**States Solvency 2**

Cooperation 12

Interstate Compact 14

Funding 18

Airports 19

Privates 20

HSR 23

NIB 24

ITS 25

Mass Transit 26

Disaster Relief 27

Environment 28

Block grants bad 30

States 🡪 federal action 34

Devolution 35

Testing ground/innovation 40

AT: Permutation 41

AT: Rollback 42

Misc Fed bad 43

**\*\*\* Aff Answers to States CP 49**

No funding 50

Uniformity 51

Private Funding deficit 52

Fed key 53

Permutation 56

Natives – solvency deficit 61

Race to Bottom 62

No solvency – economy 65

No solvency – HSR 66

AT: Lopez 67

**\*\*\* FEDERALISM 68**

Federalism 1NC 69

Federalism High Now 73

Link – general 74

Link – Commerce 75

Impact – Terrorism 76

Impact – Iraq 77

Impact – solvency 79

Impact – Democracy 82

Impact – Econ 83

Impact – Tyranny 85

**\*\*\*Federalism AFF 87**

non-uniqueness 88

Federalism LOW 91

No Modeling 92

No Link – High Speed Rails 94

AT: Tyranny 96

AT: Ethnic conflict 97

AT: Individual rights 98

AT: MISC (generic can’t solve) 99

AT: Public goods 100

Federalism turn – Civil war 101

**STATE DISADS**

**\*\*\* Cali DA 102**

Uniqueness 102

Balanced Budget 103

Economic Recovery 104

Brink Now 107

Links 108

Spending 109

Internal Links 111

Key to the Global Economy 112

Key to the US Economy 113

Key to Innovation 119

Impacts 120

US Economic Decline 121

Innovation 123

Turns CP 125

**\*\*\*Cali DA Answers 128**

Uniqueness 128

Economy Failing Now 130

Links 130

Link Turn 132

Link Defense 133

**\*\*\*Texas Econ DA 134**

2AC Shell 135

Uniqueness Wall 139

Econ Internal Link 141

Jobs Internal Link 142

**\*\*\*Texas Rainy Day DA 143**

2AC Shell 144

Spending Link 146

\*\*Aff Answers 148

**\*\*\*Texas Secession DA 150**

1NC 151

2NC Nullification Now 156

2NC Civil War Coming Now 157

2NC Link Wall 160

2NC US Heg Internal Link 162

2NC AT: Civil War Inevitable 164

2NC AT: Other States won’t secede 165

**\*\* AFF Texas DA 166**

Civil War Inevitable 167

Chuck Norris Turn 167

\*\*\*Misc. – State stuff 168

States Solvency

Federal transportation initiatives failing — public only trusts state funding.

Orski 12 [Ken Orski, editor and publisher of Innovation NewsBrienfs, served as Associate Administrator of the Urban Mass Transportation Administration under President Nixon and President Ford and, after leaving government, founded a transportation consultancy counseling corporate clients and agencies in federal, state and local government, 2/5/12, “Why Pleas to Increase Infrastructure Funding Fall on Deaf Ears”, New Geography, http://www.newgeography.com/content/002662-why-pleas-increase-infrastructure-funding-fall-deaf-ears] aw

There are various theories why appeals to increase infrastructure spending do not resonate with the public. One widely held view is that people simply do not trust the federal government to spend their tax dollars wisely. As proof, evidence is cited that a great majority of state and local transportation ballot measures do get passed, because voters know precisely where their tax money is going. No doubt there is much truth to that. Indeed, thanks to local funding initiatives and the use of tolling, state transportation agencies are becoming increasingly more self-reliant and less dependent on federal funding.

States held more accountable by citizens.

Glaeser 12 [Edward Glaeser, 2/13/12, Bloomberg, “Spending Won’t Fix What Ails U.S. Infrastructure: Edward Glaeser”, http://www.bloomberg.com/news/2012-02-14/spending-won-t-fix-what-ails-u-s-transport-commentary-by-edward-glaeser.html] aw

DE-FEDERALIZE TRANSPORT SPENDING: Most forms of transport infrastructure overwhelmingly serve the residents of a single state. Yet the federal government has played an outsized role in funding transportation for 50 years. Whenever the person paying isn’t the person who benefits, there will always be a push for more largesse and little check on spending efficiency. Would [Detroit](http://topics.bloomberg.com/detroit/)’s People Mover have ever been built if the people of Detroit had to pay for it? We should move toward a system in which states and localities take more responsibility for the infrastructure that serves their citizens.

More localization is key to solvency.

Erin Ryan, Associate Professor of Law at Lewis & Clark Law School, 2007, *Maryland Law Review* 66.3, pg. 511-512, ‘Federalism and the Tug of War Within: Seeking Checks and Balance in the Interjurisdictional Gray Area’, <http://works.bepress.com/erin_ryan/5/>, TB

Interjurisdictional problems pose special difficulty for federalism because their circumstances exacerbate inherent tension between the underlying values of American federalism, principally the promotion of government accountability, the checks and balances that dual sovereignty affords against tyranny, and the socially desirable benefits associated with the protection of local autonomy (including regional diversity, regulatory efficiency, and innovation yielded by interjurisdictional competition). Each value represents an underlying principle of good government that we ask federalism to help us realize, and each is claimed in support of the need for judicially enforceable federalism constraints.13 But in addition to these more familiar values, the federalism premise of as-localized-as-possible governance (or “subsidiarity”) incorporates an often overlooked problem-solving value. Directing that public decisionmaking take place at the most local level possible implies the most local level with capacity—or the most local level of government that may actually be able to solve the problem. Tensions exist between the satisfaction of each of these values in any given model of federalism, but a central federalism tension is located between the anti-tyranny “check-and-balance” value and the underappreciated “problem-solving” value.14

States Solvency

States funding and implementation is best – mistakes won’t be repeated across the country.

Edwards 11 **(**Joint Economic Committee United States Congress, <http://www.cato.org/publications/congressional-testimony/federal-infrastructure-investment>, ‘Federal Infrastructure Investment’,)

The U.S. economy needs infrastructure, but state and local governments and the private sector are generally the best places to fund and manage it. *The states should be the "laboratories of democracy" for infrastructure, and they should be able to innovate freely with new ways of financing and managing their roads, bridges, airports, seaports, and other facilities.*¶ It is true that — like the federal government — the states can make infrastructure mistakes. But at least state-level mistakes aren't automatically repeated across the country. If we ended federal involvement in high-speed rail, for example, California could continue to move ahead with its own system. Other states could wait and see how California's system was performing before putting their own taxpayers on the hook.¶ A big step toward devolving infrastructure financing would be to cut or eliminate the federal gasoline tax and allow the states to replace the funds with their own financing sources. President Reagan tried to partly devolve highway funding to the states, and more recent legislation by Rep. Scott Garrett (R-NJ) and Rep. Jeff Flake (R-AZ) would move in that direction.15 Reforms to decentralize highway funding would give states more freedom to innovate with the financing, construction, and management of their systems.16¶ One option for the states is to move more of their infrastructure financing to the private sector through the use of public-private partnerships (PPP) and privatization. The OECD has issued a new report that takes a favorable view on the global trend towards infrastructure PPPs, and notes the "widespread recognition" of "the need for greater recourse to private sector finance" in infrastructure.17 The value of PPP infrastructure projects has soared over the past 15 years in major industrial countries.18¶ PPPs differ from traditional government projects by shifting activities such as financing, maintenance, management, and project risks to the private sector. There are different types of PPP projects, each fitting somewhere between traditional government contracting and full privatization. In my view, full privatization is the preferred reform option for infrastructure that can be supported by user fees and other revenue sources in the marketplace.

States Solvency

States are better at attracting private investment – individual regulations and tailored policies.

Gillette 98 Clayton P. Gillette, State and government law professor at New York University, 82 Minn. L. Rev. 447, “Business Incentives, Interstate Competition, and the Commerce Clause,” 1997-1998

In this Article, I cast a skeptical look at these arguments. My objective is not to demonstrate that the alleged "war between the states" or "arms race" does not or could not exist. Rather, my concern is that the feared scope and consequences of such competition may be overblown, and that the benefits of such competition may be understated. Furthermore, the proposed remedy-federal intervention-imposes additional costs, both in removing from states the capacity to promote the values that underlie federalism and in introducing into legal analysis distinctions that cannot help but fly in the face of logical consistency. Indeed, the stronger form of my claim is that competition among states for businesses may actually facilitate the objective created by the Commerce Clause of achieving economic integration for the benefit of the nation as a whole.The very claim that competition for business location will have a negative impact seems odd. We typically think of competition as an effective mechanism for allocating scarce social resources to the party that values them most highly, and there initially seems little reason to believe that governmental bids vary from this principle. Although Tiebout models of local government services are usually directed at the market for residence,2 the same desire for preference satisfaction should apply to the market for firms. Indeed, the package of local public goods and services that a jurisdiction offers, and the tax prices charged for them, is frequently explained in terms of the jurisdiction's capacity and desire for attracting businesses.3 Just as localities offer a package of goods and services in order to attract a relatively homogeneous group of residents, and thus ensure the efficient delivery of local public goods, businesses that seek a particular type of environment, work force, or package of goods and services will gravitate to those locations that signal their desire to attract firms with similar preferences.Of course, the packages offered by states and localities do not indicate that they have unlimited desire to attract busi- nesses, any more than their capacity for residents is uncapped. Instead, for each package of goods and services established by a state or locality, there is an optimal size population, including businesses, determined by the number of residents for which the package can be produced at the lowest average cost.Communities below the optimum will use incentives to attract residents (including businesses), and thus decrease average costs, while those above the optimum are likely to reduce serv- ices until a sufficient number of residents (including busi- nesses) emigrate.5 Indeed, there is some reason to believe that states and localities are particularly adept at and appropriate for pursuing policies that match businesses and location. Paul Peterson, for instance, contends that developmental policies, those programs that enhance the economic position of a com-munity, albeit at the expense of neighbors, are best imple- mented by local or state, rather than national governments in order to permit greater satisfaction of preferences between those who provide and those who consume service packages.Locational incentives directed at businesses would appear, on their face, to serve these objectives of interstate competition. Indeed, much of what we normally think of as the characteristics that make a community attractive may easily be cast as "business incentives," since they correlate well with the factors-for example, access to transportation, infrastructure, education, level of unionism, climate-that serve as a primary basis for business location decisions. From this perspective, governmental use of subsidies, exemptions, and abatements simply constitutes the business counterpart to well-accepted forms of competition among other state actors bidding for scarce resources. For instance, state universities bid for students by offering scholarships and positions on sports teams, and ad- vertising campaigns by states indicate fierce competition for tourism dollars. No one suggests that such actions are barred by the Commerce Clause. Certainly those law professors who contend that federal intervention is necessary to prevent states from engaging in explicit bidding for businesses have not suggested that there exists any Commerce Clause barrier to state law schools offering some salaries out of line with those of others in order to attract or retain faculty members.

States Solvency

Federal funding and implementation can’t solve – pork barrel politics, bureauracy, overruns, mistake replication, non-specific regulations, and deficits.

Edwards, 11 [11/16/11, Chris Edwards the director of tax policy studies at Cato and editor of www.DownsizingGovernment.org. He is a top expert on federal and state tax and budget issues. Before joining Cato, Edwards was a senior economist on the congressional Joint Economic Committee, a manager with PricewaterhouseCoopers, and an economist with the Tax Foundation. Edwards has testified to Congress on fiscal issues many times, and his articles on tax and budget policies have appeared in the Washington Post, Wall Street Journal, and other major newspapers. He is the author of Downsizing the Federal Government and co-author of Global Tax Revolution. Edwards holds a B.A. and M.A. in economics, and he was a member of the Fiscal Future Commission of the National Academy of Sciences, CATO institute, testimony, “Federal Infrastructure Investment”http://www.cato.org/publications/congressional-testimony/federal-infrastructure-investment\*]

Problems with Federal Infrastructure Investment There are calls today for more federal spending on infrastructure, but advocates seem to overlook the downsides of past federal efforts. Certainly, there have been federal infrastructure successes, but there has also been a history of pork barrel politics and bureaucratic bungling in federal investment spending. A substantial portion of federal infrastructure spending has gone to low-value and dubious activities. I've examined spending by the two oldest federal infrastructure agencies — the Army Corps of Engineers and the Bureau of Reclamation.7 While both of those agencies constructed some impressive projects, they have also been known for proceeding with uneconomic boondoggles, fudging the analyses of proposed projects, and spending on activities that serve private interests rather than the general public interest. (I am referring to the Civil Works part of the Corps here). Federal infrastructure projects have often suffered from large cost overruns.8 Highway projects, energy projects, airport projects, and air traffic control projects have ended up costing far more than originally promised. Cost overruns can happen on both public and private infrastructure projects, but the problem is exacerbated when multiple levels of government are involved in a project because there is less accountability. Boston's Big Dig — which exploded in cost to five times the original estimate — is a classic example of mismanagement in a federal-state project.9 Perhaps the biggest problem with federal involvement in infrastructure is that when Washington makes mistakes it replicates those mistakes across the nation. Federal efforts to build massive public housing projects in dozens of cities during the 20th century had very negative economic and social effects. Or consider the distortions caused by current federal subsidies for urban light-rail systems. These subsidies bias cities across the country to opt for light rail, yet rail systems are generally less efficient and flexible than bus systems, and they saddle cities with higher operating and maintenance costs down the road.10 When the federal government subsidizes certain types of infrastructure, the states want to grab a share of the funding and they often don't worry about long-term efficiency. High-speed rail is a rare example where some states are rejecting the "free" dollars from Washington because the economics of high-speed rail seem to be so poor.11 The Obama administration is trying to impose its rail vision on the nation, but the escalating costs of California's system will hopefully warn other states not to go down that path.12 Even if federal officials were expert at choosing the best types of infrastructure to fund, politics usually intrudes on the efficient allocation of dollars. Passenger rail investment through Amtrak, for example, gets spread around to low-population areas where passenger rail makes no economic sense. Indeed, most of Amtrak's financial loses come from long-distance routes through rural areas that account for only a small fraction of all riders.13 Every lawmaker wants an Amtrak route through their state, and the result is that investment gets misallocated away from where it is really needed, such as the Northeast corridor. Another problem is that federal infrastructure spending comes with piles of regulations. Davis-Bacon rules and other federal regulations raise the cost of building infrastructure. Regulations also impose one-size-fits-all solutions on the states, even though the states have diverse needs. The former 55-mph speed limit, which used to be tied to federal highway funds, is a good example. Today, federal highway funds come with requirements for the states to spend money on activities such as bicycle paths, which state policymakers may think are extraneous.14 Decentralizing Infrastructure Financing The U.S. economy needs infrastructure, but state and local governments and the private sector are generally the best places to fund and manage it. The states should be the "laboratories of democracy" for infrastructure, and they should be able to innovate freely with new ways of financing and managing their roads, bridges, airports, seaports, and other facilities. It is true that — like the federal government — the states can make infrastructure mistakes. But at least state-level mistakes aren't automatically repeated across the country. If we ended federal involvement in high-speed rail, for example, California could continue to move ahead with its own system. Other states could wait and see how California's system was performing before putting their own taxpayers on the hook. A big step toward devolving infrastructure financing would be to cut or eliminate the federal gasoline tax and allow the states to replace the funds with their own financing sources. President Reagan tried to partly devolve highway funding to the states, and more recent legislation by Rep. Scott Garrett (R-NJ) and Rep. Jeff Flake (R-AZ) would move in that direction.15 Reforms to decentralize highway

States Solvency

( Edwards continued)

funding would give states more freedom to innovate with the financing, construction, and management of their systems.16 One option for the states is to move more of their infrastructure financing to the private sector through the use of public-private partnerships (PPP) and privatization. The OECD has issued a new report that takes a favorable view on the global trend towards infrastructure PPPs, and notes the "widespread recognition" of "the need for greater recourse to private sector finance" in infrastructure.17 The value of PPP infrastructure projects has soared over the past 15 years in major industrial countries.18 PPPs differ from traditional government projects by shifting activities such as financing, maintenance, management, and project risks to the private sector. There are different types of PPP projects, each fitting somewhere between traditional government contracting and full privatization. In my view, full privatization is the preferred reform option for infrastructure that can be supported by user fees and other revenue sources in the marketplace. Transportation is the largest area of PPP investment. A number of projects in Virginia illustrate the options: Midtown Tunnel. Skanska and Macquarie will be building a three-mile tolled tunnel under the Elizabeth River between Norfolk and Portsmouth. Private debt and equity will pay $1.5 billion of the project's $1.9 billion cost.19 Capital Beltway. Transurban and Fluor will be building, operating, and maintaining new toll lanes on the I-495. The firms are financing $1.4 billion of the project's $1.9 billion cost.20 Dulles Greenway. The Greenway is a privately-owned toll highway in Northern Virginia completed with $350 million of private debt and equity in mid-1990s.21 Jordan Bridge. FIGG Engineering Group is constructing, financing, and will own a $100 million toll bridge over the Elizabeth River between Chesapeake and Portsmouth, which is to be completed in 2012.22 About $900 billion of state-owned assets have been sold in OECD countries since 1990, and about 63 percent of the total has been infrastructure assets.23 The OECD notes that "public provision of infrastructure has sometimes failed to deliver efficient investment with misallocation across sectors, regions or time often due to political considerations. Constraints on public finance and recognized limitations on the public sector's effectiveness in managing projects have led to a reconsideration of the role of the state in infrastructure provision."24 There has been a large increase in privatization and infrastructure PPPs in many countries, but the OECD notes that the United States "has lagged behind Australia and Europe in privatization of infrastructure such as roads, bridges and tunnels."25 More than one-fifth of infrastructure spending in Britain and Portugal is now through the PPP process, so this is becoming a normal way of doing business in some countries.26 The industry reference guide for infrastructure PPP and privatization is Public Works Financing.27 According to this source, only 2 of the top 40 companies doing transportation PPP and privatization around the world are American. Of 733 transportation projects currently listed by PWF, only 20 are in the United States. Canada — a country with one-tenth of our population — has more PPP deals than we do. In Canada, PPPs account for 10 to 20 percent of all public infrastructure spending.28 One of the fuels for infrastructure PPP has been growing investment by pension funds.29 In Canada, Australia, and other countries, there is larger pension fund investment in infrastructure than in the United States. In some countries, such as Australia, the growth in pension assets has been driven by the privatization of government retirement programs.30 Thus, there is a virtuous cycle in place — the privatization of savings in some countries has created growing pools of capital available to invest in privatized infrastructure. There are many advantages of infrastructure PPP and privatization. One advantage is that we are more likely to get funding allocated to high-return investments when private-sector profits are on the line. Of course, businesses can make investment mistakes just as governments do. But unlike governments, businesses have a systematic way of choosing investments to maximize the net returns. And when investment returns are maximized, it stimulates the largest gains to the broader economy. One reason that privatized infrastructure is efficient is that private companies can freely tap debt and equity markets to build capacity and meet market demands. By contrast, government investment suffers from the politics and uncertainties of the federal budget process. You can see the problems with our air traffic control system, which needs long-term investment but the Federal Aviation Administration can't count on a stable funding stream. For its part, the FAA's management of ATC investment has been poor. The agency has a history of delays and cost overruns on its technology upgrade projects. The solution is to privatize our air traffic control system, as Canada has done with very favorable results.31 A recent Brookings Institution study describes some of the advantages of PPPs. It notes that the usual process for government infrastructure investment decouples the initial construction from the later management, which results in contractors having few incentives to build projects that will minimize operation and maintenance costs.32 PPP solves this problem because the same company will both build and operate projects. "Many advantages of PPP 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," notes the Brookings' study.33 There are other advantages of infrastructure PPP and privatization. One advantage is the greater efficiency of construction. Extensive British experience shows that PPP projects are more likely to be completed on time than traditional government projects.34 Another advantage is the greater efficiency of operations. Private firms have incentives to reduce excessive operational costs, as illustrated by the labor cost savings

States Solvency

( Edwards continued)

from the leasing of the Chicago Skyway.35 Finally, private operators of infrastructure such as toll roads are more likely to charge efficient market rates to users, as illustrated by the leasing of the Indiana Toll Road.36 The Brookings' paper raises some important concerns with PPP, which I share. One is that state officials may lease assets such as toll roads simply to paper over short-term budget deficits. Another concern is that policymakers write poor contracts that assign profits to private parties but risks and possible losses to taxpayers. The Brookings' authors propose approaches to structuring contracts and competitive bidding to ensure efficiency. For new infrastructure investments, well-structured PPP or full privatization appears to be a winning approach for taxpayers, governments, and the broader economy. Taxpayers win because subsidies to infrastructure users are minimized. Governments win because they get new facilities built. And the economy wins because private investment is more likely to be cost-efficient and well-targeted than traditional government investments. Conclusions In its report on the state of U.S. infrastructure, the American Society of Civil Engineers gives America a grade of "D."37 However, the ASCE report mainly focuses on infrastructure provided by governments, so if you believe that this low grade is correct, then it is mainly due to government failures. The ASCE lobbies for more federal spending, but OECD data shows that public-sector spending on infrastructure is about the same in this country as in other high-income nations. Some of the infrastructure shortcomings in the United States stem from mismanagement and misallocation by the federal government, rather than a lack of taxpayer support. So part of the solution is to decentralize infrastructure financing, management, and ownership as much as possible. State and local governments and the private sector are more likely to make sound investment decisions without the federal subsidies and regulations that distort their decisionmaking. This committee's description of today's hearing noted: "Transportation infrastructure is especially important to the manufacturing sector, which relies on various modes of transportation to obtain raw materials and to transport end products to the marketplace." That is certainly true, and I think transportation privatization is part of the answer to improve America's competitiveness in global markets. For example, nearly all airports and seaports in this country are owned by governments, but many airports and seaports abroad have been partly or fully privatized. The World Economic Forum rates America's seaports only 23rd in the world, but the first- and third-best seaports in the world, according to the WEF, are private — Singapore and Hong Kong.38 The federal government cannot afford to expand its infrastructure spending because of today's massive deficits. Many states are also in a budget squeeze. Fortunately, the global trend is toward partly or fully privatizing the financing and ownership of infrastructure. U.S. policymakers should study the recent innovations in infrastructure investment, and then start unloading the financing and ownership of our infrastructure to the private sector. Thank you for holding these important hearings

States Solvency

State revenue higher than expected – shrinking deficits and money to solve.

Selway 12 [“State Revenue Tops Forecasts as U.S. Governors Reduce Spending” By William Selway : William Selway, a Bloomberg News reporter, is responsible for coverage of municipal finance and state and local government. Selway, a University of Arizona graduate, has been with Bloomberg News in San Francisco since 2000, where he covered technology in the wake of the Internet bubble's collapse, the recall of Governor Gray Davis, and the fight over gay marriage, among other stories. His stories have won awards from groups including the Investigative Reporters and Editors, the New York Press Club and the Society of American Business Editors and Writers. Before joining Bloomberg, he worked at Dow Jones, the Bond Buyer and AFX News. on June 12, 2012 : <http://www.businessweek.com/news/2012-06-12/state-revenue-tops-forecasts-as-u-dot-s-dot-governors-reduce-spending>]

Most U.S. states are collecting more revenue than they forecast this year as the economy recovers, reducing budget deficits that have persisted in the nation’s capitals since the recession. Thirty-one states collected more than they expected when drafting budgets for the current fiscal year, which ends this month in most states, according to a report released today by the National Governors Association. Still, state leaders moved to slow the growth of spending in the coming year, reflecting uncertainty about the economy, the report found. “State fiscal conditions are continuing to improve in fiscal 2013, although many state budgets are not fully back to pre-recession levels,” according to the report. U.S. states are slowly recovering from the 18-month recession that ended three years ago, which forced them to cut back on spending on education, welfare and transportation projects as tax collections tumbled. The need to balance budgets, often mandated by state constitutions, exerted a drag on the economy. With tax collections improving, only eight states were forced to close a collective $1.7 billion of deficits that emerged in the budgets in the middle of the year, the fewest since the recession. Budget Shortfalls For 2013, the difference between what states will collect and what they were poised to spend narrowed to $30.6 billion from $68.1 billion in the previous 12 months, according to the report. Nineteen faced such shortfalls, down from 27 a year earlier. Governors proposed increasing spending by a total of 2.2 percent to $682.7 billion, a reduction from the previous two years and about half the 4.1 percent projected jump in their revenue. “Despite some improvements in state budgets since the depths of the recession, state budget growth is still significantly below average, growing at less than half the average rate of growth of the past few decades,” said Scott Pattison, the executive director of the National Association of State Budget Officers, which worked with the Washington-based governors group, in a statement. Proposed spending increases for the coming year varied. New Jersey proposed the biggest, a 7.2 percent jump, followed by California and Oregon, with jumps of 7 percent and 6.2 percent, respectively, according to the report. Texas, Alabama and Alaska were among the nine states still proposing cuts, according to the report. Public Employees The diminished deficits reduced pressure on public employees and local governments. Eleven states, including California, Maryland and Massachusetts, considered dismissing workers in the coming year, down from 15 that did so in the current year. Fourteen states, among them Ohio and Pennsylvania, proposed paring back aid to localities, down from 17 states a year earlier. The gains in tax collections haven’t eliminated fiscal strains in statehouses, including the cost of providing health care under Medicaid, which has increased as a result of joblessness and rising medical bills. States’ financial stability may be threatened by a slowdown in the economy, federal budget cuts or tax-law changes, said Dan Crippen, the executive director of the governors’ group. “Everywhere you look, there’s uncertainty for the fiscal position of states,” he said in an interview. Debt Crisis Federal Reserve Chairman Ben Bernanke said this month that the economy is at risk from Europe’s debt crisis and the prospect of federal budget tightening in the U.S. Last month, U.S. employers also added workers at the slowest pace in a year, pushing up the unemployment rate and raising renewed concerns about the pace of growth. Even with increases proposed for the 2013 budget year, spending would still be $4.6 billion below the 2008 peak. Half of the proposed budgets that were below their peak from five years before, according to the governor’s report. “States remain cautious about the strength of the national economic recovery,” according to the report. “State budgets reflect a national economy in which growth is slow and not as robust as in previous recoveries, yet overall state fiscal improvement is occurring.”

States Solvency

States solvency in the status quo – already funding and implementing most projects.

Transport politic 12 [ “Clearing it Up on Federal Transportation Expenditures” Yonah Freemark: February 16th, 2012 : <http://www.thetransportpolitic.com/2012/02/16/clearing-it-up-on-federal-transportation-expenditures/>]

» The federal government has already devolved most of its transportation powers to local and state governments. And there is little evidence that further reducing the power of Washington will produce better transportation investments. The reaction to President Obama’s 2013 budget for transportation has ranged from the dismissive — “it’s too big to be part of the discussion” — to the supportive (myself, among others), most of the commentary revolving around the proposed program’s large size. Another theme, however, has reemerged in the discussion: The role of the federal government in funding transportation. It’s not a new conversation, of course; in American transportation circles, the roles of the three major levels of government are constantly being put into question. The argument goes something like this: The federal government, because of its national power and ability to collect revenues from the fuel taxes it administers, is a wasteful spender and it chooses to invest in projects that are inappropriate enough that they wouldn’t be financed by local governments if they were in charge. Harvard Economist Edward Glaeser argues for the de-federalization of transport spending, suggesting “Whenever the person paying isn’t the person who benefits, there will always be a push for more largesse and little check on spending efficiency. Would Detroit’s People Mover have ever been built if the people of Detroit had to pay for it? We should move toward a system in which states and localities take more responsibility for the infrastructure that serves their citizens.” He also suggests, somewhat contradictorily, that federal funding “tie spending to need or performance.“\* USC’s Lisa Schweitzer asserts that if cities want improved sidewalks or public transportation, they should pay for them themselves. ”The typical arguments [are] that “those things are good for us!”,” she writes. “Of course they are. Why can’t you fund them at the city, or in the case of transit, the state level?” [She adds that she will defend federal investment in a future discussion.] Bruce Katz of Brookings chimes in. “The states and metropolitan areas are once again playing their traditional roles as “laboratories of democracy” and centers of economic and policy innovation,” he adds. “An enormous opportunity exists for the next president to mobilize these federalist partners in a focused campaign for national economic renewal.” The federal government, it is implied, is just too intrusive to make the right decisions. Here’s the thing: The large majority of decisions on transportation spending with federal dollars is already made at the state and local levels. And state and local governments already contribute huge sums to the operation, maintenance, and expansion of their transportation programs. Once the federal government collects tax revenue, it distributes funding to the states based on formulas agreed upon by members of Congress. For the most, part, the money goes back to the states and to metropolitan areas, which then fund projects based on the priority lists that they generate. It is true that Washington allocates some money for transit and some for highways, but within those categories, states and local governments generally have power to pay for the projects they want. Washington does run very competitive grant programs — exactly the type of performance-based financing Mr. Glaeser demands — for transit investment projects and for programs like TIGER (and, indeed, for the much-hated high-speed rail program). Federal guidelines require most of these projects (unlike those funded by formula) to meet cost-effectiveness and ridership standards. This was not true at the time of the Detroit People Mover (a project I admit I abhor), but it is certainly true now.\*\*\* While earmarks (now out of the equation entirely) got a lot of attention as being wasteful, even at the height of the process they only accounted for about 5% of transportation spending from Washington. I can think of plenty of expensive and arguably inappropriate transit projects paid for by local governments that would not meet the guidelines to be funded by the federal government under its competitive programs. Should we hail Mr. Katz’s “laboratories of democracy” that produced these? Would Mr. Glaeser have these federal grant programs dismantled so states or localities could fund underperforming transit? Meanwhile, states and local governments are contributing massively to transportation funding already, just as Ms. Schweitzer asks them to. I studied Oregon and Illinois a year and a half ago and found that only about a quarter of Oregon’s Department of Transportation budget comes from Washington; about a third of Illinois’ comes from the national capital. What about those profligate transit agencies that are egged on by the federal government’s wasteful spending? Their operations spending comes from local, state, and fare revenues — not Washington. And expansion projects — especially the big ones — are mostly financed by local revenues, like dedicated sales taxes that voters across the country have approved repeatedly over the past twenty years. The six largest transit expansion projects currently receiving or proposed to receive funding from the Obama Administration this year each rely on the federal government to contribute less than 43% of total costs. Perhaps Detroit would have p aid for the People Mover even if it had had to use its own revenues to do so.

States Solvency

State uniformity and solvency are empirically proven.

Foy 04 [Foy, Joseph. "Applying the New Federalism of1996: Governors and Welfare Reform" Paper presented at the annual meeting of the Midwest Political Science Association, Palmer House Hilton, Chicago, Illinois, Apr 15, 2004 2009-05-26: <http://www.allacademic.com/meta/p83501\_index.html>]

Abstract: With the passage of The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, America experienced a reemergence of the “new federalist” policies that began during the presidency of Richard Nixon and blossomed under Ronald Regan. Defined primarily by its emphasis on “devolving” federal influence over social policies to the states, the new federalism of the mid-1990s gave state governments more freedom to decide how to manage and implement social programs while simultaneously increasing pressure on state officials to make those programs work. An obvious effect of this move to shift power away from the federal government to the state level was the pushing of states to the forefront of the debates surrounding social policies. Rather than continuing to sing backup to the federal government’s lead, the states now had a greater role in determining the course of some of the most long-standing controversies in modern-American political history. The devolution of authority from the federal government to the states not only opened a door for state governments to have a greater say in policy choices, it also offered a situation for analyzing all fifty states as they respond to the same policy mandate during the same period of time. This rare occurrence in which the American states were opened up as a laboratory for policy analysis on the same set of policy choices within the same time period offers a chance to see not only the impact federal policy has across the states, but it enables a look into the specific political activities of state governments in the quest to shape policy outcomes. The purpose of this paper is to examine what effect governmental institutions have on the outcomes of policy within the states. More specifically, I will seek to assess what impact – if any – state executive offices have on determining policy outcomes. By going beyond studies that only focus on demographic influences on welfare policy outcomes, I hope to fill a significant gap that exists in the literature surrounding welfare reform, and that is what occurs between the devolution of responsibility of welfare policy from the federal government and the outcomes that result. Likewise, although there have been studies examining different determinants of welfare policy across the states, these studies do not take into account the role state executives play in shaping outcomes.

Local governance is the most effective model for transportation policy.

Charles R. Hulten and Robert M. Schwab, National Bureau of Economic Research, Dept. of Economics, University of Maryland, 9/19/95, Regional Science and Urban Economics, “A fiscal federalism approach to infrastructure policy”

Let us assume that governments always act in the best interests of their citizens¶ and that the distribution of the population is fixed. Oates then argues that in this¶ simple case the optimal form of government would be one in which there exists a¶ level of government for each subset of the population over which the consumption¶ of a class of public capital is defined. That is to say, the jurisdiction that¶ determines the level of provision of each public good includes precisely the set of¶ individuals who consume the good. Oates calls such a structure of government a¶ case of perfect correspondence. 3 Thus, for example, the federal government would¶ provide national defense capital and local governments would provide local¶ streets. In this ideal model, each level of government would maximize the welfare¶ of their constituents. But given the structure of this system of governments, their¶ decisions would lead to efficiency since public goods provided in one community¶ would have no effect on the citizens of any other community.

State infrastructure policies effective—Oregon and California prove

Winston 91 [Clifford Winston, Winter 1991, “Efficient Transportation Infrastructure Policy”, American Economic Association, JSTOR, http://www.jstor.org/stable/10.2307/1942705] aw

The best hope for sensible policy reform may reside with the states. Oregon has recently introduced an axle-weight tax for selected trucks and several locales in California are seriously exploring congestion pricing. There has also been support in California newspapers for congestion pricing (see the editorials cited in Small, Winston, and Evans (1989), p. 92). These states have recognized (and perhaps others will too) that the current federal emphasis on supporting increases in infrastructure spending with such means as higher state gasoline taxes will fail to provide a permanent solution to recurring infrastruc-ture problems. Steps must be taken to stop passing these problems on to future generations.

States Solvency

The STATE Act ensures funding solvency.

Daniel Horowitz, Deputy Political Director at the Madison Project, contributing editor to the Red State, 1/19/12, Red State, <http://www.redstate.com/dhorowitz3/2012/01/19/devolve-transportation-spending-to-states/>, “Devolve Transportation Spending to the States”

The most prudent legislation that would transition responsibility for transportation spending back to the states is Rep. Scott Garrett’s STATE Act (HR 1737). Under this legislation, all states would have the option to opt out of the federal transportation system and keep 16.4 cents of their federal gasoline tax contribution. States would have the ability to use that money to raise their state gasoline tax and direct those funds more efficiently for their own needs. States would be free to use the funds for vital needs, instead of incessant repaving projects that are engendered by short-term federal stimulus grants, and which cause unnecessary traffic juggernauts. States could then experiment with new innovations and free-market solutions that open up infrastructure projects to the private sector. The Tenth Amendment is not just a flag-waving principle; it works in the real world.

States can take policies into their own hands to get things done – environmental leadership proves.

Carothers, Claire, associate in the Business Litigation practice group in the Atlanta office, 2006-2007, (fill up this space to makeit more comfortable to read the card) United We Stand: The Interstate Compact as a Tool for Effecting Climate Change;, Pg 334, <http://heinonline.org/HOL/Page?handle=hein.journals/geolr41&div=13&g_sent=1&collection=journals>

In response to President Bush's refusal to comply with the Kyoto¶ Protocol, state and local governments began seeking solutions at the¶ local, state, and regional levels.2' Twelve states, the city of New¶ York, and various environmental groups recently sued the¶ Environmental Protection Agency (EPA) to regulate carbon dioxide¶ emissions from motor vehicles. The lawsuit alleged failure of the¶ EPA to review and update standards governing power plant¶ emissions, which it is required to do every eight years. The states¶ collectively hoped to force recognition of carbon dioxide as a¶ pollutant dramatically affecting global warning and thus falling¶ within the reaches of the Clean Air Act. Attorneys general from¶ other states have challenged the lawsuit under the argument that¶ carbon dioxide is not a pollutant regulable by the EPA. ¶ In a comparable legal action, eight northeastern states and the¶ city of New York brought suit against six power companies under a¶ theory of public nuisance. Seeking injunctive relief through the¶ capping and reduction of emissions, the states alleged injuries to public health, water, agriculture, and wildlife. The tort of nuisance involves a nontrespassory interference with the use and enjoyment of an individual's land. State and federal legislation¶ eventually replaced nuisance as the primary method of dealing with environmental issues. While this lawsuit potentially presented a¶ new means of forcing emission reductions, a federal judge recently dismissed the action citing the necessity of leaving expansive¶ environmental policy decisions to the executive and legislative branches.3 ° This decision will likely foreclose the possibility of¶ similar nuisance suits in the future.

States can take policies into their own hands to get things done- RGGI37 proves.

Carothers, Claire, associate in the Business Litigation practice group in the Atlanta office, 2006-2007, (fill up this space to makeit more comfortable to read the card) United We Stand: The Interstate Compact as a Tool for Effecting Climate Change;, Pg 336, <http://heinonline.org/HOL/Page?handle=hein.journals/geolr41&div=13&g_sent=1&collection=journals>

The states formed the RGGI37 with the stated goal of "developing a program to reduce carbon dioxide emissions from power plants in the participating states, while maintaining energy affordability and reliability and accommodating, to the extent feasible, the diversity in policies and programs in individual states."" After years of research, the RGGI set an initial regional cap at an average of the highest emissions from 2000 to 2004 and established initial emissions budgets for individual state compliance.39

Cooperation

States will collaborate with one another – especially for self-preservation in the face of war.

Mendelsohn 09, Barak Mendelsohn, Assistant Professor at Haverford College for International Politics, War on Terrorism, Conflict and the Middle East, Instructor at the Hebrew University, Jerusalem for Strategy in the Middle East, “Combating Jihadism: American Hegemony and International Cooperation in the War on Terrorism.” https://litigation-essentials.lexisnexis.com/webcd/app?action=DocumentDisplay&crawlid=1&srctype=smi&srcid=3B15&doctype=cite&docid=91+Geo.+L.J.+1003&key=4529115affeed57e6aa0c1c184016015

Note that the appearance of this self-preservation inclination and in¬terstate cooperation does not require a high level of shared norms and beliefs among states. Bull points at three complexes of rules that help to sustain international order, each presenting different depths of shared goals:6 First, "constitutional normative principles" identify states as the primary political organization of mankind, bound together by the rules and institutions of a collective society. Second, "rules of coexistence" restrict the use of violence to states, limit the causes for which states can legitimately start a war, and restrict the manner in which wars are con¬ducted. Such rules also emphasize the principle of equality among states and their obligation to respect the sovereignty of other states and not intervene in their domestic affairs. Finally, rules that regulate coopera¬tion among states go beyond what is necessary for mere coexistence and may even extend beyond political and strategic realms to cooperation in economic and social matters. Interstate collaboration for the sake of self-preservation falls within a logic of coexistence." Therefore, a plu¬ralist international society bent on the preservation of political and cul¬tural differences between states and based on the principles of state sov¬ereignty and nonintervention is sufficient to produce self-preservation tendencies. Importantly, a pluralist international society is not merely a sufficient condition for interstate cooperation; the case of the war on the iihadi movement provides additional support for a pluralist view of the current international society. At a time when many English School scholars high¬light solidarism—the promotion of cosmopolitan values that concern the rights of the individual and lead to a more interventionist understanding of international order—this book demonstrates the critical role of adher¬ence to pluralist principles in producing interstate collaboration, and testifies to the pluralist nature of the international society.

Individual states coordinate with one another to correct national abuse

Gardener 03, James A. Gardener, Distinguished Professor from the State University of New York, 2003, “State Constitutional Rights as Resistance to National Power: Toward a Functional Theory of State Constitutions,” Georgetown Law Journal 91 Geo. L.J. (2002-2003) http://heinonline.org/HOL/Page?handle=hein.journals/glj91&div=36&g\_sent=1&collection=journals

Another way in which states may check federal abuses is by using their ordinary affirmative powers when they are not preempted from doing so. Power can be tyrannical not only when it is used affirmatively for tyrannical ends, hut also when it is withheld in circumstances that either perpetuate an unjust status quo or passively permit some individuals to behave unjustly toward others. When national power is invoked affirmatively in abusive ways, it nonetheless preempts contrary exercises of state power. In contrast, when national power is abusively withheld rather than invoked, states are often free to take corrective action.98 For example, slate legislatures may use their affirmative powers to create state-level programs to address wrongs that the national government refuses to redress.99 State legislatures and courts may also create liability rules that allow individuals who are victimized by unjust private behavior to obtain injunctions against such behavior or to recover compensation for the harms it causes. Individual states may even coordinate informally" with one another to create regional coalitions dedicated to correcting national omissions that rise to the level of abuses of national power.

Cooperation

Innovations of metros causes states to collaborate on infrastructure projects

Brookings 12 [Brookings, 2/16/12, “Remaking Federalism to Remake the American Economy”, [http://www.brookings.edu/research/papers/2012/02/16-federalism-katz]aw](http://www.brookings.edu/research/papers/2012/02/16-federalism-katz%5Daw)

While Washington dithers and delays, metros and their states are embracing the next-economy model and innovating in ways that build on their distinctive competitive assets and advantages: With federal innovation funding at risk, metros like New York and states like Ohio and Tennessee are making sizable commitments to attract innovative research institutions, commercialize research and grow innovative firms. With the future of federal trade policy unclear, metros like Los Angeles and Minneapolis/St. Paul and states like Colorado and New York are reorienting their economic development strategies toward exports, foreign direct investment and skilled immigration.
  With federal energy policy in shambles, metros like Seattle and Philadelphia are cementing their niches in energy-efficient technologies, and states like Connecticut are experimenting with Green Banks to help deploy clean technologies at scale.
  With federal transportation policy in limbo, metros like Jacksonville and Savannah and states like Michigan are modernizing their air, rail and sea freight hubs to position themselves for an expansion in global trade. What unites these disparate efforts are intentionality and purpose. After decades of pursuing fanciful illusions (becoming “the next Silicon Valley”) or engaging in copycat strategies, states and metros are deliberately building on their special assets, attributes and advantages, using business planning techniques honed in the private sector.
The bubbling of state and metro innovation is pervasive and viral—crossing political, regional, jurisdictional and sectoral lines. It offers an affirmative and practical counterpoint to a Washington that has increasingly become hyper-partisan and overly ideological and gives the next President an opportunity to engage states and metropolitan areas as true, working partners in the quest to restructure the economy.

Intrastate compacts encompass multiple states that work in cooperative endeavors

DalSanto 11 DalSanto, Matthew, Berkeley Center for Law, Business and Economy, 04-04-11 “The Economics of Horizontal Government Cooperation” http://papers.ssrn.com/sol3/papers.cfm?abstract\_id=1568600

Originally, the interstate compact was primarily used to resolve border disputes between states. Consequently, case law up through the early 20th century is predominantly related to state border compacts. Since then the purposes for enacting an interstate compact and the number of signatories to the agreement have greatly expanded. Recent interstate compacts encompass a multitude of states and a multitude of issues - not merely disputes, but cooperative endeavors (Zimmermann and Wendell 1976). The legality of the relatively recent inception of states entering into a compact that delegates administrative authority to an interstate agency has been specifically recognized and unanimously upheld by the U.S. Supreme Court. State ex rel. Dyer v. Sims, 341 U.S. 22, 30-31 (1951). When entering into the agreement the signatories cede a specified part of their sovereignty by constraining their activities to comply with the decisions of an interstate administrative agency created by the terms of the compact.

Cooperation

States will work together for various projects – empirics prove

Cox 05, Cox, Craig, Craig Cox is the executive director of the Western Business Coalition for New Energy Technologies in Evergreen, 01-15-05 “Good News about Renewable Energy” http://windenergynews.blogspot.com/2005/01/western-states-to-spend-billions-on.html

Working together and individually, Western political leaders, utilities and nongovernmental organizations are transforming the region's energy infrastructure. Because of their work, the West is poised to assume a leadership role in the modern energy industry of the future. These efforts will provide many tangible economic and environmental benefits throughout the region for years to come. Here are just a few examples of how the West is laying the groundwork for a clean, reliable and modern energy infrastructure for the 21st century: • Govs. Arnold Schwarzenegger of California and Bill Richardson of New Mexico are leading regionwide efforts to increase clean energy development in the West to 30,000 megawatts by 2015. They sponsored a resolution to this effect that the Western Governors' Association adopted at its annual meeting in June. • Colorado's voters, by a solid 54 percent to 46 percent margin in November, passed Amendment 37, creating a 10 percent renewable energy standard by 2015. Colorado is the 17th state to have such a standard, but is the first state to pass a standard by popular vote. The Colorado Public Utilities Commission will begin rulemaking activities to implement the standard this year. • Richardson is spearheading efforts to build new transmission capacity from New Mexico (which has a renewable energy standard similar to Colorado's) to send hundreds, or possibly thousands, of megawatts of renewable energy to other states, such as California. • Wyoming Gov. Dave Freudenthal is pursuing new ways of upgrading Wyoming's energy infrastructure (such as transmission) to leverage his state's huge energy potential. • In Nevada, Gov. Kenny Guinn and the state's Public Utilities Commission have implemented a "Temporary Renewable Energy Development Trust" that is expected to spur new projects that had been stalled because of concerns over utility creditworthiness. • The Arizona Corporation Commission is looking to increase the state's renewable energy generation significantly, perhaps through creation of a standard similar to those in Colorado and New Mexico. • Utilities regionwide are increasing their intake of renewable energy technologies: Xcel Energy is reviewing bids for 500 megawatts of renewable energy projects in Colorado and has committed to accept all cost-competitive wind resource bids up to a 15 percent penetration level. PacifiCorp is looking for up to 1,100 megawatts of renewable energy projects in its service territory. Arizona Public Service will be seeking 100 megawatts of new renewable energy projects in the next year. Idaho Power is seeking 200 megawatts of renewable power by the end of 2007. California utilities, which operate under a 20 percent renewable energy standard, are seeking new projects throughout the state and the entire region. All of this new renewable energy development will provide new jobs, significant new local and county tax revenues, and new economic opportunities for states around the West. The investment potential from wind energy development alone in the West is likely to run into the billions of dollars. Rural and agricultural areas, which have not seen many new economic opportunities in recent decades, will reap particular benefits from many of these new developments, as new wind and biomass projects will mostly be located in rural parts of the West. This increased investment in renewable energy technologies should also have a stabilizing influence on electricity prices, since the low fuel costs for most renewables (and no fuel costs for wind and solar) are stable and predictable. As the West develops its sizable renewable energy resources, utilities are also looking at leveraging the region's coal resource in cleaner and more efficient ways. For instance, in a recent regulatory settlement with Colorado's environmental community, Xcel Energy has committed to support efforts to advance innovative technologies, practices and measures designed to reduce greenhouse gases. Clearly, 2005 will mark a turning point for the West's energy infrastructure. This region is preparing to lead the world in the adoption and implementation of an energy infrastructure that will benefit its citizens and enhance the environment.

State cooperation makes transportation policies possible.

