N.J.) showed up to give a hint of what the proposal might face in the Democratic-controlled Senate. “Privatizing the Northeast Corridor is not a smart or viable prospect,” said Lautenberg, who sits on the Senate Transportation Committee. Rep. Corrine Brown (D-Fla.) was among those who argued that public transportation systems, whether highways, air travel or railways, all required federal financial support. “There is no form of transportation that supports itself,” Brown said. “I don’t support cherry-picking the best routes in our system and turning them over to the private sector.” Amtrak’s defenders said the system has been underfunded since its founding 40 years ago. “It’s a classic starve-the-beast philosophy,” said Edward Wytkind, who heads the transportation division of the AFL-CIO. “You chronically underfund the company and then you expect it to do great things.”

### Amtrak DA

#### The counterplan will kill ambtrack – who is rising and creating jobs

House Committee on Transportation & Infrastructure, 10-13-2011, “Amtrak Announces Record Ridership as Republicans Rush to Auction Off its Assets,” “http://democrats.transportation.house.gov/press-release/amtrak-announces-record-ridership-republicans-rush-auction-its-assets”

Washington, D.C. – Amtrak announced that a record 30.2 million passengers traveled on its trains in Fiscal Year 2011, far surpassing any other year on record. Despite this record ridership, Republicans in the U.S. House of Representatives continue to attempt to dismantle the carrier through paltry budgets and a partisan plan to privatize its operations. “Americans are returning to the rails in record numbers, yet Republicans are pulling out all of the stops in their rush to auction off Amtrak’s assets to the highest bidder on Wall Street,” said U.S. Representative Nick J. Rahall, top Democrat on the House Transportation and Infrastructure Committee. “It makes no sense to tear apart a railroad and its workforce while they are succeeding at their jobs. That is no way to run a railroad.” On June 15, 2011, Republicans on the House Transportation and Infrastructure Committee unveiled a controversial partisan proposal to privatize Amtrak that would destroy American jobs, imperil passenger rail service nationwide, and increase costs for the Federal Government, states, commuter rail agencies, freight railroads, small businesses, and American taxpayers. In July, the nonpartisan Congressional Research Service (CRS) released two reports requested by Rahall that determined the controversial effort to privatize Amtrak would violate the U.S. Constitution. “Republicans should not railroad the principles enshrined in the Constitution in their flawed rush to stop Amtrak dead in its tracks,” said Rahall. “They should abandon this unconstitutional power grab by the Federal Government to put Amtrak out of business and should instead work with Democrats to support true high-speed and intercity passenger rail in America.” Last month, Republicans on the House Appropriations Committee approved a funding bill that will cripple Amtrak’s ability to continue providing service nationwide. “By slashing funding and routes, Republicans’ gutting of Amtrak will have a crippling domino effect from coast to coast, leaving trains stuck at the station across the Nation,” said Rahall. “America relies on robust railways, roadways, and runways to efficiently move goods to market, but this short-sighted assault on passenger rail will have long-term negative impacts for communities across the country.” Compared to other modes, passenger and intercity rail has seen the largest increase over the last ten years. Domestic enplanements have increased 4.58%, vehicle miles traveled have increased 10.69%, transit ridership has increased 13.23%; and Amtrak’s ridership has increased 28.49%. “Passenger rail service does not operate in an economic vacuum. Rail reinvigorates our communities, ties regions of our Nation together, helps alleviate congestion, and serves as a viable mode of transportation for a growing segment of business and personal travelers,” said Rahall. “Take passenger rail from a community and one study has suggested a loss of up to 30% in direct and indirect spending from a given locale. Republican efforts are senseless given Amtrak has experienced the largest increase in ridership when compared to the other transportation modes. Running Amtrak out of business simply does not make financial sense.”