Skalaban 93 [Andrew Skalaban, University of California, Davis, 1996, “Policy Cooperation among the States: The Case of Interstate Banking Reform”, The Journal of Federalism, http://www.jstor.org/stable/10.2307/3330754] aw

Cooperation among constituent states is essential for effective gover- nance in any federal system. In such areas as criminal prosecution, regu- latory enforcement, transportation, and the like, cooperation among state governments makes possible the implementation of a wide array of public policies. Yet among semisovereign states, policy competition may be just as, if not more, common than policy cooperation. For example, disputes over water rights, conflicts over pollution spillovers, or competition for business relocation among the states are everyday occurrences in U.S. politics. If cooperation enhances governance, then the question becomes, How is it that the states can come to cooperate? This paper addresses this question for the issue of interstate banking deregulation for the period 1982-88. The analytic question is this: Why does state A choose to coop- erate with state B, but not with state C, to implement legislation that allows for interstate branching, mergers, and acquisitions by banks?

Interstate Compact

Interstate compacts are used to implement transportation actions

Florestano 94, Florestano, Patricia S. University of Baltimore, “Past and Present Utilization of Interstate Compacts in the United States” Fall 1994, http://publius.oxfordjournals.org/content/24/4/13.full.pdf

The use of compacts over the years shows an uneven pattern. Although compact growth has varied notably by decade, states have continued to propose, discuss, and enact bi-state, regional, and nationwide compacts. Thus, even on the basis of this preliminary investigation, it is possible to say that interstate compacts continue to be a viable instrument of cooperation and offer a potential tool for problem resolution between states in the federal system today. Many state officials across the country seem to see the compact as a feasible method of taking interstate actions that cover functions from environmental protection to transportation regulation, from provision of services to criminal justice activities, and from the traditional areas of boundary resolution to regulation of rivers and river resources. In addition, continuing cross-state metropolitanization necessitates interstate agreements, especially for transportation in those areas. These findings donot suggest, however, that we will witness "constant discovery of genuinely novel applications" of compacts. 52 All states are members of one or more compacts, and they cover a variety of fields. It is more likely that we will see "Council of State Governments, The Book of States, 1976-77, p. 573. at Dartmouth College Library on July 18, 2012 http://publius.oxfordjournals.org/ Downloaded from

Intrastate compacts are a feasible option of intrastate action designed to address transportation issues

Florestano 94, Florestano, Patricia S. University of Baltimore, “Past and Present Utilization of Interstate Compacts in the United States” Fall 1994, http://publius.oxfordjournals.org/content/24/4/13.full.pdf

From the time the nation was formed, the scope of interstate compacts has changed significantly. Compacts began as border devices, but since the 1920s, they have been principally regional in scope. After 1920, border compacts outnumbered other types only in the 1970s, while nationwide compacts showed a steady increase until the 1970s. The creation of commissions or agencies by compacts has changed gradually over the years. Until the 1970s, the majority of compacts did not have these agencies. Only in the last two decades have the majority of compacts utilized such agencies. The functions of compacts have also changed since the beginning of the United States. Designed initially to deal with boundary problems, this type of compact has declined from over 70 percent of the earliest enactments to less than 1 percent of the most recent. River-management and river-waters compacts made up from onefourth to one half of those enacted until their use decreased during the last decade. Industrial or business-oriented compacts have hovered around 10 percent of the total in any given year. Because of a change in categorization, comparisons are less distinct for the last two decades; however, compacts designed for transportation and environmental issues are a large share of the recent total. The most compacts enacted were the forty-five passed between 1960 and 1969 (4.5 per year) and twenty-two between 1955 and 1959 (5.5 per year). Certainly, the decades of the 1970s and 1980s do not match those numbers. On the other hand, the fact that fortytwo have been enacted and twenty others proposed since 1970 indicates that state officials continue to regard the interstate compact as a feasible instrument of interstate action. Simply on the basis of numbers, compacts should not be ignored.

Interstate compacts have been used by thirty plus states

Florestano 94, Florestano, Patricia S. University of Baltimore, “Past and Present Utilization of Interstate Compacts in the United States” Fall 1994, http://publius.oxfordjournals.org/content/24/4/13.full.pdf

Which states are the most frequent users of compacts? The number of memberships by states ranges from a low of eleven to a high of thirty-four. Six states are members in thirty or more compacts: Pennsylvania, Virginia, Colorado, New Mexico, Kentucky, and Maryland. Seven states have joined fifteen or fewer: Hawaii, South Carolina, Michigan, Alaska, Wisconsin, North Dakota, and Iowa. An obvious question is, what are the common characteristics of states that participate in a large number of compacts as compared to those that participate in a smaller number? An attempt to specify the correlates of state compact participation was inconclusive. 46

Interstate Compact

Interstate interaction solves infrastructure including bridges ferries and schools

Engdahl 65(David E. Engdahl, Characterization of Interstate Arrangements: When Is a Compact Not a Compact, <http://heinonline.org/HOL/Page?handle=hein.journals/mlr64&div=15&g_sent=1&collection=journals>)

The most common type of "compact" currently being concluded¶ merely creates a study or advisory commission of representatives¶ from each participating state. The commissioners are instructed to¶ recommend to their respective individual states coordinated programs¶ of legislation designed to deal with whatever problems of¶ conservation, health, safety, or similar matters the "compact" may¶ contemplate. Some of the modem "compacts," however, have a more¶ immediate effect upon individuals; typical are those designed to¶ make more equitable the distribution of taxes to be collected by¶ several states from interstate carriers. Interstate authorities founded upon "compacts" govern some of the nation's major ports and¶ associated facilities; others operate interstate bridges and ferries. The "compact" device has even been used to organize an interstate¶ school district for neighboring communities within different states. Similarly, increasing consideration is being given to the creation of governmental organs founded upon "

compacts" for dealing with the problems of interstate metropolitan areas."

Multi-state compacts allow states to settle national problems

Bowman and Woods 07, Bowman, Ann, University of South California, Woods, Neal, University of South Carolina, 12-21-07, State Politics and Policy Quarterly vol. 7 no. 4 347368

In recent years, states have relied more frequently on formal multi-state regional and national compacts to cooperate in settling shared problems (Welch and Clark 1973; Florestano 1994). As more states join compacts, this mechanismÕs potential to solve major national problems becomes greater. Since the early 1990s, state leaders have called for greater cooperation and coordination among states in the design of common policies as a means to forestall further erosion of state power to the national government (Bowman 2002). Indeed, it is only a short leap from there to begin thinking of national compacts as potential alternatives to federal legislation. These cooperative actions empower the states, vis-ˆ-vis the national govern- ment, generating what Daniel Elazar called Òfederalism without WashingtonÓ (quoted in Krane 2002, 23). Compacts that are national in scopeÑthat is, compact membership open to all statesÑoffer an ideal point from which to consider the question of interstate cooperation. In this article, we explore the role that interstate compacts play in rebalancing the federal system. Our analy- ses assess the factors that cause states to join interstate compacts, focusing on state capacity, politics, and vertical and horizontal forces. Our results suggest that each of these factors plays a role in generating compact participation

Interstate Compact

Interstate compacts cause reductions in the cost of plans that promote common goals

Bowman and Woods 07, Bowman, Ann, University of South California, Woods, Neal, University of South Carolina, 12-21-07, State Politics and Policy Quarterly vol. 7 no. 4 347368

An interstate compact is a formal agreement or contract between two or more states. The constitution of the United States provides for such compacts in Article I, Section 10, a provision that was derived from the Articles of Confederation (Florestano 1994). Initially they were used to settle bound- ary disputes between neighboring states, but over time, the substance of interstate compacts has broadened and the average number of signatory states on a given compact has increased. While boundary compacts resolve bilateral disputes over territory, compacts increasingly have administrative, Þnancial, substantive, and technical dimensions and deal with a diverse array of subject matters, ranging from agriculture and education to taxation and transportation (Zimmerman 2002). The growing use of compacts is largely a function of their potential for states to address shared problems, promote a common agenda, and produce collective goods while reducing the costs of policy design and experimentation. These agreements are not entered into casually by states (Hill and Weissert 1995). Once a state ratiÞes a compact, its provisions have legal superiority, taking precedence over conßicting state laws. The compact itself establishes the rules for state compliance with, and withdrawal from, the compact and its amendment and termination. Compacts are administered by expressly created commissions or by departments and agencies of member states. Most compacts are submitted to Congress for approval either before or soon after their enactment (Zimmerman 2002), but as a practical matter, only compacts that address areas of mutual federal-state concern require congressional consent (Voit, Vickers, and Gavenonis 2003). As of 2003, 199 interstate compacts existed, but 24 of them had been ratiÞed by only one state and were not in effect (Voit, Vickers, and Gavenonis 2003). Of the 175 interstate compacts in force in 2003, 59 were bilateral, such as the Boating Offense Compact between Oregon and Washington. Many others were regional, such as the Great Lakes Forest Fire Compact. But, a signiÞcant number of compacts (33, or 18.8 percent) were national in scope, with participation open to all 50 states. Each state has the same opportunity to join a national compact as any other state does. National compacts address issues salient across the country, not just issues relevant to one region. The states vary widely in their participation in national interstate com- pacts. Table 1 lists these compacts and the number of states participating in each, as of 2003. State membership in these national compacts ranged from two states (the Interstate Mutual Aid Compact) to 50 states (the Interstate Compact on the Placement of Children and the Uniform Interstate Compact on Juveniles). On average, a national compact had 24 members or nearly half of the possible member states. From the state perspective, on average, each state belonged to 15.1 national compacts. The state with the highest rate of participation was Maine (20 national compacts); the state with the lowest participation rate was Louisiana (10 national compacts). What explains a stateÕs propensity to join national interstate compacts? The minimal previous research that exists on this question found that con ventional socioeconomic and political factors used in other 50-state policy analyses provided little insight regarding state participation in national com- pacts. In a study of compacts in the 1980s, the sole statistically signiÞcant relationship for state participation in national compacts was a stateÕs relative isolation, as measured by the distance of its state capital from other state capitals (Nice 1987). 1 The question of state receptivity to interstate com- pacts is more compelling now, given the national governmentÕs emphasis on policy devolution that began with the Reagan administration and picked up steam with the Republican ascendance in Congress in the 1990s (Walker 2000). In the current devolutionary climate, the opportunities for interstate cooperation are likely to increase. Nonetheless, the factors that explain a stateÕs willingness to join interstate compacts remain unknown.

Funding

States have fiscally strenghted – they have the money to enact the plan.

Gais and Fossett 05, Thomas Gais, director of the Rockefeller Institute of Government, and James Fossett, directs the Rockefeller Institute's research program in bioethics and federalism and is an associate professor of public administration and public health at the University at Albany, 7/18/2005, Chap. 15, Federalism and the Executive Branch, <http://www.rockinst.org/pdf/federalism/2005-federalism_and_the_excutive_branch.pdf>, TB

State fiscal capacities have grown markedly in recent decades. States greatly increased their reliance on sales and income taxes since the 1950s and decreased their dependence on property taxes, which had always been politically difficult to raise. The development of a broad-based and growing tax base meant that states could sustain their own spending priorities,even in the aftermath of severe federal budget cuts, as they did in the 1980s.48 States could even compensate for chronic federal underfunding. Since the early 1990s, for example, federal environmental grants changed little in real terms, despite the growth of state responsibilities. States responded by increasing their own spending, to the point that they now pay about 80 percent of the costs of federal environmental programs.49

Their greater political, administrative, and fiscal capacities have led many states to fashion their own policy responses to major problems. In the 1980s, states were on the forefront of efforts to deal with worker dislocation and retraining, when federal officials paid little attention to such issues.50 Interest in economic development has sometimes led states to take on novel functions,such as California’s decision in 2004 to fund stem cell research in order to draw academic researchers and biotech businesses unhappy with the Bush administration’s restrictions on federal research grants. States showed leadership in energy policies in the 1970s, 1980s, and early 2000s—the most recent years in response to electricity reliability problems, environmental concerns, and energy price spikes.51 Some states have even addressed the problem of global warming, while the federal government has done little, despite all the theoretical reasons that one would expect states to ignore such an issue.52 The openness and capacities of state political institutions, combined with the growth of federal involvement in so many domestic issues, produced by the late twentieth century an extremely dynamic, less constrained system of federalism—one in which it would be difficult to identify any major domestic policy issue in the United States that has not penetrated both federal and state political agendas. Federal and state governments may be more than ever “different agents and trustees of the people.” But one would be hard put to identify their “different purposes.

States have the funds to implement transportation infrastructure plans

Freemark 2012 Yohah, writer for Transport Politics, 02-16-2012, http://www.thetransportpolitic.com/2012/02/16/clearing-it-up-on-federal-transportation-expenditures/

Meanwhile, states and local governments are contributing massively to transportation funding already, just as Ms. Schweitzer asks them to. I studied Oregon and Illinois a year and a half ago and found that only about a quarter of Oregon’s Department of Transportation budget comes from Washington; about a third of Illinois’ comes from the national capital. What about those profligate transit agencies that are egged on by the federal government’s wasteful spending? Their operations spending comes from local, state, and fare revenues — not Washington. And expansion projects — especially the big ones — are mostly financed by local revenues, like dedicated sales taxes that voters across the country have approved repeatedly over the past twenty years. The six largest transit expansion projects currently receiving or proposed to receive funding from the Obama Administration this year each rely on the federal government to contribute less than 43% of total costs. Perhaps Detroit would have paid for the People Mover even if it had had to use its own revenues to do so. Now, even if we were to recognize the high level of devolution of power and funds that currently does exist in the U.S., some might still argue that the federal government exercises too much power. Its distribution formula for fuel tax revenues results in certain states getting more money than their drivers contributed (“donor” states) and certain states getting less (“donee” states). Why not simply allow states to collect their own revenues and spend money as they wish? Why should Washington be engaged in this discussion at all?

Airports

States can solve as the federal role in airports

Poole 96 [Robert W. Poole, Jr., director of transportation policy and Searle Freedom Trust Transportation Fellow at Reason Foundation, October 1996, “Defederalizing Transportation Funding”, p.1-8, http://reason.org/files/4883e8bd01480c4d96ce788feb1f2e05.pdf] aw

Abundant evidence now exists that federal transit programs have stimulated investment in unviable rail systems and have needlessly boosted transit system operating costs. The flexibility created by repeal of federal transit regulations would permit changes (such as competitive contracting of transit operations) that could save enough to offset much of the loss of federal operating subsidies. It would be up to cities and states to decide whether to continue to Ainvest@ in non-cost-effective rail transit. The only truly federal role in aviation is ensuring safety and facilitating the modernization of the air traffic control system. The latter can best be accomplished by divesting ATC to a user-funded corporation, as 16 other countries have done. Airports should be defederalized; all sizes of commercial airports could make up for the loss of federal grants with modest per-passenger charges. States could decide whether to subsidize unviable general aviation airports.

Privates

State innovation spurs private investment

Poole 96 [Robert W. Poole, Jr., October 1996, “Defederalizing Transportation Funding”, p.1-8, http://reason.org/files/4883e8bd01480c4d96ce788feb1f2e05.pdf] aw

As prospects for increased federal infrastructure investment have given way to likely decreases (as part of budgetbalancing efforts), the federal government has attempted to encourage innovative financing and the investment of private capital. The 1991 ISTEA measure included provisions for public-private partnerships and innovative financing. In addition, the Bush administration issued Executive Order 12803 (in 1992) on infrastructure privatization, and the Clinton administration followed up with a complementary measure, Executive Order 12893, in 1994. But little real activity has been generated by these measures. Instead, it is the states and cities that have been the principal innovators. By the end of 1995, 12 states and Puerto Rico had enacted public-private partnership measures for surface transportation infrastructure, and three private toll projects had been financed and opened to traffic. A growing number of mayors and governors are proposing to sell or lease airports and other infrastructure facilities, seeking to substitute private capital for increasingly limited public capital (so that the latter can be reserved for more inherently governmental needs). This disparity between federal and state/local governments suggests that greater innovation and new forms of private investment would occur if the federal government devolved the responsibility and funding authority for most infrastructure to the state level.

States can fund projects with public-private partnerships

NGA 09 [Greg Dierkers, Program Director in the Environment, Energy and Transportation Division for the National Governors Association Center for Best Practices, Justin Mattingly member of the Environment, Energy and Natural Resources Division in the National Governors Association, NGA, “How States and Territories Fund Transportation”, p. 1-2, http://www.ibtta.org/files/PDFs/How%20States%20fund%20transportation%20strategies.pdf] aw

Public-private partnerships (PPPs) establish a contractual agreement between a public agency and a private sector entity to collaborate on a transportation project. Twenty-six states have some sort of PPP enabling legislation, and 24 states have used some form of public-private partnership for surface transportation, including roads, freight facilities, and transit, for a total of 71 projects. 18 PPP activity is much greater outside the United States, where partnerships have been used to fund more than four times as many projects as have been undertaken here.

Private sector involvement should be determined by states

NCSL 11 [National Conference of State Legislatures, 2011, “Surface Transportation Federalism”, http://www.ncsl.org/documents/transportation/SurfTransFederalism.pdf] aw

Federal guidelines should be designed to accommodate private sector support. The level of private sector participation is best determined by state and local authorities, and private participation should not be a prerequisite for receiving federal funds. Statutory or regulatory barriers to state and locally granted revenues should be removed.

Privates

States fund multiple infrastructure projects through public private partnership

NGA 09 [Greg Dierkers, Program Director in the Environment, Energy and Transportation Division for the National Governors Association Center for Best Practices, Justin Mattingly member of the Environment, Energy and Natural Resources Division in the National Governors Association, NGA, “How States and Territories Fund Transportation”, p. 12-13, http://www.ibtta.org/files/PDFs/How%20States%20fund%20transportation%20strategies.pdf] aw

A leading type of PPP, in which states sell or lease state toll roads to private companies to raise transportation revenue, gained momentum after the city of Chicago, Illinois, and the state of Indiana finalized such arrangements in 2005 and 2006. 61 The deals raised significant upfront capital: $1.8 billion for a 99-year lease of the Chicago Skyway Toll Bridge and $3.8 billion for a 75-year lease of the Indiana Toll Road. Chicago used the proceeds to refinance city debt, for new school construction, and to create a $500 million rainy day fund. Indiana applied the capital to the state’s 10- year highway construction plan. Indiana applied the capital to the state’s 10-year highway construction plan, local road funding, and a trust fund to pay for highway improvements over the course of the lease. The state also received commitments from the concessionaire to modernize the toll road through immediate added capacity projects and the development of an electronic tolling system. In addition to receiving the concession payment, Indiana shifted total liability for future maintenance of the toll road to the concessionaire. This is estimated to be $4.5 billion over the course of the lease. The state also shifted any financial risk from decreased traffic to the concessionaire. The Virginia Department of Transportation signed contracts in 2008 with two private companies to construct high-occupancy toll (HOT) lanes along a portion of the Capital Beltway in Northern Virginia. The first such project in Virginia, it will provide lanes dedicated for buses and carpools with more than three passengers. Nonhigh-occupancy vehicles will be able to access the lanes by paying a toll, with the exact fee changed dynamically based on current traffic. The goal is to keep these lanes free of traffic congestion at all times, including rush hour and other periods of heavy volume. The total project cost, including financing, is estimated at $1.929 billion, which includes a $409 million grant from the state. The private concession is for 85 years, including five years for construction, with the new lanes expected to open in early 2013. 62 In April 2009, Florida announced a state-led PPP aimed at mitigating road congestion. Using a $603 million TIFIA loan from the U.S. Department of Transportation, the state will work with a private contractor to build three reversible HOT lanes in the median of I-595, linking two key interchanges on I-75 and I-95. The partnership will result in improvements being made 15 years sooner than they would have been with Florida’s traditional means of building new lanes. The partners in this PPP, Florida Department of Transportation (FDOT) and ACS Infrastructure Development, agreed to a $1.65 billion dollar contract. The 35-year agreement calls for ACS to build, finance, and operate the toll road. FDOT will set and collect the tolls on the facility and make payments to ACS annually based on the company’s successful operation of the road. Tolls will vary according to traffic volume throughout the day. 63 The TIFIA loan helped Florida leverage more than $750 million from private sector banks and more than $200 million in private equity to meet the projected $1.8 billion cost. In Illinois, a notable public-private effort has led to the creation of the Chicago Region Environmental and Transportation Efficiency Program (CREATE), which centers on a plan to streamline the regional freight rail network through an initial capital investment of $1.5 billion. CREATE, a partnership among USDOT, the state of Illinois, the City of Chicago, Metra, Amtrak, and the nation’s freight railroads, seeks to devise new economic development plans for local communities that will allow railroads to improve intermodal interchanges and reduce the number of truck movements across the Chicago region. In 2006, Rhode Island completed the state’s first Freight Rail Improvement Project (FRIP) through a partnership using federal, state, and private funds; state funds include GARVEEs and conventional bonds. The $225 million project included the construction of 12 miles of new track, five miles of track upgrades north of Providence, and five miles that will remain as shared track. The FRIP makes freight rail feasible but also builds on the Rhode Island Department of Transportation’s efforts to expand commuter rail service in the state. Beyond upgrading existing facilities, the partnership is expected to spur greater coordination between the state and the private sector in implementing strategic transportation projects. In 2000, New Jersey Transit opened the $2 billion Hudson Bergen Light Rail system, using a “design-build-operatemaintain” contract. The agreement was the first of its kind in the United States for a major transit service. The state partnered with the 21st Century Rail Corporation, whose members include Washington Group International, which operates and maintains the system, and Kinkisharo USA, which maintains the vehicle fleet. Station construction along the 20.6-mile, 23-station system was partially funded by developers, who subsequently built new housing around the stations conservatively estimated to be worth $5.3 billion.

Privates

States are key to trigger private investment opportunities

Bell et al. 05 , George Washington Institute of Public Policy (Mike Bell, David Brunori, Royce Hanson, Chanyong Choi, Lori Metcalf, and Bing Yuan, 11-5- 05 ‘State and Local Infrastructure Financing,’ Pg 1, http://www.gwu.edu/~gwipp/papers/wp028.pdf]

With an attempt to shift the burden of financing away from taxpayers to the beneficiaries of any given improvement or construction of infrastructure, state and local governments have been encouraging a greater private sector role in capital financing (Feldman, Mudge, and Rubin ¶ 1988; Merna and Njiru 2002). Public-private partnerships represent “the fastest-growing tool” of infrastructure finance (Feldman, Mudge, and Rubin 1988, p. 55), which in its simplest form, combines public ownership and private operation of public works facilities. Transportation projects, in particular, exemplify an area in which states and localities have been successful in attracting private sector participation (Morris 2001; NCSL 2005). Private firms may take on the finance, design, and construction of a toll road, while governments are responsible for authorizing the collection of tolls, assessing workmanship, and ensuring that environmental standards are met (Morris 2001). Acknowledging the importance of private involvement in capital finance, Mudge (1996) in the meantime cautions that public sector must retain a leading role in privatizing public works for the approach to be effective.

HSR

HSR should be funded by the states

Dehaven 11 [Tad Dehaven, budget analyst on federal and state budget issues for the Cato Institute,

5/13/11, “High-Speed Rail and Federalism”, Cato Institute, http://www.downsizinggovernment.org/high-speed-rail-and-federalism] aw

Florida Governor Rick Scott deserves a big round of applause for dealing a major setback to the Obama administration’s costly plan for a national system of high-speed rail. [As Randal O’Toole explains](http://www.cato-at-liberty.org/the-administration-concedes-defeat/%22%20%5Cl%20%22more-31446%22%20%5Ct%20%22_blank), the administration needed Florida to keep the $2.4 billion it was awarded to build a high-speed Orlando-to-Tampa line in order to build “momentum” for its plan. Instead, Scott put the interests of his taxpayers first and told the administration “no thanks.” That’s the good news. The bad news is that the administration is going to dole the money back out to 22 passenger-rail projects in other states. Florida taxpayers were spared their state’s share of maintaining the line, but they’re still going to be forced to help foot the bill for passenger-rail projects in other states. Here’s Randal’s summary: Instead, the Department of Transportation gave [nearly $1 billion](http://www.dot.gov/affairs/2011/dot5711.html%22%20%5Ct%20%22_blank) of the $2.4 billion to Amtrak and states in the Northeast Corridor to replace worn out infrastructure and slightly speed up trains in that corridor, as well as connecting routes such as New Haven to Hartford and New York to Albany. Most of the rest of the money went to Midwestern states—Illinois, Iowa, Minnesota, Michigan, and Missouri—to buy new trains, improve stations, and do engineering studies of a few corridors such as the vital Minneapolis-to-Duluth corridor. Trains going an average of 57 mph instead of 52 mph are not going to inspire the public to spend $53 billion more on high-speed rail. The administration did give California $300 million for its high-speed rail program. But, with that grant, the state still has only about 10 percent of the $65 billion estimated cost of a San Francisco-to-Los Angeles line, and there is no more money in the till. If the $300 million is ever spent, it will be for a 220-mph [train to nowhere](http://www.nytimes.com/2011/04/24/opinion/24white.html%22%20%5Ct%20%22_blank) in California’s Central Valley. Why should Floridians be taxed by the federal government to pay for passenger-rail in the northeast? If the states in the Northeast Corridor want to pick up the subsidy tab from the federal government, go for it. (I argue in a Cato essay on [Amtrak](http://www.downsizinggovernment.org/transportation/amtrak/subsidies%22%20%5Ct%20%22_blank) that if the Northeast Corridor possesses the population density to support passenger-rail then it should just be privatized.)

NIB

State will cooperate even if there are competitors—interstate banking agreement proves

Skalaban 93 [Andrew Skalaban, University of California, Davis, 1996, “Policy Cooperation among the States: The Case of Interstate Banking Reform”, American Journal of Political Science, http://www.jstor.org/stable/10.2307/3330754] aw

Explanations-the existence of a pattern of previous cooperation and one-shot incentives to cooperate based on the competitive potential of a state's banking industry-may help illuminate why cooperation arose among a number of states to implement the deregulation of interstate banking. Many policy solutions require intergovernmental cooperation for their implementation. In areas ranging from border disputes to the dis- posal of low-level nuclear wastes, interstate compacts and agreements facilitate governance. A majority of these compacts and agreements have come into existence since World War II (Feigenbaum 1986). The rate of increase in interstate agreements fits in nicely with the idea that the expectation of the need for future interaction, based on past experience, drives current cooperation. This suggests that the implementation of re- ciprocal agreements to deregulate interstate banking may be, at least partly, a function of the level of past interaction between any two given states.

State infrastructure banks already in place

NGA 09 [Greg Dierkers, Program Director in the Environment, Energy and Transportation Division for the National Governors Association Center for Best Practices, Justin Mattingly member of the Environment, Energy and Natural Resources Division in the National Governors Association, NGA, “How States and Territories Fund Transportation”, p. 12-13, http://www.ibtta.org/files/PDFs/How%20States%20fund%20transportation%20strategies.pdf] aw

State Infrastructure Banks (SIBs) are revolving loan funds to finance highway and transit projects. 15 SIBs are in place in 35 states, although more than 95 percent of the funding is concentrated in eight states, and one state accounts for more than half. They became widespread in 1998 when the federal government expanded eligibility and provided $150 million in seed funding for initial capitalization. 16 To date, SIBs have provided $6.2 billion in loans for 693 different transportation projects.

ITS

Transportation initiatives are best local; federal government isn’t necessary and local governments are sufficient

Transportation for America, October 2010 (White Paper; Smart Mobility for a 21st Century America, p.26)

The Twin Cities Metropolitan Area is using innovative solutions to relieve congestion on major highways in the region, with a particular focus on Interstate 35. The effort, part of a Minnesota Urban Partnership Agreement (UPA), utilizes a suite of intelligent transportation approaches, sometimes known as the 4Ts: Tolling, Transit, Telecommuting/ Travel Demand Management and Technology. The Minnesota UPA involves ITS technologies like real-time traffic and transit information, transit signal priority, and guidance mechanisms for shoulder-running buses. These technologies will significantly reduce travel time for riders. “Trip time will be about half an hour. We’ll offer six trips in the morning and six trips home in the afternoon,” Bob Gibbons, a spokesman for Metro Transit, told Minnesota Public Radio. First, the city is converting existing bus-only shoulder lanes and High Occupancy Vehicle (HOV) lanes along portions of the Interstate into wider lanes with prices that vary based on occupancy. Cars with only one occupant will have to pay a toll to access the lanes during peak hours, with prices set to ensure free-flowing travel. City officials say this will enable bus speeds to increase to 50 mph from the current bus-only shoulder lane speeds of 35 mph or less. Second, a portion of the toll revenues from the new lanes will fund significant fare discounts for transit riders taking trips using the new facilities during peak periods. In and around the I-35W corridor, transit services will increase and a bus rapid transit network will be created, utilizing at least 27 newly purchased transit vehicles. There are also plans for six new park-and-ride lots with more than 1,400 additional spaces. Third, new dynamic message signs and some existing signs will inform travelers about the availability of the lanes for non-bus use, toll rates for when the lanes are available, travel speeds on priced lanes versus on general purpose lanes and transit alternatives. The final element of the Minnesota UPA is telecommuting. This locally funded effort will focus on expanding upon the successful Results-Only Work Environment program, in which employers agree to provide employees the flexibility to telecommute or shift their hours to avoid congested commutes. Approximately 75 percent of Best Buy’s 4,500 corporate office employees participate in ROWE. Officials are targeting large employers, including the 20 Fortune 500 companies in the region, for participation, with the goal of reducing 500 daily peak-period trips throughout the corridor.

Mass Transit

Federal government can’t solve mass transit

Schweitzer 12 [Lisa Schweitzer, Associate Professor at the USC Sol Price School of Public Policy, 2/16/12, “Doig on the TEA party and a “war on transit” in Salon.com”, Urban Ethics and Theory, http://lisaschweitzer.com/2012/02/16/doig-on-the-tea-party-and-a-war-on-transit-in-salon-com/] aw

 Who lives where in the US is not unrelated to wealth and power, certainly, but I doubt that the issues about how to provide public transit fall into that discussion. Mostly, culture war arguments are lazy. Both sides use culture war arguments to whine and accuse rather than getting off their butts and constructing principled arguments. For example, I have yet to hear one compelling reason why the Federal government is a better funder of sidewalks and bike lanes than states or cities, other than the typical arguments that “those things are good for us!” Of course they are. Why can’t you fund them at the city, or in the case of transit, the state level?

States promote the car economy causing more building of roads and highways

Paterson 2000, Matthew Paterson, Professor at the University of Ottawa, 2000, “Car Culture and global environmental politics,” Review of International Studies, 26, 253-270

The promotion of the car economy by the state has had perhaps four main facets. The first of these has been road building (both within and between urban areas). The second is the progressive neglect and downgrading of public transport and nonmotorized forms of transport. Thirdly, there are various fiscal measures which effectively subsidize car use relative to other forms of transport. Finally, there are occasional instances of collusion between states and car companies designed to remove competitor modes of transport to the car. As Wolf points out, roads are different to rail in that the ownership and control of the transport infrastructure (roads) and of the means of transport (cars, lorries) can be separated easily. This separation has enabled states to promote the car, resulting in a system operating by the principle of: private appropriation of profit, socialization of costs and losses. Private profits are appropriated by the vehicle manufacturers, the insurance companies and the motorway construction firms; costs are socialized by means of public financing of motorway construction, policing, hospitalization of the injured and repairs to the environment.60 The principal element of this has been road building. The emergence of the car demanded improvements to the quality of road surfaces, and the emergence of mass motorized societies demanded substantial increases in the quantity of roads. The provision, out of general public expenditure, of such investment, has been something which all states have accepted as one of their basic roles. Highways became, in Wood’s term, ‘a natural function of the state’.61 With the exception of a small number of toll roads financed privately, states have historically always paid the cost of road construction. The difference in the era of the car, however, has been that the costs of road construction (up to the standards required by the car, and in urban areas, to avoid dust) have been substantially higher than previously was the case. Also, increasingly, the direct benefits of road construction have been received purely by car users, whereas previously road users of various types, employing a variety of transport modes (horses, carriages, carts, bicycles, trams, pedestrians) and for non-transport uses, such as leisure and commerce, benefited from road building and maintenance. This development was intensified by urban freeway and parkway construction (with some deliberately designed to exclude public transport, as in some of Robert Moses’ parkways in New York which had nine foot high bridges, too low for buses to pass62) and reached its peak with the construction of motorways. What is distinctive about these constructions is that they have been designed and regulated to be used solely by motorized transport—bicycles and pedestrians are explicitly excluded from them. They are also designed specifically to compete with/replace trains, which had previously been the primary means of inter-urban transport. They do this by avoiding or going straight through city centres.

Disaster Relief

#### Federal grants fragment disaster relief – overlapping mandates and rules

Edwards 09 [Chris Edwards, Director of tax policy studies at Cato and editor of www.DownsizingGovernment.org. expert on federal and state tax and budget issues. February 2009, “Fiscal Federalism”, Cato Institute, http://www.downsizinggovernment.org/fiscal-federalism] aw

What makes matters worse is that the more than 800 federal grants have overlapping mandates, and each program has unique rules. For example, state and local governments deal with 16 different federal programs that fund first responders, such as firefighters.[12](http://www.downsizinggovernment.org/fiscal-federalism#12) That complicated federal intrusion has led to fragmented disaster response planning and to much first-responder funding going to projects of little value and to regions with little risk of terrorism.

Environment

States are working together to develop plans to take control of global warming

Northrop and Sasson 08, Northrop, Michael, Program Director for Sustainable Development at the Rockefeller Brothers Fund, David, Sassoon, runs SolveClimate.com dedicated to debating and advancing solutions to global warming, 06-03-08, “States Take the Lead on Climate” http://e360.yale.edu/feature/states\_take\_the\_lead\_on\_climate/2015/

The federal government in the Bush era has done little to tackle our most pressing environmental problem — climate change. Yet there is one bright side amid Washington’s inaction: Many states have been stepping into the void and adopting comprehensive climate change policies that can be a model for the coming federal legislation to slow global warming. The leadership of states such as California, Arizona, Connecticut, New Jersey, and Florida is crucial not only because it provides a template for federal climate legislation that will no doubt be adopted under the next presidential administration. State action is also vital because among the top 75 emitters of greenhouse gases worldwide, half are U.S. states. Individually, the size of many of these state economies rivals those of most countries. State climate policy initiatives — though not yet implemented on a national scale — are collectively among the most advanced anywhere in the world. They provide a profound but largely unrecognized platform for national action, and for a potential reassertion of global environmental leadership by the United States. Indeed, state climate initiatives have provided hope to those in the global community who have waited patiently for the United States to engage meaningfully in international climate efforts. The decisive action of many states — 27 currently have or are developing comprehensive climate action plans — is taking on added importance for another reason: Innovative state climate and energy policies are showing skeptics in this country and in Congress that, rather than being a burden, ground-breaking energy conservation and renewable energy programs can create economic opportunity. Many of the more than 300 climate policies and mechanisms devised by various states will provide new business opportunities, as all sectors of society — housing, industry, commerce, energy, agriculture, forestry, transportation, waste management — adopt greater energy efficiencies and move to alternative sources of energy. Against the backdrop of inaction by the Bush administration and Congress, the states have moved farther and more rapidly than most people realize. Indeed, this September, ten mid-Atlantic and Northeastern states will begin implementing a cornerstone of effective national or global climate policy: A so-called “cap-and-trade” system under which emitters of greenhouse gases — in this case, power plants — must begin steadily reducing carbon emissions and can sell a portion of their emissions allotment once they begin implementing efficiencies. Power plants that fail to meet their emissions targets could buy allotments from more efficient utilities. As heartening as such moves are, the fact remains that the United States still needs a comprehensive national climate policy that will set national carbon reduction targets, put a national price on greenhouse gas emissions — either through a cap-and-trade system or a tax — and eliminate uneven standards among states. Proof that some federal action is needed can be seen in Texas, which is currently the sixth largest emitter of greenhouse gases worldwide, yet has not adopted a climate policy to reduce those emissions. Make no mistake, climate legislation is coming, though almost certainly not until a new presidential administration takes office. Climate change will be the subject of loud political debate on Capitol Hill this summer when the Senate considers America’s Climate Security Act — also known as Lieberman-Warner. But this will only be a dress rehearsal; few are under any illusion that final climate law will emerge from this initial exercise. In less than a year, however, this situation could easily be reversed. The new president will likely be a game-changing force, as all three top presidential contenders have committed themselves to tackling global warming. Also decisive might be the new movement of US governors who are publicly demanding a state-federal partnership to proactively address climate and energy issues.

**States can fund climate policies**

Michael Northrop 08 [Yale Environment 360, June 3rd – online “ States Take the Lead on Climate” http://e360.yale.edu/feature/states\_take\_the\_lead\_on\_climate/2015/]

 Individually, the size of many of these state economies rivals those of most countries. State climate policy initiatives — though not yet implemented on a national scale — are collectively among the most advanced anywhere in the world. They provide a profound but largely unrecognized platform for national action, and for a potential reassertion of global environmental leadership by the United States. Indeed, state climate initiatives have provided hope to those in the global community who have waited patiently for the United States to engage meaningfully in international climate efforts.

Environment

**States can cooperate to reduce greenhouse gases**

Rabe 02, Barry G. [Arthur F. Thurnau Professor of Environmental Policy; J. Ira and Nicki Harris Family Professor of Public Policy, Gerald R. Ford School of Public Policy; Professor of the Environment, College of Literature, Science and the Arts; Professor of Environmental Policy, School of Natural Resources and the Environment; Professor of Political Science, College of Literature, Science and the Arts //// "Greenhouse and Statehouse." Pewclimate.org]

When viewed as a collection of efforts, these initiatives outline possible elements of a long-term

climate change strategy for the United States. Diffusion of innovation from one state to others is already

occurring and clusters of contiguous states are beginning to consider cooperative efforts. Some of these

policies may also serve as models that warrant emulation by the federal government in developing a more

comprehensive strategy for the nation. This is entirely consistent with the long-standing tradition in American

governance whereby states serve as laboratories for subsequent federal policy. In turn, the vigorous and

creative nature of state innovation in this area suggests that any future federal policy initiatives on global

climate change consider carefully the significant roles that state governments may be able to play in

achieving long-term reduction of greenhouse gases.

State infrastructure is key to competitiveness

Bell et al. 05, George Washington Institute of Public Policy (Mike Bell, David Brunori, Royce Hanson, Chanyong Choi, Lori Metcalf, and Bing Yuan, 11-5- 05 ‘State and Local Infrastructure Financing,’ Pg 1, http://www.gwu.edu/~gwipp/papers/wp028.pdf]

¶ In this fiscal environment, spending on state and local infrastructure is most vulnerable – ¶ particularly spending on operations and maintenance, which is less visible than spending on new ¶ capital projects. Infrastructure spending should rank as a high priority for state and local ¶ governments. As the National Council on Public Works Improvement concluded in their final ¶ report Fragile Foundations, ¶ “We must ensure that our highways and subways can move us swiftly and safely; that our homes, farms, and industries are supplied with ample clean water; that we ¶ reduce and safely dispose of the increasing volume of poisonous wastes our ¶ society generates; and that we provide the structural underpinning for a robust and ¶ competitive economy.” State and local governments are the providers of the key infrastructure that keeps our economy competitive and our society functioning and healthy. The purpose of this project is to present a reconnaissance of current state and local infrastructure trends and practices. The project consists of two phases. The first phase presents an overview of state and local infrastructure spending, general financing mechanisms and traditional policy tools for setting spending priorities. The second phase will look at various case studies to provide a more in depth picture of how specific financing mechanisms and management tools are actually implemented by state and local governments.

Block grants bad

#### Federal grants are distributed unequally, leading to state disputes.

Dilger, **11**

[Robert Jay Dilger, Director of the Institute for Public Affairs and a professor of political science, Congressional Research Service, 1/5/11, “Federalism Issues in Surface Transportation Policy: Past and Present.”]

Several bills have been introduced during previous Congresses that would fundamentally change existing federal, state, and local government roles and responsibilities in surface transportation policy. For example, Senator Jim DeMint and Representative Jeff Flake introduced legislation during the 109th Congress and Senator DeMint introduced legislation in the 110th Congress (S. 2823) that would phase-out most of the federal fuel and excise taxes that support the Highway Trust Fund over five years; preserve federal responsibility for interstate highways, transportation facilities on public lands, national transportation research and safety programs, and emergency transportation assistance; and devolve most other surface transportation programs to states.3 In addition, during previous reauthorizations some congressional Members from “donor” states (states whose highway users pay more in estimated federal highway tax revenue to the Highway Trust Fund than that state receives from the program) advocated program devolution as a means to achieve program efficiencies and to address what they viewed as an inequitable distribution of federal surface transportation funds to states.4 As will be discussed, recent reauthorizations have focused a great deal of attention on resolving disagreements among donor and donee states concerning the distribution of the program’s funds. Because many donor states are located in the South and the Mid-West and many donee states are located in the Northeast, Pacific Rim, and sparsely populated Western states, recent reauthorizations have taken on a regional perspective, pitting states from one region against another. Although most governors and state legislative leaders have been united in their advocacy of additional federal funding with minimal restrictions on the use of those funds, the donor-donee debates in recent reauthorizations have divided them.

Block grants ineffective—too many local governments

Gramlich 94

[Edward Gramlich, Professor of Economics and Public. Policy at the University of Michigan, September, 1994, “Infrastructure Investment: A Review Essay”, Duke Law Journal, p. 1190, JSTOR, http://www.jstor.org/stable/10.2307/2728606] aw

The standard argument for federal infrastructure grants is benefit spillovers: citizens outside of the jurisdiction receive some benefits from infrastructure projects, and if these citizens' votes are not reflected in decisions, too little infra- structure capital will be supplied. The most precise way to deal with the problem is by a series of Coasian bargains between governments, but given that there are something like 80,000 state and local governments in the United States, there would be very high transactions costs to arrive at such a set of bargains. It would be simpler, the argument goes, just to have the federal government provide matching grants for infrastructure projects, with the federal match in some general way representing the appropriate contribution of outsiders.

Block grants bad

Grants cause poorly executed infrastructure projects

Edwards 9

[Chris Edwards, Director of tax policy studies at Cato, February 2009, “Fiscal Federalism”, Cato Institute, http://www.downsizinggovernment.org/fiscal-federalism] aw

 Aid allocation is haphazard. The theorists favoring federal grants assume that aid can be rationally distributed to those activities and states with the greatest needs. But in the real world, the aid system has never worked that way. A 1940 article in Congressional Quarterly lamented: "The grants-in-aid system in the United States has developed in a haphazard fashion. Particular services have been singled out for subsidy at the behest of pressure groups, and little attention has been given to national and state interests as a whole."[10](http://www.downsizinggovernment.org/fiscal-federalism%22%20%5Cl%20%2210) A June 1981 report by the Advisory Commission on Intergovernmental Relations concluded, "Regarding national purpose, the record indicates that federal grant-in-aid programs have never reflected any consistent or coherent interpretation of national needs."[11](http://www.downsizinggovernment.org/fiscal-federalism%22%20%5Cl%20%2211) Today, for example, states receive varying amounts of highway funding for each dollar of gasoline taxes sent to Washington. While some congested and fast-growing states that need new highways lose out, some slow-growing states get "highways to nowhere" because they have skilled politicians representing them. A major highway law in 2005 included 6,371 "earmarks" directing spending to particular projects that were chosen by individual politicians, not by transportation experts based on merit. Even if a program could be operated in a rational way, outside of politics, the states can often nullify the policy choices of federal officials. The Department of Education's $15 billion Title I program, for example, is supposed to target aid to the poorest school districts. But evidence indicates that state and local governments use Title I funds to displace their own funding of poor schools, thus making poor schools no further ahead than without federal aid. In such cases, there is no reason to federalize an activity to begin with, even if one believes in the theory behind federal aid.

Block grants’ standardization leads to inefficient implementation

Edwards 9

[Chris Edwards, Director of tax policy studies at Cato, February 2009, “Fiscal Federalism”, Cato Institute, http://www.downsizinggovernment.org/fiscal-federalism] aw

Grants reduce state policy diversity. Federal grants reduce state innovation because federal money comes with regulations that limit policy flexibility. Grants put the states in a straitjacket of federal rules. The classic one-size-fits-all federal regulation that defied common sense was the 55-mile-per-hour national speed limit. The limit was enforced between 1974 and 1995 by federal threats of withdrawing state highway grant money. It never made sense that the same speed should be imposed in the wide-open western states and the crowded eastern states, and Congress finally listened to motorists and repealed the law. However, federal regulations tied to grants are increasing in other areas, such as education. Federal education spending has exploded, and so have federal regulatory controls. The No Child Left Behind law of 2002, for example, mandates that all teachers be "highly qualified," that Spanish-language versions of tests be administered, and that certain children be tutored after school. State officials have complained bitterly about these new federal rules, and 30 state legislatures have passed resolutions attacking NCLB for undermining states' rights.

Block grants bad

Grants breed bureaucracy

Edwards 9

[Chris Edwards, Director of tax policy studies at Cato, February 2009, “Fiscal Federalism”, Cato Institute, http://www.downsizinggovernment.org/fiscal-federalism] aw

Grant regulations breed bureaucracy. Federal aid is not a costless injection of funding to the states. Its direct cost is paid by federal taxpayers who live in the 50 states. In addition, the system generates an enormous amount of bureaucracy at all three levels of government. Each level of government consumes grant program funding with proposal writing, funding allocations, review, reporting, regulatory compliance, litigation, and many other bureaucratic activities. State and local agencies must comply with long lists of complex federal regulations, which is one reason why the nation employs an army of 16 million state and local government workers. There are three types of federal aid regulations. The first are the specific rules for each program. Each program may come with hundreds or thousands of pages of rules for grantees to follow. The second are "crosscutting requirements," which are general provisions that apply across aid programs, such as labor market rules. The third are "crossover sanctions," which are the various penalties imposed on the states if certain federal regulatory requirements are not met. What makes matters worse is that the more than 800 federal grants have overlapping mandates, and each program has unique rules. For example, state and local governments deal with 16 different federal programs that fund first responders, such as firefighters. That complicated federal intrusion has led to fragmented disaster response planning and to much first-responder funding going to projects of little value and to regions with little risk of terrorism.

Grants cause policymaking overload

Edwards 9

[Chris Edwards, Director of tax policy studies at Cato, February 2009, “Fiscal Federalism”, Cato Institute, http://www.downsizinggovernment.org/fiscal-federalism] aw

Grants cause policymaking overload. A serious problem caused by the huge scope of federal grant activity is that federal politicians spend their time dealing with local issues, such as public schooling, rather than crucial national issues. The huge array of grant programs generates endless opportunities for federal politicians to earmark projects for their home districts, in a chase for funding that consumes much of their time. Each new aid program has stretched thinner the ability of policymakers to deal with truly national problems because local spending issues divert their attention. Grants have helped create an "overload" on federal decisionmaking capability. It is hard to quantify this problem, but it is clear that most federal policymakers ignore important national problems, such as they did the increasing threat of terrorism before 9/11. Even after 9/11, a number of investigations have revealed that most members of the House and Senate intelligence committees do not bother, or do not have time, to read crucial intelligence reports.[13](http://www.downsizinggovernment.org/fiscal-federalism%22%20%5Cl%20%2213) President Calvin Coolidge was right in 1925 when he argued that aid to the states should be cut because it was "encumbering the national government beyond its wisdom to comprehend, or its ability to administer" its proper roles.[14](http://www.downsizinggovernment.org/fiscal-federalism%22%20%5Cl%20%2214)

****Grants make unclear government responsibilities****

Edwards 9

[Chris Edwards, Director of tax policy studies at Cato, February 2009, “Fiscal Federalism”, Cato Institute, http://www.downsizinggovernment.org/fiscal-federalism] aw

Grants make government responsibilities unclear. The three layers of government in the United States no longer resemble the tidy layer cake that existed in the 19th century. Instead, they are like a jumbled marble cake with responsibilities fragmented across multiple layers. Federal aid has made it difficult for citizens to figure out which level of government is responsible for particular policy outcomes. All three levels of government play big roles in such areas as transportation and education, thus making accountability difficult. Politicians have become skilled at pointing fingers of blame at other levels of government, as was evident in the aftermath of Hurricane Katrina. When every government is responsible for an activity, no government is responsible.

Block grants bad

Grants allocate money improperly— state problems not national priorities

Edwards, 9

[Chris Edwards, Director of tax policy studies at Cato, February 2009, “Fiscal Federalism”, Cato Institute, http://www.downsizinggovernment.org/fiscal-federalism] aw

Common problems are not always national priorities**.** Over the decades, policymakers have argued that various state, local, and private activities needed federal intervention because they had become "national priorities." A fact sheet from the secretary of education begins: "The responsibility for K–12 education rests with the states under the Constitution. There is also a compelling national interest in the quality of the nation's public schools. Therefore, the federal government . . . provides assistance to the states and schools in an effort to supplement, not supplant, state support."15 Education is, of course, a priority of many people, but that does not mean that the federal government has to get involved. Indeed, there are few activities that the federal government performs that are not also priorities of individuals, businesses, and state and local governments. The states are certainly free to share their policy experiences in areas such as education, but there is no need for top-down control from Washington. In a 1987 executive order, President Ronald Reagan observed: It is important to recognize the distinction between problems of national scope (which may justify federal action) and problems that are merely common to the states (which will not justify federal action because individual states, acting individually or together, can effectively deal with them).16

States 🡪 federal action

Initiatives by states will stimulate national policy activism – proven through health care policies.

Nathan, 5

(Richard Nathan, co-director of the Nelson A. Rockefeller Institute of Government in New York, November/December 2005, “Federalism and Health Policy,” http://content.healthaffairs.org/content/24/6/1458.full.pdf)

In the 1980s, when the pendulum of social policy nationally swung toward conservatism, there was a similar spurt in state activism in response to President Ronald Reagan’s policies to cut domestic spending. States reshaped programs to reflect state priorities, increased their funding of programs in areas in which the federal government had become less active, and assumed more control over the activities of local governments and nonprofits. 8 In these and other ways, states increased their influence vis-à-vis the federal government and their relationships with local governments and nonprofits. More recently, Randy Bovbjerg and other Urban Institute scholars pointed to the Health Insurance Portability and Accountability Act (HIPAA) of 1996 as an example of a state initiative that stimulated national policy activism: “HIPAA adapted some state and small group insurance market reforms and applied them nationally.” 9

Devolution

Devolution is key to state power in transportation investment.

Roth, 10

(Gabriel Roth, civil engineer and transportation economist, Cato Institute, June 2010, http://www.downsizinggovernment.org/transportation/highway-funding)

Conclusions Americans are frustrated by rising traffic congestion. In the period 1980 to 2008, the vehicle-miles driven in the nation increased 96 percent, but the lane-miles of public roads increased only 7.5 percent. The problem is that U.S. road systems are run by governments, which do not respond to the wishes of road users but to the preferences of politicians. Transportation markets need to be liberated from government control so that road users can directly finance the needed highway improvements that they are prepared to pay for. We need to recognize "road space" as a scarce resource and allow road owners to increase supply and charge market prices for it. We should allow the revenues to stimulate investment in new capacity and in technologies to reduce congestion. If the market is allowed to work, profits will attract investors willing to spend their own money to expand the road system in response to the wishes of consumers. To make progress toward a market-based highway system, we should first end the federal role in highway financing. In his 1982 State of the Union address, President Reagan proposed that all federal highway and transit programs, except the interstate highway system, be "turned back" to the states and the related federal gasoline taxes ended. Similar efforts to phase out federal financing of state roads were introduced in 1996 by Sen. Connie Mack (R-FL) and Rep. John Kasich (R-OH). Sen. James Inhofe (R-OK) introduced a similar bill in 2002, and Rep. Scott Garrett (R-NJ) and Rep. Jeff Flake (R-AZ) have each proposed bills to allow states to fully or partly opt out of federal highway financing.47 Such reforms would give states the freedom to innovate with toll roads, electronic road-pricing technologies, and private highway investment. Unfortunately, these reforms have so far received little action in Congress. But there is a growing acceptance of innovative financing and management of highways in many states. With the devolution of highway financing and control to the states, successful innovations in one state would be copied in other states. And without federal subsidies, state governments would have stronger incentives to ensure that funds were spent efficiently. An additional advantage is that highway financing would be more transparent without the complex federal trust fund. Citizens could better understand how their transportation dollars were being spent. The time is ripe for repeal of the current central planning approach to highway financing. Given more autonomy, state governments and the private sector would have the power and flexibility to meet the huge challenges ahead that America faces in highway infrastructure.

Lopez proves fed needs to be checked

Regan 95

(Donald H. Regan, William W. Bishop Professor of Law and Philosophy at the University of Michigan, Michigan Law Review, pp.10, <http://heinonline.org/HOL/Page?handle=hein.journals/mlr94&div=32&g_sent=1&collection=journals>, December 1995)

Writing for the Court in Lopez, Chief Justice Rehnquist characterizes Chief Justice Hughes's opinion in Jones & Laughlin as a "watershed" that "departed from the distinction between 'direct' and 'indirect' effects on interstate commerce" and held that "intrastate activities that 'have such a close and substantial relation to interstate commerce that their control is essential or appropriate to protect that commerce from burdens and obstructions' are within Congress' power to regulate."

Devolution

Devolution is to local government is more efficient.

Miller, 11

(John Miller, Scientist at the Virginia Transportation Research Council, ‘Characteristics of Effective Collaboration in Response to Diversified Transportation Planning Authority’ 7/11 http://www.hindawi.com/journals/ads/2011/725080/)

The literature cites advantages of devolving decisions to the most local form of government as follows. (i) Greater Efficiency Resulting from Local Project Administration Whitley 40 noted that Virginia’s Urban Construction Initiative is beneficial because of a reduction in overhead costs; this reduction comes from reduced staff time and an ability to customize local solutions. Seefeldt et al. 41 noted that greater local involvement with project delivery could enable the use of certain processes by locales, such as the use of condemnation authority, to accelerate project delivery. 8 Advances in Decision Sciences (ii) Greater Ability to Link Planning with Operations or Land Use Nevada’s FAST linking traffic management and transportation planning has enabled the MPO to be more responsive to citizen suggestions such as signal retiming and to locally elected officials 35. Minnesota’s Metropolitan Council the MPO for Minneapolis/St. Paul has responsibility for operating bus service and light rail transit service as well as transportation planning 42. Further, the MPO involves localities who directly control land development decisions 18. (iii) Greater Responsiveness The assumption is that local governments are more accountable to citizens than more centralized levels of government. Examples are “quick-take” condemnation authority that may be exercised by local governments 41, an ability to protect local neighborhoods from the threat of through truck traffic 43, and an ability for local staff to respond immediately to citizen complaints regarding a specific project 40. A similar advantage was noted when decentralizing decision authority in an organization; a review of the Texas DOT noted that providing substantial authority to district offices rather than centralizing decisions at the headquarters level enabled a “sharp customer focus and allowed for “timely and least expensive access, contact with the public, and knowledge of local conditions.”

Devolution

#### Abolishing the Highway Trust Fund and devolving transportation to the states solves.

[Daniel Horowitz, Deputy Political Director at the Madison Project, contributing editor to the Red State, 1/19/12, Red State, <http://www.redstate.com/dhorowitz3/2012/01/19/devolve-transportation-spending-to-states/>, “Devolve Transportation Spending to the States.”]

One of the numerous legislative deadlines that Congress will be forced to confront this session is the expiration of the 8th short-term extension of the 2005 surface transportation authorization law (SAFETEA-LU). With federal transportation spending growing beyond its revenue source, an imbalance between donor and recipient states, inefficient and superfluous construction projects popping up all over the country, and burdensome mass transit mandates on states, it is time to inject some federalism into transportation spending.¶ ¶ Throughout the presidential campaign, many of the candidates have expressed broad views of state’s rights, while decrying the expansion of the federal government. In doing so, some of the candidates have expressed the conviction that states have the right to implement tyranny or pick winners and losers, as long as the federal government stays out of it. Romneycare and state subsidies for green energy are good examples. The reality is that states don’t have rights; they certainly don’t have the power to impose tyranny on citizens by forcing them to buy health insurance or regulating the water in their toilet bowels – to name a few. They do, however, reserve powers under our federalist system of governance to implement legitimate functions of government. A quintessential example of such a legitimate power is control over transportation and infrastructure spending.¶ ¶ The Highway Trust Fund was established in 1956 to fund the Interstate Highway System (IHS). The fund, which is administered by the DOT’s Federal Highway Administration, has been purveyed by the federal gasoline tax, which now stands at 18.4 cents per gallon (24.4 for diesel fuel). Beginning in 1983, Congress began siphoning off some of the gas tax revenue for the great liberal sacred cow; the urban mass transit system. Today, mass transit receives $10.2 billion in annual appropriations, accounting for a whopping 20% of transportation spending. Additionally, the DOT mandates that states use as much as 10% of their funding for all sorts of local pork projects, such as bike paths and roadside flowers.¶ ¶ As a result of the inefficiencies and wasteful mandates of our top-down approach to transportation spending, trust fund outlays have exceeded its revenue source by an average of $12 billion per year, even though the IHS – the catalyst for the gasoline tax – has been completed for 20 years. In 2008, the phantom trust fund was bailed out with $35 billion in general revenue, and has been running a deficit for the past few years. Congress has not passed a 6-year reauthorization bill since 2005, relying on a slew of short-term extensions, the last of which is scheduled to expire on March 31.¶ ¶ Short-term funding is no way to plan for long-term infrastructure projects. In their alacrity to gobble up the short-term money before it runs out, state and local governments tend to use the funds on small time and indivisible projects, such as incessant road repaving, instead of better planned long-term projects.¶ ¶ It’s time for a long-term solution, one which will inject much-needed federalism and free-market solutions into our inefficient and expensive transportation policy.¶ ¶ It is time to abolish the Highway Trust Fund and its accompanying federal gasoline tax. Twenty years after the completion of the IHS, we must devolve all transportation authority to the states, with the exception of projects that are national in scope. Each state should be responsible for its own projects, including maintenance for its share of the IHS. Free of the burden of shouldering special interest pork projects of other states, each state would levy its own state gas tax to purvey its own transportation needs. If a state wants a robust mass transit system or pervasive bike lanes, let the residents of that state decide whether they want to pay for it. That is true federalism in action.

Devolution

Devolution allows private sector control in transportation infrastructure

MacKinnon, et al. 9

 (Danny MacKinnon Department of Geographical and Earth Sciences, University of Glasgow, Department of Management, University of Glasgow, Glasgow G12 8QQ, Scotland, Centre for Sustainable Transport and School of Geography, University of Plymouth)

ii. Management improvements may accompany devolution There are various reasons to suppose that infrastructure management may be more effective under independent entities. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS – 29 TRANSPORT INFRASTRUCTURE INVESTMENT: OPTIONS FOR EFFICIENCY – ISBN 978-92-821-0155-1 - © OECD/ITF, 2008 To begin with, greater independence is usually accompanied by increased de-politicisation of operational decision-making processes. Although elected officials should have a decisive influence over how much public money is spent in different sectors of the economy, their input into the planning process should first and foremost be in terms of high-level priority setting. Project planning should, in turn, be based on expert advice regarding the relative efficiencies of the different options to deliver the objectives established at the political level. More operational decisions – such as how works are executed, and by whom – should be taken at an entirely non-political level. Secondly, if an independent entity does not have to rely on the government’s annual budgeting process, it is in a position to take a longer-term, strategic approach to the management of assets. This independence may come in several forms and various degrees. With the exception of the government agency, all of the models of devolution can borrow from private sources, which can impose additional discipline based on the need to retain a high credit rating, at least as long as the government does not underwrite their debt. Where independent entities are financed by tolls or earmarked charges and taxes, and not totally dependent on public-sector financing, they can take a longer-term perspective on investment than would be possible under government budgeting rules. Independent entities should also be free from some of the more bureaucratic aspects of public sector decision-making and management.

Incremental devolution of federal power improves surface transportation

Dilger 11

[Robert Jay Dilger, Senior Specialist in American National Government, Congressional Research Service, 1/5/11, “Federalism Issues in Surface Transportation Policy: Past and Present”, p.18, http://www.fas.org/sgp/crs/misc/R40431.pdf] aw

ACIR was one of the first organizations to offer specific criteria for defining areas of national interest and determining roles for federal, state and local government officials in surface transportation policy. ACIR conceded that all roads are physically interconnected. As noted earlier, the highway system’s interconnectedness had been used as a rationale for expanding federal program eligibility in surface transportation policy. ACIR argued that while all roads are interconnected, “they differ systematically in the length of trips on them and in the travel purposes for which they are used.” ACIR argued that “most trips on Interstate highways are much longer than trips taken on the Secondary and Urban systems” and that “this fact argues that the Interstate network provides transportation benefits over a wider geographic range than Secondary and Urban systems.” ACIR went on to conclude that “This concept of the geographic range of highway benefits is a key test to determine which unit of government should bear responsibility for highway finance.” ACIR argued that “roads that serve largely local purposes – helping to make quicker trips to the supermarket, for example – compete with financing for roads that provide truly national benefits – for instance, facilitating the interstate commerce and economic health on which the whole nation’s welfare depends.” It recommended that the approximate geographical range of benefits associated with surface transportation programs supported the idea of incremental devolution, where roads that provide virtually no national benefits were devolved first and others that, on balance, provide some national benefits could be devolved later. ACIR noted that incremental devolution was “likely to be more palatable politically than a wrenching, once-and-for-all change.”

Devolution

Transportation infrastructure would remain standardized even after devolution

Dilger 11

[Robert Jay Dilger, Senior Specialist in American National Government, Congressional Research Service, 1/5/11, “Federalism Issues in Surface Transportation Policy: Past and Present”, p.20, http://www.fas.org/sgp/crs/misc/R40431.pdf] aw

ACIR noted that “over time, considerable national standardization has been developed in the highway transportation system” largely due to the efforts of “transportation officials (notably AASHTO)” and that such standardization “most likely would continue after devolution, even if direct, federal control were limited to the Interstate system.” It argued that the benefits of standardization, such as for safety requirements, “serve both the national and local goals.”

#### Courts can make shift from centralization possible now

Revesz 96 [Richard L. Revesvz, Proffesor of Law at NYU, June 1996, “Federalism and Interstate Environmental Externalities”, University of Pennsylvania Law Review, p. 2395, JSTOR, http://www.jstor.org/stable/3312672?seq=2] aw

The sense that we may be on the verge of important alter- ations in the federal system, then, is entirely understandable. Even sophisticated observers, who are not inclined to overreact to every lurch in the case law or to overestimate the actual capacity of the Court to achieve its objectives, might well take the view that seri- ous change is at hand. After all, the fact that we are all accus- tomed to living under a fairly centralized administrative state does not foreclose dramatic revisions to that structure. Periods of radical transformation do occur. When intellectual themes in judicial deci- sions are not only potentially far-reaching but persistent and when those themes reflect wider social movements, it is possible that the Supreme Court may be signaling-or even helping to induce-one of those transformations.

Testing ground/innovation

States act as a testing ground for federal projects.

Carothers 7

Claire Carothers, Atlanta Law Associate in Business Litigation, 41 Ga. L. Rev. 236 (2006-2007), “United We Stand: The Interstate Compact as a Tool for Effecting Climate Change,” 2006-2007.

In response to President Bush's refusal to comply with the Kyoto Protocol, state and local governments began seeking solutions at the local, state, and regional levels.2' Twelve states, the city of New York, and various environmental groups recently sued the Environmental Protection Agency (EPA) to regulate carbon dioxide emissions from motor vehicles.22 The lawsuit alleged failure of the EPA to review and update standards governing power plant emissions, which it is required to do every eight years.23 The states collectively hoped to force recognition of carbon dioxide as a pollutant dramatically affecting global warning and thus falling within the reaches of the Clean Air Act.24 Attorneys general from other states have challenged the lawsuit under the argument that carbon dioxide is not a pollutant regulable by the EPA.2 In a comparable legal action, eight northeastern states and the city of New York brought suit against six power companies under a theory of public nuisance.26 Seeking injunctive relief through the capping and reduction of emissions, the states alleged injuries to public health, water, agriculture, and wildlife.27 The tort of nuisance involves a nontrespassory interference with the use and enjoyment of an individual's land.28 State and federal legislation eventually replaced nuisance as the primary method of dealing with environmental issues.29 While this lawsuit potentially presented a new means of forcing emission reductions, a federal judge recently dismissed the action citing the necessity of leaving expansive environmental policy decisions to the executive and legislative branches.3Â° This decision will likely foreclose the possibility of similar nuisance suits in the future. A voluntary agreement dedicated to the establishment of emission-reduction goals similar to those of the Kyoto Protocol is one of the most recent interstate efforts to effect regional pollution control.1 A group of northeastern states; led and organized by New York Governor George E. Pataki, began talks in 2003 with the intention of creating a regional plan to reduce power plant emissions.32 Pataki announced plans for a market-based scheme structured around the purchase and sale of carbon dioxide credits among the states in order to cooperatively reach target goals of emissions comparable to those established by the Kyoto Protocol.3 Such a plan would establish a formal limit on total carbon dioxide emissions from any plant while allowing those under the cap to sell their credits to entities exceeding the mandated limit.34 This utilization of market forces differs from the standard command-and- control policies typical of environmental regulation.35 The plan would also involve a two-phase cap first stabilizing emission levels at their current levels then imitating a region-wide emission The states formed the RGGI37 with the stated goal of "developing a program to reduce carbon dioxide emissions from power plants in the participating states, while maintaining energy affordability and reliability and accommodating, to the extent feasible, the diversity in policies and programs in individual states."" After years of research, the RGGI set an initial regional cap at an average of the highest emissions from 2000 to 2004 and established initial emissions budgets for individual state compliance.39 Because the project remains in development, the overall organization and administration remain relatively undefined.' The RGGI established the .Staff Working Group, a group of representatives from state environmental and energy regulatory agencies,4' as an overarching administrative organization assisting states with the implementation of the program.42 However, the program explicitly states that it will not "unduly interfere with other national, state or regional emission trading programs and initiatives, but may serve as a platform and model for the implementation of future . . . programs."' Though many news sources explicitly refer to the RGGI as a developing interstate compact, the Staff Working Group calls the agreement a “Memorandum of Understanding."" While the lack of identification with a formal compact structure does not foreclose intervention by the federal government, it increases the difficulty in identifying and classifying the nature of the agreement.45 While most cooperative interstate activities take place without any legislation dictating their content or application,4" interstate compacts have recently risen as an alternate means of legislating regional problems in the national context of cooperative federalism.47 The text of the Compact Clause of the Constitution4 requires congressional approval for all interstate compacts, but judicial interpretation has since limited the encompassing consent condition to those agreements encroaching upon the sovereignty of the federal government.49 Though the consent requirement works to prevent infringement upon the federal government and noncompacting states and the transfer of authority to unaccountable institutions,Â° modern use of interstate compacts has increased as states recognize compacts efficiency in dealing with problems of regional scale.51 In addition to being ideally suited to address regional problems, interstate compact may diminish the problem of externalities and interstate competition.52 However, once almost automatically approved by Congress, compacts have become less favored by the federal government as states increasingly seek to utilize them to solve national problems.

AT: Permutation

Perm fails – causes free riding

The Economist 11

[The Economist, 4/28/11, “Life in the slow lane”, http://www.economist.com/node/18620944] aw

Formula-determined block grants to states are, at least, designed to leave important decisions to local authorities. But the formulas used to allocate the money shape infrastructure planning in a remarkably block-headed manner. Cost-benefit studies are almost entirely lacking. Federal guidelines for new construction tend to reflect politics rather than anything else. States tend to use federal money as a substitute for local spending, rather than to supplement or leverage it. The Government Accountability Office estimates that substitution has risen substantially since the 1980s, and increases particularly when states get into budget difficulties. From 1998 to 2002, a period during which economic fortunes were generally deteriorating, state and local transport investment declined by 4% while federal investment rose by 40%. State and local shrinkage is almost certainly worse now.

Perm fails – federal-state funding causes government expansion

Mitchell 7

[Daniel J. Mitchell, Senior Fellow at the Cato Institute, 9/25/07, “SCHIP’S Perverse Incentives,” Cato, http://www.cato-at-liberty.org/schips-perverse-incentives/] aw

Picking the worst government program would be a huge challenge, but picking the worst funding system is much easier. Programs involving joint federal-state funding contain built-in incentives to expand the size of government because politicians at either level can buy more votes by expanding the program, knowing that they only have to pay (depending on the formula) a share of the cost. In other words, lawmakers can promise $1 worth of goodies for, say, 50 cents. This is one of the reasons why Medicaid is a fiscal disaster. It’s also why welfare reform was a step in the right direction (the old system funneled more money to states when they added more people on the dole, creating a terrible incentive system). Unfortunately, politicians generally make things worse rather than better, and a Wall Street Journal editorial (sub only) shows how the SCHIP program is encouraging more government:

Perm doesn’t access the federalism net benefit – ensures tyranny.

Ryan, 7

[Erin Ryan, Associate Professor of Law at Lewis & Clark Law School, 2007, *Maryland Law Review* 66.3, pg. 511-512, ‘Federalism and the Tug of War Within: Seeking Checks and Balance in the Interjurisdictional Gray Area’, <http://works.bepress.com/erin_ryan/5/>, TB]

Indeed, the historic progression of the various models of federalism that informed Supreme Court interpretation over the twentieth century reflects a pendulum-like attempt to achieve the proper balance between underlying federalism values, each model perhaps overcompensating for the excesses of its predecessor.15 After the Great Depression crippled the capacity of state and local governments to cope with unprecedented levels of social and economic despair, the Supreme Court adopted a model of federalism that exalted the problem-solving value at the expense of the check-and-balance value to approve pragmatic New Deal legislative programs that expanded federal jurisdiction into traditionally local arenas. Cooperative federalism, the predominant model of federalism since World War II, recovers some of the balance through a partnership-based approach to regulation in areas of interjurisdictional overlap, allowing state and federal governments to take responsibility for interlocking components of a collaborative regulatory program. However, cooperative federalism has also been criticized as an overly pragmatic model that insufficiently protects anti-tyranny values.16 Responding to concerns that cooperative federalism is, at best, undertheorized (and at worst, more coercive than collaborative), the New Federalism reestablishes the supremacy of the check-and-balance value over all others in an effort to bolster the line between state and federal authority against pressures (some perhaps political, others genuinely interjurisdictional) that would blur the boundary.

AT: Rollback

The Court can give power to the states –no rollback

Miller, 98

(Mark Miller, Lawyer for Baker Botts, 1998, Cleveland State L. Rev)

The history of the Tenth Amendment is an appropriate starting point in the development of substantive federalism. For a long period of time, the Tenth Amendment operated as nothing more than a plain statement of the obvious that afforded little protection to the states. 249 In the aftermath of Garcia, state sovereignty was left to the political processes. 250 Tenth Amendment power was reborn in New York v. United States when the Court held that Congress could not commandeer the states' legislative function. 251 This protection is decreed no matter how strong the federal interest in the legislation may be. 252 Protections over state sovereignty were expanded again in the 1996 Term when the Court invalidated certain portions of the Brady Act. 253 According to Printz, Congress cannot force the states' executive branches to enact federal regulatory programs regardless of the federal interest involved. 254 Whenever the structural framework of dual sovereignty is compromised, the Tenth Amendment steps in to prevent a usurpation of federalism. 255 Printz and New York held that Congress was incapable of commanding the states to take a course of action that it could not undertake directly. 256 But what happens if Congress breaches the Tenth Amendment through an Article I power like the Spending Clause? Do the Court's enunciated protections extend to Article I? These are the questions that the theory of substantive federalism answers. The restraint on Article I began, to large extent, in Garcia when Justice O'Connor predicted that the Commerce power would be affirmatively limited [\*191] by state autonomy. 257 The door was further opened in New York when the plenary nature of the Commerce Clause was labeled as "subversive" to the interests of state sovereignty. 258 United States v. Lopez put the first nail in the coffin when it struck down an exercise of the Commerce power as going so far as to approach a "police power of the sort retained by the States." 259 The Commerce Clause, in other words, authorizes control over interstate commerce, but does not authorize regulation of the states. 260 Seminole Tribe, however, lends the greatest support to the substantive federalism theory. The Eleventh Amendment -- a core guardian of state sovereign interests 261 -- withstands any attempt by Congress to pierce the shield of federalism with Article I. 262 Similar to the Tenth Amendment, the Eleventh Amendment once provided little protection to the states when Congress flexed its Article I muscle. 263 Along with the strengthening of the Eleventh Amendment, New York and Printz add to the growth of federalism and the devolution of unrestricted congressional power. The same 5-4 majority 264 has written the opinions in New York, Lopez, Seminole Tribe, and Printz, and it is only a matter of time before the rationale in Seminole Tribe is extended to the Tenth Amendment as a limit on the Spending Clause. 265 Substantive federalism presents the argument that the Tenth Amendment will be used in much the same manner as the Eleventh Amendment was used in Seminole Tribe. If a core principle of state sovereignty will be encroached upon by an Article I power, the Tenth Amendment prohibits the intrusion. 266 On the other side of the coin, Congress must look to the Tenth Amendment and ask whether its proposed legislation will impinge upon principles of federalism. If substantive federalism can operate to block congressional action under the Commerce Clause, then it can also curtail the Spending power.

Misc Fed bad

Majority of states better off without the Trust Fund’s redistribution

Poole 96

[Robert W. Poole, Jr., director of transportation policy and Searle Freedom Trust Transportation Fellow at Reason Foundation, October 1996, “Defederalizing Transportation Funding”, p.1-8, http://reason.org/files/4883e8bd01480c4d96ce788feb1f2e05.pdf] aw

 The result is that only 18 of the 51 states plus the District of Columbia have been net gainers from the Trust Fund's redistribution of funds. All 33 other states would be better off, in dollar terms, if there had been no federal gasoline tax and no federal trust fund. For large states, the Highway Trust Fund is an especially bad deal: California has gotten back only 66 percent of what it puts in, Michigan only 56 percent, Ohio only 64 percent, Florida only 56 percent, and Texas only 58 percent.

Federal government fails—state control of infrastructure solves issues

National Journal 12

[Fawn Johnson and  Niraj Chokshi, staff writers, 5/21/12, http://transportation.nationaljournal.com/2012/05/not-waiting-for-the-feds.php] aw

The transportation community in the states should want the federal government to be fired. Over the next few weeks, they are waiting for negotiators in Congress to pass a highway bill. If lawmakers are successful (and there is no guarantee of that), a few much-needed updates to the transportation program would be in place. But then it will only be 18 months, at most, until policymakers have to address again a handful of percolating problems like shoring up the highway trust fund for the long term. If the chambers can't reach agreement, that likely means a shorter extension of current highway authority. Cuts are possible. This scenario does not offer a ringing endorsement of the federal government as transportation caretaker. The inability of Congress and the White House to articulate and carry out a federal infrastructure policy could give credence to arguments from the right that the states would do a better job of regulating and funding their own transportation. But then Rep. Peter DeFazio, D-Ore., colorfully points out the very real problem with that idea--the highway to nowhere. DeFazio has a poster of a Kansas turnpike in 1956 that ends in a farmer's field in Oklahoma. "Devolution, baby! That's where we're headed," he said when showing it off in the Capitol in March. What if the transportation didn't have to wait around for Congress and the White House to make a move? Are there examples of states or regions taking initiative where the federal government is failing? What stands in the way of states or localities acting on their own? Does it make sense to diminish the power of the congressional purse strings if Congress can't do its job? If the federal government is essential to infrastructure, what can be done to make sure it actually can take care of the nation's needs?

Defederalization of airports and highways saves money

 Poole 96

[Robert W. Poole, Jr., director of transportation policy and Searle Freedom Trust Transportation Fellow at Reason Foundation, October 1996, “Defederalizing Transportation Funding”, p.1-8, http://reason.org/files/4883e8bd01480c4d96ce788feb1f2e05.pdf] aw

 The benefits of such a change could be very large. Among them would be the following: ! More Productive Investment. As noted above, that portion of our highway system constructed with federal aid costs at least 21.5 percent more than highways constructed without that aid. Thus, the same total dollars invested by states and the private sector could produce more needed infrastructure; alternatively, some states might keep net investment levels the same as at present, freeing the remaining resources for other societal needs. ! Intermodalism. In conjunction with defederalization of airports (discussed below), the devolution of surface transportation responsibilities from DOT to the states and cities would get rid of the rigid Amodal@ categories of funding, in which transit funds can only be used for transit, highway funds only for highways, and airport funds only for airports. The present system has made it extremely difficult to fund truly intermodal infrastructure, such as surface transportation access to airports. Decentralizing the funding to where the needs are would facilitate the development of needed intermodal facilities. ! Freedom for Innovation. Overly prescriptive federal regulations and standards have stymied innovation in transportation infrastructure. For example, two decades of federal speed-limit mandates precluded potentially large economic gains from the time savings involved in high-speed heavy-truck-oriented tollways, such as the proposed Chicago-Kansas City Tollway and Colorado's Front Range Toll Road. ! Private Investment. The private sector has stepped up to the plate in the 12 states where the law has been amended in recent years to encourage private investment in surface transportation. Yet because of the higher costs involved, private firms have shied away from public-private partnerships involving federal highway funds. Devolving these responsibilities to the states is more likely to encourage greater private-sector investment than is further attempts to fine-tune the federal public-private partnership provisions.

Misc Fed bad

The federal government is dependent on the states for implementation, administration, and funding.

**Gais and Fossett 5**

[Thomas Gais, director of the Rockefeller Institute of Government, and James Fossett, directs the Rockefeller Institute's research program in bioethics and federalism and is an associate professor of public administration and public health at the University at Albany, 7/18/2005, Chap. 15, Federalism and the Executive Branch, <http://www.rockinst.org/pdf/federalism/2005-federalism_and_the_excutive_branch.pdf>] TB

Divided sovereignty was not conceptually problematic in the early years of the republic,when constitutional,political,economic,and societal factors limited the role of the national government and its functional overlap with the states. But after many of these constraints eroded and were eventually broken by the New Deal and later waves of national legislation, the policy agendas of federal and state governments converged, as the federal government used grants and regulations to enter new domestic policy arenas.

This expansion of federal authority, however, produced an asymmetry between the federal government’s authority and its fiscal and administrative powers. That is, the flip side of federal reliance on states to facilitate national action has been the dependence of the federal government on state implementation, administration, and funding. In addition to their administrative dominance, states have also increased their political capacities—their claims to political representativeness and their connections with constituencies—through, among other things, reapportionment and the increasing public salience and powers of governors.

Congress can’t deal with existing transportation infrastructure problems

Johnson and Chokshi 5/21

[Fawn Johnson and Niraj Chokshi, Staff Writers, Transportation Expert Blog, “Not Waiting for the Feds,” 5/21/12]

The transportation community in the states should want the federal government to be fired. Over the next few weeks, they are waiting for negotiators in Congress to pass a highway bill. If lawmakers are successful (and there is no guarantee of that), a few much-needed updates to the transportation program would be in place. But then it will only be 18 months, at most, until policymakers have to address again a handful of percolating problems like shoring up the highway trust fund for the long term. If the chambers can't reach agreement, that likely means a shorter extension of current highway authority. Cuts are possible.

This scenario does not offer a ringing endorsement of the federal government as transportation caretaker. The inability of Congress and the White House to articulate and carry out a federal infrastructure policy could give credence to arguments from the right that the states would do a better job of regulating and funding their own transportation. But then Rep. Peter DeFazio, D-Ore., colorfully points out the very real problem with that idea--the highway to nowhere. DeFazio has a poster of a Kansas turnpike in 1956 that ends in a farmer's field in Oklahoma. "Devolution, baby! That's where we're headed," he said when showing it off in the Capitol in March.

What if the transportation didn't have to wait around for Congress and the White House to make a move? Are there examples of states or regions taking initiative where the federal government is failing? What stands in the way of states or localities acting on their own? Does it make sense to diminish the power of the congressional purse strings if Congress can't do its job? If the federal government is essential to infrastructure, what can be done to make sure it actually can take care of the nation's needs?

Misc Fed bad

Congress has rolled back to the executive branch in the federalism balance – this makes any federal policy initiatives ineffective under a slew of administrations ensuring bureaucratical callbacks and stall.

**Gais and Fossett 5**

[Thomas Gais, director of the Rockefeller Institute of Government, and James Fossett, directs the Rockefeller Institute's research program in bioethics and federalism and is an associate professor of public administration and public health at the University at Albany, 7/18/2005, Chap. 15, Federalism and the Executive Branch, <http://www.rockinst.org/pdf/federalism/2005-federalism_and_the_excutive_branch.pdf>] TB

The combination of extensive federal authority over a wide range of domestic policies, federal dependence on state implementation, and democratized and politically assertive states has contributed to a shift in national power over the federal system from the legislative process to the executive branch. Legislative processes have lost strength in controlling state bureaucracies and policy makers. Intergovernmental influence increasingly demands an adaptive,selective application of diverse tools—tools that federal administrators may marshal on priority issues but that legislative actions are less adept at manipulating.Presidents and top administrators may, if they wish, exploit a wide array of administrative mechanisms to achieve their policy aims on selected issues—through the concerted use of waivers, rule making, direct grants to selected organizations, demonstration projects, direct contracting, appointments, and other means.

This shift in the locus of national action from the legislative process to the executive branch on federalism issues also represents a culmination of changing roles performed by the federal executive with respect to the states. In the New Deal years and thereafter, the federal bureaucracy nurtured support for federal grant programs,urged states to professionalize and centralize their administration of such programs,and built bureaucratic allies within state bureaucracies to influence state policies.The Great Society years brought increasing discretion to the federal government in distributing grants—through project grants and grant provisions allowing federal agencies to give funds directly to nonprofits—and more detailed control over program planning and implementation.Then,beginning with the 1970s, intergovernmental regulations and grants with major regulatory provisions increased opportunities for federal agencies to interpret laws through administrative rules and to determine whether particular states had standards and enforcement powers sufficient to delegate regulatory powers.After waivers and other opportunities for particularized negotiations between state and federal governments began to be used widely in the 1980s and early 1990s, federal administrators and presidents had acquired a large repertoire of methods they could use to change the contexts for state decisions and to encourage the development and diffusion of major policy initiatives without congressional involvement.

This growing autonomy of federal executive powers and actions alters the dynamics of federalism. Major nationwide changes in policies no longer depend on electoral shifts in the control of the Congress,including increases or decreases in policy agreement and partisan ties between Congress and the president. Instead, control over the presidency and a few governorships can be a sufficient base to launch important policy innovations. The administrative mechanisms may often produce only small changes at each step. But federal executives may build on incremental changes—whether through rule changes, demonstration grants, waivers, evaluations, or other mechanisms—to develop new policies in sympathetic states, to focus media attention on innovative ideas, to show political opponents that the initiatives do not produce worst-case scenarios, and to demonstrate to political allies and constituencies the potential political benefits of the policies. Indeed, the ideas may originally come from the states themselves—along with critical information on how to implement them—and federal executives may selectively nurture policies they find agreeable. American federalism may thus display a more continuous process of innovation, demonstration, and diffusion.

But this mutability and flexibility may come at a price.While legislative federalism frequently produced larger coalitions than might have formed in a more centralized system, executive federalism exploits state differences in order to construct smaller policy coalitions between federal political executives and a few governors sympathetic to a national administration’s goals.And while legislative federalism often created common and fairly stable frameworks within which states could exercise controlled choice and carry out long-term planning and implementation of complex policies,executive federalism may alter these frameworks with every new presidential administration—even new Cabinet and subCabinet appointments—and eventually break the frameworks down altogether. By loosening the American federal system from legislative control, executive federalism may create a more uncertain,more varied,and less transparent context for state policy making.Some states may fare well under such a system,and some may not.But it is likely that differences in what they do and how effectively they do it will increase across states and over time.

Misc Fed bad

The states need to take power into their own hands while Congress struggles to please everyone.

Schwarts 7

[Dan Schwartz, Policy Today’s publisher, Policy Today, “Reasserting the States’ Role in the Federal Model,” 9/5/07, http://www.policytoday.com/index.php?option=com\_content&task=view&id=240&Itemid=148]

Largely unnoticed by the media and the electorate, though, political momentum has shifted to the states. Congressional gridlock and a self-absorbed Oval Office have thrown the national government into reverse, while the states have found their political gear. Despite unending budget battles in several larger states, state legislatures have generally been major innovators in health care, the environment, and economic development. They have passed immigration laws where Congress has stalled, and funded K-12 education despite the structural deficiencies of No Child Left Behind. At a theoretical level, Wechsler's theory has been largely discredited says George D. Brown, Robert Drinan, S.J., Professor of Law at Boston College Law School. "Everyone recognizes that federal officials view themselves as federal officials." In short, senators now see themselves as national figures, and representatives are beholden to local party primaries—not state legislatures. "Not only is the premise of this [Wechsler's] view clearly at odds with the proliferation of national legislation over the past 30 years," former Supreme Court Justice Lewis Powell wrote in Garcia, but "a variety of structural and political changes occurring in this century have combined to make Congress particularly insensitive to state and local values." Yet, the states remain reluctant to sound the charge. Neither they nor the feds, however, may have a choice for much longer. That the states can act as  Brandeis' "laboratories of democracy" is fine, but the present situation may require more. "Today, the states have the amount of power that Congress has given them. Constitutional provisions that have strengthened the states have died," says Henry P. Monaghan, Harlan Fiske Stone Professor of Constitutional Law at Columbia. He adds, "The remedy to reasserting the states' role is not going to be found in the Constitution." While the question is generally framed in Monaghan's terms, i.e., "what Congress allows the states to do," the real challenge has become "what Congress urgently needs the states to do." "The Founders had no intention for federal lawmakers to be operating Medicare plans or public schools," says former Illinois State Senator Steve Rauschenberger. Similarly, Utah Senate Majority Leader Curt Bramble notes, "We have the federal government paying money to build a bridge somewhere in Mayberry. Why?" As these elected officials suggest, among the many reasons Congress can't act or acts improvidently, one thing is clear: they have taken it upon themselves to do everything. That may be politically appealing; and, the Supreme Court has been powerless to stop them legally, but structurally—read Constitutionally —that has clearly become a very bad idea. Enter the states—or not. In  a political structure reflecting the Framers' belief in Adam Smith's "invisible hand" and free market competition, the states have been oddly silent. Why? Policy Today's Roundtable II (See Cover Story, p.5) offers multiple clues. Lawmakers themselves, however, provide the ultimate answers. Texas State Senator Leticia Van de Putte: "You've got to have the will; that's the first thing. There are so many other fires that legislators have to put out every day, but the number one most powerful thing is the will to intervene. We can all complain about it, but what are you willing to risk to affect change?" Washington State Rep. Sharon Tomiko-Santos strikes a similar chord: "Do we have the will to be more aggressive in our behavior? While we focus on our relationships with our partners in Congress, we cannot forget the principles of federalism, including the separation of powers and checks and balances."And finally, as Maine Senator Libby Mitchell puts it, "I guess we have to get our own act together." As Pogo said, "we have met the enemy, and he is us."

#### Centralized approaches fail to provide regional solutions.

**Lockwood 6**

[Ben Lockwood, professor at University of Warwick, Dept. of Economics, 2006, *Handbook of Fiscal Federalism*, book edited by Ehtisham Ahmad and Giorgio Brosio, “The Political Economy of Decentralizaion,” p. 34]

Now consider central government. In this case, without any restrictions on thc choice of g1. g,, central government will choose the efficient levels of g1. 82, because it internalizes spillover effects. Thus, in order to generate some disadvantage to centralization, the standard approach makes the policy unifor-mity assumption that public good provision (per capita) must be the same in both regions ((hat is, = g, g). What does this imply about choice of g? Given that central government maximizes the stun of utilities in both regions, then government chooses 8 so that the average of the marginal benefits of an increase in the public good in both regions is equal to the marginal cost of unity. Centralization has a cost: the level of public good provision cannot now he tailored to each region.

Misc Fed bad

**The federal government fails**

**CBO 10** [Congressional Budget Office, “Public Spending on Transportation and Water Infrastructure” november 17, 2010: http://www.cbo.gov/publication/21902]

In total, lawmakers appropriated $62 billion in funding for transportation and water infrastructure under that legislation. The Congressional Budget Office expects that, in nominal terms, federal spending for transportation and water infrastructure under ARRA will total $54 billion through 2013, by which time almost 90 percent of the funds made available for infrastructure through ARRA will have been spent. the composition of public spending for transportation and water infrastructure The composition of public spending on transportation and water infrastructure can be represented in three ways: by the level of government providing the funding or other form of financial support; by the nature of the spending (whether it is designated for capital projects or for operation and maintenance); and by the type of infrastructure. State and local governments account for about 75 percent of total public spending on transportation and water infrastructure—even after subtracting from their gross spending the value of grants and loan subsidies that the federal government provides for such purposes—and the federal government accounts for the other 25 percent. That split has remained roughly constant over the past two decades. In recent years, not quite half of total public funding for transportation and water infrastructure in the United States has been devoted to capital spending for activities such as construction and equipment purchases. State and local governments have accounted for about 60 percent of those expenditures, and the federal government has accounted for about 40 percent. A little more than half of total public spending for such infrastructure has been used for operation and maintenance, of which state and local governments have provided about 90 percent. Although the federal government has played a limited role in the funding of operation and maintenance for transportation and water infrastructure as a whole, it has provided much of the funding for operating and maintaining the nation’s air traffic control system. Spending on highways at all levels of government accounted for 43 percent of expenditures for transportation and water infrastructure in 2007. Expenditures on water supply and wastewater treatment systems accounted for 28 percent of spending; aviation, mass transit and rail made up 23 percent; and the remaining categories of water transportation and water resources accounted for 5 percent. the role of government in funding transportation and water infrastructure In the United States, the public sector rather than the private sector typically provides funding for transportation and water infrastructure. Whether it is more efficient for the federal government to provide that funding depends on the type of infrastructure and the likelihood that such infrastructure will be undersupplied if its provision is left to state and local governments or to the private sector. Evidence suggests that spending for carefully selected infrastructure projects can contribute to long-term economic growth by increasing the capital stock and raising productivity. (During a prolonged economic downturn, infrastructure spending can also mitigate losses in output and employment.) Realizing the potential gains from public spending for transportation and water infrastructure depends crucially on identifying economically justifiable projects—those with benefits to society that are expected to outweigh costs—but a variety of factors make identifying such projects difficult. In addition, the demand for infrastructure could be better aligned with the existing supply by putting a price on those services that reflects the full cost of using infrastructure, including both the cost of providing infrastructure services and the costs that one person’s use imposes on others. The federal government could make its current funding more effective by ensuring that the costs of infrastructure projects are allocated across levels of government on the basis of where the benefits are expected to accrue. Otherwise, for example, federal funding for infrastructure that provided benefits primarily at the local level could result in too many projects, or projects that are too expensive, being undertaken. In addition, individuals and businesses might consume too many infrastructure services relative to the cost of providing those services—because the federal share of that cost is largely borne not by local residents but by taxpayers throughout the country.

Misc Fed bad

Congress independent action bad-- States now have the political momentum to enact policies

Schwartz 07, Schwartz, Dan, writer for Policy Today, 09-05-07, “Reasserting the State’s Role in the Federal Model” http://www.policytoday.com/index.php?option=com\_content&task=view&id=240&Itemid=148

A state that must be divided Largely unnoticed by the media and the electorate, though, political momentum has shifted to the states. Congressional gridlock and a self-absorbed Oval Office have thrown the national government into reverse, while the states have found their political gear. Despite unending budget battles in several larger states, state legislatures have generally been major innovators in health care, the environment, and economic development. They have passed immigration laws where Congress has stalled, and funded K-12 education despite the structural deficiencies of No Child Left Behind. At a theoretical level, Wechsler's theory has been largely discredited says George D. Brown, Robert Drinan, S.J., Professor of Law at Boston College Law School. "Everyone recognizes that federal officials view themselves as federal officials." In short, senators now see themselves as national figures, and representatives are beholden to local party primaries—not state legislatures. "Not only is the premise of this [Wechsler's] view clearly at odds with the proliferation of national legislation over the past 30 years," former Supreme Court Justice Lewis Powell wrote in Garcia, but "a variety of structural and political changes occurring in this century have combined to make Congress particularly insensitive to state and local values." Yet, the states remain reluctant to sound the charge. Neither they nor the feds, however, may have a choice for much longer. That the states can act as Brandeis' "laboratories of democracy" is fine, but the present situation may require more. "Today, the states have the amount of power that Congress has given them. Constitutional provisions that have strengthened the states have died," says Henry P. Monaghan, Harlan Fiske Stone Professor of Constitutional Law at Columbia. He adds, "The remedy to reasserting the states' role is not going to be found in the Constitution." While the question is generally framed in Monaghan's terms, i.e., "what Congress allows the states to do," the real challenge has become "what Congress urgently needs the states to do." "The Founders had no intention for federal lawmakers to be operating Medicare plans or public schools," says former Illinois State Senator Steve Rauschenberger. Similarly, Utah Senate Majority Leader Curt Bramble notes, "We have the federal government paying money to build a bridge somewhere in Mayberry. Why?" As these elected officials suggest, among the many reasons Congress can't act or acts improvidently, one thing is clear: they have taken it upon themselves to do everything. That may be politically appealing; and, the Supreme Court has been powerless to stop them legally, but structurally—read Constitutionally —that has clearly become a very bad idea. Enter the states—or not. In a political structure reflecting the Framers' belief in Adam Smith's "invisible hand" and free market competition, the states have been oddly silent. Why? Policy Today's Roundtable II (See Cover Story, p.5) offers multiple clues. Lawmakers themselves, however, provide the ultimate answers. Texas State Senator Leticia Van de Putte: "You've got to have the will; that's the first thing. There are so many other fires that legislators have to put out every day, but the number one most powerful thing is the will to intervene. We can all complain about it, but what are you willing to risk to affect change?" Washington State Rep. Sharon Tomiko-Santos strikes a similar chord: "Do we have the will to be more aggressive in our behavior? While we focus on our relationships with our partners in Congress, we cannot forget the principles of federalism, including the separation of powers and checks and balances." And finally, as Maine Senator Libby Mitchell puts it, "I guess we have to get our own act together." As Pogo said, "we have met the enemy, and he is us."