#### Amtrak key to private investment

Kate Hinds, producer/reporter for WNYC and Transportation Nation, 6-15-2011, “Republicans: Privatizing Amtrak Will Bring High Speed Rail to the NE Faster,” http://transportationnation.org/2011/06/15/republicans-privatizing-amtrak-will-bring-high-speed-rail-to-the-ne-faster/

Amtrak, which had been going on the offensive this week about its high-speed rail plans for the Northeast Corridor, reacted swiftly to Mica’s proposal. Joseph Boardman, Amtrak’s president and CEO, aired his dismay in a phone conference call held earlier this afternoon. “There seems to be a lack of recognition that Amtrak is the right organization to deliver better intercity passenger rail service in this country,” he said. Boardman said that Amtrak had made headway in reducing debt and improving equipment, and was already looking at a public-private partnership for high-speed rail in the Northeast. “This asset, this transportation artery is critical, and that … is lost in this, because the focus of this particular proposal is about financing and real estate, not transportation first.” Democrats did not greet the proposal warmly. New Jersey Senator Frank Lautenberg, who sits on the Senate’s transportation committee, said that “the Republican proposal to privatize rail on the Northeast Corridor would increase costs for passengers and make rail travel less reliable. I will fight in the Senate to stop any plan that threatens Amtrak and commuters on the Northeast Corridor.” Other responses were more measured, if lukewarm. Petra Todorovich, a high-speed rail expert at the Regional Plan Association, said “we don’t think it’s the worst idea in the world.” She added that Mica’s proposal was useful in that “he’s starting a conversation about what it would take to implement world-class high speed rail in the Northeast Corridor. This is the first time we’ve had this conversation at the congressional level.” But she added that “I think it’s unlikely that private companies would bid unless federal money is on the table. You can’t have a public/private partnership without public money.”

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#### The counterplan kills amtrak

Robert Puentes, senior fellow with the Brookings Institution Metropolitan Policy Program where he also directs the Program’s Metropolitan Infrastructure Initiative. , 1-5-2012, “Freakonomics Quorum: Can Amtrak Ever Be Profitable?” “ <http://www.freakonomics.com/2012/01/05/freakonomics-quorum-can-amtrak-ever-be-profitable>

In Washington and across the nation, there are ongoing deliberations about which transportation and infrastructure assists will drive the next American economy. A particularly noisy debate involves the future of the nation’s passenger railroad network and where, in what form, and who should make these investments. These and other discussions have once-again raised questions about America’s national passenger rail system—Amtrak—which has faced a tumultuous future ever since its creation in 1971. Despite the haranguing, Amtrak continues to enjoy support from many in Congress and is carrying more passengers than ever. In fact, it experienced a significant jump in national ridership after 1997 when a bipartisan federal commission was established to make recommendations to help Amtrak reach operational self-sufficiency. Since then, Amtrak’s total boardings and alightings have increased 34.9 percent. To put this in perspective, it more than doubles population growth (14.6 percent) over the same period and exceeds real GDP growth (29.5 percent). Part of the reason is that Amtrak’s growth mirrors the rise of America’s largest metropolitan areas, many of which are served quite well by rail. In fact, half of Amtrak’s ridership comes from just five large metros: New York, Washington, Philadelphia, Chicago, and Los Angeles. These places are generally well positioned geographically with good connectivity to other key metros. They are also home to the nation’s largest aviation delays and highway congestion with which travelers in these metros have to contend. Indeed, Amtrak says it has a whopping 62 percent of the air/rail market between New York and Washington, and 47 percent of the market share between Boston and New York. Why does Amtrak work in these places? For one, research suggests that for intercity rail corridors to be successful they require competitive travel times especially compared to air travel. Amtrak has a built-in benefit in some metros by providing direct service close to the heart of cities and business districts whereas air travelers must contend with decentralized airport locations, security lines, and early gate arrival requirements. And in terms of length, research based on European results finds that the optimal distances for travelers to shift from air to rail is around 300 miles or so. (Washington to New York is about 250 miles.)