\*\*\* Aff Answers to States CP

No funding

#### State spending cuts during recessions mean infrastructure will fail.

**Washington Post 12** [“Why can’t we just leave infrastructure spending to the states?” Brad Plumer at 02:46 PM ET, 03/21/2012 : http://www.washingtonpost.com/blogs/ezra-klein/post/why-cant-we-just-leave-infrastructure-spending-to-the-states/2012/03/21/gIQAjpYBSS\_blog.html]

Yesterday, I pointed out that Rep. Paul Ryan’s GOP budget proposal would require the federal government to spend less and less on transportation over time. Reihan Salam asks whether this is really such a bad thing. Can’t state governments just pick up the slack? That’s possible, sure. But it hasn’t happened so far. As a recent report (pdf) from the Congressional Budget Office detailed, the federal government’s share of infrastructure spending has already been shrinking since the 1960s and 1970s. And the states, which still provide the vast majority of spending on roads and highways, haven’t made up the difference. The end result? There’s less infrastructure spending overall as a percent of GDP: Keep in mind that this is all happening at a time when infrastructure is getting increasingly expensive to build — the CBO notes that the cost of building highways has tripled since 1980, far faster than inflation. States are spending the same, but getting less and less. Now, maybe this would all be okay if we were keeping our roads and bridges and pipes in good shape. But various experts and groups like the American Civil Society of Engineers seem to think that we’re woefully under-investing in infrastructure of all sorts. One potential pitfall with handing over more and more infrastructure responsibilities to the states, meanwhile, is that states tend to cut way back on spending during recessions. And local funding can be pretty erratic, all told. Here’s a graph from New America’s Samuel Sherradan, based on CBO data: We’ve seen this in the current downturn. Sherraden observes that California’s transportation spending declined by 31 percent from 2007 to 2009 after the housing bubble burst and local tax revenue fell. The same goes for Texas, which saw an 8 percent drop. “[I]t is clear,” Sherraden writes, “that leaving a greater share of infrastructure spending to state and local governments makes infrastructure investment more vulnerable during downturns.” Now, this isn’t the last word on how best to divvy up responsibility on transportation between state and local governments. That’s a long-running, complicated debate — I’d recommend Robert Jay Dilger’s paper (pdf) for a history and overview. And, it’s true, some experts like Edward Glaeser argue that states would be less likely to build costly boondoggles if left to their own devices (although states are perfectly capable of building costly boondoggles of their own, see here and here for rebuttals to Glaeser). But that’s a separate discussion. For the purposes of the Ryan budget, there’s no guarantee that states will rush in to fill the infrastructure gap if the federal government pulls back sharply.

#### California can’t do HSR – financial constraints.

**WSJ** (News Service) 5/18/**12**

(California's Kafka Express, <http://danieljmitchell.wordpress.com/2012/05/19/californias-train-to-nowhere/>)

The good news in this debacle is that the state’s fiscal woes will make it nearly impossible to complete Governor Jerry Brown’s runaway high-speed rail train. The bad news is that the Governor is going to try anyway. Transportation experts warn that the 500-mile bullet train from San Francisco to Los Angeles could cost more than $100 billion, though the Governor pegs the price at a mere $68 billion. The state has $12.3 billion in pocket, $9 billion from the state and $3.3 billion from the feds, but Mr. Brown hasn’t a clue where he’ll get the rest. …In 2008 voters approved $9 billion in bonds for construction under the pretense that the train would cost *only* $33 billion and be financed primarily by the federal government and private enterprise. Investors, however, won’t put up any money because the rail authority’s business plans are too risky. Rail companies have refused to operate the train without a revenue guarantee, which the ballot initiative prohibits. Even contractors are declining to bid on the project because they’re worried they won’t get paid. Mr. Brown is hoping that Washington will pony up more than $50 billion, but the feds have committed only $3.3 billion so far—and Republicans intend to claw it back if they take the Senate and White House this fall. If that happens, the state won’t have enough money to complete its first 130-mile segment in the lightly populated Central Valley, which in any event wouldn’t be operable since the state can’t afford to electrify the tracks. …Mr. Brown and the White House are betting that the state will be in far too deep when the money runs out to abandon this mission on Camino Unreal. The Governor also figures that the $100 billion bill will seem smaller spread out over 30 years. What’s an extra $3 billion a year when the state’s already $16 billion in the hole?

Uniformity

#### Political polarity makes uniformity impossible.

John Kincaid, Robert B. and Helen S. Meyner Professor of Government and Public Service and director of the Meyner Center for the Study of State and Local Government at Lafayette College, editor of *Publius: The Journal of Federalism*, 2004, ‘Trends in Federalism: Continuity, Change and Polarization’, <http://dspace.lafayette.edu/bitstream/handle/10385/521/Kincaid-BookoftheStates-2004.pdf?sequence=1>, TB

The partisan polarization evident in the 2000 presidential election and in Washington, D.C., is a new contextual trend that is increasingly shaping federalism and intergovernmental relations. In 2003, it became evident that polarization has strained the traditional bipartisanship of the Big 7 state and local associations, especially the National Governors Association (NGA), where partisan conflict led to the firing of NGA’s chief lobbyist, to reduced dues payments by some states, and to several states withdrawing from the NGA for a time. Although bipartisanship still prevails generally in these associations, continued polarization will weaken their ability to present a united front, especially on major issues that have significant impacts on both the states and the national electoral balance.¶ This polarization has affected public, presidential, congressional and judicial responses to virtually all public policy issues and introduced fundamental philosophical differences over some long-standing federal-state practices and intergovernmental programs. The consequences of polarization were reflected, for example, in the battles that scuttled reauthorization of three major intergovernmental programs in 2003: the 1996 welfare-reform law, the Transportation Equity Act for the 21st Century (TEA-21), and the Individuals with Disabilities Education Act (IDEA). The compromises needed to enact legislation under conditions of polarization will likely make some intergovernmental programs more complex and somewhat schizophrenic.¶ This polarization also makes it impossible to resurrect bipartisan and nonpartisan intergovernmental institutions, such as the U.S. Advisory Commission on Intergovernmental Relations (ACIR), which were dismantled or defunded during the 1980s and 1990s. These institutions sought to foster intergovernmental cooperation and consensus building. The ACIR, for example, an independent bipartisan commission established in 1959, was defunded in 1996.

#### Centralization is key to uniform transportation and communication.

Nagel 96 [Robert F. Nagel, Spring 1996, “The Future of Federalism”, HeinOnline, p.660, http://heinonline.org/HOL/Page?handle=hein.journals/cwrlrv46&div=25&g\_sent=1&collection=journals] aw

The sorts of considerations and possibilities that I have been mentioning would not be especially important if the general politi- cal culture of the United States were strongly supportive of decen- tralization. While we do have deeply held habits and beliefs about political practices at the state and local level, in this century many aspects of our culture have favored centralization. Some of these, such as the psychic effects of the national government's association with the war power and with a vast capacity to tax and spend, are built in. Other causes of our national political culture are not inevi- table but seem close to it. These include ease of mobility, nation- wide channels of communication, and an optimistic, pragmatic spirit that does not easily abide the variations and imperfections that are inevitable consequences of decentralization.

Private Funding deficit

#### Competition for investors will cause not only a race to the bottom but also a race to defraud the top.

Hongbin Cai, Professor in Economics and Associate Dean at Guanghua School of Management, Peking University, and Daniel Treisman, Professor at the Department of Political Science University of California, Los Angeles, October 2002, Forthcoming: *Journal of Public Economics,* ‘State Corroding Federalism’, pg. 2-3, <http://www.econ.ucla.edu/people/papers/Cai/Cai251.pdf>, TB

In this paper, we challenge this sanguine view, at least in its application to developing countries. We argue that the central government’s ability to correct distortions introduced by interregional competition should be considered endogenous. Moreover, interregional competition for capital may itself encourage regional governments to act in ways that corrode the capacities of the central state. The result is not just a ‘race-to-the-bottom’ but a race to escape—or defraud—the top. In countries from China to Russia and Argentina, increased interregional competition for capital in recent decades coincided with falling central government revenues, high or increasing tax evasion, and intense political conflict—overt or covert—over the distribution of revenues and regulatory authority.[3](http://www.sciencedirect.com/science/article/pii/S0047272702002207#FN3)

Previous models of tax competition generally assumed that local governments would compete for capital in growth-promoting ways. Even the works that focused on distortions crucially assumed a framework of constitutional order in which the central government could autonomously set its tax rates, collect taxes, and enforce regulations. In some contexts—municipal finance in the US, for instance—this is an innocuous assumption. However, in many countries where decentralization is a live political issue—even the US on occasion—central law enforcement is imperfect and constitutional arrangements insecure.[4](http://www.sciencedirect.com/science/article/pii/S0047272702002207#FN4) In such cases, the struggle to attract mobile capital can take less benign forms.

Building more infrastructure and spending tax revenues prudently are not the only ways that subnational governments can woo businesses. Another way is to promise to protect firms from the need to pay central taxes in full or comply with central regulations. Subnational governments reduce local business costs by deliberately undermining central policies and capacity. Such protection occurs in many guises, some illegal, some legal, others of unclear status. A mayor may lobby or pressure central tax collectors to look the other way when they audit a certain firm; a state governor may throw obstacles in the way of central regulatory agents. If regional courts rule first on such matters, they may delay or even impede resolution in the center’s favor. While such activities may be rare in developed countries, we believe they are extremely common in developing and even middle income countries.

#### Competition prods states to illegally attract investors.

Hongbin Cai, Professor in Economics and Associate Dean at Guanghua School of Management, Peking University, and Daniel Treisman, Professor at the Department of Political Science University of California, Los Angeles, October 2002, Forthcoming: *Journal of Public Economics,* ‘State Corroding Federalism’, pg. 2-3, <http://www.econ.ucla.edu/people/papers/Cai/Cai251.pdf>, TB

Under certain conditions, decentralization and the interjurisdictional competition it stimulates can have large desirable effects. The need to attract capital may render local officials more honest and efficient, and prompt them to invest more in infrastructure. However, under other conditions, decentralization can have serious negative consequences, eroding the institutional foundations that make competition work to the benefit of all. If federalism—or more generally, decentralization—can sometimes preserve markets, at other times it may help to corrode the central state and with it the benefits of economic integration and legal order.¶ Most previous models assumed that local governments compete to attract capital in growthpromoting ways, for instance by investing in infrastructure or providing public goods cost-effectively. We showed that if competition for capital is intense, businesses are hard to attract with infrastructure, and central bureaucracies are weak or have devolved enforcement powers downward, then local officials may instead compete by offering firms covert protection against central taxes and regulations.24¶ In response, central government will reduce central tax collection effort and investment in law-and-order. If the central government is much more predatory than local governments, this could increase welfare. But if both level governments are equally benevolent or predatory, welfare would be higher under complete centralization.

Fed key

**Federalism fails to account for regional differences; national leadership is key.**

Rico **Maggi**, Socioeconomic Institute, University of Zurich, **’92**, Transportation Research Part A: Policy and Practice, “SWISS TRANSPORT POLICY FOR EUROPE?¶ FEDERALISM AND THE DOMINANCE OF LOCAL ISSUES”

AS is well known, transport infrastructure has a¶ network character. This has two important implications¶ in the case of transport policy proposals relating¶ to the national or international road-network¶ (for the ease of the argument the analysis will be¶ restricted to road transport, but the model could easily¶ be adapted to other modes). First, the road network¶ creates spatial externalities because any single¶ link in a specific location can have impacts on the¶ national economic development (e.g. if it solves a¶ bottleneck problem of national relevance). With regard¶ to the national development, these externalities¶ would lead to a suboptimal provision of (large-scale)¶ transport infrastructure in the case of a federalist¶ solution, because local or regional units would take¶ a free-rider position. This is the reason why, traditionally,¶ motorway networks, train systems etc. are¶ planned on a national level. A second implication of¶ the network character of transport is that the costs¶ and benefits of a specific transport policy project¶ may be unequally distributed among the nodes of a¶ network and, moreover, an imbalance may also exist¶ between the areas along the link and those surrounding¶ the nodes. Thus, (internal) economic benefits will¶ often occur in the nodes whereas (external) ecological¶ disbenefits are felt in the areas along the links.¶ The consequence of these externalities is a growing¶ local resistance against the planning and implementation¶ of national or international transport infrastructure¶ projects. Especially in Austria and Switzerland,¶ it has also provoked an increasing demand for restrictive¶ regulation of transit traffic on roads.¶ These distributional aspects become relevant for¶ democratic decision-making. Given a normal spatial¶ settlement pattern, the majority of the people (voters)¶ will normally live in the centers (nodes) and the¶ minority in the areas along the links. To find majorities,¶ the policymakers will therefore usually propose¶ transport projects establishing more performing¶ links between the big nodes. This solves the externality¶ problems in the case of simple majority rules.¶ However, if federalist elements are introduced in¶ decision-making on centrally provided goods (or regulations),¶ the local perspective will become relevant¶ and may lead to a dominance of local issues in national¶ policy.

Fed key

#### USFG is key to solving current transportation issues – urban renewal, disaster relief, social equity, and security.

Bruce D. McDowell, President of the Intergovernmental Management Associates, and Sheldon Edner, Director of the Center for Federal Management Leadership, 2002, Publius (2002) 32 (1): pg. 1, ‘Introdcution: Federalism and Surface Transportation’, Oxford Journals, TB

Against this real-world backdrop, federal legislation requires cooperation and coordination. This is a good and necessary policy. Ports and airports need good access to surface transportation if their goods and passengers are to continue trips without interruption. Highways, transit, bicycle and pedestrian facilities, commuter railroads, and ferries must fit together as part of a transportation network if they are to unlock commuter congestion. At the same time, air quality, noise, and numerous other quality-of-life considerations must be addressed. Serving the public, ensuring equity among diverse groups, and improving transportation safety are key goals. ¶ The Federal government's interest in transportation stems from multiple sources, principally including interstate commerce and military preparedness. State and local interests are produced much more directly by traditional geographic responsibilities for providing services. The resulting patchwork of ownership and funding for the physical system is complicated and complex. ¶ But getting cooperation and coordination to occur can be hard and frustrating work. American federalism has been evolving shared responsibilities for transportation facilities and services for more than 100 years. Over this period, the federal role has shifted from facilitating farm to-market commerce, to connecting all the nation's metropolitan areas to each other, to solving urban mobility and congestion problems, and to promoting global competitiveness. Along the historical path of nationbuilding there have been doses of military preparedness, urban renewal, disaster relief, social equity, and, most recently, homeland security. As the Canadian comparison in this symposium illustrates, however, this path is by no means the only one the United States could have taken. It reflects, instead, the uniquely American experiment in governing.

Only federal leadership can solve freeriding and inter-state disputes.

Rico Maggi, Socioeconomic Institute, University of Zurich, ’92, Transportation Research Part A: Policy and Practice, “SWISS TRANSPORT POLICY FOR EUROPE?

FEDERALISM AND THE DOMINANCE OF LOCAL ISSUES”

Switzerland will not be a member of the EC in¶ the near future. Nonetheless, because of its central¶ location in Europe, Swiss transport policy decisions¶ are relevant for the European transport infrastructure¶ network.1 The way in which the European perspective¶ enters Swiss decisions on transport policy¶ depends on the institutional arrangements of direct¶ democracy in Switzerland. As a function of federalist¶ elements in the direct democratic instruments (initiative,¶ referendum) in Switzerland, all policy issues¶ are treated to some degree as if they were local public¶ goods. In a federalist context, however, transport¶ projects are evaluated according to the spatial distribution¶ of their local impacts in terms of costs and¶ benefits. In the case of transport policy projects with¶ large scale spatial impacts, the ensuing spatial externalities¶ will incite the regions (cantons) to take a free¶ rider position. As a consequence of this "relevance¶ of local issues," the transport infrastructure supply¶ can be suboptimal for a nation like Switzerland-or,¶ in analogy, for Europe as a whole.¶ ]In an earlier paper (Maggi, 1990), the author applied¶ the model presented here on three transport related referenda¶ in Switzerland. Two of these (on a heavy vehicle levy¶ and on a motorway user charge) are also included in the¶ present paper and, in addition, three votes on motorway¶ trunks in 1990. While the former paper discussed the situation¶ in Switzerland as through-traffic country in a European¶ context in a more general way, the present study concentrates¶ on the question whether or not local issues¶ dominate in the five road transport referenda under consideration.¶ It is concluded that to solve these problems, the¶ decisions on large-scale transport policy projects¶ must either be taken on a national (or even European)¶ level-a solution that seems unfeasible in the¶ case of Switzerland and the EC-or the regions supplying¶ the transport infrastructure must be compensated¶ for their contribution to the national or international¶ integration.

Fed key

#### National authority is key to foreign relations.

Curtis A. Bradley, Professor of Law and Hunton & Williams Research Professor, University of Virginia School of Law, 2002, Berkley Journal of International Law, “World War II Compensation and Foreign Relations Federalism”, [http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2098&context=faculty\_scholarship&sei-redir=1&referer=http%3A%2F%2Fscholar.google.com%2Fscholar%3Fas\_ylo%3D2000%26as\_yhi%3D2015%26q%3Dfederalism%2BAND%2Bwar%26hl%3Den%26as\_sdt%3D0%252C30#search=%22federalism%20war%22](http://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2098&context=faculty_scholarship&sei-redir=1&referer=http%3A%2F%2Fscholar.google.com%2Fscholar%3Fas_ylo%3D2000%26as_yhi%3D2015%26q%3Dfederalism%2BAND%2Bwar%26hl%3Den%26as_sdt%3D0%2C30#search=%22federalism%20war%22),

Many foreign affairs scholars believe that federalism is, or at least should be, irrelevant to foreign affairs.4 Under this view, the nation must speak with one voice, not fifty voices, if it is to operate effectively in the international realm. In addition, if individual states are allowed to engage in foreign affairs activities, the argument goes, they will be in a position to impose harmful externalities on the entire nation—for example, by triggering retaliatory sanctions against the United States. For these reasons, as Professor Louis Henkin con-tends in his influential book on foreign affairs law, "Foreign relations are na-tional relations."5 This is the view I am calling "one voice nationalism." Proponents of one voice nationalism often rely on broad statements made during the Founding period.° The constitutional Founders generally agreed that, during the Articles of Confederation period, the national government had not been given sufficient power to conduct foreign relations? The Founders thus often referred to the need for more national control in this area. In defending the constitutional grants of foreign affairs powers to the national government, James Madison stated in The Federalist that, "if we are to be one nation in any respect, it clearly ought to be in respect to other nations."8 Similarly, in defending cer-tain grants of federal court Jurisdiction over foreign affairs matters, Alexander Hamilton stated that "the peace of the WHOLE ought not to be left at the dispo-sal of a PART."8 These statements are often quoted out of context to suggest that the Constitution disallows the states from doing anything that might affect foreign relations. Supporters of one voice nationalism also typically rely on broad Supreme Court dicta from decisions during the late nineteenth century and the early to mid-twentieth centuryi° They rely on the Court's statement in the 1889 Chi-nese Exclusion Case that, "For local interests the several States of the Union exist, but for national purposes, embracing our relations with foreign nations, we are but one people. one nation, one power."11 And they quote United States v. Belmont, decided in 1942, for the proposition that, "in respect of our foreign relations generally, state lines disappear. As to such purpose . . the State does not exist."12 Professor Henkin, for example, ties this quotation from Belmont to the broad statements from the Founding, stating that, "At the end of the twenti-eth century as at the end of the eighteenth, as regards U.S. foreign relations, the states 'do not exist.-13

#### Federal leadership and vision key to maintain infrastructure.

Hatch 10 [Henry J. “Hank” Hatch, p.e., Dist.m.asce, April 2010, ASCE, The Infrastructure Round Tables, <http://www.asce.org/uploadedFiles/Publications/CE_Magazine/2010_Issues/04_April/410CE-A.pdf>] aw

America’s infrastructure needs bold leadership and a compelling national vision. During the 20th century, the federal government led the way in building our nation’s greatest infrastructure systems by means ranging from the New Deal programs to the interstate highway system and the Clean Water Act. Since that time, federal leadership has diminished and the condition of the nation’s infrastructure has suffered. Currently most infrastructure investment decisions are made without the benefit of a national vision. That strong national vision must originate with strong federal leadership and be shared by all levels of government and the private sector. Without a strong national vision, infrastructure will continue to deteriorate.

Permutation

#### Brightlines and restricted action leads to gridlock and kills solvency – only perm can solve.

Erin Ryan, Associate Professor of Law at Lewis & Clark Law School, 2007, *Maryland Law Review* 66.3, pg. 511-512, ‘Federalism and the Tug of War Within: Seeking Checks and Balance in the Interjurisdictional Gray Area’, <http://works.bepress.com/erin_ryan/5/>, TB

Demanding attention from both a national and local actor, interjurisdictional problems do blur that boundary, pitting concerns about tyranny and needs for pragmatism against one another. But it is arguably the tension between federalism’s check-and-balance and problem-solving values that has made our system such a robust form of government—enabling it to adjust for changing demographics, technologies, and expectations without losing its essential character. A model of federalism that engages these tensions is a model that can endure. But the New Federalism’s focus on preserving bright-line boundaries above all else renders it unable to effectively mediate the competition between federalism values, contributing to a governmental ethos that obstructs even desirable regulatory activity in the interjurisdictional gray area (such as federal initiative that might have been taken in the aftermath of Hurricane Katrina). Taken to its extreme, the New Federalism model can lead to jurisdictional gridlock, posing obstacles to novel approaches to interjurisdictional regulatory partnerships17 and discouraging efficient responses to some of society’s most pressing problems.18

#### Bureaucracy ensures states are hesitant to flex funds from highways, only with federal pressure will they do so – only perm can solve.

Robert J. Dilger, Director of West Virginia University’s Institute for Public Affairs and Professor in the Eberly College of Arts and Science’s Department of Political Science, 1998, Publius (1998) 28 (1): pg. 53-54, ‘TEA-21: Transportation Policy, Pork Barrel Politics, and American Federalism’, Oxford Journals, TB

One of ISTEA's implementation difficulties was Congress' failure to designate the highways within the National Highway System until 1995. Another difficulty was created by the U.S. DOT, which took nearly two years to issue its planning regulations.9 Worried that they could later become subject to federal sanctions, many state and local transportation officials were reluctant to implement new planning procedures in the absence of federal guidelines. Moreover, because most transportation projects typically take several years to go from conception to construction to use, many states already had a large number of projects "in the pipeline" when ISTEA went into effect and were not in a position to make radical changes in their funding patterns during ISTEA's initial two to three years. In addition, most MPOs were not accustomed to playing such a major role in transportation policymaking. Many of them lacked the staff, expertise, procedures, and political connections necessary to exercise their new responsibilities.10 As a result, it was not surprising that a major shift in transportation funding patterns did not take place during ISTEA's initial three years. In 1992, for example, state and local officials invested nearly all (about 97 percent) of their flexible highway funds in traditional highway projects, principally highway construction and repair.11

Since then, MPOs, particularly ones representing populations greater than 200,000, have strengthened their staff resources, though often by contracting out services to planners in the private sector rather than hiring their own permanent staff. The new planning procedures were also put into place.12 Nevertheless, most of ISTEA's funding continued to be spent on highway construction and repair. State and local officials "flexed" less than $3 billion of the more than $70 billion that could have been moved from highway construction to other transportation modes, and most of those flexed funds (55 percent) were concentrated in the $6 billion Congestion Mitigation and Air Quality Improvement Program (CMAQ) that specifically discouraged, with the exception of funding for High-Occupancy Vehicle (HOV) lanes, funding for highway uses.13

The administration claimed that flexing nearly $3 billion in ISTEA's highway construction funds to other transportation modes was an indication that "state and local governments have responded enthusiastically to the increased flexibility in federal programs."14 Although the amount flexed under ISTEA increased from year to year, reaching nearly $800 million in 1996, flexing less than 4 percent of available funds, while noteworthy, does not represent a major policy shift. Moreover, most of the "flexing" occurred in just three states, New York, California, and Massachusetts.15

Permutation

#### States MUST have funding approved for projects by the federal government – perm is the only mechanism for solvency.

Robert J. Dilger, Director of West Virginia University’s Institute for Public Affairs and Professor in the Eberly College of Arts and Science’s Department of Political Science, 1998, Publius (1998) 28 (1): pg. 53-54, ‘TEA-21: Transportation Policy, Pork Barrel Politics, and American Federalism’, Oxford Journals, TB

State departments of transportation (DOTs) continued to play the primary role in distributing funds from ISTEA's other highway programs. Recognizing that some states may want to reallocate some of their highway funds to mass transit and other non-highway transportation uses, they were allowed to transfer up to half of their National Highway System funds (up to $10.5 billion nationwide) to their STP without federal approval, or all of those funds ($21 billion nationwide) with the approval of the U.S. Secretary of Transportation. States could also transfer up to half of their bridge funds ($8 billion nationwide) and up to 20 percent of their Interstate Maintenance funds ($3.4 billion nationwide) to their STP. States could transfer all of their Interstate Maintenance funds ($17 billion nationwide) if they had met their interstate maintenance needs. Although STP's 10 percent set-aside restrictions and apportionment formula to urbanized areas did limit state autonomy somewhat, the block grant, coupled with the ability to "flex" funds from other federally financed transportation programs, clearly enhanced the ability of state transportation officials to target their transportation resources to projects that they thought were most appropriate for their state

#### Perm is normal means – federal government gives funding to the states that then individually allocate funds and implement projects

Robert J. Dilger, Director of West Virginia University’s Institute for Public Affairs and Professor in the Eberly College of Arts and Science’s Department of Political Science, 1998, Publius (1998) 28 (1): pg. 53-54, ‘TEA-21: Transportation Policy, Pork Barrel Politics, and American Federalism’, Oxford Journals, TB

Two important lessons can be derived from the examination of ISTEA and its reauthorization process. First, although federal transportation funding patterns continued relatively unchanged under ISTEA, with highway construction and repair remaining the program's dominant focus, ISTEA did decentralize transportation policy, changing its programmatic focus from national-state to state-local. Moreover, although proposals to further decentralize transportation policy garner little support in Congress, TEA-21 retained ISTEA's basic features and will continue the decentralization that it brought about. Despite the 1,850 congressionally mandated "demonstration" projects, states will continue to dominate the project selection under TEA-21, and MPOs will continue to see their influence in project selection increase, especially MPOs representing areas widi populations exceeding 200,000. Also, TEA-21 should provide local officials in rural areas a limited, but increased, role in selecting projects in their areas.

#### Perm is normal means – feds give funding for states to use

Ross. R. Fulton, Partner at Rayburn Cooper & Durham, P.A. Attorneys at Law, 4/26/2007, “Our Federal System”: States’ Susceptibility to Challenge When Applying Federal Affirmative Action Law, University of Chicago Law Review, <http://lawreview.uchicago.edu/sites/lawreview.uchicago.edu/files/uploads/74.2/74_2_Fulton.pdf>, TB

In the 1980s and ’90s, Congress passed a series of highway laws providing states with federal funds to augment state highway projects—but with “strings attached.”1Under these laws, states only receive federal funds if they agree to implement congressionally designed affirmative action programs on state highway projects using federal funds.2 These laws accomplish Congress’s goal of promoting minority participation in state highway projects but leave states the responsibility of enacting and implementing the specific affirmative action programs.3 Congress’s authority to place conditions on federal funds stems from its constitutionally based Spending Power.4 Normally, Congress passes laws that are directly implemented by the federal government. By contrast, the Spending Power allows Congress to achieve its policy goals indirectly, using federal funds to incentivize state action.

Permutation

#### Perm: do both with income taxation

Musgrave 97

Richard A. Musgrave, formerly H.H. Burbank Professor of Political Economy, Emeritus, Harvard University and formerly Adjunct Professor of Economics, University of California, Santa Cruz, “Devolution, Grants, and Fiscal Competition,” American Economic Association, The Journal of Economic Perspectives, Vol. 11, No. 4, pp. 65-72, Autumn 1997, http://www.jstor.org/stable/2138462

 As an alternative to competition, the relationship among fiscal jurisdic-tions may be seen in terms of cooperation and coordination. Tax coordination in a federal system need not involve a sharp division of tax bases by levels of government. Income taxation, as in the United States, may apply at both the federal and state levels and in some countries is administered in joint form. With progressive taxation effective at only the central level, the retail sales tax supplemented by low-rate income taxation is left to the states. The property tax, when used to finance specific local outlays, retains a component of benefit taxation and as such is suitable for the local level. All in all, the existing dis-tribution of tax bases among our levels of government makes fairly good sense. Nevertheless, cooperation between jurisdictions is required. The retail sales tax calls for cooperation to protect revenues against mail and cross-border shopping. Personal income taxation calls for cooperation to enable jurisdictions to reach the total income of their residents, including that earned outside their borders, a task facilitated by the availability of federal returns to state tax authorities. More complex needs for coordination arise under the corporation income tax. For corporations operating within a number of states, the source of income has to be assigned among jurisdictions and with it the division of tax base. Further problems arise in the tax treatment of related enterprises, and so forth. The need for tax coordination is magnified at the international level, and especially so in a world of growing economic integration. As the mobility of capital and other resources becomes more global, national governments become more local in nature. Coordination between national governments then becomes essential, lest the compounded powers of devolution, competition and globalization destroy the integrity of fiscal systems. Techniques of coordination can be devised, solutions which permit coexistence and do so without forcing uniformity or retreat from equitable taxation (P. Musgrave, 1991). What might be harmful collusion in the market for products can become constructive cooperation in the interjurisdictional fiscal setting. What is bad for the private goose may, if properly applied, prove good for the public gander.

#### States and the federal government should do transportation infrastructure jointly

NCSL 11 [National Conference of State Legislatures, 2011, “Surface Transportation Federalism”, http://www.ncsl.org/documents/transportation/SurfTransFederalism.pdf] aw

The National Conference of State Legislatures (NCSL) calls on Congress to work closely with states to develop a shared, long-term vision for financing and funding surface transportation systems that will enhance the nation’s prosperity and the quality of life of all Americans. The federal government plays a vital role in supporting a national surface transportation system that meets national defense needs, addresses fairly and equally the mobility needs of all Americans and facilitates interstate commerce. NCSL supports the continuation and preservation of a federal-aid surface transportation program. The federal program should direct spending to national priorities while allowing for state and insular area flexibility in local and regional variations. It is also essential that the federal-aid surface transportation program incorporate requirements and foster goals of other national policies that impact transportation decision-making. Recent federal reauthorizations have recognized the unique contributions of each transportation mode to the productivity of the states and the nation, and to the ability of this nation to compete globally in the emerging and existing international economies. These laws contemplate an integrated transportation system for the movement of both goods and people, with increased emphasis on adopting technologies that improve productivity. NCSL urges Congress to increase funding for federal-aid surface transportation programs and provide states enhanced programming flexibility and increased responsibility for meeting a multitude of national goals. The ability of states to maintain flexibility in decision making and comply with environmental and other mandates is dependent upon regulatory flexibility as well as adequate and reliable funding.

Permutation

#### Federal government should match state railway funding—allows state flexibility

NCSL 11 [National Conference of State Legislatures, 2011, “Surface Transportation Federalism”, http://www.ncsl.org/documents/transportation/SurfTransFederalism.pdf] aw

 User fees designated for deposit in the HTF should be made available for flexible transportation usage by states. States should have flexibility in the use of funds for intercity passenger rail service, including Amtrak. The federal match should encourage state efforts in specific programs of national significance, but not discourage flexibility in state or insular area transference of categorical funds. Despite separate federal authorizing legislation for Amtrak, Congress must ensure that surface transportation authorizing legislation acknowledges and fully supports the role of passenger rail for ensuring interstate mobility. States that invest in or otherwise support passenger rail services to complement highway mobility options should be rewarded and encouraged.

#### Only perm can solve—Decentralization fails democracy gains are insignificant, lack of good budget management, and no way to generate enough revenue without money from the government

Erik Wibbels, Associate Professor at Duke University, October 2k, American Journal of Political Science, Vol. 44 No. 4, “Federalism and the Politics of Macroeconomic Policy and Performance”, pg. 689, JSTOR, <http://www.jstor.org/stable/2669275?seq=2>, TB

First, federal political institutions are often less democratic than their counterparts in the developed world. Civic participation is often marginal at the provincial level; the local press can be compromised; provincial judicial systems are often unfair; and provincial politics often rely on clientelism (Prod’homme 1995; Wildasin 1997). Thus, even if one accepts the suspect assumption of the economic literature on fiscal federalism that local electorates are fiscal conservatives by nature (Shah 1998), the quality of democratic institutions in these nations complicates the transmission of that information to politicians. The importance of democratic accountability vis-à-vis provincial fiscal policy can be overstated, however. Give the three additional characteristics outlined below, one can expect provincial politicians to resist reforms even under ideal democratic conditions. Second, resistance to reform is likely because subnational governments in developing nations have limited capacity to raise money on international financial markets. Where subnational governments are unable to borrow from any institution other than their own national or provincial banks, the market concerns that push national officials toward stabilazation policies do not operate.2 The importance of a free market for provincial debt as an important signaller to voters of state overspending is often overlooked in the U.S. literature on state fiscal performance (for an exception, see Gold 1995). Absent bond markets that punish overspenders, provincial voters often lack information on fiscal performance. Instead, national governments in developing federations generally have to guarantee provincial loans, taking on the role of lender of last resort. Because provincial defaults will ultimately reflect on national credit ratings when national guaratees are implicit (if not explicit), provincial governments face tempting incentives to default at the expense of national governments. Third, the tendency for divergent economic policies is exacerbated by the vertical fiscal imbalance characteristic of most federal nations. State governments can rarely achieve economies of scale in tax collection and cannot raise the revenues consistent with their expenditure requirements (Oates 1977). The result is extensive systems of fiscal transfers from central to provincial governments. Provincial finances are, therefore, subject of “fiscal illsuion.” Fiscal illusion occurs when citizens cannot recognize the full clost of a public good and tend to overdemand that good. Since provincial citizens associate provincial services with relatively low provincial tax burdens, they underestimate the costs to themselves of provincially provided public goods. The result if overdemand on provincial spending. Thus, extant political pressures will often be to increase spending, not cut it in accord with national austerity efforts.

Permutation

#### Federal power allows government to safeguard the states

Chemerinsky 97

Erwin Chemerinsky, Founding Dean and Associate Professor of Law at the University of Southern California Law Center, 45 u. Kan. L. Rev. 1219 (1996-1997), “Federalism Not as Limits, But as Empowerment,” 1996-1997.

This simple idea has important consequences for the debate over federalism because it helps to explain why it is misguided to focus on federalism as being solely or primarily about protecting state sovereignty. Federalism must be about protecting the interests of both the federal and the state governments. Indeed, from this perspective, the single most important provision in the Constitution concerning federalism is Article VI, which expressly declares that federal law is supreme.46 It is the constitutional provision that most directly speaks to the relationship of federal and state law and thus between federal and state governments. Yet it is striking that throughout this symposium there has been scarcely a mention of the Supremacy Clause. Put another way, focusing on federalism almost entirely as constraints on federal power commits a basic logical fallacy of confusing the part with the whole. The total concern must be about upholding the powers and prerogatives of both federal and state governments. Safeguarding the states is a part, but not the entirety of the appropriate focus in federalism decisions.

#### All three levels of government play a key role in financing infrastructure

Bell et al. 05

(George Washington Institute of Public Policy Mike Bell, David Brunori, Royce Hanson, Chanyong Choi, Lori Metcalf, and Bing Yuan, 11-5- 05 ‘State and Local Infrastructure Financing,’ Pg 1, http://www.gwu.edu/~gwipp/papers/wp028.pdf)

Governments at all three levels—federal, state, and local—play a significant role in ¶ financing public infrastructure. The federal government contributes to state and local ¶ infrastructure through either direct expenditures in the form of grants or indirect expenditures in ¶ the form of tax credits, loans, and loan guarantees (Feldman, Mudge, and Rubin 1988). The use ¶ of excise taxes and user fees is especially prominent in transportation finance. Federal transportation funds are composed mainly of fuel taxes, which account for 90 percent of the ¶ revenues deposited into the Federal Highway Trust Fund (Morris 2001), which is responsible for ¶ 75 percent of all highway and mass transit capital expenditures (in 2001). State governments ¶ also rely on user taxes and fees as their primary sources of funding. These taxes and fees include ¶ state motor fuel taxes, vehicle licenses and registration fees, emission fees, and sales taxes. Due ¶ to variations in state tax structures, not all user revenues are designated for transportation ¶ disbursements. In many states, local governments also levy gas and vehicle sales taxes (Morris ¶ 2001). Such taxes are generally, albeit not universally, earmarked for transportation projects.

#### Permutation - New federalism solves

Regan 95 – (HOW TO THINK ABOUT THE FEDERAL COMMERCE POWER AND INCIDENTALLY REWRITE UNITED STATES v. LOPEZ) , Page 6, <http://heinonline.org/HOL/Page?handle=hein.journals/mlr94&div=32&g_sent=1&collection=journals>

If we are prepared to rethink more fundamentally, we can produce¶ a theory of the commerce power that is internally consistent,¶ that is faithful to the general intention of the Framers, that does no¶ more damage to the text of the Commerce Clause than our current¶ theory, that justifies the results - though not all of the arguments¶ - in the major commerce power precedents, and that embodies an¶ attractive conception of our federalism. Such a theory should appeal¶ to originalists and believers in an evolving tradition alike.

Natives – solvency deficit

#### Federal involvement prevents tax revenues on tribal lands.

Guedel 09

Greg Guedel, Chair of the Native American Legal Services group at Foster Pepper PLLC, Newstex, Native American Legal Update, “Should Tribes Be Allowed to Tax Trust Lands?” 6/18/09.

In nearly every jurisdiction throughout the United States, local governments derive a significant portion of their operating revenue from property taxes. The money land owners pay in property taxes goes to fund basic infrastructure such as roads and schools and services such as police and fire protection. There is however one jurisdiction within which the local government cannot collect property taxes: Tribal lands held in federal trust. Tribal governments cannot impose property taxes on reservation land that has been taken into trust by the federal government, which is typically most if not all of the land owned by Tribal members within the bounds of a reservation. Tribes are thus deprived of the benefit of countless millions of dollars in revenue that would normally be available to any other municipality. With poverty and sub-standard facilities still endemic on reservations throughout America, there is a sad irony in the fact that the place where property taxes could do the most good are the only places they cannot be collected and put back into the community.The denial of taxing authority to Tribes also has another negative impact on Native Communities, this time in the context of the national consciousness. In order to make up for unavailable property tax revenue, many Tribes utilize alternative income sources such as casino gaming and discounted tobacco products to finance basic services within their reservations. Since in most states these offerings are only available within the sovereign territory of a Tribe, many Americans hold an ill-informed view that Native Americans enjoy "special privileges", and that other benefits and services to Tribes should therefore be curtailed. The lack of understanding of why these alternative revenue sources are necessary could perhaps be overcome by touring the decrepit infrastructure with which many Tribal Communities continue to be saddled, but such ventures by non-Natives are far from routine. There's no insurmountable obstacle to allowing Tribes to tax land within their jurisdictions. The federal government could enter into taxing agreements with Tribes that would allow for collection of some form of property tax, which Tribes could help structure so as to increase revenue without placing an undue financial burden on Tribal members. Numerous models for such agreements already exist, in the form of retail sales tax compacts between state and Tribal governments for business activities occurring on reservations.

Race to Bottom

#### States cause race to the bottom and decrease public services

Oates 99 [William E. Oates, September 1999, “An Essay on Fiscal Federalism”, Journal of Economic Literature, JSTOR, http://www.jstor.org/stable/10.2307/2564874] aw

 The general idea of decentralizing the provision of public services to the jurisdictions of concern has been widely recognized. It manifests itself clearly on both sides of the Atlantic. We see it in Europe under the nomenclature of the "principle of subsidiarity," where it is explicitly enshrined in the Maastrict Treaty as a fundamental principle for European union. In the U.S., it often appears more informally as an aversion to the "one size fits all" approach. Somewhat paradoxically, however, this view is the subject of a widespread and fundamental challenge both at the theoretical and policy levels. The source of this challenge is the claim that interjurisdictional competition among decentralized levels of govern- ment introduces serious allocative dis- tortions. In their eagerness to promote economic development with the crea- tion of new jobs (so the argument goes), state and local officials tend to hold down tax rates and, consequently, out- puts of public services so as to reduce the costs for existing and prospective business enterprise. This results in a "race to the bottom" with suboptimal outputs of public services.24

#### States are “racing to the bottom” to attract business

Cornell and Taylor 2000

(Stephen Cornell, Director
Professor of Sociology and of Public Administration and Policy
Faculty Associate, Native Nations Institute At Udall Center for Studies in Public Policy, Jonathan Taylor, research fellow at the Harvard Project on American Indian Economic Development, and a senior policy scholar at the Udall Center for Studies in Public Policy at the University of Arizona 06-26-00, “Sovereignty, Devolution, and the Future of Tribal-state Relations” http://nni.arizona.edu/pubs/tribal%20state%20relations.pdf

Some of the critics of devolution argue that it pits government against government in a “race to the bottom” to make regulations less and less stringent in order to attract business. For example, the critics of the New Federalism argue that as states compete with each other for business, they will move toward the least common denominator in environmental or workplace regulation, welfare benefits, taxation, and the like, trying to capture business from or shift costs to other states. Similarly, critics of tribal sovereignty argue that less developed tribes will be more willing to accept hazardous wastes, relax worker safety regulation, or be otherwise overeager to attract businesses by lowering standards. Tribal sovereignty, in this argument, means lax regulation that will either (a) force the state to compete with the tribe by loosening its own standards, eventually harming the public good, or (b) put the state economy, state workers, or the state environment at risk as the effects of lax tribal standards spill off the reservations into nonIndian communities and the state as a whole. Adherents of these various views use them to argue against recognizing the inherent sovereignty of tribes and as justifications for asserting state jurisdiction rather than establishing government-to-government partnerships with Indian nations. They promote a devolutionary pattern in which state power grows relative to tribal power, and tribal self-determination becomes increasingly hostage to state actions.

Race to Bottom

#### “Race to the Bottom” reduces standards to promote development

Spence 12 [David B. Spence, Prof. of Law, Politics & Regulation, University of Texas at Austin, 3/2/2012, “Federalism, Regulatory Lags, and Energy Production, Northwestern, http://www.law.northwestern.edu/searlecenter/papers/Spence\_Federalism\_Energy\_3-4.pdf]

A second rationale (or set of rationales) for federal regulation focuses on the ability or willingness of state governments to regulate. Even when externalities fall primarily on locals, local governments may not be up to the job. That is, they may lack the ability to regulate effectively, due to the lack of resources or scientific competency. 130 Detecting the presence of this problem is difficult, however, because it hypothesizes a desire to regulate on the part of the state that has not been evidenced in the policy process. Stated differently, it might be presumptuous to assume the desire to regulate in the absence of regulation. However, the socalled "race to the bottom" hypothesis suggests that states may under-regulate because they must compete with one another for jobs and economic development by reducing environmental or other regulatory standards. 131 This race to the bottom argument is often framed as a kind of prisoners dilemma 132 in which local governments collectively would prefer more stringent regulatory standards, but cannot sustain any cooperative effort to maintain stringent regulatory standards in the face of temptation -- namely, the opportunity to attract business and jobs. Not everyone accepts the race to the bottom hypothesis, 133 and it has sparked an interesting literature examining the logical and normative implications of state and local decisions to reduce environmental standards in order to promote development. 134

#### Federal regulation is key to prevent a race to the bottom

Spence 12 [David B. Spence, Prof. of Law, Politics & Regulation, University of Texas at Austin, 3/2/2012, “Federalism, Regulatory Lags, and Energy Production, Northwestern, http://www.law.northwestern.edu/searlecenter/papers/Spence\_Federalism\_Energy\_3-4.pdf]

Most federal energy regulatory regimes can be justified according some combination of the first, second and fourth rationales described in the previous section. Some energy facilities are subject to a suite of risk-based regulations that focus not on a particular industry, but on controlling interstate/spillover externalities (e.g. air or water pollution) or preventing a race to the bottom across a variety of industries (including energy). These kinds of regulatory regimes are the product of republican moments, driven by public concern over the risks at issue. 150 Coal-fired power plants and oil refineries, for example, are subject to risk-based regulation by a variety of federal agencies under several federal statutes, each focused on managing a particular set of environmental, health and safety risks. Thus, new or modified coal-fired power plants and oil refineries must obtain air and water discharge permits under the Clean Air Act and Clean Water Act, respectively. 151 Because air and surface water pollution crosses state boundaries, 152 federal regulation makes sense, but federal regulators have stopped short of regulating entirely intrastate water pollution, for the most part. At the same time, coal-fired power plants must comply with OSHA worker protection regulations 153 and hazardous waste management requirements under RCRA 154 that may involve relatively few interstate impacts. Nevertheless, in the absence of such regulation, one might imagine states competing for mobile capital investment (and the resultant jobs and economic development) by lowering their regulatory standards. 155

Race to Bottom

#### The only way to stop the “Race to the Bottom” is to have federal regulation

Macey and Butler 96, Macey, Jonathan, Yale Law School, 1-1-96, “Externalities and Matching Principle: The Case for Reallocating Environmental Regulatory Authority” http://digitalcommons.law.yale.edu/cgi/viewcontent.cgi?article=2440&context=fss\_papers

A leading rationale for federal domination of environmental regulation is to prevent states from competing for economic growth opportunities by lowering their environmental standards in a so-called "race to the bottom.»36 The notion is that all states compete for economic growth by lowering environmental standards below the level they would select if they acted collectively at the national level.37 What is individually rational for individual states is collectively irrational at the national level.38 Professor Richard Stewart describes the implication of this dynamic in concise terms: Given the mobility of industry and commerce, any individual state or community may rationally decline unilaterally to adopt high environmental standards that entail substantial costs for industry and obstacles to economic development for fear that the resulting environmental gains will be more than offset by movement of capital to other areas with lower standards. Ifeach locality reasons in the same way, all will adopt lower standards of environmental quality than they would prefer ifthere were some binding mechanism that enabled them simultaneously to enact higher standards, thus eliminating the threatened loss of industry or development. 39 According to this logic, federal regulation is necessary to correct a political market failure at the state level. But there is a faulty link in the syllogism-each locality does not reason in the same way. Localities have different preferences for environmental quality, for a variety of economic and aesthetic

#### Federal regulation is key to prevent a race to the bottom

Spence 12 [David B. Spence, Prof. of Law, Politics & Regulation, University of Texas at Austin, 3/2/2012, “Federalism, Regulatory Lags, and Energy Production, Northwestern, http://www.law.northwestern.edu/searlecenter/papers/Spence\_Federalism\_Energy\_3-4.pdf]

Most federal energy regulatory regimes can be justified according some combination of the first, second and fourth rationales described in the previous section. Some energy facilities are subject to a suite of risk-based regulations that focus not on a particular industry, but on controlling interstate/spillover externalities (e.g. air or water pollution) or preventing a race to the bottom across a variety of industries (including energy). These kinds of regulatory regimes are the product of republican moments, driven by public concern over the risks at issue. 150 Coal-fired power plants and oil refineries, for example, are subject to risk-based regulation by a variety of federal agencies under several federal statutes, each focused on managing a particular set of environmental, health and safety risks. Thus, new or modified coal-fired power plants and oil refineries must obtain air and water discharge permits under the Clean Air Act and Clean Water Act, respectively. 151 Because air and surface water pollution crosses state boundaries, 152 federal regulation makes sense, but federal regulators have stopped short of regulating entirely intrastate water pollution, for the most part. At the same time, coal-fired power plants must comply with OSHA worker protection regulations 153 and hazardous waste management requirements under RCRA 154 that may involve relatively few interstate impacts. Nevertheless, in the absence of such regulation, one might imagine states competing for mobile capital investment (and the resultant jobs and economic development) by lowering their regulatory standards. 155

No solvency – economy

#### States can’t manage macroeconomic fiscal issues – three warrants.

Erik Wibbels, Associate Professor at Duke University, October 2k, American Journal of Political Science, Vol. 44 No. 4, “Federalism and the Politics of Macroeconomic Policy and Performance”, pg. 688-689, JSTOR, <http://www.jstor.org/stable/2669275?seq=2>, TB

In a federal system, however, subnational officials respond to different constituencies. Herein lies the cause of policy divergence across levels of government (Riker 1987). Policy divergence is particularly likely with respect to economic reform because electororates hold national, not subnation, governments responsible for macroeconomic performance, and international pressures tend to be focused on national governments. Because provincial leaders are insulated form accountability for the nation’s macroeconomic situation, subnational adjustment policies are subject to collective action problems. From the point of provincial politicians, the gains achieved via state-level economic reform cannot be contained within state boundaries because state economies are so open. Furthermore, the impact of any one state’s reform efforts is likely to be marginal in terms of the overall success of economic adjustment. As a result, Olson’s (1965) free-rider problem becomes operational. Economic adjustment takes on the quality of a public good requiring the individual states to cooperate, but it is more rational for individual provincial politicians to avoid the political costs associated with austerity. Under these circumstances, the coordination of national fiscal and monetary policies as adjustment tools is complicated, posing a challenge to national economic stability (Prud’homme 1995; Treisman 1999a). Subnational fiscal fragilities in federal systems can effect macroeconomic performance in three ways: (1) provincial fiscal policy can starve central governments of revenue sources, encouraging fiscal imbalance at the federal level; (2) monetary policy can generate inflation is federal authorities cover subnational fiscal imbalances via seignorage; and (3) federal indebtness can increase if national governemtns assume provincial debt to ensure the solvency of provincial governments. As a result, economic adjustment policies have an improtant subnational component in federal sysytems. These threats to macroeconomic performance are largely moot in unitary systems where local governments are best understood as bureaucratic extensions of central governemnts. Absent the divergent incentives and politial autonomy generated by federalism, subnational officials in unitary systems are responsible to their central governments and therefore have few motives to resist economic reforms.

No solvency – HSR

#### Regional HSR coordination is superior to national planning.

Henry L. Vega and Leo Penne, George Mason University, Center for Transportation, Policy, Operations, Logistics, American Association of State Highway and Transportation Officials, ’08, Transport, “Governance and Institutions of Transportation Investments in US Mega-Regions”

It has been suggested that state and local policymakers¶ face challenges and opportunities for cooperation in a¶ mega-region. In the case of the United States, public capital¶ financing still rests with voters on individual project¶ referendums, set forth to the voters as capital plan budgets,¶ dedicated tax increases or as bond issues. This type¶ of financing has been estimated to account for 25–35% of¶ state and local capital expenditures and for an even higher¶ fraction of core infrastructure financing (Haynes 2006).¶ From a regional development perspective, however,¶ in the areas such as economic development policy, the¶ benefits of competition have been observed to outweigh¶ the benefits of coordination, while regional control often¶ is a recipe for disaster. Transportation is a special sector¶ because positive externalities can be massive and regional¶ coordination can be the optimal solution (Glaeser¶ 2007). In particular, a regional approach to groundbased¶ transportation can make sense in the regions with¶ enough information and incentives to get things right¶ faster than the federal government, with the added benefit¶ that the region holds a greater ability to internalize¶ cross-jurisdiction externalities. However, the prioritization¶ of investments has been suggested must be done on¶ a case-by-case basis. High-speed rail, for example, would¶ make more sense in the Northeast rather than in the¶ Arizona Sun Corridor. Some of the priorities constantly¶ suggested by some state and local governments as most¶ suitable for regional coordination are the following

AT: Lopez

#### Decentralization causes funding fights—local authorities devolve to fighting over allocation of funds instead of implementation.

Robert J. Dilger, Director of West Virginia University’s Institute for Public Affairs and Professor in the Eberly College of Arts and Science’s Department of Political Science, 1998, Publius (1998) 28 (1): pg. 53-54, ‘TEA-21: Transportation Policy, Pork Barrel Politics, and American Federalism’, Oxford Journals, TB

Second, the conflict between state and local government officials over transportation decisionmaking and the funding battles that ultimately led to Congress' inability to reauthorize ISTEA in 1997 highlight the crosspressures that congressional members and interest groups often face when considering intergovernmental policies. When parochial self-interest conflicts with the broader goals of American federalism, federalism often loses. For example, the local government lobby, which typically abhors federal mandates, advocated mandates for MPOs because those mandates would enhance local government decisionmaking authority. Also, despite die GOP's majority status in both the House and the Senate and that party's advocacy of decentralization and devolution, the GOP did not rally behind Representative Kasich's and Senator Mack's transportation devolution proposal. In fact, their proposal received very litde support in the Congress. Moreover, instead of the debate focusing on which government should have the authority to make the program's major decisions, the debate revolved almost exclusively around how much money would go to each congressional district or state. The participants' behavior during ISTEA's reauthorization suggests that it is relatively easy to advocate decentralization or devolution in the abstract, but it is much harder to act on those convictions when decentralization or devolution means giving up money or decisionmaking power. Given this, it is unlikely that transportation policy will ever be fully devolved to the states and localities. It is not in Congress' interest to give up one of its prime sources of particularized benefits. When the politics of pork conflicts with federalism principles, pork will almost always prevail.

#### No net benefit to the CP—Even with decentralization, national action is required

Bruce D. McDowell, President of the Intergovernmental Management Associates, **and** Sheldon **Edner**, Director of the Center for Federal Management Leadership, 2002, Publius (2002) 32 (1): pg. 7-8, ‘Introdcution: Federalism and Surface Transportation’, Oxford Journals, TB

 During the past two decades, American federalism has been anything but static. Efforts at reform have been many; taking the pulse of the system has been difficult. Contending political agendas in and between presidential administration's and Congress have wrought significant changes in the character and direction of federalism. Presidents Jimmy Carter, Ronald Reagan, George Bush, and Bill Clinton each sought reforms to simplify intergovernmental relationships and return some responsibilities to the states, but these efforts remain a work in progress. Coupled with continuing crosscurrents in congressional actions, these presidential efforts have combined to further stir the batter in America's marble-cake federalism. The outcomes have been hard to characterize with clarity. Transportation is one of the policy areas that has been a bellwether in characterizing the status of the federal-state relationship. With roots that reach back to 1916, the U.S. Department of Transportation's (DOT) surface-transportation program is among the most widely touted but most misunderstood grant-in-aid programs. It is a composite of several different forms of grants, including categorical, formula, discretionary, and competitive programs. The current program is authorized at roughly $218 billion, spread over six years. It is slated for reauthorization in FY 2004. Primary responsibility for its implementation rests jointly with the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA). The last two reauthorizations of the program-the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and the Transportation Equity Act for the 21st Century of 1998(TEA-21)-have both been identified as environmentally supportive infrastructure enhancement programs. For some observers, the provisions in these acts that support flexibility and transferability of highway and transit funds are consistent with a continuing devolution of federal responsibility to state and local decision-makers. For others, the continuation of multiple categorical grants - such as the bridge program, the Congestion Mitigation and Air Quality program (CMAQ), and the National Highway System (NHS)-reflects the continuation of centralized, yet balkanized programs aimed at supporting key interest-group priorities. Decentralization of program responsibility through devolution of certain decisions to local officials who agree to work together in metropolitan planning organizations (MPOs) is combined with continuing national and state responsibility for ensuring the implementation of the Clean Air, Americans with Disabilities, National Environmental Policy, and Civil Rights acts. This combination supports competing claims and counterclaims that there has been both grant reform and a shoring up of the status quo in federal control. In this complex setting, many misunderstandings have flourished about the structure and implementation of the surface transportation program.

\*\*\* FEDERALISM

Federalism 1NC

**HSR triggers the link – spends 98 billion**

**Meuser** (Candidate for the California State Senate, District 7) **7/16**/12

(Mark, “Boondoggle: California High Speed Rail,” <http://www.halfwaytoconcord.com/boondoggle-california-high-speed-rail/>)

The masterminds in Sacramento are at it again. This time, their utopian fantasy is California’s high-speed rail boondoggle. Surely, it’s time to get a dose of reality as to how damaging this fiasco in the making will be for our the Golden State. The biggest losers in this financial disaster will be taxpayers and K-12 Education. Here’s why. High-speed rail was sold to us on the notion that the private sector will pick up a big part of the funding, and yet so far, private sector funding is nonexistent. Originally, California High Speed Rail was supposed to cost $33 billion, but since government always underestimates costs, the real cost ballooned to $98 billion. Governor Brown reduced the cost to a more *reasonable* $68 billion. What’s worse, interest for the bonds will easily double the final price tag taxpayers will end up paying. The Contra Costa Times has reported that the date of completion has been delayed from 2020 to 2029. Ticket costs have swelled from $55 to $85. Many have reported that it is unlikely that the trip from San Francisco to Los Angeles can actually be completed in 2 hours and 40 minutes. It’s simply irresponsible for Governor Brown to say that deep cuts need to be made to education and Healthy Families and yet he seems to think we can afford this boondoggle!

The Constitution proves States need more power

**NewsMax 10** [Dan Well, Staff Writer, NewsMax, 9/28/12, “Tea Party Activist: Give States More Power”, NewsMax, http://www.newsmax.com/InsideCover/teapartyMarianneMoran/2010/09/28/id/371852] aw

Congress, says Marianne Moran, executive director of The Tea Party in Action.“It’s important to restore the balance of power between the states and federal government,” Moran tells Newsmax.TV.“The states can make Congress submit to the states for ratification a constitutional amendment giving two-thirds of states the power to repeal anything Congress does.”That would restore the Constitution, says Moran, whose tea party organization is based in Florida.“Our Constitution has been ignored. The 10th Amendment [protecting states’ rights] is useless.” The Supreme Court’s bad decisions over the past 50-plus years have rendered it impotent, she says. States would be able to use the power to repeal the healthcare reform law, which she says amounts to an unfunded mandate.“We’re shackled now,” says Moran, who adds that no amount of fiscal discipline can save states from the flood of federal debt coming their way from unconstitutional mandates such as Obamacare.“We need the authority back that the founders originally wanted,” she says. “We can do that by forcing Congress to give us the repeal amendment.”

Federalism 1NC

Federalism key to transportation policy

**Dilger 11** [Robert Jay Dilger, Senior Specialist in American National Government, Congressional Research Service, 1/5/11, “Federalism Issues in Surface Transportation Policy: Past and Present”, p.4, http://www.fas.org/sgp/crs/misc/R40431.pdf] aw

Several other organizations have also advocated changes in federalism relationships in surface transportation policy. For example, the National Conference of State Legislatures has argued that “The Congress should not re-enact SAFETEA-LU and must look at surface transportation anew, authorizing a new program that better meets current and future needs for interstate mobility.” It argued that Congress should articulate a new national vision for surface transportation that focuses on “legitimate federal objectives: interstate commerce and freight mobility; interstate movement of people; national defense and homeland security; safety; environmental and air quality preservation and improvements; and research and innovation” and heeds “the Tenth Amendment and not intervene in or interfere with state-specific transportation priorities.” This will not be the first time that Congress has considered proposals to alter federalism relationships in surface transportation policy. Congress has debated the federal role in transportation policy since the nation’s formation in 1789. The following sections provide a historical perspective on contemporary federalism issues in surface transportation policy, focusing on efforts to devolve programmatic responsibility to states, change state maintenance-ofeffort requirements, and alter federal reimbursement matching rates.

Federalism 1NC

**Federalism is key to Iraqi stability; US promotion is key.**

Dawn **Brancati**, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring **2004**, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

The United States devoted nine months to planning the war in¶ Iraq and a mere 28 days to planning the peace, according to senior U.S.¶ military officials. Much more time has to be invested in the peace, however,¶ if the military achievements of the war are to be preserved and a stable democracy¶ is to be created in Iraq. Establishing a governmental system that¶ can accommodate Iraq’s different ethnic and religious groups, previously¶ kept in check by the political and military repression of the Saddam Hussein¶ regime, is paramount to securing that peace. In the absence of a system¶ uniquely designed toward this end, violent conflicts and demands for independence¶ are likely to engulf the country. If not planned precisely to meet¶ the specific ethnic and religious divisions at play, any democratic government¶ to emerge in Iraq is bound to prove less capable of maintaining order¶ than the brutal dictatorship that preceded it.¶ By dividing power between two levels of government—giving groups¶ greater control over their own political, social, and economic affairs while¶ making them feel less exploited as well as more secure—federalism offers¶ the only viable possibility for preventing ethnic conflict and secessionism as¶ well as establishing a stable democracy in Iraq. Yet, not just any kind of federal¶ system can accomplish this. Rather, a federal system granting regional¶ governments extensive political and financial powers with borders drawn¶ along ethnic and religious lines that utilize institutionalized measures to¶ prevent identity-based and regional parties from dominating the government¶ is required. Equally critical to ensuring stability and sustainable democracy in Iraq, the new federal system of government must secure the city of¶ Kirkuk, coveted for its vast oil reserves and pipelines, in the Kurdish-controlled¶ northern region to assure that the Kurds do not secede from Iraq altogether.¶ For its part, the United States must take a more active role in advising¶ Iraqi leaders to adopt a federal system of government along these lines. Such¶ a system will help the United States not only to build democracy in Iraq but¶ also to prevent the emergence of a Shi‘a-dominated government in the¶ country. Without this form of federalism, an Iraq rife with internal conflict¶ and dominated by one ethnic or religious group is more likely to emerge, undermining¶ U.S. efforts toward establishing democracy in Iraq as well as the¶ greater Middle East.

**Failing Federalism causes Iraqi civil war**

Dawn **Brancati**, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring **2004**, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

By definition, democracy aims to provide representation and protection for¶ the rights of everyone in society. Creating and sustaining such a system in¶ Iraq, without opening the door to ethnic conflict, is no easy task. According¶ to the former U.S. ambassador to the United Nations and chief negotiator of¶ the 1995 Dayton accords, Richard Holbrooke, “To govern this country as a¶ democracy would be very hard, since a true democracy would almost certainly¶ lead to Shiite, Sunni, and Kurdish leaders who hold extreme positions.¶ This would be worse than Bosnia, because the passions are much¶ deeper, and the Bosnian war will not resume, whereas fighting between¶ Sunnis, Shiites, and Kurds could easily begin any day if we aren’t there.”1

Federalism 1NC

**Iraqi civil war destabilizes the Middle East.**

Dawn **Brancati**, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring **2004**, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

The potential consequences of failing to design federalism properly and to¶ establish a stable democracy in Iraq extend far beyond Iraqi borders. Civil¶ war in Iraq may draw in neighboring countries such as Turkey and Iran, further¶ destabilizing the Middle East in the process. It may also discourage foreign¶ investment in the region, bolster Islamic extremists, and exacerbate¶ tensions between Palestinians and Israelis. A civil war in Iraq may even undermine¶ support for the concept of federalism more generally, which is significant¶ given the number of countries also considering federalism, such as¶ Afghanistan and Sri Lanka, to name just two. Finally, the failure to design¶ and implement the kind of federalism that can establish a stable democracy¶ in Iraq might undermine international support for other U.S. initiatives in¶ the region, including negotiations for Arab-Israeli peace. Iraq’s federal government¶ must therefore be designed carefully so as to give regional governments extensive political and financial autonomy, to include Kirkuk in the¶ Kurdish region that is created, and to limit the influence of identity-based¶ political parties. The short- and long-term stability of Iraq and the greater¶ Middle East depend on it.

Federalism High Now

.

#### Federalism high now – Courts shifted congress power to states

Marcia L. McCormick, Professor of Law at St. Louis University, 2004, Indiana Law Review, Vol. 37 No. 2, Hein Online, <http://heinonline.org/HOL/Page?handle=hein.journals/indilr37&div=18&g_sent=1&collection=journals>, TB

The last decade has seen a transformation in the way the Supreme Court views the balance of power between the federal government and the states. The Eleventh Amendment to the United States Constitution and principles of state sovereign immunity limit the power of the federal judiciacy and protect the states from suit by individuals in federal court. The Supreme Court has read this protection more and more broadly. At the same time, the Court has been reading Congress’ power to enact certain kinds of protective legislation more and more narrowly. These two areas of jurisprudence have converged to limit the power of Congress to provide remedies for civil rights violations by the states.

This convergence is troubling for a number of reasons both practical[1] and jurisprudential[2]. But few scholars have recognized the danger that the Court’s jurisprudence posts to Congress’ general ability to protect individual liberty and equality. Not only has the Court limited the power of Congress under the guise of limiting the power of the judicial branch,3 but it also has restricted the power of Congress to enact lasting civil rights legislation. In a line of cases, the Court has systematically violated longstanding principles of separation of powers and enigrated the norms of national citizenship, equality, and liberty, which are central to our core constitutional values.4

Under the law as it stands, Congress can pass laws to protect citizens from a broad range of actions by the states under several different parts of the Constitution, but it can provide a private right of action for damanges against states only under the Enforcement Clause of the Fourteenth Amendment. While it is not the only remedy in the grand scheme of things, a private right of action for money damages is one of the most effective deterrents to illegal conduct because it decentralizes enforcement power to individuals and because money, by its nature, is a limited resource.5

Link – general

States need more power—the Constitution proves

NewsMax 10 [Dan Well, Staff Writer, NewsMax, 9/28/12, “Tea Party Activist: Give States More Power”, NewsMax, http://www.newsmax.com/InsideCover/teapartyMarianneMoran/2010/09/28/id/371852] aw

Congress, says Marianne Moran, executive director of The Tea Party in Action.“It’s important to restore the balance of power between the states and federal government,” Moran tells Newsmax.TV.“The states can make Congress submit to the states for ratification a constitutional amendment giving two-thirds of states the power to repeal anything Congress does.”That would restore the Constitution, says Moran, whose tea party organization is based in Florida.“Our Constitution has been ignored. The 10th Amendment [protecting states’ rights] is useless.” The Supreme Court’s bad decisions over the past 50-plus years have rendered it impotent, she says. States would be able to use the power to repeal the healthcare reform law, which she says amounts to an unfunded mandate.“We’re shackled now,” says Moran, who adds that no amount of fiscal discipline can save states from the flood of federal debt coming their way from unconstitutional mandates such as Obamacare.“We need the authority back that the founders originally wanted,” she says. “We can do that by forcing Congress to give us the repeal amendment.”

Federalism key to transportation policy

Dilger 11 [Robert Jay Dilger, Senior Specialist in American National Government, Congressional Research Service, 1/5/11, “Federalism Issues in Surface Transportation Policy: Past and Present”, p.4, http://www.fas.org/sgp/crs/misc/R40431.pdf] aw

 Several other organizations have also advocated changes in federalism relationships in surface transportation policy. For example, the National Conference of State Legislatures has argued that “The Congress should not re-enact SAFETEA-LU and must look at surface transportation anew, authorizing a new program that better meets current and future needs for interstate mobility.” It argued that Congress should articulate a new national vision for surface transportation that focuses on “legitimate federal objectives: interstate commerce and freight mobility; interstate movement of people; national defense and homeland security; safety; environmental and air quality preservation and improvements; and research and innovation” and heeds “the Tenth Amendment and not intervene in or interfere with state-specific transportation priorities.” This will not be the first time that Congress has considered proposals to alter federalism relationships in surface transportation policy. Congress has debated the federal role in transportation policy since the nation’s formation in 1789. The following sections provide a historical perspective on contemporary federalism issues in surface transportation policy, focusing on efforts to devolve programmatic responsibility to states, change state maintenance-ofeffort requirements, and alter federal reimbursement matching rates.

Link – Commerce

#### Regulating interstate commerce is a façade for increased federal control

Maharrey, Communications Director for the Tenth Amendment Center, 1/18/12,

(Mike, The Tenth Amendment Center, “Not Everything is ‘Interstate Commerce,’” http://tenthamendmentcenter.com/2012/01/18/not-everything-is-interstate-commerce/

Since the infamous Wickard v. Fliburn case, the feds use the commerce clause to justify virtually unlimited intrusion into nearly every corner of American life. From regulating the nation’s entire health care system to waging a “war on drugs,” federal agents wield power over the states and the people via the commerce clause.¶ ¶ Rep. John Yarmuth reluctantly admitted the truth during a radio interview in August 2010. The show host asked the Kentucky Democrat: what can’t the federal government do if it can mandate Americans must purchase health insurance.¶ ¶ “It really doesn’t prohibit the government from doing virtually anything – the federal government. So I don’t know the answer to your question, because I am not sure there is anything under current interpretation of the commerce clause that the government couldn’t do,” Yarmuth replied.¶ ¶ Of course, the commerce clause was never intended to grant such sweeping power. It was meant to allow the feds to regulate trade across state lines with some ancillary power to regulate shipping and transportation. That’s it. It didn’t grant the federal government the power to regulate manufacturing or agriculture, and it certainly wasn’t meant to allow the feds to interfere with commerce engaged in strictly within a state’s own borders. James Madison alluded to the limits of the commerce regulating power.¶ ¶ “It is very certain that [the commerce clause] grew out of the abuse of the power by the importing States in taxing the non-importing, and was intended as a negative and preventive provision against injustice among the States themselves, rather than as a power to be used for the positive purposes of the General Government.”

Impact – Terrorism

#### Federalism is key to solve terrorism

Kincaid and Cole ’02

(John Kincaid and Richard L. Cole, Meyner Professor of Government and Public Service and director of the Meyner Center for the Study of State and Local Government at Lafayette College, dean of the School of Urban and Public Affairs and acting dean of the College of Liberal Arts and a professor of urban affairs and political science at University of Texas at Arlington, Sep. 2002, Public Administration Review, Vol. 62

Outside the daily newsrooms, many observers felt that¶ (1) the federal system responded remarkably well to the¶ horrific shocks of September 11; (2) the responses of local¶ officials, as well as the civil and heroic behavior of citizens,¶ vindicated the values of local self-government in a¶ federal democracy; and (3) counterterrorism might require¶ more, not less, federalism (Kincaid 2001c; Locke 2001).¶ Jonathan Walters (2001) worried that "there has been far¶ too little talk about preserving the essential roles of local,¶ state, and federal government and getting back to the basics¶ of playing those roles." Donald F. Kettl (2001) concluded¶ that, unlike previous crises such as World War II,¶ which "centralized federalism, this one all but requires ...¶ a new breed of collaborative federalism." The war on terrorism,¶ moreover, is being led by former governors: President¶ George W. Bush of Texas, Homeland Security Director Tom Ridge of PennsylvaniaU, .S. AttorneyG eneralJ ohn¶ Ashcroft of Missouri, and Secretary of Health and Human¶ Services Tommy G. Thompson of Wisconsin. In short,¶ Counterterrorism should revitalize federalism.

Impact – Iraq

#### Federalism is key to Iraqi stability; US promotion is key.

Dawn Brancati, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring 2004, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

The United States devoted nine months to planning the war in¶ Iraq and a mere 28 days to planning the peace, according to senior U.S.¶ military officials. Much more time has to be invested in the peace, however,¶ if the military achievements of the war are to be preserved and a stable democracy¶ is to be created in Iraq. Establishing a governmental system that¶ can accommodate Iraq’s different ethnic and religious groups, previously¶ kept in check by the political and military repression of the Saddam Hussein¶ regime, is paramount to securing that peace. In the absence of a system¶ uniquely designed toward this end, violent conflicts and demands for independence¶ are likely to engulf the country. If not planned precisely to meet the specific ethnic and religious divisions at play, any democratic government to emerge in Iraq is bound to prove less capable of maintaining order¶ than the brutal dictatorship that preceded it.¶ By dividing power between two levels of government—giving groups¶ greater control over their own political, social, and economic affairs while¶ making them feel less exploited as well as more secure—federalism offers¶ the only viable possibility for preventing ethnic conflict and secessionism as¶ well as establishing a stable democracy in Iraq. Yet, not just any kind of federal¶ system can accomplish this. Rather, a federal system granting regional¶ governments extensive political and financial powers with borders drawn¶ along ethnic and religious lines that utilize institutionalized measures to¶ prevent identity-based and regional parties from dominating the government¶ is required. Equally critical to ensuring stability and sustainable democracy in Iraq, the new federal system of government must secure the city of Kirkuk, coveted for its vast oil reserves and pipelines, in the Kurdish-controlled¶ northern region to assure that the Kurds do not secede from Iraq altogether.¶ For its part, the United States must take a more active role in advising¶ Iraqi leaders to adopt a federal system of government along these lines. Such¶ a system will help the United States not only to build democracy in Iraq but¶ also to prevent the emergence of a Shi‘a-dominated government in the¶ country. Without this form of federalism, an Iraq rife with internal conflict¶ and dominated by one ethnic or religious group is more likely to emerge, undermining¶ U.S. efforts toward establishing democracy in Iraq as well as the¶ greater Middle East.

#### US promotion is key to Iraqi federalism.

Dawn Brancati, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring 2004, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

Its legitimate fear of imposing any form of government rather than allowing¶ the Iraqis to choose a new government for themselves notwithstanding,¶ the United States must actively promote federalism in the country. The failure¶ to do so will prevent the United States from achieving its goal of creating¶ a stable and democratic government in Iraq and may make Iraq more of¶ a threat to U.S. security than it was before the war. Although what form of¶ government to adopt ultimately will and should be the decision of the Iraqi¶ people, U.S. officials must advise the Iraqi Governing Council to adopt federalism¶ and must continue to assure Turkey that the United States does not¶ support, and is willing to use political and economic incentives to discourage,¶ Kurdish independence, should the Kurds decide to secede. By reassuring¶ Turkey that the Kurds will not secede, the United States can make a¶ federal system of government possible in Iraq.

#### Federalism key to Iraqi stability

Dawn Brancati, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring 2004, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

Ethnically diverse countries such as Belgium, Canada, India, Spain, and¶ Switzerland have all constructed stable democracies through federalism.¶ Tensions among Iraq’s different ethnic and religious groups are no stronger¶ or more volatile than tensions have been at one time or another in many of¶ those countries. These tensions have even erupted into violence at various¶ times in India, Spain, and Switzerland. Moreover, within the correct political¶ framework, Iraq’s crosscutting cleavages may conspire to make people¶ behave more moderately. They may provide the basis for parties to mobilize¶ groups across ethnic and religious lines, focusing politics on issues that are¶ not ethnic or religious in nature, and may thereby defuse tensions. They¶ may also promote more moderate policies on ethnic and religious issues.¶ Whether Iraq is able to establish a stable democracy ultimately depends on¶ the design of its system of federalism.

Impact – Iraq

#### Failing Federalism causes Iraqi civil war

Dawn Brancati, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring 2004, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

By definition, democracy aims to provide representation and protection for¶ the rights of everyone in society. Creating and sustaining such a system in¶ Iraq, without opening the door to ethnic conflict, is no easy task. According¶ to the former U.S. ambassador to the United Nations and chief negotiator of¶ the 1995 Dayton accords, Richard Holbrooke, “To govern this country as a¶ democracy would be very hard, since a true democracy would almost certainly¶ lead to Shiite, Sunni, and Kurdish leaders who hold extreme positions.¶ This would be worse than Bosnia, because the passions are much¶ deeper, and the Bosnian war will not resume, whereas fighting between¶ Sunnis, Shiites, and Kurds could easily begin any day if we aren’t there.”1

#### Iraqi civil war destabilizes the Middle East.

Dawn Brancati, visiting scholar at the Center for the Study of Democratic Politics

at Princeton University, Spring 2004, The Washington Quarterly, “Can Federalism Stabilize Iraq?”

The potential consequences of failing to design federalism properly and to¶ establish a stable democracy in Iraq extend far beyond Iraqi borders. Civil¶ war in Iraq may draw in neighboring countries such as Turkey and Iran, further¶ destabilizing the Middle East in the process. It may also discourage foreign¶ investment in the region, bolster Islamic extremists, and exacerbate¶ tensions between Palestinians and Israelis. A civil war in Iraq may even undermine¶ support for the concept of federalism more generally, which is significant¶ given the number of countries also considering federalism, such as¶ Afghanistan and Sri Lanka, to name just two. Finally, the failure to design¶ and implement the kind of federalism that can establish a stable democracy¶ in Iraq might undermine international support for other U.S. initiatives in¶ the region, including negotiations for Arab-Israeli peace. Iraq’s federal government¶ must therefore be designed carefully so as to give regional governments extensive political and financial autonomy, to include Kirkuk in the¶ Kurdish region that is created, and to limit the influence of identity-based¶ political parties. The short- and long-term stability of Iraq and the greater¶ Middle East depend on it.

Impact – solvency

Federalist balance good—allows for state influence in policy decisions

Foy 96 [Joseph J. Foy, Ph.D. at the University of Notre Dame, Manatt Fellow for Democracy Studies at the International Foundation for Election Systems in Washington, D.C., 1996, “Applying the New Federalism of 1996: Governors and Welfare Reform”, Notre Dame, p.2-3, http://citation.allacademic.com//meta/p\_mla\_apa\_research\_citation/0/8/3/5/0/pages83501/p83501-2.php] aw

With the passage of The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, America experienced an emergence of the “new federalist” policies that began during the presidency of Richard Nixon and blossomed under Ronald Regan. Defined primarily by its emphasis on “devolving” federal influence over social policies to the states, the new federalism of the mid-1990s gave state governments more freedom to decide how to manage and implement social programs while simultaneously increasing pressure on state officials to make those programs work. An obvious effect of this move in power was the pushing of states to the forefront of the debates surrounding social policies. Rather than continuing to sing backup to the federal government’s lead, the states now had a greater role in determining the course of some of the most long- standing controversies in modern-American political history. 1 The devolution of authority from the federal government to the states not only opened a door for state governments to have a greater say in policy choices, it also offered “students of politics a unique opportunity to pinpoint the determinants of state- level policy choices – a case in which the fifty states responded virtually simultaneously to a single policy mandate.” 2 This rare occurrence in which the American states were opened up as a laboratory for policy analysis on the same set of policy choices within the same time period offers a chance to see not only the impact federal policy has across the states, but it enables a look into the specific political activities of state governments in determining policy outcomes.

Federalism key to effective transportation policy—ISTEA proves

Dilger 92 [Robert Jay Dilger, Former Director, [WVU Institute for Public Affairs](http://www.polsci.wvu.edu/ipa/index.html), 1992, “ISTEA: A New Direction for Transportation Policy”, p. 67, http://publius.oxfordjournals.org/content/22/3/67.full.pdf+html] aw

When President George Bush signed the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) on 18 December 1991, he emphasized its importance as a source of "jobs, jobs, jobs." However, its significance for American federalism and for transportation policy is much broader. Although Bush strongly objected to several of the act's final provisions and almost vetoed it, ISTEA (pronounced "ice tea") will probably be remembered as one of his most significant contributions to the ideals of New Federalism. ISTEA is a landmark piece of legislation that makes wholesale revisions in the federal government's role in transportation, and provides state and, especially, local policymakers with an unprecedented opportunity to determine the future direction of the nation's transportation system. The act created a major new transportation block grant, established a new 155,000-mile national highway system, which includes the 44,000-mile interstate highway system and others to be designated largely from existing federally assisted highways, provides state and local government officials with added flexibility to transfer funds from one transportation program to another, significantly strengthens the role of metropolitan planning organizations (MPOs) in project selection, greatly revises the relationships between MPOs and state departments of transportation, revises reimbursement rates to create a "level playing field" for all transportation modes, and requires completely new and potentially more effective styles of planning for such things as congestion management and pavement maintenance.

Impact – solvency

Balance between state and federal power is crucial to effective policies

Revesz 96 [Richard L. Revesvz, Proffesor of Law at NYU, June 1996, “Federalism and Interstate Environmental Externalities”, University of Pennsylvania Law Review, p. 2395, JSTOR, http://www.jstor.org/stable/3312672?seq=2] aw

In order to shield itself from the health-and-safety consequences of out-of-state products or wastes, or to preserve for its citizens a scarce natural resource, a state can constrain the importation of the product or waste, or the exportation of the natural resource. In such cases, the standards of the Dormant Commerce Clause define the extent to which the state can impose costs on out-of-state firms or citizens in order to fulfill the preferences of its own citizens.150 In contrast, a state cannot directly stop air or water pollution from coming across its border. It can, however, seek a federal injunction against excessive upwind pollution under provisions such as sections 110(a)(2)(D) and 126(b) of the Clean Air Act. The federal remedy allows it to do indirectly what it cannot do directly. The role of the federal decisionmaker under these provisions is to determine the extent to which the state's preferences for higher environmental quality or a larger margin for economic growth should be respected in light of the costs imposed on out-of-state interests. Both situations-one in which self-help is available and one in which it is not-raise the same tradeoffs between in-state and out-of- state interests. Where states can take direct action, giving an affected state too much leeway to constrain the importation of a product or waste or the exportation of a natural resource is undesirable because it permits the state to externalize the costs of its environmental preferences or to act in a protectionist manner. The state would therefore impose more stringent constraints than it would if it had to bear the costs of its actions. Where states can protect themselves only indirectly by invoking a federal remedy, an analogous situation arises if the standards under which affected states can obtain injunctions are too lax. Similarly, in cases in which direct action is available to affected states, giving the state too little leeway to constrain the importation of a product or the exportation of a natural resource will undervalue the preferences of the affected state for more stringent health-and- safety or environmental protection and, concomitantly, weigh too heavily the out-of-state interests at stake. Here, too, an analogous situation arises where affected states can protect themselves only indirectly by invoking a federal remedy. If the standards under which they can obtain injunctions are too stringent, out-of-state interests will be unduly privileged. Thus, the interests at stake in the control of interstate environmental externalities are parallel to those that arise in the context of problems addressed by the Dormant Commerce Clause.

Federalism checks race to the bottom

Revesz 96 [Richard L. Revesvz, Proffesor of Law at NYU, June 1996, “Federalism and Interstate Environmental Externalities”, University of Pennsylvania Law Review, p. 2343, JSTOR, http://www.jstor.org/stable/3312672?seq=2] aw

A few years ago, I challenged the accepted wisdom on the "race to the bottom," arguing that, contrary to the prevailing consensus, competition among states for industry should not be expected to lead to a race that decreases social welfare.3 Moreover, I showed that even if there were such a race, federal environmental regulation would shift the competition among states to other regulatory arenas, or to the fiscal arena. Federal environmental regulation would then have undesirable effects on state interests in these arenas, and would not enhance social welfare. Race-to-the-bottom arguments in favor of federal environmental regulation are, in essence, a frontal challenge on federalism because the problems that they seek to correct can be addressed only by exclusive federal regulatory and fiscal powers.4

Impact – solvency

Federalism has been growing – non-ux.

Troy E. **Smith**, Associate Professor of Politics at Brigham Young University Hawaii, November 4, 20**11**, Review of Federalism, by John Kincaid, Publius, Oxford Journals, <http://publius.oxfordjournals.org/content/early/2011/11/04/publius.pjr045.full>, TB

Since 1989, interest in, and use of, federalism has been growing while centralized regimes and their legitimacy have been falling. The global recession, riots in Britain, and the evident problems of “too big to fail” foster growing interest in invigorating local institutions and federal structures. As more people turn to the federalism literature to understand federal structures and to seek means to address contemporary issues, they will be confronted by a literature that is vast, diverse, and growing, and a field in which there is no scholarly consensus on the conclusions, “theory, definition, methodology, operation, or study strategies” that should guide federal studies. John Kincaid's new four-volume anthology,*Federalism*, is a valuable resource for gaining some perspective over, and direction within, this tangled thicket.

Impact – Democracy

#### Federalism is key to democracy in multinational countries.

Alfred Stepan, Wallace Sayre Professor of Government, the founding Director of the Center for the Study of Democracy, Toleration, and Religion (CDTR), and the Co-Director of the Institute for Religion, Culture, and Public Life (IRCPL) at Columbia University, ’99, Journal of Democracy, Vol. 10, No. 4

Yet in spite of these potential problems, federal rather than unitary states are the¶ form most often associated with multinational democracies. Federal states are¶ also associated with large populations, extensive territories, and democracies¶ with territorially based linguistic fragmentation. In fact, every single¶ longstanding democracy in a territorially based multilingual and multinational¶ polity is a federal state.¶ Although there are many multinational polities in the world, few of them are¶ democracies. Those multinational democracies that do exist, however¶ (Switzerland, Canada, Belgium, Spain, and India), are all federal. Although all¶ these democracies, except for Switzerland, have had problems managing their¶ multinational polities (and even Switzerland had the Sonderbund War, the¶ secession of the Catholic cantons in 1848), they remain reasonably stable. By¶ contrast, Sri Lanka, a territorially based multilingual and multinational unitary¶ state that feared the "slippery slope" of federalism, could not cope with its ethnic¶ divisions and plunged headlong into a bloody civil war that has lasted more than¶ 15 years.

Impact – Econ

Centralization causes economic turmoil—common feature of developing countries

Oates 99 [William E. Oates, September 1999, “An Essay on Fiscal Federalism”, Journal of Economic Literature, JSTOR, http://www.jstor.org/stable/10.2307/2564874] aw

When examining international cross- sectional data on intergovernmental structure, one is immediately struck by the sharp contrast in the extent of fiscal decentralization in the industrialized and developing countries. In a study of my own involving a group of forty-three countries (Oates 1985), the sample sta- tistics revealed an average share of cen- tral-government spending in total pub- lic expenditure of 65 percent in the subsample of eighteen industrialized countries, as contrasted to 89 percent in the subsample of twenty-five develop- ing nations. In terms of total public revenues, the central-government share for this same subsample of developing countries was over 90 percent! Although there are real concerns with the accuracy of some of these fiscal data (Richard Bird 1986), the general pre- sumption that the developing countries are characterized by relatively high de- grees of fiscal centralization seems firmly grounded. And this, moreover, is not something new. Writing over forty years ago, Alison Martin and W. Arthur Lewis (1956) noted that "the weakness of local government in relation to cen- tral government is one of the most strik- ing phenomena of under-developed countries" (p. 231). What are we to make of this? Some observers attribute the poor economic performance of many of the developing countries in large measure to the failure of central planning and make a strong case for the devolution of fiscal respon- sibilities. But the issue is clearly more complicated than this. In particular, the question arises as to whether fiscal de- centralization is a cause or a result of economic development. Roy Bahl and Johannes Linn (1992), for example, ar- gue that as economies grow and mature, economic gains from fiscal decentraliza- tion emerge. As they put it, "Decen- tralization more likely comes with the achievement of a higher stage of eco- nomic development" (p. 391); the "threshold level of economic develop- ment" at which fiscal decentralization becomes attractive "appears to be quite high" (p. 393). From this perspective, it is economic development that comes first; fiscal decentralization then fol- lows. But not all would agree. More generally, it seems to me, we must re- gard intergovernmental structure as part of a larger political and economic system that both influences and is de- termined by the interplay of a variety of political and economic forces. It may well be that fiscal decentralization itself has a real contribution to make to im- proved economic and political perfor- mance at different stages of development.

Federalism solves for the economy.

Ute Wachendorfer Schmidt, Professor of Political Scienc at the University of Heidelberg, 2k, Federalism and Political Performance, pg. 225, TB

For the most case of distributive outcomes, federalist systems are uniformly relevant. As seen in Table 10.1, federalism tends to dampent unemployment and thus has a modestly redistributive effect (standardized slope stimate or beta equal to -0.088). But it also has an anti-redistributive, or regressively redistributive effect on social policy. Specifically, the federalism dummy variable has highly significant effects on both transfer effort and the social wage.

Federalism is almost as consistently relevant where aggregate economic gain is more at issue. Although federalism has a negligible relation to trade balances in these simple models, it has a statistically significant, positive relation to investment rates and rates of growth in (per capita) GDP and significant, negative effects on inflation.

Overall, preliminary findings indicate that federalism tends to improve macro-economic outcomes relatively tied to the operation of private markets (investment and income growth and even unemployment and inflation), but it tends to inhibit redistributive social policies. This patter is consistent with the views that (1) federalism tends to inhibit government and social economic activism, that (2) government social policy activism is progressively redistributive, but that (3) laissez-faire… (can’t find end of card).

Impact – Econ

#### Federalism reform is needed to reinvigorate the economy.

Katz 12’

(Bruce Katz, Vice pres. and director of Metropolitan Policy Program, Brookings Institute, a national nonprofit think tank, 2/16/12 Brookings Research Institute)

At the most basic level, the U.S. needs *more jobs*— 12.1 million by one estimate—to recover the jobs lost during the downturn and keep pace with population growth and labor market dynamics. Beyond pure job growth, the U.S. needs *better jobs*, to grow wages and incomes for lower- and middle-class workers and reverse the troubling decades-long rise in inequality.¶ **To achieve these twin goals, the U.S. needs to restructure the economy from one focused inward and characterized by excessive consumption and debt, to one globally engaged and driven by production and innovation.** It must do so while contending with a new cadre of global competitors that aim to best the United States in the next industrial revolution and while leveraging the distinctive assets and advantages of different parts of the country, particularly the major cities and metropolitan areas that are the engines of national prosperity. This is the tallest of economic orders and it is well beyond the scope of exclusive federal solutions, the traditional focus of presidential candidates in both political parties. Rather, the next President must look beyond Washington and enlist states and metropolitan areas as active co-partners in the restructuring of the national economy. **Remaking the economy, in essence, requires a remaking of federalism so that governments at all levels “collaborate to compete” and work closely with each other and the private and civic sectors to burnish American competitiveness in the new global economic order.** The time for remaking federalism could not be more propitious. With Washington mired in partisan gridlock, **the states and metropolitan areas are once again playing their traditional roles as “laboratories of democracy”** and centers of economic and policy innovation. An enormous opportunity exists for the next president to mobilize these federalist partners in a focused campaign for national economic renewal. Given global competition, the next president should adopt a vision of collaborative federalism in which: ¶ the federal government *leads where it must* and sets a robust platform for productive and innovative growth via a few transformative investments and interventions; ¶ states and metropolitan areas *innovate where they should* to design and implement bottom-up economic strategies that fully align with their distinctive competitive assets and advantages; and ¶ a refreshed set of *federalist institutions* maximize results by accelerating the replication of innovations across the federal, state and metropolitan levels.

Impact – Tyranny

Federalism limits abuses of power and economic authority that stifles competition.

Barry R. Weingast, Ward C. Krebs Family Professor of Political Science at Stanford University, Senior Fellow at the Hoover Institution, February 2k, “The Theory of Comparative Federalism and The Emergence of Economic Liberalization In Mexico, China, and India”, <http://www.stanford.edu/~weingast/weingast.comp.fedm.MS0.00.pdf>, TB

A critical feature of market-preserving federalism is that it limits the exercise of arbitrary authority by all levels of government. Federalism limits the central government directly by placing particular realms of public policy beyond that government’s reach. For lower governments, constraints are imposed in two ways. First, the central government polices state abuses of the hierarchy, such as encroachments on the common market (F3). Second, the induced competition among lower jurisdictions places self-enforcing limits on these governments’ ability to act arbitrarily (Tiebout 1956, Rubinfeld 1987).

No government has a monopoly of regulatory authority over the entire economy, so no government can create monopolies, massive state owned enterprises, solely to provide jobs or patronage, and other forms of inefficient economic intervention that plague developing countries. A subnational government that seeks to create monopolies or a favored position for an interest group places firms in its jurisdiction at a disadvantage relative to competing firms from less restrictive jurisdictions.

Competition also induces subnational governments to provide a hospitable environment for factors of production, typically through the provision of local public goods, such as establishment of a basis for secure rights of factor owners, provision of infrastructure, utilities, access to markets, safety nets, and so on. Jurisdictions that fail to provide these goods find that factors move to other jurisdictions.

Federalism is a peaceful way to manage societies.

Brown 09, Graham K. Brown, Department of Economics and International Development, University of Bath, March 2009 “Federalism, Regional Autonomy and Conflict: Introduction and Overview,” Ethnopolitics, Vol. 8, No. 1, 1-4 pdf

John McGarry and Brendan O’Leary open the issue with a critical re-examination of the case against federalism. Although they concede that the track record of what they term ‘pluri-national’ federations appears uninspiring at best, they argue that the literature that extrapolates from this track record to a general case against federalism does so on the basis of a number of methodological and interpretative errors and omissions. Instead of broad arguments about the impacts of federalism, they argue for a more nuanced assessment that considers both the historical and the demographic conditions that may be more conducive to federalism, and the nature of the federalized institutions themselves, identifying six important factors. Conditions that determine the feasibility of federalism as a peaceful way of managing multiethnic societies, they suggest, include the presence or absence of a demographic Staatsvolk, and—following Stepan’s (2004) distinction between ‘coming together’ and ‘holding together’ federalism—the historical conditions under which federalization occurs. In terms of federal institutions, McGarry and O’Leary highlight the importance of ‘authentic’ democratic federalism, mutual agreed resource management regimes, consociational government at the centre as well as at the state level, and the size and number of federal units. Many of these themes are picked up by other contributions within the issue.

Impact – Tyranny

Federalism prevents despotism and protects individual freedoms

Walker 99 (Geoffrey Walker TC Beirne School of Law [, “Rediscovering the Advantages of Federalism,” Australian Law Journal, 1999 p. 1-25 accessed 7/10/08 from http://202.14.81.34/Senate/pubs/pops/pop35/c02.pdf)

The fifth advantage I want to put before you is that federalism is a protection of liberty. I mentioned earlier that a federal structure protects citizens from oppression or exploitation on the part of state governments, through the right of exit. But federalism is also a shield against arbitrary central government. Thomas Jefferson was very emphatic about that, so was Lord Bryce, who said that ‘federalism prevents the rise of a despotic central government, absorbing other powers, and menacing the private liberties of the citizen.’27 The late Geoffrey Sawer of the Australian National University in Canberra was a very distinguished constitutional lawyer. Although he was definitely no friend of federalism, he did have to admit that federalism was, in itself, a protection of individual liberty. Even in its rather battered condition, Australian federalism has proved its worth in this respect. For example, it was the premiers and other state political leaders who led the struggle against the 1991 political broadcasts ban. In fact, the New South Wales government was a plaintiff in the successful High Court challenge to that legislation, and that decision, I would suggest, was the perhaps the greatest advance in Australian political liberty since federation.

#### Every invasion of freedom must be rejected

Petro 74 (Sylvester Petro, professor of law, Wake Forest University, TOLEDO LAW REVIEW, Spring, p. 480)

However, one may still insist, echoing Ernest Hemingway – “I believe in only one thing: liberty.” And it is always well to bear in mind David Hume’s observation: “It is seldom that liberty of any kind is lost all at once.” Thus, it is unacceptable to say that the invasion of one aspect of freedom is of no import because there have been invasions of so many other aspects. That road leads to chaos, tyranny, despotism, and the end of all human aspiration. Ask Solzhenitsyn. Ask Milovan Djilas. In sum, if one believes in freedom as a supreme value, and the proper ordering principle for any society aiming to maximize spiritual and material welfare, then every invasion of freedom must be emphatically identified and resisted with undying spirit**.**

**Culture promotes federalism—sense of insecurity fuels shift**

**Nagel 96** [Robert F. Nagel, Spring 1996, “The Future of Federalism”, HeinOnline, p.660, http://heinonline.org/HOL/Page?handle=hein.journals/cwrlrv46&div=25&g\_sent=1&collection=journals] aw

Still, perhaps, something about the culture has changed or is changing in a way that will promote significant decentralization. For what it is worth, my own observation is that the main change seems to be an increasing sense of personal isolation and insecuri- ty. If this is true, it could conceivably lead to a resurgence of local associations and local government. However, it could also lead to immature longings for reassurance of a sort that have sometimes inclined Americans to see their president as an intimate father- figure, their Congress as a bottomless guarantor of material wel- fare, and their Supreme Court as a church-like arbiter of moral truths. In short, if the culture is deteriorating, as many now be- lieve, pressures toward nationalization may well soon be on the increase.

\*\*\*Federalism AFF

non-uniqueness

**Existing HSR projects should have triggered the link.**

David C. **Tyrell**, mechanical engineer at the Volpe National Transportation Systems Center, **’01**, U.S. Dept. of Transportation, “U.S. Rail Equipment Crashworthiness Standards”

Congress has long been interested in the potential benefits of high speed rail. It passed a high speed rail bill in 1965. That act contributed to the establishment of the nation’s fastest rail service,¶ the Metroliner on the Washington, DC, to New York City portion of the Northeast Corridor¶ (NEC), when that line was still operated by a private rail company. In the 1970s, ownership of the¶ NEC was transferred from the bankrupt Pennsylvania Central Railroad to Amtrak, and Congress¶ initiated the Northeast Corridor Improvement Program, which has provided billions of dollars¶ since the 1970s for improvements to the infrastructure of the Corridor and, in the late 1990s, for¶ purchase of new high speed trains (Amtrak’s Acela trains). Congress has also supported research into maglev and other high speed technologies.29 In the¶ 1980s, Congress funded studies of potential high speed corridors outside of the NEC. In addition to providing funding for planning studies, in the 1990s Congress created programs to promote the¶ development of maglev lines (none of which have yet advanced to the construction stage) and¶ conventional high speed rail lines (through eliminating at-grade highway crossings from existing¶ rail lines). The FRA has calculated that Congress provided a total of $4.17 billion to various high¶ speed rail projects during the 18 years between 1990 and 2007, an average of $232 million annually (not adjusted for inflation).30 Most of that money went to improvements on the NEC.31

#### HSR triggers the link – spends 98 billion

**Meuser** (Candidate for the California State Senate, District 7) **7/16**/12

(Mark, “Boondoggle: California High Speed Rail,” http://www.halfwaytoconcord.com/boondoggle-california-high-speed-rail/)

The masterminds in Sacramento are at it again. This time, their utopian fantasy is California’s high-speed rail boondoggle. Surely, it’s time to get a dose of reality as to how damaging this fiasco in the making will be for our the Golden State. The biggest losers in this financial disaster will be taxpayers and K-12 Education. Here’s why. High-speed rail was sold to us on the notion that the private sector will pick up a big part of the funding, and yet so far, private sector funding is nonexistent. Originally, California High Speed Rail was supposed to cost $33 billion, but since government always underestimates costs, the real cost ballooned to $98 billion. Governor Brown reduced the cost to a more *reasonable* $68 billion. What’s worse, interest for the bonds will easily double the final price tag taxpayers will end up paying. The Contra Costa Times has reported that the date of completion has been delayed from 2020 to 2029. Ticket costs have swelled from $55 to $85. Many have reported that it is unlikely that the trip from San Francisco to Los Angeles can actually be completed in 2 hours and 40 minutes. It’s simply irresponsible for Governor Brown to say that deep cuts need to be made to education and Healthy Families and yet he seems to think we can afford this boondoggle!

non-uniqueness

#### Funding for HSR has already been allocated – should have triggered the link.

GAO, audit, evaluation, and investigative organization of the US Congress,’09, Report to Congressional Requesters, http://books.google.com/books?hl=en&lr=&id=GoKmHiu35bQC&oi=fnd&pg=PA1&dq=federal+jurisdiction+high+speed+rail&ots=0dYUVm00Ih&sig=qjPuO0bNsLuHtwSWvVkqGgQjRkU#v=onepage&q=federal%20jurisdiction%20high%20speed%20rail&f=false

As part of a larger effort to reexamine transportation funding and decision making in the United States, the National Surface Transportation Policy and Revenue Study Commission and its Passenger Rail Working Group issued a report that laid out the potential for a new vision of intercity and high speed rail development in the United States, and that called for an initial investment of $5 billion per year. Moreover, in October 2008, Congress enacted the Passenger Rail Investment and Improvement Act of 2008 (PIMA), which establishes a program to develop high speed rail corridors—authorizing $1.5 billion in funding for project development.' The recently enacted American Recovery and Reinvestment of Act o12009 (ARRA) appropriated $8 billion for high speed rail and intercity passenger rail congestion and capital grants (the latter of which were authorized by the PRIIA), with priority given to projects that support the development, of high speed rail service. To better understand the role that high speed rail service could play in the U.S. transportation system, we were asked to assess (1) the factors affecting the economic viability of high speed rail projects—that is, whether a project's total social benefits offset or justify the total social costs—and difficulties in determining the economic viability of proposed projects (2) the challenges that U.S. project sponsors experience in developing and financing high speed mil projects; and (3) the federal role in the potential development of high speed rail systems

Courts dislike decentralization – not valued

Nagel 96 [Robert F. Nagel, Spring 1996, “The Future of Federalism”, HeinOnline, p.655, http://heinonline.org/HOL/Page?handle=hein.journals/cwrlrv46&div=25&g\_sent=1&collection=journals] aw

It seems doubtful to me that a majority of the Justices favor significant decentralization. Yes, it is true that a majority are Re- publican appointees and that augmenting state power is often asso- ciated with conservative politics. It is also true that at one time or another almost all the Justices have written warmly about the im- portance to our system of vigorous state governments. However, general inclinations and beliefs count only insofar as they are fo- cused and strong enough to influence case outcomes. By this mea- sure, I think the Court's record as a whole casts significant doubt on whether decentralization is highly valued by most members of the Court.

Courts are against decentralization – deep rooted political pressure

Nagel 96 [Robert F. Nagel, Spring 1996, “The Future of Federalism”, HeinOnline, p.655, http://heinonline.org/HOL/Page?handle=hein.journals/cwrlrv46&div=25&g\_sent=1&collection=journals] aw

Even if I am right that the instincts and beliefs of most of the Justices are unlikely to result in any important changes in the scope of national regulatory power, their preferences could be overborne by external political pressures nevertheless. It does seem to be true that sooner or later the Supreme Court goes along with the dominant trends of the time. On this possibility, like everyone else, I can only conjecture. My prediction is that current signs of dissatisfaction with the national government represent an epiphe- nomenon. In fact, many of the forces that at present appear to favor decentralization have attributes that could work out to en- courage further centralization, and the deeper political and cultural pressures are, I think, consistent with this outcome.

non-uniqueness

Public favors centralization—states rights activism ineffective

Nagel 96 [Robert F. Nagel, Spring 1996, “The Future of Federalism”, HeinOnline, p.659, http://heinonline.org/HOL/Page?handle=hein.journals/cwrlrv46&div=25&g\_sent=1&collection=journals] aw

A significant segment of the public is, as I said at the outset, disaffected from the government in Washington, D.C.. But many of these people are bitter and cynical about all government. To the extent this is so, they may oppose responsible proposals, such as the Conference of the States, that might help to make decentraliza- tion respectable to mainstream voters.7 Even when angry groups support enhanced state authority, they may do so by supporting policies that continue the long association of "states' rights" with moral positions, like unrestricted gun ownership, that are not mor- ally attractive to many Americans. At the extreme, anti-government zealots might undertake-and to some extent already have under- taken-acts or threats of violence that are very likely to enhance specific powers of the central government and generally to discredit the states' rights movement.

Federalism LOW

#### Federalism low- government requirements on funds for reinvestment act infringe on state sovereignty

Rober Jay Dilger, Senior Specialist in American National Government, director of the Institute for Public Affairs and a professor of political science, 1/5/11, Congressional Research Service, “Federalism Issues in Surface Transportation Policy: Past and Present”

The American Recovery and Reinvestment Act of 2009 (P.L. 111-5, signed by President Barack¶ Obama on February 17, 2009), included $27.5 billion for highway, bridge and road projects,¶ $8.4 billion for mass transit and $8.6 billion for discretionary grants to states to help fund capital¶ costs associated with intercity rail services, with an emphasis on developing high-speed rail¶ services. As a condition for the receipt of funding for these programs, the law includes a state¶ maintenance-of-effort (MOE) requirement that requires the Governor of each state to certify to¶ the Secretary of Transportation that¶ the State will maintain its effort with regard to State funding for the types of projects that are¶ funded by the appropriation. As part of this certification, the Governor shall submit to the¶ Secretary of Transportation a statement identifying the amount of funds the State planned to¶ expend from State sources as of the date of enactment of this Act during the period¶ beginning on the date of enactment of this Act through September 30, 2010, for the types of¶ projects that are funded by the appropriation.109¶ States are required to submit a report on their activities not later than 90 days after the act’s¶ enactment and an updated report not later than 180 days, one year, two years, and three years¶ after enactment. States that are unable to maintain the level of effort will be prohibited by the¶ Secretary of Transportation from receiving additional funds “pursuant to the redistribution of the¶ limitation on obligations for Federal-aid highway and highway safety construction programs that¶ occurs after August 1 for fiscal year 2011.”110¶ Because state budgets are fungible and nominal state revenue tends to increase over time, when¶ states receive federal financial assistance they typically have several budgetary options. They can¶ choose to not make any budgetary adjustments other than to supplement existing spending levels¶ with the federal assistance, or they can choose to substitute all or a portion of the federal funds¶ received for existing state funds and use the savings to spend in other areas, reduce taxes, or increase their state “rainy day” funds. An examination of grants-in-aid listed in the Catalog of¶ Federal Domestic Assistance revealed that 33 federal grants to state and local governments have¶ state spending MOE requirements to prevent states from substituting federal funds for existing¶ state funds.¶ An analysis completed by the Government Accountability Office in 2004 found that “state and¶ local governments have used roughly half of the increases in federal highway grants since 1982 to¶ substitute for funding they would otherwise have spent from their own resources. In addition, our¶ model estimated that the rate of grant substitution increased significantly over the past two¶ decades, rising from about 18 cents on the dollar during the early 1980s to roughly 60 cents on¶ the dollar during the 1990s.”111¶ Because state revenue growth has declined in recent years, it could be argued that states facing a¶ budgetary shortfall are not likely to substitute federal funds received from the economic recovery¶ plan for existing state funds. Instead, it could be argued that at least some states, particularly¶ those facing budgetary shortfalls, might have a difficult time finding state revenue to maintain¶ their previous spending levels. In either case, state MOE requirements may become an issue¶ during SAFETEA’s reauthorization and will be the subject of congressional interest and oversight¶ during the implementation of the American Recovery and Reinvestment Act of 2009.¶ States have traditionally opposed state MOE requirements as an infringement on their¶ sovereignty. For example, on January 15, 2008 the National Governors Association, National¶ Conference of State Legislatures, and State Higher Education Executive Officers sent a letter to¶ the chairs and ranking Members of the House Committee on Education and Labor and Senate¶ Committee on Health, Education, Labor, and Pensions opposing a proposed MOE mandate in the¶ College Opportunity and Affordability Act (H.R. 4137) because they believed that it infringed on¶ state autonomy:¶ Governors, legislators, and higher education officials share your desire to help make higher¶ education accessible and affordable for students and families. They also share your concern¶ with the rising cost of higher education, and are committed to making higher education¶ easily accessible and affordable to all our citizens.¶ That said, state budgeting decisions should be made by state officials. The decision to fund a¶ new building or campus, expand student aid, help low-income families to access health care,¶ or improve high schools, must remain with the officials closest to the needs of their specific¶ communities.112

No Modeling

#### US federalism won’t apply in other countries – they study rather than follow it

Alfred Stepan, Wallace Sayre Professor of Government, the founding Director of the Center for the Study of Democracy, Toleration, and Religion (CDTR), and the Co-Director of the Institute for Religion, Culture, and Public Life (IRCPL) at Columbia University, ’99, Journal of Democracy, Vol. 10, No. 4

The U.S. model of federalism, in terms of the analytical categories developed in¶ this article, is "coming-together" in its origin, "constitutionally symmetrical" in¶ its structure, and "demos-constraining" in its political consequences. Despite the¶ prestige of this U.S. model of federalism, it would seem to hold greater¶ historical interest than contemporary attraction for other democracies.¶ Since the emergence of nation-states on the world stage in the after-math of the¶ French Revolution, no sovereign democratic nation-states have ever "cometogether" in an enduring federation. Three largely unitary states, however¶ (Belgium, Spain, and India) have constructed "holding-together" federations. In¶ contrast to the United States, these federations are constitutionally asymmetrical¶ and more "demos-enabling" than "demos-constraining." Should the United¶ Kingdom ever become a federation, it would also be "holding-together" in¶ origin. Since it is extremely unlikely that Wales, Scotland, or Northern Ireland¶ would have the same number of seats as England in the upper chamber of the¶ new federation, or that the new upper chamber of the federation would be nearly¶ equal in power to the lower chamber, the new federation would not be "demosconstraining"¶ as I have defined that term. Finally, it would obviously defeat the¶ purpose of such a new federation if it were constitutionally symmetrical. A U.K.¶ federation, then, would not follow the U.S. model.

No Modeling

US modeling fails in developing nations – needs to be a similar longstanding federation

Alfred Stepan, 99

Wallace Sayre Prof.of Gov’t, the founding Dir. of the Center for the Study of Democracy, Toleration, & Religion (CDTR), &the Co-Dir. of the Institute for Religion, Culture, and Public Life (IRCPL) at Columbia University, ’, Journal of Democracy, Vol. 10, No. 4

One of the most influential political scientists to write about federalism in the¶ last half-century, the late William H. Riker, stresses three factors present in the¶ U.S. form of federalism that he claims to be true for federalism in general. 1¶ First, Riker assumes that every longstanding federation, democratic or not, is the¶ result of a bargain whereby previously sovereign polities agree to give up part of¶ their sovereignty in order to pool their resources to increase their collective¶ security and to achieve other goals, including economic ones. I call this type of¶ federalism coming-together federalism. For Riker, it is the only type of¶ federalism in the world.¶ Second, Riker and many other U.S. scholars assume that one of the goals of¶ federalism is to protect individual rights against encroachments on the part of¶ the central government (or even against the "tyranny of the majority") by a¶ number of institutional devices, such as a bicameral legislature in which one¶ house is elected on the basis of population, while in the other house the subunits¶ are represented equally. In addition, many competences are permanently granted¶ to the subunits instead of to the center. If we can call all of the citizens in the¶ polity taken as a whole the demos, we may say that these devices, although¶ democratic, are "demosconstraining."¶ Third, as a result of the federal bargain that created the United States, each of¶ the states was accorded the same constitutional competences. U.S. federalism is¶ thus considered to be constitutionally symmetrical. By contrast, asymmetrical¶ arrangements that grant different competencies and group-specific rights to¶ some states, which are not now part of the U.S. model of federalism, are seen as¶ incompatible with the principled equality of the states and with equality of¶ citizens' rights in the post-segregation era.¶ Yet although these three points are a reasonably accurate depiction of the¶ political structures and normative values associated with U.S. federalism, most¶ democratic countries that have adopted federal systems have chosen not to¶ follow the U.S. model. Indeed, American-style federalism embodies some¶ values that would be very inappropriate for many democratizing countries,¶ especially multinational polities. To explain what I mean by this, let me review¶ each of these three points in turn.¶ "Coming-Together" vs. "Holding-Together"¶ First of all, we need to ask: How are democratic federal systems actually¶ formed? Riker has to engage in some "concept-stretching" to include all the¶ federal systems in the world in one model. For example, he contends that the¶ Soviet Union meets his definition of a federal system that came about as the¶ result of a "federal bargain." Yet it is clearly a distortion of history, language,¶ and theory to call what happened in Georgia, Azerbaijan, and Armenia, for¶ example, a "federal bargain." These three previously independent countries were¶ conquered by the 11th Red Army. In Azerbaijan, the former nationalist prime¶ minister and the former head of the army were executed just one week after¶ accepting the "bargain."¶ Many democratic federations, however, emerge from a completely different¶ historical and political logic, which I call holding-together federalism. India in¶ late 1948, Belgium in 1969, and Spain in 1975 were all political systems with¶ strong unitary features. Nevertheless, political leaders in these three¶ multicultural polities came to the decision that the best way--indeed, the only¶ way--to hold their countries together in a democracy would be to devolve power¶ constitutionally and turn their threatened polities into federations. The 1950¶ Indian Constitution, the 1978 Spanish Constitution, and the 1993 Belgian¶ Constitution are all federal.¶ Let us briefly examine the "holding-together" characteristics of the creation of¶ federalism in India to show how they differ from the "coming-together"¶ characteristics correctly associated with the creation of American-style¶ federalism. When he presented India's draft constitution for the consideration of¶ the members of the constituent assembly, the chairman of the drafting¶ committee, B.R. Ambedkar, said explicitly that it was designed to maintain the¶ unity of India--in short, to hold it together. He argued that the constitution was¶ guided by principles and mechanisms that were fundamentally different from¶ those found in the United States, in that the Indian subunits had much less prior¶ sovereignty than did the American states. Since they had less sovereignty, they¶ therefore had much less bargaining power. Ambedkar told the assembly that¶ although India was to be a federation, this federation was created not as the¶ result of an agreement among the states, but by an act of the constituent¶ assembly. 2 As Mohit Bhattacharya, in a careful review of the constituent¶ assembly, points out, by the time Ambedkar had presented the draft in¶ November 1948, both the partition between Pakistan and India and the¶ somewhat reluctant and occasionally even coerced integration of virtually all of¶ the 568 princely states had already occurred. 3 Therefore, bargaining conditions¶ between relatively sovereign units, crucial to Riker's view of how and why¶ enduring federations are created, in essence no longer existed.¶ Thus one may see the formation of democratic federal systems as fitting into a¶ sort of continuum. On one end, closest to the pure model of a largely voluntary¶ bargain, are the relatively autonomous units that "come together" to pool their¶ sovereignty while retaining their individual identities. The United States,¶ Switzerland, and Australia are examples of such states. At the other end of the¶ democratic continuum, we have India, Belgium, and Spain as examples of¶ "holding-together" federalism. And then there is what I call "putting-together"¶ federalism, a heavily coercive effort by a nondemocratic centralizing power to¶ put together a multinational state, some of the components of which had¶ previously been independent states. The USSR was an example of this type of¶ federalism. Since federal systems have been formed for different reasons and to¶ achieve different goals, it is no surprise that their founders created¶ fundamentally different structures. This leads us to our next point.

No Link – High Speed Rails

#### The federal government has jurisdiction over HSR currently – no shift in balance

David C. Tyrell, mechanical engineer at the Volpe National Transportation Systems Center, ’01, U.S. Dept. of Transportation, “U.S. Rail Equipment Crashworthiness Standards”

The FRA regulates the rail industry in order to assure safe operation. The FRA has¶ jurisdiction over freight, inter-city passenger, and commuter passenger operations on the¶ general system of railroad transportation. (The Federal Transit Administration has the safety¶ oversight of rapid transit operations in urban areas.) The regulations promulgated by the FRA¶ have the force of law, and include crashworthiness regulations for freight and passenger rail¶ equipment. The FRA regulates all aspects of railroad safety, including operations, track, and¶ equipment. Equipment safety includes brake performance, vehicle trackworthiness, and other¶ aspects as well as crashworthiness.

Alt Causes to Federalism

#### Fiscal decentralization destroys any positive impact federalism has.

Jan-Erik Lane, professor in political science at the University of Geneva, and Svante Errson, Lecturer in Political Science at Umeå University, 2005, Democratization, Vol. 12 Issue 2, “The riddle of federalism: does federalism impact on democracy?”, <http://www.tandfonline.com/doi/full/10.1080/13510340500069220>, TB

The findings from the regression analysis reported in Table 4 suggest that neither fiscal nor administrative administration seems to have any positive impact on democracy, as none of the coefficients associated with these variables shows any significance. The predictive powers of all six models are, however, reasonably high. Political decentralization, though, shows significant parameter estimates. In the larger set of countries (model 3) it is a positive impact on democracy while in the smaller set of countries (model 6) the coefficient changes sign and goes from a significant positive coefficient to a significant negative one; it is the only variable that changes sign when comparing models 3 and 6. These findings also holds true when using robust regression.

When federalism, as is common, is associated with fiscal decentralization, then we find no positive impact of federalism on democracy. It is only when federalism stands for political decentralization that federalism has an impact on democracy. But this impact is not straightforward, since for a broader set of countries the impact is positive, but for a smaller set it is negative. Either the indicator measuring political decentralization lacks validity, or this indicator captures an aspect of decentralization that only in certain contexts is conducive for democracy. This aspect need not be federalism in a formal way, but it may have to do with political aspects of decentralization that differ from fiscal decentralization. What this aspect really stands for is a topic that needs further research

AT: Tyranny

No impact to tyranny – legal, executive, and electoral systems check

Jan-Erik Lane, professor in political science at the University of Geneva, and Svante Errson, Lecturer in Political Science at Umeå University, 2005, Democratization, Vol. 12 Issue 2, “The riddle of federalism: does federalism impact on democracy?”, <http://www.tandfonline.com/doi/full/10.1080/13510340500069220>, TB

Federalization has been recommended as a strategy to enhance institutional performance. Federalism is often seen as a basic dimension in constitutional democracy, promoting democratic vitality. And future state building may be done on the basis of political unions taking on the characteristics of federations. However, there is the puzzle of federalism: if federal institutions are supposed to improve upon outcomes, then why is the actual performance record of many federal countries so unimpressive?

We suggest that democratic stability is fostered by other institutions and factors than federalism. The evidence from regression analysis suggests an entirely new answer, namely that federalism does not constitutes a genuine positive for democracy. Other institutions such as for instance the legal system (Ombudsman) or the executive (parliamentarism) or the electoral system (proporotional representation, for instance) matter more positively for democracy. Thus when analysing data for the post-cold war period the findings corroborate the sceptical view suggesting that federalism has no or little positive impact on the cross-country variation in constitutional democracy, generally speaking.

AT: Ethnic conflict

Federalism doesn’t cause ethnic conflicts – alt causes.

Katharine Adeney, Senior Lecturer at the Department of Politics of the University of Sheffield, Dec. 26, 2006, Federalism and Ethnic Conflict Regulation in India and Pakistan, pg. 1- 2, TB

At the domestic level, many institutional arrangements have been identified to manage diverse states or to seek to eliminate diversity (McGarry and O’Leary 1993). The study analyzes the likely *effectiveness* of one type of institution design: a federation. Federal structures hae often received bad press from academics, statesmen, and constitutional practictiioners. Eric Nordlinger contests the effectiveness of federalism as an ethnic conflict regulation device. In the quotation at the head of the chapter he contends that federalism is likely to increase pressures for secession. Current debates over the reconstruction of Iraq and Afghanistan reiterate these concerns. These debates focus on dangers of territorial disintegration, lack of effective central control, and the problems of minorities seeking to secede (O’Leary, McGarry, and Salih; Rubin 2004).

Yet several successful multiethnic federations exist. Switzerland, Canada, and India are all good examples of this fact. Although there are many countries where federations have significantly failed to regulate ethnic conflict – Nigeria in 1966 and Pakistan in 1971 – failure was not inevitable. Multiethnic states, per se, are nto doomed to failure; there are always additional factors affecting their success. This study concentrates upon the institutional factors affecting their success and the main differences between federations, which include, but are not limited to, the degree of centralization, the number and composition of provincial units, the degrees of consociationalism within the federal design, and the composition of the bicameral legislature.

AT: Individual rights

#### Federalism does not protect individual rights – too many internal government disagreements

Alfred Stepan, Wallace Sayre Professor of Government, the founding Director of the Center for the Study of Democracy, Toleration, and Religion (CDTR), and the Co-Director of the Institute for Religion, Culture, and Public Life (IRCPL) at Columbia University, ’99, Journal of Democracy, Vol. 10, No. 4

Riker sees the demos-constraining aspect of federalism (and the weak politywide¶ political parties normally associated with federalism) as basically good, because¶ it can help protect individual rights from being infringed by the central¶ government's potential for producing populist majorities. 5 But when examined¶ from the point of view of equality and efficacy, both of which are as important¶ to the consolidation of democracy as is liberty, the picture becomes more¶ complicated. The deviation from the one citizen-one vote principle that¶ federalism necessarily implies may be seen as a violation of the principle of¶ equality. Overrepresentation in the upper house, combined with constitutional¶ provisions requiring a supermajority to pass certain kinds of legislation, could,¶ in certain extreme cases, lead to a situation in which legislators representing less¶ than 10 percent of the electorate are able to thwart the wishes of the vast¶ majority. This raises serious questions for the efficacious and legitimate¶ functioning of democracy. If one were interested only in creating a system that¶ best reflects the demos and that functions as an effective democracy, a case¶ could be made that the democratic values of participation, decentralization, and¶ equality would be better addressed in a unitary system that has decentralized¶ participation than in a federal system. But if a polity has great linguistic¶ diversity, is multinational, and is very large, its chances of being a democracy¶ are much better if it adopts a federal system.

AT: MISC (generic can’t solve)

Federalism is too rigid and can’t solve practical problems.

Erin Ryan, Assistant Professor, Marshall-Wythe School of Law, College of William & Mary, J.D. from Harvard Law school, ’07, Maryland Law Review, “Federalism and the Tug of War Within:¶ Seeking Checks and Balance in the¶ Interjurisdictional Gray Area,” Vol. 66, No. 3

In perhaps the most famous rhetorical gesture of the New Federalism,¶ 1 Chief Justice Rehnquist opined that “[t]he Constitution requires a¶ distinction between what is truly national and what is truly local.”2 And yet,¶ even conceding the value of the federalism principles thereby implied,¶ we have yet to seriously reckon with the question that hangs¶ after the rhetorical satiety dissipates: What about everything in between?¶ The question makes a simple point about a complex body of jurisprudence—¶ the Supreme Court’s controversial “New Federalism” decisions—¶ which, in essence, is that the New Federalism breeds¶ controversy precisely because it imposes an overly simple theoretical¶ model on a complex area of law. Just as such critical legal fields as¶ environmental, public health, and national security law have begun to¶ embrace the need for greater interconnectivity in the management of¶ regulatory problems that span multiple jurisdictions, the New Federalism¶ decisions chart a course toward greater jurisdictional separation,¶ setting the stage for conflict and confusion. This Article argues that¶ American federalism can ably weather this storm, but it will require¶ that we (1) recognize the interjurisdictional zone that so complicates¶ the project; (2) better understand the tensions between underlying¶ federalism values there exacerbated; and (3) articulate an administrable¶ means of mediating between them so as to best realize the ultimate¶ objectives of our constitutional design.¶ This the New Federalism fails to do, as have preceding interpretive¶ movements that espoused similar ideals until they too were overcome¶ by competing federalism concerns for which their theories¶ could not account. In this most recent round, the Court’s reasoning¶ has proceeded from a model of state-federal relations based on a severe¶ construction of dual sovereignty, the constitutional principle by¶ which regulatory authority is allocated between the independently¶ functioning federal and state governments. Under this strict-separationist¶ model, state and federal governments are idealized as operating¶ in mutually exclusive spheres of jurisdiction, without overlap.¶ Regulatory matters are styled as properly local or national concerns,¶ state and federal authority is segregated accordingly, and the Tenth¶ Amendment polices the supposed bright-line boundary between¶ them. The distinguishing characteristics of the New Federalism decisions¶ are premised on this ideal, which stands in contrast to much of¶ the existing map of American government (so characterized by areas¶ of concurrent or interlocking state and federal jurisdiction that its¶ dual sovereignty has been likened to the intertwining layers of a marble¶ cake3). Nevertheless, the New Federalism’s approach has altered¶ the American federalism discourse, changing the way we think about¶ the allocation of state and federal authority in modern regulatory¶ endeavors.

#### Federalism only delays responses to problems.

Erin Ryan, Assistant Professor, Marshall-Wythe School of Law, College of William & Mary, J.D. from Harvard Law school, ’07, Maryland Law Review, “Federalism and the Tug of War Within:¶ Seeking Checks and Balance in the¶ Interjurisdictional Gray Area,” Vol. 66, No. 3

Although they have attracted intense academic attention, these¶ changes are hardly esoteric matters of interest only to judges and law¶ professors. For better or worse (and in different respects, probably¶ both), they would alter the way that Congress approaches lawmaking,4¶ and the way that the Executive approaches administration.5 At least¶ in the latter case, the answer may well be “for worse” because, by many¶ accounts, the ideals associated with the New Federalism’s project of¶ better differentiating state from national authority may have contributed¶ to the delayed federal response to the devastating aftermath of¶ Hurricane Katrina in New Orleans. News reports indicate that, as¶ pressure mounted on the White House to assume responsibility for¶ key tasks not performed at the local level, the federal response was¶ paralyzed as senior advisors stalled in debate over the federalism implications¶ of providing the needed assistance.6 This Article takes the¶ Katrina aftermath as a primary example of how the New Federalism’s¶ ideological trajectory7 can obstruct interjurisdictional problem-solving¶ by confusing, rather than clarifying, the proper roles of national and¶ local regulatory authorities. But the Katrina aftermath is only the¶ most mediagenic example of confusion spawned by the New Federalism’s¶ intolerance for interjurisdictional complexity. Similar confusion¶ has arisen in other like contexts, ranging from environmental to antiterrorism¶ programs, resulting in uncertain policymaking efforts and¶ New Federalism-inspired legal challenges to regulatory partnerships¶ that link state and federal actors in related spheres of authority.8

AT: Public goods

#### Federalism allocates public goods inefficiently.

Ben Lockwood, professor at University of Warwick, Dept. of Economics, 2006, *Handbook of Fiscal Federalism*, book edited by Ehtisham Ahmad and Giorgio Brosio, “The Political Economy of Decentralizaion,” p. 34

As remarked above, in the standard model, the objective of government is to maximize the sum of utilities of residents in its jurisdiction (welfaristie objectives). Then, with fiscal decentralization, in each region i the marginal benefit of the good to that region (that is, 0i), where al denotes the derivative with respect to the kb element) is equated to the marginal cost of the good, unity. Clearly, regional government i ignores the spillover effect it2(g). Of) of its public good provision on the other region. and this is a is well-known source of inefficiency.5

Federalism turn – Civil war

#### Federalism mobilizes ethnic groups and spurs civil war.

Alfred Stepan, Wallace Sayre Professor of Government, the founding Director of the Center for the Study of Democracy, Toleration, and Religion (CDTR), and the Co-Director of the Institute for Religion, Culture, and Public Life (IRCPL) at Columbia University, ’99, Journal of Democracy, Vol. 10, No. 4

For those of us interested in the spread and consolidation of democracy, whether¶ as policy makers, human rights activists, political analysts, or democratic¶ theorists, there is a greater need than ever to reconsider the potential risks and¶ benefits of federalism. The greatest risk is that federal arrangements can offer¶ opportunities for ethnic nationalists to mobilize their resources. This risk is¶ especially grave when elections are introduced in the subunits of a formerly¶ nondemocratic federal polity prior to democratic countrywide elections and in¶ the absence of democratic countrywide parties. Of the nine states that once made¶ up communist Europe, six were unitary and three were federal. The six unitary¶ states are now five states (East Germany has reunited with the Federal¶ Republic), while the three federal states--Yugoslavia, the USSR, and¶ Czechoslovakia--are now 22 independent states. Most of postcommunist¶ Europe's ethnocracies and ethnic bloodshed have occurred within these¶ postfederal states.

**Federalism causes regional and ethnic conflicts – allowing states to manage themselves causes them to further politically diverge from the central government.**

Jan **Erk**, Associate Professor of Comparative Politics at the University of Leiden, **and** Larry **Anderson**, Associate Professor of Political Science at the University of Wisconsinc Whitewater, 20**09**, Regional & Federal Studies, Volume 19 Issue 2, ‘The Paradox of Federalism: Does Self-Rule Accommodate or Exacerbate Ethnic Divisions?’, Taylor & Francis Online, <http://www.tandfonline.com/doi/abs/10.1080/13597560902753388#tabModule>, TB

In the last few years, the study of federalism has come to enjoy a new-found prominence (Erk, [2006](http://www.tandfonline.com/doi/full/10.1080/13597560902753388#CIT0012), [2007](http://www.tandfonline.com/doi/full/10.1080/13597560902753388#CIT0013)). From the European integration process to the World Bank policies in the industrializing world, the boom in the study of federalism is accompanied by growth in its applied side. One particular area where federalism is increasingly prescribed is in the accommodation of territorial divisions and the management of ethno-linguistic conflict. It is especially marketed as a palliative to secessionist conflict. That is, federalism has come to be seen as a way to accommodate territorially based ethnic, cultural and linguistic differences in divided societies, while maintaining the territorial integrity of existing states. Here, however, we have a paradox that puzzles students of federalism.

Territorial recognition of minorities through the adoption (or strengthening) of federalism may intuitively seem to be the best way to manage ethno-linguistic conflict but, in the long run, such recognition perpetuates and strengthens the differences between groups and provides minority nationalists with the institutional tools for eventual secession. Further, federalism provides opportunities for conflict between regions and centres that might otherwise not exist. The fundamental question, then, is whether federalism provides a stable, long-lasting solution to the management of conflict in divided societies or is, instead, a temporary stop on a continuum leading to secession and independence. A federal arrangement that formally recognizes ethno-linguistic diversity to help manage the political system can also set this newly—or increasingly—federal state on a path to eventual disintegration. Here, in a nutshell, is the paradox: federalism has features that are both secession inducing and secession preventing.

While forms of collective representation are generally seen to be a positive measure for stability in divided societies, there are also significant risks. The paradox is, in many ways, part of the broader question of recognition of diversity: Institutions, policies and practices that are designed to manage (ethnic, racial, social, linguistic, religious and economic) divisions may also ensure the perpetuation of these very divisions. Self-rule tends to reinforce and strengthen the divisions by institutionally ‘freezing’ them in various forms. Measures designed to guarantee minority representation and thereby bring inclusion can also act as a base for further separation—both in physical form and in mentality. This “dilemma of recognition” is inherent in all forms of group rights (de Zwart, [2005](http://www.tandfonline.com/doi/full/10.1080/13597560902753388#CIT0009)). Group recognition ensures the perpetuation of the differences and provides minority elites with a vested interest in the continuation of the divided system. Recognition also means that collective groups will have the institutional tools to strengthen their internal cohesion, heightening the ‘us vs. them’ mindset. The paradox of collective representation is that it perpetuates the very divisions it aims to manage. Furthermore, it provides the tools that reduce the costs of secession, thereby making it a realistic option.

\*\*\* Cali DA

Uniqueness

Balanced Budget

#### California debt is slowly recovering but still vulnerable – new balanced budget proves

Gotten (Editor at California Newswire) 6/28/12

(Valerie, “Calif. Governor Brown Signs California’s 2012-13 ‘Balanced’ Budget,” http://californianewswire.com/2012/06/28/CNW11918\_102953.php)

SACRAMENTO, Calif. /California Newswire/ — Governor Edmund G. Brown Jr. on Wednesday signed a balanced state budget that protects funding for education and public safety while cutting $8 billion from government to close a $15.7 billion deficit and build a reserve of nearly $1 billion. The budget slashes spending in almost every part of state government and enacts significant welfare reform while increasing funding for K-12 education by 14 percent, pending voter approval of the Governor’s initiative. “This budget reflects tough choices that will help get California back on track,” said Governor Brown. “I commend the Legislature for making difficult decisions, especially enacting welfare reform and across-the-board pay cuts. All this lays the foundation for job growth and continuing economic expansion.” The budget assumes voter approval of the Schools and Local Public Safety Protection Act, an initiative placed by Governor Brown on the November ballot. The initiative will enact temporary increases on high-income earners, raising income taxes by up to three percent on the wealthiest Californians for seven years. It would also increase the state sales tax by one-quarter of one cent for four years. Six billion dollars in additional cuts to education and public safety will be triggered if the initiative fails. “My revenue proposal is fair and temporary,” said Governor Brown. “Our state budget problem was built up over a decade, and it won’t be fixed overnight. These temporary increases will ensure funding for our schools until the economy improves.” The budget builds on the significant progress that has been made in tackling the $26.6 billion deficit inherited from the previous administration. Last year’s budget slashed $16 billion and shifted California’s credit outlook from negative to positive. Last year’s budget cut funding for dozens of state programs, made state government more efficient through consolidation and reorganization and moved government closer to the people through Realignment. Significant Details of the 2012-2013 State Budget: Increases Funding for Education Under this budget, funding for K-12 education and community colleges will receive an increase of 14 percent, subject to voter approval of the Governor’s initiative. Funding will increase from $46.9 billion in last year’s budget to $53.6 billion this year. Keeps Higher Education Affordable for Low-Income Students The budget protects Cal Grants for students attending public universities. To ensure the program is cost-effective, the budget prohibits colleges and universities that are unable to meet minimum performance standards from participating in the program. Protects Public Safety The budget continues to fund local governments that are implementing public safety Realignment. It includes a permanent funding structure so that local governments will have a reliable funding source into the future. Cuts State Employee Compensation Costs The budget includes a 5 percent cut to state employee compensation for a savings of $800 million. Reforms Welfare The budget restores the CalWORKs program’s focus on self-sufficiency and employment by establishing a 2-year time limit for parents who are not meeting federal work requirements. Builds Reserve of Nearly $1 Billion The budget has a reserve of $948 million to protect the state against unforeseen costs. Restructures Funds for Trial Courts The budget restructures trial court funding and reduces General Fund support by $246 million on a one-time basis and requires each trial court to use their available reserves. The budget delays court construction for a savings of $240 million and includes $125 million in ongoing savings. Reduces Corrections Spending and Implements Long-Term Corrections Solutions In April 2012, the Brown Administration released a comprehensive plan to save billions of dollars, end federal oversight and improve the prison system. As a result of this plan, the California Department of Corrections and Rehabilitation expects to save $1 billion in 2012-13 and $1.5 billion in 2015-16 while satisfying the U.S. Supreme Court’s order to reduce the prison population. The budget, in full, will be posted at 9:00 AM on Thursday, June 28th at: [www.dof.ca.gov](http://www.dof.ca.gov).

Economic Recovery

#### California’s economy is recovering now – citizen initiatives

**Mayer** (Executive Director of California Forward) 20**12**

(James P, “A Roadmap to Fixing California’s Economy,” <http://www.foxandhoundsdaily.com/2012/07/a-roadmap-to-fixing-californias-economy/>, July 11th 2012)

It’s difficult to find one word to describe the overall mood of Californians. There’s anxiety, frustration and anger about the state of our once Golden State. Unlike previous generations, for many the California Dream will always be just a dream. But when thousands of community leaders came together for genuine discussions about the state’s economy, other words surfaced: Innovation and hope, entrepreneurship and confidence, even a stubborn pride that California business can lead the world again. Several months ago, this conversation started in 14 “regions” that are geographic areas defined more by common economic activity than political boundaries. The question posed was this: If we could take any four or five actions to turn our state’s economy around, what would they be? These regional forums were sponsored by our partner, the California Stewardship Network, which is made up of regional groups that welcomed an opportunity to harmonize and build upon their previous discussions statewide. The forums revealed amazing agreement on a few of the right next steps to attract capital, improve workforce skills and reduce the unintended friction in regulations. Regional participants then formed action teams to further refine the ideas, which were then presented and discussed at the first-ever California Economic Summit in Santa Clara in May. The first deliverable from the Summit was a commitment to restoring California’s prosperity that was signed by participants, and can be signed by you [here](http://www.caeconomy.org/page/s/commitment-to-california). The Summit also identified a number of actions that can be distilled into two immediate priorities: 1. California must creatively invest in people, infrastructure and innovation to prepare the regions of our state to compete in the 21st Century Global Economy. California must streamline complex regulatory processes to reduce the cost of doing business while maintaining environmental standards. To promote these priorities, seven “signature initiatives” were developed to begin articulating the comprehensive and sustained efforts needed to make California an attractive place to do business and foster quality job growth that in turn will reduce poverty, bolster the middle class, and provide the revenue that will allow California to double down on its future. The recommended actions include improving the efficiency and reducing abuse of the California Environmental Quality Act, increasing workforce skills, encouraging innovation, making investment capital accessible to businesses, financing public infrastructure, and overhauling the water system. All of these issues have been and continue to be controversial. The summit demonstrated, however, that civil conversations can reveal solutions acceptable to both sides – and that even more civil discussion is needed to resolve the largest conflicts. The full Action Plan, which was released on July 2, can be found [here](http://www.caeconomy.org/pages/summit-action-plan-2012). It recommends 47 steps (one of which was just checked off the list when the federal government announced the opening of a California-based patent office in San Jose). So now what happens? As Pete Weber, co-chair of the Action Team on Water Infrastructure, put it: “We are not filing this report and going away. We are committed to working on these implementation steps and getting this economy going again. It is hard work, but hundreds of us are willing to put in the time which we believe will inspire our elected officials to start taking the necessary steps to restore California’s leadership in the world economy.” California’s diversity includes its economic regions and drivers. What’s important to Fresno may or may not be important to San Diego, or the Inland Empire. This process respects that. But regional leaders also understand that to improve regional economies, they need the attention and support of state officials. Regardless of what we believe personally, California has earned a reputation as a costly place to do business. The regulatory structure is complicated and the process governing permits is adversarial. Doing business in California is viewed by some government agencies as a privilege rather than a vital component to individual self-sufficiency, social growth and fiscal stability for public programs. Californians’ concern with the economy tracks with their declining confidence in state-elected officials to address the important issues. The California Economic Summit and its Action Plan, driven by an informed and active group of bipartisan regional champions, give elected officials pragmatic steps they can do to remedy both of these problems. The Summit also documented something that California Forward and its partners at the California Stewardship Network know to be true: If given a chance, interest group leaders are willing to talk through issues that are important to them as a means of finding pragmatic solutions to big problems. George Schultz, one of the Summit’s co-chairs, began the event by reading the slogan on a necktie given to him by Ronald Reagan: “Democracy is not a spectator sport.”

Economic Recovery

#### California’s economy continues to thrive – 10 independent factors prove

**Steel** (Chief executive officer of the U.S. Green Chamber of Commerce, based in San Diego) **7/5/**12

(David, “Why California is still the place for business,” http://www.utsandiego.com/news/2012/jul/05/why-california-still-place-business/?page=1#article)

But facts are stubborn things. And here’s one that hasn’t changed: California employs more Americans and has more businesses than any other state. Despite the national recession and state budget challenges, the Golden State continues to be a fertile place for innovation and business growth. And, according to the PPIC and other independent studies, the state’s pioneering laws to protect our air and water, not to mention access to skilled labor and a superior quality of life, are what continue to draw and keep businesses here. Here’s a Top Ten list of why California continues to dominate America’s business sector. 1. The hub of high-tech. America’s fastest-growing business sector is the technology industry. California has more high-tech jobs than any other state, with 931,000 people employed in high-paying jobs. The next closest states are Texas, with 492,000, and New York, with 312,000. 2. Small-business heaven. California’s 3.5 million small businesses account for 99 percent of the state’s employers and employ 52 percent of the workforce. 3. A progressive and dynamic economy. California is one of the top 10 states in the areas of high-wage services, fastest-growing companies and initial public offerings. It also is home to 53 of the U.S. Fortune 500 companies. While technology gets the headlines, California is the No. 1 state for agriculture revenues, with $34.8 billion in revenue representing 12.3 percent of the U.S. total. 4. The innovation marketplace. Since 1963, when patent records were first established, 432,404 patents have originated in California. That represents 17 percent of all the patents issued in the history of the U.S. and more than twice the number originating from the next closest state. 5. Where the dollars are. California is the No. 1 state for venture capital, receiving four times more venture capital than the nation’s average. Last year, California received 51.3 percent of all venture capital invested in the U.S. – far more than any other state. 6. A magnet for international commerce. California ranks No. 1 for attracting foreign direct investment. Foreign companies employ nearly 561,000 California workers and were responsible for 4.6 percent of the state’s total private-industry employment in 2009. California also ranks No. 1 in the nation for the highest number of employees supported by U.S. subsidiaries, with 572,500 jobs and counting, and of those jobs, 133,700 are in manufacturing. 7. Location, location, location. California’s Pacific Rim location is the base of the largest trade network in the world, giving businesses access to the global economy. California’s export shipments of merchandise in 2011 totaled $159.4 billion, a 25 percent increase over 2009, and returning California’s export totals to pre-recession levels. All 12 metropolitan areas in California exported over $1 billion in merchandise exports in 2012. 8. Start me up. In 2011, California was home to 36.3 percent of the nation’s business startups (compare that to just 4.87 percent in Texas). That is a 123.76 percent increase from 2010 – nearly six times the U.S. average. 9. The home of the clean-energy economy. With its pioneering clean-vehicle, climate and renewable energy policies, California continues to lead America’s transition to a clean-energy economy. Investments in clean tech rose 30 percent in North America in 2011 to $6.81 billion, accounting for 76 percent of global investments. California garnered more than half (54 percent) of all U.S. clean-tech capital, with $3.96 billion. A study by the University of California forecast about $11.2 billion worth of public and private investments in energy efficiency in California by the year 2020, which is expected to create about 211,000 jobs in 2020. 10. The best place to live in America. Period.

Economic Recovery

#### California economy is recovering but fragile – new forecast proves

Jablon (Associated Press) 6/20/12

(Robert, “Forecast: California economy poised to pick up speed while US lags,” http://auburnjournal.com/detail/211381.html?content\_source=&category\_id=2&search\_filter=&user\_id=&event\_mode=&event\_ts\_from=&event\_ts\_to=&list\_type=&order\_by=&order\_sort=&content\_class=1&sub\_type=&town\_id=)

LOS ANGELES — California will make steady gains in employment and its jobless rate will dip below double digits next year as the housing market finally halts its plunge, UCLA forecasters said Wednesday. The state added 34,000 new jobs in May but its unemployment rate will remain around 10.6 percent through 2012, according to the quarterly UCLA Anderson Forecast. That will drop to an average of 9.7 percent in 2013 and dip to 8.3 percent in 2014, forecasters said. Those figures are far higher than the nation’s unemployment rate, projected to be 8.2 percent this year and 7.9 percent in 2013. The U.S. economy will remain weak for years, the forecast said. That will contrast to California’s economy, which forecasters said will gain speed in the next two years. It could take seven or eight years for the U.S. to recover all the jobs that it lost during the 2008-2009 recession, forecast Director Ed Leamer wrote. America’s educational system must do better if it wants to compete in a global market where many jobs have been automated or moved overseas, Leamer wrote. “Good jobs in the United States in the 21st century will require humans to do things that are not suited to the capabilities of faraway foreigners, robots or microprocessors,” he wrote. “We need a workforce that can think creatively and solve the new problems, not merely recall the solutions to old problems.” California’s housing market remains a drag on the state economy but it may recover more quickly than the U.S. market as a whole, forecasters said. The real estate market is either “still in the trough or still declining,” forecast Senior Economist Jerry Nickelsburg said. “While there is some data giving rise to optimism, there is no real indication that the housing market is on the cusp of a recovery,” he said. However, California’s housing market could recover in the next two years, with building permits reaching 130,000 permits in 2014, or double the U.S. rate, Nickelsburg said. Multifamily housing will be popular as people unable to afford to buy homes choose to rent, he said. Nationally, the percentage of people owning homes will keep falling, from a peak of 69 percent in 2004 to 65 percent by the end of the year, but the rate of foreclosures appears to have peaked and sales of existing homes are on the rise, forecast Senior Economist David Shulman said.

Brink Now

#### California economy is on the brink now

**CCSCE 09** [2009. Center for Continuing Study of the California Economy: “Numbers in the News: State and Local Employees: Where Does California Rank?” 2008 Update.” Palto Alto, available at http://www.ccsce.com/PDF/Numbers-Dec09-GovtEmployees-Rank.pdf]

Estimates of state and local government employment for 2008 have been released by the U.S. Census Bureau. This issue of Numbers in the News examines where California ranks and how these estimates relate to ongoing debates about state budget choices. In 2008 California had the 3rd lowest number of full-time equivalent state government employees relative to population among all states. California had 103 state employees for every 10,000 residents while Illinois had the lowest ratio at 97 and Florida also had 103. The U.S. average was 143 state employees per 10,000 residents. California’s ratio of state government employees relative to population was 28% below the national average. Nevada, Arizona and Texas were other states with the lowest ratios of state workers to population. When state and local government employees (including education) are added together, California has the 4 th lowest ratio of employees to population. California had 484 state and local full-time equivalent employees per 10,000 residents in 2008 compared to the national average of 549. Nevada was the state with the lowest ratio (440) followed by Michigan (475), Pennsylvania (478), and Utah (493). California’s ratio was 12% below the national average.132 Hamilton Avenue, Palo Alto, CA 94301-1616 • phone (650) 321-8550 • www.ccsce.com 2 Texas has 563 state and local government employees per 10,000 residents or slightly above the national average. K-12 education has the largest number of employees in most states. California has the 5 th lowest ratio of K-12 education employees to population. California is 19% below the national average in education employees relative to population despite the fact that California has an above-average percent of K-12 students in the state’s population. Texas ranks 5 th highest among states with 275 K-12 employees per 10,000 residents.132 Hamilton Avenue, Palo Alto, CA 94301-1616 • phone (650) 321-8550 • www.ccsce.com 3 Average Pay Levels for State and Local Government Employees The Census Bureau tabulations include limited data on compensation. Data is provided for a single month (March of 2008). Complete comparisons are difficult because the data do not directly compare occupations. However, it is clear from this data that California compensation averages are above the national average for state employees, state and local government employees combined and employees in the K-12 education system. The average wage for all private and public sector employees in California was 13% above the national average in 2008 based on comprehensive data from the U.S. Bureau of Labor Statistics. Implications of the Data · These data measure the staffing levels relative to population in California’s state and local governments including school districts. These data do not tell us how the lower staffing levels affect the delivery of services. · Between March 2008 and October 2009 state and local government declined by approximately 70,000 jobs while the state added approximately 600,000 residents. As a result the ratio of employees to population in each of the three categories discussed above has declined in California. Declines in state and local government employment were experienced in some other states as well. · There is broad agreement that seeking efficiencies in government programs is good public policy. Yet, the data suggest that at the aggregate level California is not overstaffed relative to caseloads in the major program areas. Indeed, a stronger case can be made that public programs are being carried out with less staffing than in most other states. · Public agencies in California continue to face serious budget challenges as the weakening economy reduces revenues while most caseloads are still increasing. States and local agencies face mid-year budget revisions and can look forward to a very challenging 2010-2011 budget year with continuing challenges in following years even with a moderate economic recovery and associated revenue gains.132 Hamilton Avenue, Palo Alto, CA 94301-1616 • phone (650) 321-8550 • www.ccsce.com 4 · These data provide another confirmation that residents must face fundamental choices about the level of services they desire and are willing to pay for. This is an important conversation for all Californians. · Public agencies across the state and nation also will be involved in conversations about public employee pay and benefits. This is a result of the cuts in pay and benefits being experienced broadly in the private sector. CCSCE draws no implications from the compensation data as to the appropriateness of compensation for public employees in California. However, these issues are already in the public debate and are a part of the broader conversation about what kind of public services we want and how to pay for them. Technical Note The full-time equivalent employee data comes from the U.S. Census Bureau estimates for 2008 released on October 23, 2009 from the 2007 Census of Governments. The link to the press release and data is

Links

Spending

#### New spending would stop progress with the budget deficit

Navarro (Professor of [Economics and Public Policy](http://en.wikipedia.org/w/index.php?title=Economics_and_Public_Policy&action=edit&redlink=1)) 2008

(Peter, “California nightmare for the global economy?,” http://www.sfgate.com/opinion/article/California-nightmare-for-the-global-economy-3273234.php%29)

Will the California budget crisis tip the United States into recession? The California economy is certainly large enough to inflict such damage. It's the seventh-largest economy in the world and home to close to 38 million Americans. California's budget deficit is by any reasonable measure enormous. This budget deficit is estimated at $17.2 billion and represents more than 17 percent of the state's general fund expenditures (about $101 billion). In contrast, New York, which faces the second-worst budget gap in the nation for fiscal year 2009, has a gap of about $5 billion, which represents less than 10 percent of its budget. In closing its past budgetary gaps, California has acted more like the federal government rather than merely one of 50 states. Indeed, unlike the federal government (or sovereign nations), each state is required to balance its budget each year; and no state, at least in principle, has the authority to engage in the kind of discretionary deficit spending both the federal government and nations around the world routinely use to stimulate their economies. In the past, a profligate California has gotten around this balanced-budget requirement by using a technique that effectively allows the Golden State to administer its own fiscal stimulus. In particular, California - under both Democratic and Republican governors - has simply issued new bonds every time that it has spent far beyond its means. California's problem this time, however, is that its deficit is so big, its balance sheet is so bad, and world credit markets are so tight that issuing new bonds alone is no longer a viable option. Instead, California's politicians are inexorably being forced toward a solution that will prominently feature both a large tax increase and significant spending cuts. Indeed, this is not a partisan matter of choosing one's poison. The budget deficit is so large that it cannot be eliminated without raising taxes, anathema to the state's [Republicans](http://www.sfgate.com/?controllerName=search&action=search&channel=opinion&search=1&inlineLink=1&query=%22Republicans%22), and spending cuts, equally unpalatable to California Democrats. Of course, the faster the state Legislature accepts this harsh reality, the faster the deadlock can be broken. Viewed from a macroeconomic perspective, there is an even harsher reality. Increased taxes and reduced spending will send a very nasty contractionary shock through a California economy that is already reeling from a housing market meltdown and punishing gas prices. Should Gov. [Arnold Schwarzenegger](http://www.sfgate.com/?controllerName=search&action=search&channel=opinion&search=1&inlineLink=1&query=%22Arnold+Schwarzenegger%22)'s budgetary medicine - including firing many state employees - trigger a recession, this may well serve as a tipping point for a national recession and, in the worst case scenario, even a global recession. In considering these dangers, it is worth noting that California provides close to 13 percent of America's real GDP growth. In contrast, the second-largest contributor to U.S. gross domestic product is Texas, and it provides only half that stimulus. It also worth noting that California is an important destination for both U.S. manufactured goods and world imports, particularly from Asia. Already, California's unemployment rate is more than 6.8 percent and well above the national average of 5.7 percent. At least some economists believe California may already be experiencing negative growth. The economy is likely to get a lot worse before its gets better. If there is any one civics lesson to be learned from this fine mess, it is that the state's politicians must learn to resist overspending in good times so that the state won't face bankruptcy when bad times hit. It should be equally clear that any damn fool can issue bonds to balance a budget. However, it takes real political courage and economic foresight to put a [state budget](http://www.sfgate.com/california_budget/) on an even keel through fiscally conservative tax-and-spend policies. At this juncture, California is nowhere close to that - and the rest of the country, and perhaps the world, may soon pay the Golden State's piper.

#### Additional spending leads stops fiscal discipline in Cali

**Bettonville** (Stanford Daily Writer) 5/15/**12**

(Matt, “California Gov. Jerry Brown proposes $8.3 billion in spending cuts,” http://www.stanforddaily.com/2012/05/15/ca-cuts/)

California Governor Jerry Brown proposed heavy spending cuts Monday to compensate for the state’s $15.7 billion budget deficit. Brown’s proposal, which he presented at a press conference in Los Angeles, would cut $8.3 billion in state spending cuts to public sector employee pay, social programs and prison spending. “I don’t like making additional cuts, and I recognize the impact they have on Californians,” Brown said in discussing the plan, according to The New York Times. “They are difficult — but necessary — in order to get us back on firm fiscal footing until California fully recovers from the global economic recession.”

Spending

#### States spending leads to fiscal crisis – empirics prove

**Moore and Slivinski** (Members of the Cato Institute) 20**02**

(Stephen and Stephen, “The Good Governors Guide,” <http://www.cato.org/publications/commentary/good-governors-guide>, October 3rd 2002)

First, the state fiscal crisis that governors are now confronting has been a result of excessive spending, not insufficient tax receipts. In the decade of the 1990s state expenditures soared by $176 billion. Between 1996 and 2000, for example, state spending grew at roughly twice the rate of federal spending. The governors managed to make Bill Clinton seem like a penny pincher. Governor Owens said it best: "The states don't have a revenue problem, they have a spending problem." Gary Johnson, the combative governor of New Mexico, has remarked that "in the 1990s many governors believed that government was the solution to every problem."

Internal Links

Key to the Global Economy

#### California is key to the US and global economy

Ross (Executive Director of the California Budget Project) 2009

(Jean, “Yes: The State Means Too Much to the Nation,” <http://www.utsandiego.com/news/2009/jun/05/lz1e5ross21510-bailout-california/?page=1#article>, June 5th 2009)

Yet the rest of the country cannot afford to stand by idly as the Golden State drowns in red ink. In the same way that the federal government has deemed Chrysler, General Motors and the nation's largest banks and financial corporations too big to fail, California – the world's eighth largest economy – is too big and too important to the nation for failure to be an option. Since World War II, the state has been an economic driver of the country. A fiscal meltdown in California would have reverberations throughout the country and the world. Legislators and the state treasurer are already looking to the federal government for loan guarantees to help fend off a looming cash crisis. California needs more assistance and, in the best interest of the nation, the federal government should give California more. Loan guarantees alone would lower the state's short-term borrowing costs, an important, but inadequate, stopgap measure. California needs direct federal assistance in order to buy time for an economic recovery to kick in that will boost state revenues, as well as to allow the state to enact a much-needed restructuring plan. What form might that assistance take? A direct infusion of cash, of course, would be desirable. However, if federal officials don't trust California to spend wisely – and there are plenty of reasons to be doubtful – Washington could further increase its investment in health programs such as Medi-Cal and the Healthy Families Program, where the federal government already pays the majority of costs. To leave California to flounder would hinder not only the future of the state's economy, but the national and potentially even the global economies as well. California is and will be the economic engine of the nation's future – a hotbed of innovation and a 38 million-strong market whose purchasing power will be needed to turn recession into expansion.

Key to the US Economy

#### California economic collapse leads to US economic downturn

**Herbst** (Staff writer for BusinessWeek) 20**09**

(Moira, “California's Economy: Too Big to Fail?” <http://www.businessweek.com/bwdaily/dnflash/content/jun2009/db20090616_615065.html>, June 16th 2009)

California's economy is in deep distress. Political gridlock is preventing tax increases and spending cuts, and the recession has pushed its deficit over the edge. Governor Arnold Schwarzenegger's proposals to fix the mess have been rejected by California voters, most recently on May 19. On June 16, put California's credit rating—already the lowest among states—[on watch for a downgrade](http://www.businessweek.com/investing/insights/blog/archives/2009/06/californinas_cr.html). Golden State residents are all too aware of the cuts in essential services that may result, or that some businesses or taxpayers may have to accept IOUs as payment from the state. But will the rest of the U.S. have to share California's pain? In May, State Treasurer Bill Lockyer sent a letter to U.S. Treasury Secretary Tim Geithner urging him to consider helping cash-strapped municipalities. The pitch by Lockyer and other California Democrats is a play on the "too big to fail" argument made on behalf of bank bailouts: If you don't save this bank (or in this case, state), the financial markets and the national economy will be thrown into turmoil. "This matters for the U.S., not just for California," Representative Zoe Lofgren (D-Calif.), who chairs the state's Democratic congressional delegation, [told *The Washington Post*](http://www.washingtonpost.com/wp-dyn/content/article/2009/06/15/AR2009061503249.html). "I can't speak for the President, but when you've got the eighth biggest economy in the world sitting as one of your 50 states, it's hard to see how the country recovers if that state does not." The Obama Administration is now seeking to answer that question. So far the Administration has declined to bail out California. At a June 16 press briefing, White House spokesman Robert Gibbs underscored that stance, saying California's budgetary problem "unfortunately is one that [the state is] going to have to solve." Governor Isn't Asking for Help Later, in the evening, Republican Governor Schwarzenegger [issued a statement](http://gov.ca.gov/press-release/12543/) denying he was seeking any such help. "We are in complete agreement with the White House that California should be solving its budgetary problems on its own without a bailout from the federal government," said the statement issued by Communications Director Matt David. But there remains concern that the deeper California's woes get, the more it will delay the potential U.S. recovery. A [report released by the University of California at Los Angeles](http://www.sacbee.com/latest/story/1949519.html) on Tuesday projects the $24 billion annual state budget deficit will translate into 60,000 job losses by the middle of 2010. At the same time, the state could institute massive cuts in public services such as its welfare program, which serves 1.3 million people. The worry is that these efforts to balance California's state budget would work in a direct cross-purpose with the $787 billion U.S. stimulus package Obama signed in February. Though few experts think California will default on its debt—following the example New York City set in 1975 and Cleveland in 1978—the mere possibility is troubling for the credit markets. "If California truly defaults, I am sure it will shake the faith of bondholders and noteholders in the overall municipal finance system," says Don Boyd, senior fellow at the Rockefeller Institute of Government. "That would undoubtedly lead to higher issuance costs to additional state and local government loans." The Bond Perspective Investors in the municipal bond industry are monitoring the situation. "California is one of the largest states in the municipal bond market, so we have to follow it and make sure we get the call right as an investor," says Hugh McGuirk, head of municipal bond investments for T. Rowe Price ( ([TROW](http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=TROW:US))), an investment firm. California is not alone in its fiscal misery.

#### California economic failure leads to collapse of the US economy

**Williams** (Associated Press) 20**09**

(Juliet, “California's Ailing Economy Could Prolong US Recession,” <http://www.huffingtonpost.com/2009/06/29/californias-ailing-econom_n_222616.html>, June 29th 2009)

Virtually all states are suffering in the recession, some worse than California. But none has the economic horsepower of the world's eighth-largest economy, home to one in eight Americans. California accounts for 12 percent of the nation's gross domestic product and the largest share of retail sales of any state. It also sends far more in tax revenue to the federal government than it receives \_ giving a dollar for every 80 cents it gets back \_ which means Californians are keeping social programs afloat across the country. While the deficit only affects the state, California's deepening economic malaise could make it harder for the entire nation's economy to recover. When the state stumbles, its sheer size \_ 38.3 million people \_ creates fallout for businesses from Texas to Michigan. "California is the key catalyst for U.S. retail sales, and if California falls further you will see the U.S. economy suffer significantly," said retail consultant Burt P. Flickinger, managing director of Strategic Resource Group. He warned of more bankruptcies of national retail chains and brand suppliers.

Key to the US Economy

#### California makes the US economically sound

**Coker 90** [“The Myth of the Peace Dividend” Christopher Coker : *Christopher Coker is Professor of International Relations at the London School of Economics and Head of Department. He is also Adjunct Professor at the Norwegian Staff College. He was a NATO Fellow in 1981, and served two terms on the Council of the Royal United Services Institute. He is a serving member of the Washington Strategy Seminar; the Institute for Foreign Policy Analysis (Cambridge, Mass); the Black Sea University Foundation; the Moscow School of Politics and the IDEAS Advisory Board. He is a member of the Academic Board of the Czech Diplomatic Academy. He was a Visiting Fellow of Goodenough College in 2003-4. He is a member of the Executive Council for the Belgrade University International Summer School for Democracy and also President of the Centre for Media and Communications of a Democratic Romania. He is a former editor of The Atlantic Quarterly and The European Security Analyst.* The World Today , Vol. 46, No. 7 (Jul., 1990), pp. 136-138 Published by: Royal Institute of International Affairs : <http://www.jstor.org/stable/40396217>]

Of all the states that have been successful in increasing mili- tary outlays since the Second World War, California last year had $90bn in defence-related spending. Contracts for the Cold War's fighter planes and missiles, ships and spy satellites helped make the state the economic superpower it is today, the world's sixth largest economy. The Los Angeles area alone still has more than 400,000 aerospace workers, as well as 12 out of every 100 defence-related jobs in the country. Individual plants and work- ers may be hit hard if the defence spending boom inaugurated by Reagan were to wind down as rapidly as some Congressmen think it should. The impact could be as great as that which California felt following the Vietnam war in the early 1970s when 100,000 jobs vanished in Southern California alone. But even with significant defence losses, California would maintain buoyant growth, equal at least to the national average in the mid- 1990s. Needless to say, if the arms race were to keep up, growth would be ahead of the rest of the country. Other areas of the nation, however, would be more imperilled by the onset of peace. This is particularly true of New England where a slowdown in high technology and defence research has already contributed to a regional recession. Direct and indirect Pentagon spending, including in-state spending by defence per- sonnel and contractors in Connecticut alone, was an estimated $12.6bn last year. The Pentagon spent $3,500 for every resident of the state; for every tax dollar Connecticut sent to Washington, it received back $1.29 in direct defence spending. Although there is peril in crystal ball-gazing into the first post-Cold War decade, the United States may be in for a series of rolling regional reces- sions, even conceivably a national one

Key to the US Economy

#### California econ critical to the US- spending is risky

**Hirsh and Mitchell 03** [“Three: Making California's State Budget More User-Friendly and Transparent: Further Thoughts” Hirsch, Werner Z : Professor-Emeritus Werner Z. Hirsch, an eminent scholar of public finance, governmental operations, and the interrelation of law and economics, died on July 10, 2009. He joined the UCLA Economics Department faculty in 1963 and retired in 1990, although he continued to teach and publish after his retirement. Early in his UCLA career, Prof. Hirsch was the founder of the UCLA Institute of Government and Public Affairs Mitchell, Daniel J.B. : DANIEL J.B. MITCHELL is professor-emeritus at UCLA Anderson School of Management and the School of Public Affairs, U.C.L.A. Within the latter school, he chaired the Department of Policy Studies (now the Department of Public Policy) during 1996-97. Prof. Mitchell was formerly director of the U.C.L.A. Institute for Research on Labor and Employment (1979-90) and continues to serve on the Institute's advisory committee 01-01-2003: California Policy Options: California Policy Options, UCLA School of Public Affairs, UC Los Angeles : http://escholarship.org/uc/item/06p6c3n3 ]

Limits to California’s Discretion in Fiscal Affairs The federal government - as a sovereign entity that issues a major world currency - has a great deal of fiscal discretion. As the governor of Alabama recently noted, “Members of Congress... create programs like they’re governors. But they don’t have the responsibility of making the financial ends meet that the governors have.”18 And, indeed, the experience of the 1970s and 1980s amply demonstrates that the federal government can run large deficits without encountering difficulties in the financial markets. U.S. Treasury securities are regarded as carrying virtually no risk of default. The Treasury borrows in U.S. dollars and the federal government can issue dollars. Hence, in principle, the promise represented by federal securities can always be honored. But not all countries have this privileged position. Small countries with histories of high inflation, currency depreciation, and financial instability end up borrowing in respected currencies of other countries such as the U.S. dollar. As Argentina and Mexico - among others - have discovered in recent years, financial markets may become nervous about the ability to pay of a borrowing country, the result being local currency depreciations and banking crises. California boosters like to point to the fact that California, if it were a country, would be perhaps the fifth largest economy in the world. But the fact is that states such as California are potentially what one columnist termed “Our Banana Republics.”19 Of course, since California has no currency of its own, it cannot have a currency crisis. And its banking system operates largely under federal auspices and regulation and therefore is protected from an Argentine-style meltdown. However, the state’s credit standing can be degraded by excessive debt burdens, ultimately leading to higher interest payments and even difficulty in obtaining credit and providing services to Californians. Three major financial reporting services rate California’s General Obligation and other securities. Standard and Poor’s downgraded the state’s general obligation bonds to from AA to A+ with negative implications in April 2001. That same month, Fitch added a negative outlook watch 30 to its AA rating for such securities. And Moody’s dropped its rating from Aa3 to A1 in November 2001.20 It is unlikely that these ratings will be upgraded until structural problems related to the state budget are seen as being addressed. But further downgrades from current levels remain possible. It is widely thought that the California constitution mandates that the state’s annual budget be balanced. In fact, the constitution simply says that early in each calendar year, the governor should submit a budget and, if proposed revenues fall short of expenditures, there should be an explanation of where the additional revenues will be obtained. This obligation is itself fuzzy since the additional “revenues” could be obtained by running down reserves or by borrowing. There is no language requiring that the Legislature pass a “balanced” budget, whatever that term might mean. The constitution requires that a prudent reserve fund be established, but leaves it to the Legislature to determine what such a level might be.21

Key to the US Economy

#### California is the economic powerhouse of the country

**Reich 10** [Center for American Progress Action Fund “Can Californians Trust What Whitman is Selling? : An Analysis of Gubernatorial Candidate Meg Whitman’s Economic Policy Proposals” Michael Reich : is Professor of Economics at the University of California at Berkeley. He received his Ph.D. in economics from Harvard University, and has published ten books and monographs and nearly a hundred professional articles and policy briefs. : August 2010 : http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.173.1261&rep=rep1&type=pdf]

• Tax cuts for wealthy people and businesses would reduce the state’s economicgrowth while exacerbating the state’s budget deficit problems.• Elimination of climate change regulation would harm to the environment, wouldsharply reduce clean-tech venture capital spending in the state, and would reduceemployment.• Spending cuts would have negative consequences on employment.In short, Whitman’s diagnosis of the California economy is deeply flawed and her“solutions” would be deeply damaging. Her approach to economic policy, which shecalls “my kind of supply-side economics,” is wrong for California. As we document,the economic “studies” she draws upon are unscientific and an unsound basis forpolicy. If implemented, her policy proposals are likely to have negative effects on jobsand economic growth and to deepen the state’s budget crisis. Can California recover from the Great Recession and grow again? Republican gubernatorial candidate Meg Whitman’s economic policy program, Meg2010, claims that the California economy grew more slowly than it could have overthe past decade, based on a report from the conservative Milken Institute.2 She wantsCalifornia to become more competitive with neighboring states by reducing taxesand regulations.In fact, until the Great Recession of 2007-2009, California’s performance in the 2000sexceeded the national average, with GDP growth of 2.3 percent per year, compared to2.1 percent for the nation as a whole.3 The Milken study selected seven comparisonstates that had high-tech manufacturing centers, each of which had grown faster thanCalifornia. Were these representative comparisons? No. In another analysis of all theother states that also had high-tech manufacturing centers, California’s growth washigher than those in all of the other states.4 The Milken study is inaccurate and unsci-entific because it selected unrepresentative states for its comparisons.California remains the economic powerhouse of the United States. Our nation’shigh-technology industry is heavily concentrated here. The state receives over half ofall venture capital investment in the country, a higher share than a decade ago, andnearly two-thirds of all clean-tech venture capital—a sector that barely existed a decadeago and that grew rapidly after the passage of California Assembly Bill 32, the GlobalWarming and Solutions Act of 2006, or AB32. California ranks third among the states Page 3 3 Center for American Progress Action Fund | Can Californians Trust What Whitman is Selling? in the proportion of new businesses5 and it is a leader in research and education, withover one-quarter of the top 25 engineering schools. California’s comparative advantagesare still rooted in its innovative industries, technically-skilled workforce, and world-classuniversities, not in competing with other states or countries for low-wage industries.Contrary to Whitman’s diagnosis, the state’s current economic woes result primarilyfrom the deep national economic downturn, combined with a particularly severe hitfrom the U.S. mortgage finance crisis. California’s unemployment rate is higher thanthe national rate primarily because the state’s residential construction and associatedreal estate and finance sectors overexpanded during the housing bubble more than inthe rest of the United States. The mortgage sector was notably more deregulated thanin other states. The collapse of these sectors has been more intense as well. Meg 2010neither mentions the housing and credit bubbles and their aftermath nor how thestate should respond to them.Fortunately, a tentative national economic recovery is underway, generated by actionin Washington—including the 2009 American Recovery and Reinvestment Act—aswell as a moderate upswing in business and consumer spending and international trade.California’s economy is beginning to recover as well. According to forecasts from theState Department of Finance and from independent forecasters, California should gain1.25 million jobs by 2015 without any of Whitman’s policies.6For the state to help speed recovery, some policies are more effective than others. Meg2010’s proposed policies will send the state backwards. Whitman proposes to cutspending and taxes, even though government spending has a much greater “multipliereffect” than tax cuts. A multiplier is economic parlance for the amount of “bang for thebuck”—the amount of economic activity related to every dollar spent or invested—that a particular policy proposal will deliver to an economy. According to MoodyAnalytics’s Mark Zandi, Whitman’s favored tax cuts for those in the highest incometax brackets would have the lowest multiplier effect on the California economy.7 Thisimplies that tax increases on top incomes to help close the budget gap would have thesmallest adverse effect on the state economy of any of the proposed budget solutions.To balance the state budget with the least adverse impact on the state economy,smaller cuts in state spending should be balanced with increases in the highestmarginal tax brackets. Whitman wants to do the opposite. So let us first look at herproposals to tackle California’s budget deficit and then examine her underlyingassumptions about what ails the state. Page 4

Key to the US Economy

#### Further California economic downturn kills the US economy

**Manheim et. Al 2011** [Loyola Marymount University and Loyola Law School Digital Commons at Loyola Marymount University and Loyola Law School Loyola of Los Angeles Law Review Law Reviews 1-1-2011 Karl Manheim : *Karl Manheim is the Loyola director of the Program for Law & Technology at the California Institute of Technology and Loyola Law School. He began teaching at Loyola in 1975; served in the Santa Monica City Attorney's Office from 1980-84; and returned to Loyola in 1984. He has also taught at the University of Southern California Law School (1996) and at the University of International Business and Economics in Beijing, China (1992).* Loyola Law School Los Angeles John S. Caragozian Loyola Law School Los Angeles Donald Warner Loyola Law School Los Angeles http://digitalcommons.lmu.edu/cgi/viewcontent.cgi?article=1000&context=llr&sei-redir=1&referer=http%3A%2F%2Fscholar.google.com%2Fscholar%3Fstart%3D40%26q%3D%2522California%2522%2B%2522largest%2Beconomy%2522%2B%2522united%2Bstates%2522%2BOR%2Bcountry%2B%2522overspending%2522%2BOR%2B%2522spending%2Bcuts%2522%2B%2522deficit%2522%26hl%3Den%26as\_sdt%3D0%2C30#search=%22California%20largest%20economy%20united%20states%20OR%20country%20overspending%20OR%20spending%20cuts%20deficit%22]

7 There is broad consensus that California‘s fiscal problems are not transitory. 113 They are deep-seated and structural. An obvious example is Proposition 13‘s requirement that the legislature, by twothirds majorities in both houses, 114 approve any tax increases. As Joe Matthews and Mark Paul note, this feature gave the minority party power to dictate tax policy without shouldering accountability to the voters for its actions: ―The legislative majority felt the burden of governing the state, but the minority could delay the most basic task of the legislature—passing a budget—without being held responsible.‖ 115 The minority often extracted concessions for favored constituencies—California‘s version of pork-barrel politics—even during times of budgetary crisis. With Proposition 13, ―[t]his form of hostage-taking became the norm.‖ 116 For several years after Proposition 13 forever altered the state‘s revenue system, the government of the world‘s eighth-largest economy managed to limp along on accrued surpluses, the dot-com boom, and other non-recurring events. **However, booms turned** to 111. Jack Dolan & Shane Goldmacher, Veto Ax Cuts into Social Programs, L.A. TIMES, Oct. 9, 2010, at AA. 112. The Times reported the following: The most optimistic projections show that the spending plan Schwarzenegger signed Friday will produce a shortfall of at least $10 billion—more than 11% of state spending—in the next fiscal year. Many experts predict it will be billions more. The leaders mostly papered over this year‘s gap, punting many tough decisions forward. Halper, supra note 108. 113. See MATHEWS & PAUL, supra note 8, at 7, 79–104; see also supra page 394. 114. CAL. CONST. art. XIIIA. 115. MATHEWS & PAUL, supra note 8, at 47–48. Previously, a two-thirds vote from each house of the legislature was needed to pass California‘s budget, but Proposition 25, which passed on November 2, 2010, changed the two-thirds requirement to a simple majority. Proposition 13‘s two-thirds requirement for tax increases was unaffected by Proposition 25. 116. Id. at 47. Winter 2011] INTRODUCTION 413 **busts and the economic house came crashing down**. The panelists on the Symposium‘s first panel had different prescriptions for putting our fiscal house back in order. Jon Coupal—who carries the torch of the late Howard Jarvis, author of Proposition 13—rejected that tax-cutting measure as the source of the state‘s perpetual budget crisis. 117 It is not the lack of revenues that plagues the state, he claimed, but the expansion of spending programs. 118 It is the ―change in the perception of government; less as an instrument to provide services for all, than more as an instrument to pick winners and losers, or even worse to redistribute wealth.‖ 119 Coupal thinks **California would be better off with a part-time legislature and more spending limits in order to rein in unnecessary spending,** such as spending on bloated welfare rolls. Other panelists echoed Coupal‘s criticism of legislative spending, although they did not necessarily agree with his analysis of cause and effect. West Hollywood Mayor John Heilman presented the perspective of California‘s municipalities. 120 Heilman said that one feature of Proposition 13 is that it removed revenue authority from local governments, and it was reposed in Sacramento. As a result of its fiscal dominance, the legislature often solves stategovernment budget problems on the backs of California cities, counties, and school districts. Heilman complains that this ―raiding‖ of local-government revenues seriously undermines local government‘s ability to provide public services. 121 Heilman spoke in favor of the November 2010 ballot‘s Proposition 22, which protects local revenue sources from the legislature. 122 He also criticized the two-thirds-majority requirement for state budgets, claiming that it 117. Jon Coupal, Tax and Budget Limitations, Address at the Loyola of Los Angeles Law Review Symposium: Rebooting California—Initiatives, Conventions, and Government Reform (Sept. 24, 2010), available at www.rebootca.org/media.html. 118. Id. 119. Id. 120. John Heilman, Budgetary Impacts on California‘s Cities, Address at the Loyola of Los Angeles Law Review Symposium: Rebooting California—Initiatives, Conventions, and Government Reform (Sept. 24, 2010), available at www.rebootca.org/media.html. 121. Id. 122. Id. 414 LOYOLA OF LOS ANGELES LAW REVIEW [Vol. 44:393 generally lowers bond ratings and raises the cost of capital for municipal borrowing. 123 Sheila Kuehl, who served six years in the California Assembly and eight years in the state senate, reinforced Heilman‘s criticism of the budget process. 124 She claimed that beyond the budget process, the

Key to the US Economy

Manheim continued

ideological polarization of the state (and the country) has led to an impasse. 125 Some, including then-Governor Schwarzenegger, want to cut education or services to the poor, while others seek to close tax loopholes for the wealthy and corporations. Kuehl gives property taxes under Proposition 13 as an example: homeowners are taxed on an average assessed valuation of $16 per square foot, while Disneyland is taxed on a valuation of 5 cents per square foot. 126 Kuehl and several other panelists painted Proposition 13 as a leading cause of the state‘s ills. 127 Some of the panelists suggested a ―splitroll,‖ where property-tax limits would remain on residential property but would be removed from commercial property. 128 Kuehl also bemoans the deteriorating state of California public schools. Discussing the Santa Monica-Malibu Unified School District, she said it is one of the best funded in the state, [but] we have no fulltime janitors. The students do work-study to try to keep it clean. We have no school libraries, really. . . . We have no school nurses. . . . We laid off 16,000 teachers last year because of the budget. 129 123. Id. 124. Kuehl, supra note 109. 125. Id. 126. Cf. CAL. TAX REFORM ASS‘N, SYSTEM FAILURE: CALIFORNIA‘S LOOPHOLE-RIDDEN COMMERCIAL PROPERTY TAX 83 (2010), available at http://www.caltaxreform.org/pdf\_ppt/ SystemFailureFinalReportMay2010.pdf (stating that recent Disneyland property acquisitions are taxed at a valuation of 37 cents per square foot). 127. Kuehl, supra note 109. 128. Id. 129. Id. In actuality, most sources report layoffs exceeding 26,000, not 16,000. See, e.g., News Release, Cal. Dep‘t of Educ., Schools Chief Jack O‘Connell Joins Educators in Recognition of Record Number of Teachers Receiving Layoff Notices (Mar. 14, 2009), available at http://www.cde.ca.gov/nr/ne/yr09/yr09rel40.asp. Winter 2011] INTRODUCTION 415 Kuehl‘s prescription ―to cure the dysfunction‖ includes eliminating the two-thirds majority requirement for passing a budget ―and then hold[ing] the majority responsible for the budget.‖ 130 Bob Hertzberg, former speaker of the assembly, agreed: California‘s budget mess is why ―we can‘t make California work in this globalized economy.‖ 131 At the recent World Economic Forum in China, which he attended, California was seen as an embarrassment. ―The story that comes out is that we can‘t seem to get our government together.‖ 132 Hertzberg also spoke of one of Proposition 13‘s ―unintended consequences,‖ which was to remove revenue accountability from local government officials and centralize it (and spending policy) in Sacramento. 133 Hertzberg‘s view is widely shared. 134 Now distanced from the electoral scrutiny that accompanies responsibility for raising revenue, local governments have pursued often highly irregular spending priorities. For instance, according to Mathews and Paul, the median wage in 2008 of Sacramento Metropolitan Fire District truck drivers was $144,274, about three times the median wage in Sacramento County. 135 No one was looking, it seems, when fiscal accountability was lifted off of local governments and sent to the state legislature. Nor did anyone understand this transfer of power and loss of accountability as one of the major reforms of Proposition 13. From there, the fiscal picture and the shenanigans get even worse. Lower bond ratings raise the cost of borrowing for meritorious projects and create an uncertain business climate, just when we can least afford it. Since the state cannot live off borrowed money—except when it does—the legislature consistently sanitizes truly scary budgets by resorting to gimmicks, such as delaying a payday by a day, throwing it into the next fiscal year, or presuming returns on investments that will never materialize. Or ―deeming‖ that 130. Id. 131. Robert Hertzberg, Bipartisan Fiscal Reforms, Address at the Loyola of Los Angeles Law Review Symposium: Rebooting California—Initiatives, Conventions, and Government Reform (Sept. 24, 2010), available at www.rebootca.org/media.html. 132. Id. 133. Id. 134. Id. 135. MATHEWS & PAUL, supra note 8, at 55. 416 LOYOLA OF LOS ANGELES LAW REVIEW [Vol. 44:393 past revenues were at a level they actually were not at. 136 ―Deeming‖ (rewriting) history is a technique that would have made Big Brother proud. 137 Perhaps we will soon start charging for public safety services, just as we do for use of parks, education, health care, and other social services. Or we can furlough university professors and pay them only for the days they actually teach 138 and not for non-teaching days when they are idle (i.e., when they are preparing classes, doing research, meeting with students, grading papers, contributing to professional organizations, doing government and non-profit consulting, recruiting, collaborating, giving interviews, performing administrative tasks, etc.; all idle activities apparently). And remember when those pesky parking tickets were $5? Fines, fees, excises, charges, reimbursements, assessments, and other taxes (except that the state cannot now call them taxes) fill holes in local budgets that once were the province of property taxes. And watch out for those red-light cameras. At $500 per ticket, one might think one was single-handedly funding what is left of municipal government. 139

Key to Innovation

#### California’s economy is key to US innovation

California Economic Strategy Panel 2008

(“California’s Role in the Global Economy,” <http://www.coecon.com/Reports/GLOBAL%20CONNECT/CAGlobalEcon.pdf>, October 2008)

California is an important nexus and broker in the global innovation network. California’s strong outward ties to other parts of the world create a global meeting place and facilitate the vital mixing and exchanges of goods and services, talent, ideas, and capital. These international ties also provide the State with the girding to help weather economic storms. California’s strengths lie in the size, diversity and adaptability of its economy and in the talent and diversity of its population. Imperative to succeeding in this period of momentous change are California’s continued capacity as a leader in innovation and its continued attraction of global talent and investment. Core to each of these is sustaining a world-class comprehensive educational system that will produce talent competitive in the global market and that will generate breakthroughs in technology and business practices.

Impacts

US Economic Decline

#### Economic decline causes global nuclear war

Friedberg and Schoenfeld (Prof. of politics and IR at Princeton University's Woodrow Wilson School, Senior editor of Commentary, visiting scholar at the Witherspoon) 2008

(Aaron and Gabriel, “The Dangers of a Diminished America,” <http://online.wsj.com/article/SB122455074012352571.html>, October 21st 2008)

With the global financial system in serious trouble, is America's geostrategic dominance likely to diminish? If so, what would that mean? One immediate implication of the crisis that began on Wall Street and spread across the world is that the primary instruments of U.S. foreign policy will be crimped. The next president will face an entirely new and adverse fiscal position. Estimates of this year's federal budget deficit already show that it has jumped $237 billion from last year, to $407 billion. With families and businesses hurting, there will be calls for various and expensive domestic relief programs. In the face of this onrushing river of red ink, both Barack Obama and John McCain have been reluctant to lay out what portions of their programmatic wish list they might defer or delete. Only Joe Biden has suggested a possible reduction -- foreign aid. This would be one of the few popular cuts, but in budgetary terms it is a mere grain of sand. Still, Sen. Biden's comment hints at where we may be headed: toward a major reduction in America's world role, and perhaps even a new era of financially-induced isolationism. Pressures to cut defense spending, and to dodge the cost of waging two wars, already intense before this crisis, are likely to mount. Despite the success of the surge, the war in Iraq remains deeply unpopular. Precipitous withdrawal -- attractive to a sizable swath of the electorate before the financial implosion -- might well become even more popular with annual war bills running in the hundreds of billions. Protectionist sentiments are sure to grow stronger as jobs disappear in the coming slowdown. Even before our current woes, calls to save jobs by restricting imports had begun to gather support among many Democrats and some Republicans. In a prolonged recession, gale-force winds of protectionism will blow. Then there are the dolorous consequences of a potential collapse of the world's financial architecture. For decades now, Americans have enjoyed the advantages of being at the center of that system. The worldwide use of the dollar, and the stability of our economy, among other things, made it easier for us to run huge budget deficits, as we counted on foreigners to pick up the tab by buying dollar-denominated assets as a safe haven. Will this be possible in the future? Meanwhile, traditional foreign-policy challenges are multiplying. The threat from al Qaeda and Islamic terrorist affiliates has not been extinguished. Iran and North Korea are continuing on their bellicose paths, while Pakistan and Afghanistan are progressing smartly down the road to chaos. Russia's new militancy and China's seemingly relentless rise also give cause for concern. If America now tries to pull back from the world stage, it will leave a dangerous power vacuum. The stabilizing effects of our presence in Asia, our continuing commitment to Europe, and our position as defender of last resort for Middle East energy sources and supply lines could all be placed at risk. In such a scenario there are shades of the 1930s, when global trade and finance ground nearly to a halt, the peaceful democracies failed to cooperate, and aggressive powers led by the remorseless fanatics who rose up on the crest of economic disaster exploited their divisions. Today we run the risk that rogue states may choose to become ever more reckless with their nuclear toys, just at our moment of maximum vulnerability. The aftershocks of the financial crisis will almost certainly rock our principal strategic competitors even harder than they will rock us. The dramatic free fall of the Russian stock market has demonstrated the fragility of a state whose economic performance hinges on high oil prices, now driven down by the global slowdown. China is perhaps even more fragile, its economic growth depending heavily on foreign investment and access to foreign markets. Both will now be constricted, inflicting economic pain and perhaps even sparking unrest in a country where political legitimacy rests on progress in the long march to prosperity. None of this is good news if the authoritarian leaders of these countries seek to divert attention from internal travails with external adventures. As for our democratic friends, the present crisis comes when many European nations are struggling to deal with decades of anemic growth, sclerotic governance and an impending demographic crisis. Despite its past dynamism, Japan faces similar challenges. India is still in the early stages of its emergence as a world economic and geopolitical power. What does this all mean? There is no substitute for America on the world stage. The choice we have before us is between the potentially disastrous effects of disengagement and the stiff price tag of continued American leadership. Are we up for the task? The American economy has historically demonstrated remarkable resilience. Our market-oriented ideology, entrepreneurial culture, flexible institutions and favorable demographic profile should serve us well in whatever trials lie ahead. The American people, too, have shown reserves of resolve when properly led. But experience after the Cold War era -- poorly articulated and executed policies, divisive domestic debates and rising anti-Americanism in at least some parts of the world -- appear to have left these reserves diminished. A recent survey by the Chicago Council on World Affairs found that 36% of respondents agreed that the U.S. should "stay out of world affairs," the highest number recorded since this question was first asked in 1947. The economic crisis could be the straw that breaks the camel's back.

US Economic Decline

Empirics prove our argument

**Hanson** (Senior Fellow at the Hoover Institution, recipient of the 2007 National Humanities Medal and the 2008 Bradley Prize) 20**08**

(Victor Davis, “America’s Nervous Breakdown,” <http://article.nationalreview.com/?q=MzFhNDU0NmNkNDZkZGI4MDQ1YzM2NmJmZjQ3M2Y1ZTk>=, October 2nd 2008)

Allies trust that the United States is the ultimate guarantor of free communication and commerce — and they want immediate reassurance that their old America will still be there. In contrast, opportunistic predators — such as rogue oil-rich regimes — suddenly sniff new openings. / We’ve seen the connection between American economic crisis and world upheaval before. In the 1930s, the United States and its democratic allies — in the midst of financial collapse — disarmed and largely withdrew from foreign affairs. That isolation allowed totalitarian regimes in Germany, Italy, Japan, and Russia to swallow their smaller neighbors and replace the rule of law with that of the jungle. World War II followed. / During the stagflation and economic malaise of the Jimmy Carter years, the Russians invaded Afghanistan, the Iranians stormed our embassy in Tehran, the communists sought to spread influence in Central America, and a holocaust raged unchecked in Cambodia. / It was no surprise that an emboldened Iranian President Mahmoud Ahmadinejad once again last week called for the elimination of Israel. He’s done that several times before. But rarely has he felt brazen enough to blame world financial problems on the Jews in general rather than on just Israelis. And he spouted his Hitlerian hatred in front of the United Nations General Assembly — in New York, just a few blocks away from the ground zero of the Wall Street meltdown. / Flush with petrodollar cash, a cocky Iran thinks our government will be so sidetracked borrowing money for Wall Street that disheartened taxpayers won’t care to stop Teheran from going nuclear. / At about the same time, a Russian flotilla was off Venezuela to announce new cooperation with the loud anti-American Hugo Chavez and his fellow Latin American communists. The move was a poke in the eye at the Monroe Doctrine — and a warning that from now on, the oil-rich Russians will boldly support dictatorships in our hemisphere as much as we encourage democratic Georgia and Ukraine in theirs. Chavez himself called for a revolution in the United States to replace our “capitalist” Constitution. / The lunatics running North Korea predictably smelled blood, as well. So it announced that it was reversing course and reprocessing fuel rods to restart its supposedly dismantled nuclear weapons program. / Meanwhile, some shell-shocked American bankers looked to our “friend” China, which holds billions in American government securities, for emergency loans. But the Chinese — basking in their successful hosting of the Olympics, their first foray into outer space, and a massive rearmament — showed no interest in sending cash to reeling Wall Street firms. / During this Wall Street arrhythmia, Islamic suicide bombers attacked the American embassy in Yemen and the Marriott Hotel in Islamabad, Pakistan. Suspected Islamic terrorists were caught boarding a Dutch airliner in Germany. And suicide bombers were busy again in Afghanistan and Iraq. / The natural order of the world is chaos, not calm. Like it or not, for over a half-century the United States alone restrained nuclear bullies, kept the sea lanes free from outlaws, and corralled rogue nations. America alone could provide that deterrence because we produced a fourth of the world’s goods and services, and became the richest country in the history of civilization. / But the bill for years of massive borrowing for oil, for imported consumer goods, and for speculation has now has finally come due on Wall Street — and for the rest of us as well. / Should that heart of American financial power in New York falter — or even appear to falter — then eventually the sinews of the American military will likewise slacken. And then things could get ugly — real fast.

Innovation

#### Innovation is key to economic growth and maintaining competitive leadership – empirics prove

**White House** (Yes, THE White House)20**11**

(“A STRATEGY FOR AMERICAN INNOVATION Securing Our Economic Growth and Prosperity,” <http://www.whitehouse.gov/sites/default/files/uploads/InnovationStrategy.pdf>, February 2011)

The history of the American economy is one of enormous progress associated with remarkable inno­vation. Two hundred years ago, real income per person in America averaged four percent of what it is today, the average American lived for forty years, and thirty percent of children did not survive until their fifth birthday. Electric power, automobiles, and telephones were hardly imagined, let alone computers and air travel. There were no antibiotics or vaccines – and no understanding that germs cause disease. The word “scientist” had not yet been coined. But researchers like Isaac Newton had begun uncovering fundamental scientific foundations that would underpin two centuries of practical inventions. The U.S. Constitution empowered Congress to create effective intellectual property rights – helping add “the fuel of interest to the fire of genius,” in President Lincoln’s words. Americans later seized on the Industrial Revolution – an explosion of innovation – propelling a young country with democratic ide­als to unprecedented economic heights and providing a powerful example for other nations to follow. In short, innovation is ultimately tied to America’s well-being and to our conception of the essential “American character.” Innovation – the process by which individuals and organizations generate new ideas and put them into practice – is the foundation of American economic growth and national competitiveness. Economic growth in advanced economies like the United States is driven by the creation of new and better ways of producing goods and services, a process that triggers new and productive investments. That inno­vation is the cornerstone of economic growth can be seen in the advance of our national industries. Entire industries were made possible only by developing and commercializing new ideas, from the 19th century advances in railways and steam power, to the later revolution of electrification and the associated development of light bulbs, radios, televisions, electric refrigeration, and air conditioners, to the modern semiconductor, computer, and biotechnology industries. These innovative sectors have consistently raised the output of our workforce, creating better-paying jobs, raising our national standard of living, and enhancing our economic strength vis-à-vis other nations. Innovation can take many forms: a new machine that improves quality and production time in factories; a new consumer electronic device or Internet-enabled application that keeps us connected with coworkers and family; a new way of organizing the workplace that increases our productivity; or a new vaccine that protects our citizens from disease. Since the 1940s, the United States has led the world in creating new industries and ways of doing business, establishing itself as the global innovation leader. But America cannot rest on its laurels. Unfortunately, there are disturbing signs that America’s innovative performance slipped substantially during the past decade. Across a range of innovation metrics – including growth in corporate and gov­ernment R&D, the number of scientific and innovation technical degrees and workers, access to venture capital, and the creation of new firms – our nation has fallen in global innovation-ranked competitiveness. Other nations recognize that is the key to long-term economic growth and are making pro-innovation investments and adopting pro-innovation policies. Without thoughtful, decisive, and targeted actions, we cannot expect that the industries of the future will emerge and prosper in the United States.

#### Loss of economic leadership makes heg collapse and great power wars inevitable

**Khalilzad** (Counselor at the Center for Strategic and International Studies and president of Khalilzad Associates) 20**11**

(Zalmay, “The Economy and National Security,” <http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad?pg=3>, February 8th 2011 ;)

Today, economic and fiscal trends pose the most severe long-term threat to the United States’ position as global leader. While the United States suffers from fiscal imbalances and low economic growth, the economies of rival powers are developing rapidly. The continuation of these two trends could lead to a shift from American primacy toward a multi-polar global system, leading in turn to increased geopolitical rivalry and even war among the great powers. The current recession is the result of a deep financial crisis, not a mere fluctuation in the business cycle. Recovery is likely to be protracted. The crisis was preceded by the buildup over two decades of enormous amounts of debt throughout the U.S. economy — ultimately totaling almost 350 percent of GDP — and the development of credit-fueled asset bubbles, particularly in the housing sector. When the bubbles burst, huge amounts of wealth were destroyed, and unemployment rose to over 10 percent. The decline of tax revenues and massive countercyclical spending put the U.S. government on an unsustainable fiscal path. Publicly held national debt rose from 38 to over 60 percent of GDP in three years. Without faster economic growth and actions to reduce deficits, publicly held national debt is projected to reach dangerous

Innovation

Khalilzad continued

proportions. If interest rates were to rise significantly, annual interest payments — which already are larger than the defense budget — would crowd out other spending or require substantial tax increases that would undercut economic growth. Even worse, if unanticipated events trigger what economists call a “sudden stop” in credit markets for U.S. debt, the United States would be unable to roll over its outstanding obligations, precipitating a sovereign-debt crisis that would almost certainly compel a radical retrenchment of the United States internationally. Such scenarios would reshape the international order. It was the economic devastation of Britain and France during World War II, as well as the rise of other powers, that led both countries to relinquish their empires. In the late 1960s, British leaders concluded that they lacked the economic capacity to maintain a presence “east of Suez.” Soviet economic weakness, which crystallized under Gorbachev, contributed to their decisions to withdraw from Afghanistan, abandon Communist regimes in Eastern Europe, and allow the Soviet Union to fragment. If the U.S. debt problem goes critical, the United States would be compelled to retrench, reducing its military spending and shedding international commitments. We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution of power. These trends could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation. The stakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. leadership. By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars among the great powers. Failures of multi-polar international systems produced both world wars. American retrenchment could have devastating consequences. Without an American security blanket, regional powers could rearm in an attempt to balance against emerging threats. Under this scenario, there would be a heightened possibility of arms races, miscalculation, or other crises spiraling into all-out conflict. Alternatively, in seeking to accommodate the stronger powers, weaker powers may shift their geopolitical posture away from the United States. Either way, hostile states would be emboldened to make aggressive moves in their regions. As rival powers rise, Asia in particular is likely to emerge as a zone of great-power competition. Beijing’s economic rise has enabled a dramatic military buildup focused on acquisitions of naval, cruise, and ballistic missiles, long-range stealth aircraft, and anti-satellite capabilities. China’s strategic modernization is aimed, ultimately, at denying the United States access to the seas around China. Even as cooperative economic ties in the region have grown, China’s expansive territorial claims — and provocative statements and actions following crises in Korea and incidents at sea — have roiled its relations with South Korea, Japan, India, and Southeast Asian states. Still, the United States is the most significant barrier facing Chinese hegemony and aggression. Given the risks, the United States must focus on restoring its economic and fiscal condition while checking and managing the rise of potential adversarial regional powers such as China. While we face significant challenges, the U.S. economy still accounts for over 20 percent of the world’s GDP. American institutions — particularly those providing enforceable rule of law — set it apart from all the rising powers. Social cohesion underwrites political stability. U.S. demographic trends are healthier than those of any other developed country. A culture of innovation, excellent institutions of higher education, and a vital sector of small and medium-sized enterprises propel the U.S. economy in ways difficult to quantify. Historically, Americans have responded pragmatically, and sometimes through trial and error, to work our way through the kind of crisis that we face today. The policy question is how to enhance economic growth and employment while cutting discretionary spending in the near term and curbing the growth of entitlement spending in the out years. Republican members of Congress have outlined a plan. Several think tanks and commissions, including President Obama’s debt commission, have done so as well. Some consensus exists on measures to pare back the recent increases in domestic spending, restrain future growth in defense spending, and reform the tax code (by reducing tax expenditures while lowering individual and corporate rates). These are promising options. The key remaining question is whether the president and leaders of both parties on Capitol Hill have the will to act and the skill to fashion bipartisan solutions. Whether we take the needed actions is a choice, however difficult it might be. It is clearly within our capacity to put our economy on a better trajectory. In garnering political support for cutbacks, the president and members of Congress should point not only to the domestic consequences of inaction — but also to the geopolitical implications.

Turns CP

#### Spending turns the CP – stops infrastructure investment

**Reich 10** [Center for American Progress Action Fund “Can Californians Trust What Whitman is Selling? : An Analysis of Gubernatorial Candidate Meg Whitman’s Economic Policy Proposals” Michael Reich : is Professor of Economics at the University of California at Berkeley. He received his Ph.D. in economics from Harvard University, and has published ten books and monographs and nearly a hundred professional articles and policy briefs. : August 2010 : http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.173.1261&rep=rep1&type=pdf]

4 Center for American Progress Action Fund | Can Californians Trust What Whitman is Selling? Whitman’s proposals to fix the state budget California’s estimated budget deficit for the coming fiscal year stands at $20 billion.Whitman proposes to cut $15 billion in spending in her first year in office, whilealso reducing taxes by billions of dollars a year. Alas, these numbers do not add up to$20 billion. And her plan does not specify where most of the cuts will fall. Whitmanasserts that the state government can provide the same level of services while reduc-ing costs by 20 percent. While some efficiency gains may be achievable there is noevidence to support this claim.California’s revenues and expenditures rise in boom years while revenue falls sharplyand demand on human services increase in bust years, creating a “cyclical” deficit. Asthe noted Berkeley economist Alan Auerbach argues, mandating that California putmore of its revenue in good years into a “rainy day” reserve fund would go far towardlimiting spending growth to sustainable levels and eliminating the cyclical deficit.8 Spending cuts In fiscal year 2009-10 California’s general fund budget amounts to $86 billion, of which$34.6 billion is for K-12 education, $10.6 billion for higher education, $25 billion forhealth and human services, $9.8 billion for corrections, and $6.1 billion for everythingelse.9 Most of these funds are spent directly on programs and services.Whitman’s plan to cut $15 billion from the budget therefore necessarily impliessignificant reductions in spending on education, health, and social service programson top of the deep cuts already made in the past two years. But additional cuts inthese areas would further reduce the level of current economic activity in the state.Education, health, and social service expenditures are investments that will makeCalifornians more productive. Cuts in these programs will therefore reduce the state’spotential to grow in the future.Cuts to health and social service programs would also have a particularly largedepressing effect on the state’s economy because federal matching rates for statespending are high and because these funds are spent predominantly within the state.10 Education California currently ranks 36th among states in high school graduation rates, 48thor 49th in fourth grade and eighth grade reading and math scores, 45th in per pupileducation spending, and last in teachers per student.11 According to Next 10, a San Page 5 5 Center for American Progress Action Fund | Can Californians Trust What Whitman is Selling? Francisco-based, nonprofit research institute, current policies will leave per pupilspending in California $3,200 (23 percent) below the national average by 2015.12Cutting K-12 spending further thus will only make these disparities greater.Whitman wants to fix education by reducing spending on overhead and putting moremoney into the classroom. She claims that only 60 percent of education fundingreaches the classroom and that 40 percent is spent on wasteful bureaucracy, eventhough the number of principals and administrators per student in California is one-third to one-half the national average. The proportions for the counselors, librarians,secretaries, custodians, cafeteria workers, and school bus drivers that make up the restof the staff are also lower.13 California’s K-12 system would benefit from constructivefinancial and regulatory reforms, but education experts across the political spectrumagree that such reforms will require more resources, not less.14Whitman proposes to increase funding for higher education by $1 billion. Such anincrease is much needed. Other than a general statement about cutting the $86 billionbudget elsewhere, Meg 2010 does not specify how she will pay for this increase. Health and Human Services California’s Medicaid program, Medi-Cal, currently accounts for $11.2 billion of thestate’s budget. The recently passed national health care reform will greatly expandeligibility for Medi-Cal. Funding for the newly eligible Medi-Cal populations will bepaid 100 percent by the federal government in 2014, when the expansion begins, andphase down to 90 percent by 2019.The federal health care reforms include so called “maintenance-of-efforts” require-ments on the states that receive federal funding. For Medi-Cal to maintain theservices it provides to currently covered Californians, it will need to maintain theseefforts to ensure a high federal matching rate. Cuts to state health care spending asproposed by Whitman would therefore have particularly large multiplier effects onreducing employment in California.Whitman also proposes to reduce eligibility for CalWorks, California’s TemporaryAssistance for Needy Families program. California currently spends $2.4 billion onTANF from its own funds and an additional $3.7 billion from federal funds. CuttingCalWorks beyond Governor Arnold Schwarzenegger’s previous cuts would result insignificant loss of federal funding for this program, too.Cutting education, health, and human services not only causes poor school perfor-mance for students and personal pain for the sick and needy but also eliminates thouPage 6 6 Center for American Progress Action Fund | Can Californians Trust What Whitman is Selling? sands of jobs. University of California, Berkeley researchers Ken Jacobs, T. WilliamLester, and Laurel Tan estimate that a tax increase of $1 billion for the top incomestratum would reduce spending

Turns CP

Reich continues

and lead to a loss of 6,000 jobs in California. By com-parison, under Whitman’s proposed plans, equivalent cuts in Medi-Cal and CalWorksspending would lead to a loss of 63,200 jobs.15 Prison correctional services Whitman proposes to reform spending on health care for prisoners, arguing thatthe state spends more on health care per prisoner than any other state in the nation.California is currently under federal court order and in receivership to improve healthcare for prisoners.16 While some savings may be achieved in this area, they are notlikely to be significant.17 New technology Whitman proposes to harness the power of technology by upgrading the state gov-ernment’s antiquated computer systems. Although upgrading the state’s computersis a good idea, it will require a major upfront investment with a payoff in future years.This represents another cost Whitman does not take into account in her economicpolicy program. Can California afford to experiment with economic policies based onWhitman’s economic assumptions? Meg Whitman’s economic policy proposals are predicated on her understanding ofwhat she thinks ails the state economy. But is she correct in assuming that the stategovernment is too large, or that Californians are over-taxed, or that California busi-nesses are over-regulated? Let’s look at each of these assumptions to see how theysquare with the facts. Is California government too large? Is the state’s deficit due to bloated government employment, as Whitman claims? In aword: No. The deficit is chiefly caused by severely reduced revenues due to the GreatRecession and the absence of a mandated “rainy day” fund. In 2008, the most recentyear available, California’s government employment per capita was 28 percent belowthe U.S. average, ranking 48th among the states, and California state employment percapita has not increased since the early 1980s.18 Page 7 7 Center for American Progress Action Fund | Can Californians Trust What Whitman is Selling? Nonetheless, Whitman proposes to reduce the state workforce by 40,000 workers,excluding the University of California system, corrections, and public safety. Thisnumber would equal nearly 25 percent of the remaining state workforce of 162,000.That many employees cannot be cut without substantially reducing state services,from DMV to foster care. As already mentioned, most of the cuts would fall on educa-tion, health, and human services.Whitman wants to cut retirement benefits by moving all new public employees to so-called defined-contribution plans, in which employees select investments to save fortheir retirement. This change would enable the state government to make smaller contributions to public pension plans compared to what it must contribute to its current employees’ defined-benefit plans—which define the level of benefits upon retirement. The likely savings from this proposed move in the first five years would do little to balance the state budget because the number of new hires will be small while commitments to the public sector’s incumbent workers will remain. What’s more, California’s state employees are paid 8 percent less in salaries and benefits than comparable workers in California’s private sector.19 And cutting benefits further by shifting to defined-contribution plans for new employees would make it more difficult to attract talented employees into the state workforce. Whitman’s ambitious proposals to move entirely to defined-contribution plans for new employees are problematic for another reason, too. Without the contributions tithe defined-benefit plans from new employees, the state’s required employer contributions to those plans would very soon become larger. Defined-benefit plans share risk across employees so that retirement is not put at risk if the economy is in recession when individual employees reach retirement age. Moving entirely to defined-contribution plans over time both weakens the funding basis for current retirees and shifts additional risk to new employees. Whitman claims that pension-fund costs for the state have spun out of control because benefits are too high. Yet in 2009 employer contributions remained lower than they were in the early 1980s. The state’s contributions fell especially during the late 1980s and early 1990s, when tax revenue was declining and Republicans held the governor’s office.20 California does not face higher costs today just because of the stock market crash in 2008. If the state had maintained its earlier contribution levels to public pension funds in the 1990s and 2000s, and not gambled that higher stock market returns would continue, then California state pension funds would not be so substantially underfunded today.21 Page 8 8 Center for American Progress Action Fund | Can Californians Trust What Whitman is Selling? Some public pension reforms—such as increasing the retirement age to 60 or 65to align more with the private sector and eliminating pension “spiking,” or sudden increases in defined benefits for employees nearing retirement—are desirable. But they would help only somewhat in reducing underfunding problems in our state’s public pension system. And anyway, average benefit levels are not overly generous. Is California overtaxed? Meg 2010 repeats the claim of the pro-business Tax Foundation that California ranks48th in its “tax climate.” This claim is based almost entirely on the rates of the top nominal income tax brackets in different states and ignores California’s lower taxes on property. In 2007 California’s state and local tax revenue, as a proportion of personal income, was only 2.4 percent higher than the average for all states. In recession years, the ratio falls to below average.22In any case, research shows that taxes play a secondary role in the location of business and attraction of skilled workers compared to investments in education, **infrastruc**turel, and public services. A literature review by economist Terry Buss concludes, “tax literature, now in hundreds of publications, provides little guidance to policy makers trying to fine tune economic development.”23The

Turns CP

Reich continues

upshot: Whitman’s proposed cuts in taxes and fees paid by businesses are likely to have little positive effect relative to the number of jobs that would be lost by the resulting drop in public investment. These cuts could result in a loss of revenue of$6 billion to $10 billion a year or more, depending on how they were implemented. These tax cuts would add substantially to the state’s budget crisis. Capital gains cuts Whitman proposes to eliminate entirely the state personal income tax on capital gains, or profits realized from investments instead of earnings. Moderate cuts in federal capital gains taxes in the past produced small one-time increases in revenues as some investors take advantage of the newly lowered rates, but research shows that soon thereafter the net effect of lower rates on revenues is negative and the effects on eco-gnomic growth are extremely small at best.24The problem is that Whitman’s proposal to eliminate entirely state capital gains taxes would not produce even a one-time revenue gain, although it would benefit the richest people in the state. How do we know that? In 2007, taxes on capital gains generated approximately $11 billion in revenue for the state. After taking into account stock Page 9 9 Center for American Progress Action Fund | Can Californians Trust What Whitman is Selling? market declines since 2007, eliminating the capital gains tax would reduce revenue by about $4 billion to $4.5 billion a year over each of the next five years, and the revenue losses would increase in subsequent years.25Eliminating the state capital gains tax would do very little to spur investment in the state. Most California investors’ portfolios are diversified nationally and internationally. Consequently, the vast majority of private income retained by investors would be spent on stock purchases of companies outside the state. Moreover, Californians who benefit from cuts in the state capital gains tax would pay about one-third of it back to the U.S. Internal Revenue Service because state income taxes are deductible from federal income taxes. So the more Whitman reduces the state capital gains tax the more Californians will have to pay in federal taxes. Would the elimination of income taxes on capital gains induce some multimillionaires to move to California, bringing their spending with them? The available evidence indicates that the highest-income households have not been leaving the state because of the state’s income tax.26 This finding suggests that the relocation back to California of any of its multimillionaires who did leave would not be substantial either. Other proposed Whitman tax cuts Whitman’s Meg 2010 proposes other ways to find savings in the state budget. These savings are either too small to be meaningful from a fiscal perspective (even if some of them are desirable in terms of government efficiency) or could in fact increase the state budget deficit. Some of her proposals include:• Eliminate the filing fee for new businesses. The cost of eliminating the fee would reduce state revenue by approximately $68 million a year.• Eliminate so-called sales taxes and use taxes on manufacturing equipment in the state. Analyses of similar proposals (AB 1812; AB 829) place the costs at between$1.1 billion and $1.3 billion a year.

\*\*\*Cali DA Answers

Uniqueness

Economy Failing Now

##### **California’s economy still failing – prefer S&P report**

Gralla (Reporter for Reuters) 6/11/12

(Joan, “California likely will need to cut spending more: S&P,” http://www.reuters.com/article/2012/06/11/us-california-sp-idUSBRE85A11120120611)

(Reuters) - California's $15.7 billion deficit is about 30 percent of the total gap all states face in the coming fiscal year, Standard & Poor's said in a report on Monday, saying the state likely will have to cut spending further to balance the 2013 fiscal budget. State spending as a share of California's total economy is the lowest in 39 years. But the state's tax revenue system is "dysfunctional" and California relies heavily on volatile personal income tax collections, which are expected to total 63 percent of general fund revenue in 2013, S&P said. California's economy "remains depressed and its revenue recovery is sluggish" three years after the Great Recession ended, the credit agency added.

#####  **(AT: Budget Balanced) Balance Budget misses the root cause of recession – tax code and the pension system**

Morton (Associated with the Los Angeles Times) 6/11/12

(Laura, “Budget culprit is California tax code, ratings agency says,” http://latimesblogs.latimes.com/california-politics/2012/06/california-budget-taxes.html)

While Gov. Jerry Brown and top Democratic lawmakers haggle over spending cuts this week, Standard & Poor's said Monday that they're missing the core problem leading to California's budget crisis. The root of the budget morass, the ratings agency said, is the state's tax code. Tax revenue has grown more slowly and become increasingly unreliable, thanks in part to the state's heavy reliance on taxing the wealthy. Standard & Poor's estimated that income taxes on the richest 1% gave the state 11% of its general fund revenues in 2010, up from 2.7% in 1979. Brown's tax proposal, which he hopes voters approve in November, could make revenue even more unreliable because it would raise the tax rate on wealthy residents, the report said. Still, the ratings agency described it as an "emergency measure of sorts" that may be needed to balance the budget. Standard & Poor's concerns about the state's tax code [echoes those voiced by the legislative analyst's office](http://latimesblogs.latimes.com/california-politics/2012/01/gov-jerry-brown-budget-california-state.html%22%20%5Ct%20%22_self), which provides nonpartisan budget advice to lawmakers. [In its report,](https://www.documentcloud.org/documents/368096-report.html%22%20%5Ct%20%22_self) the ratings agency painted a bleak picture of a state struggling to reboot its economy after the recession and wrestling with budget problems unique in their size and complexity. Standard & Poor's also downplayed a central line of criticism from Republicans, saying overspending is not driving the state's problems. "We don't see the state's existing spending level as the key source of its budget distress," the report said. "In fact, the state is currently spending less as a share of its economy than it has at any point in the past 39 years." Looming in the background is California's overburdened pension system. Although the problem contributes "little if anything to its current budget predicament," the report said, it could eventually drag down the state's credit rating.

##### **California’s economy is failing now – San Bernardino bankruptcy proves**

**Ponick** (Writing on investing, politics, music, and theater for the Washington Times Communities) 7/11/**12**

(Terry, “Is California America’s Greece?” http://communities.washingtontimes.com/neighborhood/morning-market-maven/2012/jul/11/california-americas-greece/)

WASHINGTON, July 11, 2012 – We move from this column’s unexpected [joust with global warmists](http://communities.washingtontimes.com/neighborhood/morning-market-maven/2012/jul/10/solar-flares-warm-tuesdays-markets/%22%20%5Ct%20%22_blank) to another metaphorical solar flare—this time, one that’s erupting in California. According to CNBC, the city of San Bernardino will file for bankruptcy protection: “Chapter 9 bankruptcy would give San Bernardino an opportunity to restructure its battered finances, city staff said during a webcast of the city council meeting.” If San Bernardino goes through with this intended action, it would become the third California municipality to file for bankruptcy. Additional municipalities are in the on-deck circle. This is very possibly the beginning of the municipal domino effect in the nation’s biggest state as the piper finally demands to be paid. Arguably, California’s epic profligacy has turned it into America’s version of Greece—and given its sheer size and population, maybe America’s Spain and Italy as well. Via clever gerrymandering and mid- 1990s [chicanery by Al Gore and company](http://archive.newsmax.com/articles/?a=2000/8/28/213325" \t "_blank) to jam pile new immigrants as rapidly as possible onto the voting rolls, California turned permanently socialist-Democrat over the last twenty years or so, gerrymandered to the hilt to assure a permanent leftist majority in its government. The state, once the comfortable abode of conservative saint Ronald Reagan (and even Dick Nixon), now very strongly resembles modern Greece in its addiction to deficit spending on extravagant projects (like the bullet train to nowhere) and its inability to facew reality. Like much of our troubled country today, California government is strongly influenced by the perpetual adolescents who now, as aging Boomers, create mountains of unfunded governmental fantasies with the aim of making themselves feel morally superior. Unfortunately, the bill for their profligacy is staggering—not the least of which is their looming early retirement and pension tsunami.

Links

Link Turn

##### **Investment in Cali infrastructure helps the economy – job creation**

**Semler** (Professor of the Government Department at Sacramento State University) 20**05**

(Michael, “Financing California’s Infrastructure,” <http://www.csus.edu/calst/government_affairs/reports/financing_california.pdf>, December 2005)

As entrepreneurs, investors, and residents observe, prudent investment in California’s infrastructure impacts everyone. Whenever governments, like private firms, make capital investments, jobs are created and opportunities exist for further economic growth and productivity. The magnitude and type of employment opportunities created vary depending on the nature of the capital project. As in the private sector, some investments produce goods that generate substantially more employment and economic growth (as measured by increases in gross domestic product). Obviously, large public-sector construction and renovation projects have a direct impact on employment in the construction industry and in secondary or dependent industries. These activities also stimulate the creation of additional jobs (induced employment) in other industries, e.g. retail merchants, financial services, and tourism. These activities help make everyone wealthier. In addition, investment in upgrading or renewing existing public facilities avoids negative economic effects that can result from a deteriorating infrastructure. Absent investment in adequate communication, water, and educational resources, for example, private sector employment opportunities cannot exist.

Link Defense

###### **No risk to spending- debt will be paid gradually**

**Hirsh and Mitchell 03** [“Three: Making California's State Budget More User-Friendly and Transparent: Further Thoughts” Hirsch, Werner Z : Professor-Emeritus Werner Z. Hirsch, an eminent scholar of public finance, governmental operations, and the interrelation of law and economics, died on July 10, 2009. He joined the UCLA Economics Department faculty in 1963 and retired in 1990, although he continued to teach and publish after his retirement. Early in his UCLA career, Prof. Hirsch was the founder of the UCLA Institute of Government and Public Affairs Mitchell, Daniel J.B. : DANIEL J.B. MITCHELL is professor-emeritus at UCLA Anderson School of Management and the School of Public Affairs, U.C.L.A. Within the latter school, he chaired the Department of Policy Studies (now the Department of Public Policy) during 1996-97. Prof. Mitchell was formerly director of the U.C.L.A. Institute for Research on Labor and Employment (1979-90) and continues to serve on the Institute's advisory committee 01-01-2003: California Policy Options: California Policy Options, UCLA School of Public Affairs, UC Los Angeles : http://escholarship.org/uc/item/06p6c3n3 ]

One clause requires a vote of the people for debt issuance of general obligation debt (see below). But it does not hinder issuance revenue anticipation notes and similar short-term securities. Even revenue anticipation warrants – which borrow in one fiscal year against revenue in the next – can be issued without a vote (and were in June 2002).22 In short, there is no balanced budget mandate in the state constitution, at least in any precise terminology. That does not mean, however, that California is free to enact unbalanced budgets without limit. Even were the constitution to mandate that budgets be balanced by some clear-cut definition, a budget is simply a forecast of receipts and expenditures. And forecasts can turn out to be in error. A seemingly-balanced budget might turn out to be unbalanced after the fact. Thus, the ultimate fiscal disciplinarian for the state is not a legal constraint but the national (and international) financial market. As borrowing becomes more and more expensive or difficult, the state will be forced to make fiscal adjustments. And the electorate may respond to such developments in ways that punish those viewed as responsible. Potential lenders – and rating services – will consider various factors in evaluating the riskiness of California debt. The ultimate question for any lender is “Will I be repaid on time with promised interest?” There is no simple formula that can answer that question. Rather, there are indicators that must be subjectively weighted by prospective lenders. At the end of calendar year 2001, the State of California owed about $27 billion in general fund supported debt, i.e., debt whose interest and repayment must come from the General Fund. About $21 billion of this total consisted of general obligation securities backed by “the full faith and credit” of the state. The remainder was lease-revenue securities that were backed by the budgets of particular state departments (and which are rated slightly lower for that reason by the rating agencies). Interest on such obligations as a proportion of expected receipts to the general fund will itself be small. Because interest from state and local securities is generally free of income tax, the return on such securities that will be accepted by lenders is lower than it otherwise would be. If we assume, say, a 4-6% interest rate on the debt, interest payments would be about $1.4 billion per annum, i.e., on the order of 2% of general fund receipts. However, particular security issues, as 31 they mature, can require large lump sums of cash for repayment, if they are not rolled over into new debt. And some debt service goes beyond interest into the repayment of principal on outstanding debt. During fiscal 2001-02, the state sold over $4.2 billion in new general obligation and leaserevenue securities. In addition, because the timing of expenditures and receipts of the state does not match within the fiscal year, the state issues short-term revenue anticipation notes to provide needed cash. During 2001-02, the state sold $5.7 billion of such securities. It expects to sell $7 billion in the fall of 2002, at currently low short-term interest rates. Finally, various items were put on the ballot for November 2002 that would allow the state to issue over $18 billion general obligation securities for housing programs, educational construction programs, and water projects. Authorization to issue bonds, however, does not require the Treasurer to issue them immediately. Nonetheless, as the state’s debt load increases, lenders may become progressively nervous about the default risk. Even a large debt burden can in principle be paid if the state Legislature and the Governor impose the necessary taxes and/or reduce spending sufficiently. Thus, part of the judgment in determining the riskiness of California debt is an assessment of political will. The fact that difficult state budget decisions were deferred and delayed by legislative stalemate beyond the end of the fiscal year (end of June) for both 2001-02

\*\*\*Texas Econ DA

2AC Shell

#### Texas will barely survive Obama care with budget limits

Young 12(MICHAEL E. YOUNG Dallas News Staff Writer Texas Gov. Rick Perry touts budget limits as crucial to state’s future at Plano chamber 18 April 2012) http://www.dallasnews.com/news/politics/state-politics/20120418-texas-gov.-rick-perry-touts-budget-limits-as-crucial-to-states-future-at-plano-chamber.ece

In a room packed with members of the Plano Chamber of Commerce and more than a few sitting or would-be state legislators, Gov. Rick Perry set the parameters for crafting the next state budget by presenting what he called the five simple tenets to his Texas Budget Compact.? Those principles – truth in budgeting, a Constitutional limit on spending tied to population growth and inflation, rejecting new taxes or increases and making the small business tax exemption permanent, preserving a strong Rainy Day fund, and cutting unnecessary or duplicative programs and agencies – will help assure that Texas remains atop the other states in job creation and other economic categories, Perry said.? He paused at one point and directed a comment at new Plano Schools Superintendent Richard Matkin, whose background is in accounting. “Superintendent, if you did your budgeting like the Texas Legislature did in recent years, you’d be in trouble,” the governor said.? Matkin quickly assured him he wouldn’t.? Perry underscored that with the business crowd – how revenue and income determine how they operate, and how they live.? It has to be the same with the state, Perry said.? “As we focus on the next Legislative session, we’re going to continue to be thoughtful in our budget process in Austin, Texas,” he said.? Truth in budgeting will give the state’s residents’ faith and trust in government. And to reinforce that, setting state budget limits based on population growth and inflation rather than on personal income is crucial, Perry said.? So is making the small business tax exemption permanent, he said. “Why should [small business owners] have to come to Austin every two years and beg for it?” Perry asked.? With those kinds of guarantees in place, Texas can continue as a leader in job creation, the governor said. But the future also rests on decisions in Washington, D.C. – notably Medicaid and President Obama’s health plan, “the ticking time bomb” for state spending, Perry said.? Medicaid “already consumes a massive amount of our budget,” he said, and spending “will accelerate if the Supreme Court doesn’t find Obama-care unconstitutional.”? A few minutes later, in a brief chat with reporters outside the Collin College Conference Center, Perry warned that the president’s health plan and Medicaid costs “will bankrupt a substantial number of states.”? Texas will survive, he said, but “it bankrupts California. There’s no way around it.”? Perry also mentioned his abortive campaign for the Republican presidential nomination, telling the crowd he worries when he sees a stage with more than one podium on it, alluding to his debate performances.? But he pointed out that for a while at least, he was the leading Republican contender in the race.

2AC Shell

#### Texas Spending will create budget problems

Deshotel 7/3/12(Texas State Rep. Joe Deshotel District 22Texas' Stymied Budget Could Hurt Future Economic Growth, Jul 03, 2012, http://www.burntorangereport.com/diary/12447/texas-stymied-budget-will-hurt-future-economic-growth

Texas is the nation's fastest growing state but consecutive biennial budget deficits threaten its long-term economic competitiveness. On June 4th state leaders hinted at additional cuts to education and healthcare services by asking agencies how they would go about cutting another 10% from their general revenue. According to the Center for Public Policy Priorities the request ignored increases in population and inflation while using the 2011 reduced funding levels as its General Revenue baseline. This fiscal year Texas is projected to have the 3rd largest budget deficit as a percentage of revenue, one spot ahead of California and only out-shorted by New Jersey and Nevada. The structural budget problem has persisted since a 2006 reduction in property taxes was replaced by an underperforming franchise tax. John Heleman, chief revenue estimator for Republican Comptroller Susan Combs said,? A $10 billion budget shortfall will reappear in future legislative sessions again and again unless lawmakers better align how much money comes in and how much goes out,? Last year House Speaker Joe Straus acknowledged the structural deficit,? We have no choice, unless we want to continue to try to grow our population and continue to shrink spending significantly…I think at some point you can't cut your way to prosperity.? Others disagree, 5 state Senators, US Senate candidate David Dewhurst and Gov. Rick Perry have all signed the 'Taxpayer Pledge' to "oppose and vote against any and all efforts to increase taxes." Straus has been targeted as a 'moderate' by Empower Texans the same group promoting the pledge and a force behind the legislature's recent push to the right. Under the name Texans for Fiscal Responsibility the group is coordinating, as it did in 2011, with other conservative organizations as Texans for a Conservative Budget. Joshua Trevino spokesman for Texas Public Policy Foundation, another of the aligned groups, referred to last session's cuts as "a good start".? Fact: If all of the state's 6.5 million uninsured were placed in one city it would surpass Houston's metro area as the nation's 4th largest.? Texas officials have pledged to fight the expansion of Medicaid in Texas. For states that choose not to opt-out the federal government will cover a majority of the new spending. That could be a loss of 186 billion in Federal dollars over the next decade says State Representative Garnet Coleman. Medicaid is chiefly how poor children, elderly and disabled gain access to care. How this demographic has faired during these cuts has been part of the soft underbelly of the Texas economic model, that is propped up by the state's unmatched natural resources. A study by Feeding America revealed that 18% of all Texans and 27% of Texas children face food insecurity. Short-tern costs related to insecurity include, "greater odds of being hospitalized, and the average pediatric hospitalization costs approximately $12,000" and long-term costs as, "contribut[ing] to high health care costs throughout life" and "greater absenteeism." A growing population of underserved youth combined with cuts to education funding is creating a negative outlook for Texas' ability to sustain economic growth. Bill Hammond, president of the Texas Association of Business was recently quoted saying, "If we are going to remain competitive in the world's market, we are going to have to have an educated workforce. We do not have one today." At least one prominent Texas politician is willing to ask his constituents for a tax increase to cover the state' insufficient appropriations. Mayor Julian Castro of San Antonio is proposing a 1/8th cent sales tax to help pay for full day Pre-K for predominantly low income children. The council will vote in August to give voters the chance to approve the measure in November. The proposal has the support of local businesses, education leaders and HEB CEO Charles Butt. Should it pass legislators can take it as a sign that the cuts are being felt and the economy adversely impacted. A Texas A&M cost-benefit analysis of Pre-K concluded:? The benefits of universally-accessible, high-quality pre-kindergarten for four-year- olds in Texas greatly outweigh the costs. Program participants benefit from increased graduation and retention rates and increased lifetime earnings. Mothers of participants also receive increased lifetime earnings and increased income. Benefits to the State of Texas are lower juvenile crime, less child abuse, and increased tax revenue. The benefits of pre-kindergarten are particularly large for children from low-income and minority households.? Just a decade ago Texas ranked 25th nationally in per pupil spending while today it ranks 37th. The 82nd legislature's $4.5 billion cuts from education did not include an estimated 160,000 new Texas students in its formula. Many advocates for cuts argue there is no correlation between spending and results but a 2011 study showed Texas ranking "below average" in math and science, skills that will be needed as we move towards a more information based economy. Companies may appreciate Texas' low tax atmosphere for business but they will think twice before moving higher paying jobs here if they will have to import talent from other states or countries.

2AC Shell

#### States deficit problems will force cuts in law enforcement, education and transportation infrastructure

Associated Press 7/17 Associated Press US States’ Financial Woes Eroding Services 7/17/12 http://www.npr.org/templates/story/story.php?storyId=156921364

U.S. states face long-term budget burdens that are already limiting their ability to pay for basic services such as law enforcement, local schools and transportation, a report released Tuesday said.? Aging populations and rising health care costs are inflating Medicaid and pension expenses. At the same time, revenue from sales and gas taxes is shrinking. And grants from the federal government, which provide about a third of state revenue, are likely to shrink, the report said.? Those challenges are made worse by a lack of planning by many states and the repeated use of one-time accounting gimmicks to cut costs, the report added.? The report was issued by the State Budget Crisis Task Force, a non-profit co-chaired by former Federal Reserve Chairman Paul Volcker and former New York Lieutenant Governor Richard Ravitch. It focused on six states that encompass about a third of the U.S. population: California, Illinois, New Jersey, New York, Texas, and Virginia.? The states' financial problems aren't just a result of the recession and slow recovery, the report said. They have built up over years.? Increased spending on health care and pensions are crowding out other funding. Many states have already cut spending on public universities and infrastructure such as roads and public transit, Ravitch said at a press conference Tuesday.? California has cut its spending on state universities 12.5 percent in the past five years, the report said. South Carolina has reduced its support 30 percent in that period, the deepest cuts in the country. Florida and Iowa have cut higher education spending about 25 percent.? All that is making it harder for poorer Americans to attend college, Ravitch said.? "That does not augur well for economic growth in the future," he said.? Diminished aid from states has pushed up tuition. Concerns are rising that some leading public universities, such as the universities of Michigan and Virginia, "are moving toward de facto privatization with high fees that effectively exclude many highly qualified lower income students," the report said.? To ease that burden, some states are providing more aid to needy students rather than spending directly on colleges and universities.? Long-term trends are squeezing state finances, the report said. Spending on Medicaid, the federal-state health care program for the poor, is growing much faster than state tax revenue. The Obama administration's health care reform will likely accelerate that growth, it said. Medicaid already consumes a bigger portion of state budgets than does spending on elementary and high school education.? In addition, state and local government pension plans are at least $1 trillion short of what they need to pay for their pension promises. Even that figure is based on dubious assumptions by many states about the investment returns their pension funds will earn, the report said. Some studies using more realistic assumptions put the shortfall as high as $3 trillion.? Meanwhile, more Americans are buying goods online, which in many cases means they don't pay state sales taxes. A rising number of states are demanding that online retailers collect the taxes. And consumers are spending more on services, such as medical care, that don't pay sales taxes, and less on goods.? Higher gas prices and more fuel-efficient cars mean Americans are buying less fuel, thereby reducing gas tax revenue.? Volcker acknowledged that despite these challenges, most states can still borrow by issuing bonds at low interest rates. That's mostly because many states have constitutional requirements that they pay bondholders before they pay other bills.? The report recommends that states do more long-range budget planning. They should also be more transparent about pension promises made to state and local employees. That would make it easier for voters to understand what those promises entail. And they should build up bigger "rainy day" funds when the economy is healthy to limit the need for cuts and tax increases in recessions.? But the task force's primary goal is to raise pressure on policymakers to shore up states' finances.? "It isn't going to get the attention it deserves until there are serious expressions of public unhappiness," Ravitch said in an interview.? Resolving the problem is mostly a matter of political will, he said. Ravitch has had a long career dealing with state and local finances in New York. He helped revive New York City's subway system as chairman of the Metropolitan Transportation Authority in the early 1980s. That involved delicate negotiations between transit unions and state lawmakers.? But now, in most states, the two parties are sharply divided on how to solve their long-term fiscal challenges, he said. Republicans are largely focused on cutting pensions; Democrats are mostly concerned with raising tax revenues.

2AC Shell

#### Texas Education key to economy and sustainable infrastructure

Price 7/16(Bob Price US Air Force Veteran, Texas Economic Success Leads to Skilled Labor Shortage - Education, Immigration and Sustainable Workforce, Jul 16, 2012) http://www.texasgopvote.com/issues/grow-economy/texas-economic-success-leads-skilled-labor-shortage-education-immigration-and-004435

The political landscape of Texas has kept the business community strong. With all of the growth comes new construction, infrastructure expansion and maintenance. This all requires skilled labor, and that has quickly come into short supply according to a recent article on ConstructionCitizen.com.? Our current education system is a key component to this manpower shortage. We place way too much emphasis on preparing all students for a 4 year university education. Little emphasis is placed on building a skilled labor force. According to Texas Workforce Commissioner Tom Pauken, "This one-size-fits-all approach is a big mistake. Texas needs two approaches - college ready and career ready."? According to a furniture manufacturer in San Marcos, "I couldn't find an employee in this town if my life depended on it." And most certainly, the life of his business does depend on it.? Jane Hanna, president and executive director of the Construction Education Foundation of North Texas, told Community Impact Newspaper, "The average age of a skilled craftsman is 49; the average age for a stone mason is 69. In the next four to six years, 20% of the skilled laborers in the construction industry will be retiring." ? Our education system needs to be reformed to teach critical skills and emphasize the value and honor of honest skilled labor. But education reforms are a long term solution. Texas needs labor right now.? Immigration reform and a guest worker program, like the one called for in the Republican Party of Texas (RPT) 2012 Platform, "The Texas Solution", could provide almost immediate relief to a strained Texas workforce.? Texas Land Commissioner Jerry Patterson, who spoke on the floor of the RPT convention last month in support of the Texas Solution, explained, "Employers today have difficulty in finding folks who have construction skills, who show up on time and consistently do a good days work. We have a shortage in these trades and it's hurting our economy."? We also need to make changes to our workforce laws which will help legitimate employers who properly classify workers as employees and withhold taxes. These kinds of companies are interested in creating and maintaining a sustainable workforce which will create long term employment with rich and fulfilling career paths for our future. The unethical and illegal practice of misclassifying employees as independent contractors gives the unscrupulous company an unfair advantage over companies who practice ethical and legal employment policies. ? They also discourage our young people from looking for careers in construction, hospitality, maintenance and other service related industries upon which our economic system depends. Currently, our state labor laws lack the teeth to provide adequate enforcement. As we approach the next legislative session, we will be looking for Republican members of the legislature to take the lead on this weakness in our system.

#### Economic downturns cause global wars

Mead 9 — Henry Kissinger Senior Fellow at the CFR, Professor at Yale (Walter Russel, "What Doesn't Kill You Makes You Stronger," The New Republic)

So far, such half-hearted experiments not only have failed to work; they have left the societies that have tried them in a progressively worse position, farther behind the front-runners as time goes by. Argentina has lost ground to Chile; Russian development has fallen farther behind that of the Baltic states and Central Europe. Frequently, the crisis has weakened the power of the merchants, industrialists, financiers, and professionals who want to develop a liberal capitalist society integrated into the world. Crisis can also strengthen the hand of religious extremists, populist radicals, or authoritarian traditionalists who are determined to resist liberal capitalist society for a variety of reasons. Meanwhile, the companies and banks based in these societies are often less established and more vulnerable to the consequences of a financial crisis than more established firms in wealthier societies. As a result, developing countries and countries where capitalism has relatively recent and shallow roots tend to suffer greater economic and political damage when crisis strikes--as, inevitably, it does. And, consequently, financial crises often reinforce rather than challenge the global distribution of power and wealth. This may be happening yet again. None of which means that we can just sit back and enjoy the recession. History may suggest that financial crises actually help capitalist great powers maintain their leads--but it has other, less reassuring messages as well. If financial crises have been a normal part of life during the 300-year rise of the liberal capitalist system under the Anglophone powers, so has war. The wars of the League of Augsburg and the Spanish Succession; the Seven Years War; the American Revolution; the Napoleonic Wars; the two World Wars; the cold war: The list of wars is almost as long as the list of financial crises. Bad economic times can breed wars. Europe was a pretty peaceful place in 1928, but the Depression poisoned German public opinion and helped bring Adolf Hitler to power. If the current crisis turns into a depression, what rough beasts might start slouching toward Moscow, Karachi, Beijing, or New Delhi to be born? The United States may not, yet, decline, but, if we can't get the world economy back on track, we may still have to fight.

Uniqueness Wall

#### Texas Budget barely sustainable now

Tomlinson 12, Chris Tomlinson Associated Press, Medicaid spending growing faster than Texas taxes, May 7 2012 http://www.chron.com/news/article/Medicaid-spending-growing-faster-than-Texas-taxes-3539136.php

AUSTIN, Texas (AP) — Texas' share for providing health care to poor children, the impoverished elderly and the disabled is growing faster than tax revenues to pay for services, creating another state budget challenge next year, top agency officials told lawmakers Monday.? Texas' Medicaid director Billy Millwee told lawmakers that his program will likely achieve only 88 percent of the cost savings forecast in the current budget. Experts had warned lawmakers last year that they were underfunding the Medicaid program by $4.8 billion, an amount lawmakers will have to make up when they meet again next year.? Agency officials told the House Appropriation Subcommittee that the number of people qualifying for the Medicaid program nearly doubled between 2000 and 2011, and the number of poor children grew more than 10 percent in 2010 alone. The Medicaid population grows an average of 6.3 percent a year.? Monday's testimony confirmed Gov. Rick Perry's warning that Medicaid costs represent a major challenge to the state budget, and he called for lawmakers to get the program under control. But lawmakers are likely to have a hard time finding enough cuts in services and cost-savings to balance the budget when they meet again next year. The total shortfall could amount to more than $10 billion without significant changes to the program.? Last year, the Legislature cut about $15 billion in state spending and roughly $12 billion in services to balance the two-year budget. Medicaid represents about 20 percent of the state budget, and for every $1 Texas spends on the program, the federal government matches $1.47 to help cover the costs, many mandated by federal law.

Uniqueness Wall

#### Major cuts happening now to maintain budget

The Daily Texan 6/24(The Daily Texan, State budget cuts asks Texas agencies to reduce finances 24 Jun 2012) <http://www.dailytexanonline.com/state/2012/06/24/state-budget-cuts-asks-texas-agencies-reduce-finances>

Governor Rick Perry’s call for Texas agencies to cut spending over the next two years has prompted a statewide search for fiscal inefficiencies, a search UT will undertake in the next few months. It is currently unclear how these reductions will affect universities across Texas.? Perry and the Legislative Budget Board, a committee of the Texas Legislature that oversees budget analyses and recommendations, sent a letter June 4 directing Texas agencies to keep their 2014-15 budgets below the 2012-13 biennium expensed and budget total. It also called on state agencies to identify proposals to further reduce budgets by 10 percent. These proposals will ultimately be decided upon when the budget board meets in January.? Mary Knight, associate vice president of the UT budget office, said a 10 percent reduction for UT would amount to a $59 million cut over two years. Knight said it is unclear how UT will be affected if the Legislative Budget Board approves the reduced budget proposals.? Officials in the governor’s office said every agency in Texas is being asked to search for inefficiencies within their budgets and to propose reductions.? Knight said UT has an ongoing five-year budget planning process that involves deans from respective college and vice presidents who collaborate with the president and provost to determine strategic priorities for each unit of the University.? “At this point, the reductions are part of a planning process for next legislative session,” Knight said. “Until the legislative session begins in January of 2013, we will not have the details of how this may impact UT Austin.”? Michael Morton, president of the Senate of College Councils, said it is difficult to determine where the cuts will be made within the University at this point if the Legislature asks state institutions to cut their budgets.? In the 2011 legislative session, the Texas Legislature cut 17.5 percent of UT’s budget, or $92 million, over two years. Morton said cuts made in the last budget cycle resulted in the loss of valuable administrators and staff members. He is a member of the President’s Student Advisory Council, a group of 12 students who guide the University president in matters relating to student interests, including finances and tuition.? Morton said UT is currently already operating at minimal costs, making additional cuts especially harmful.? “There’s a lot of little things that I don’t think people realize are affected by the cuts,” Morton said. “It does take a toll on people and it does take a toll on the university because we’re receiving less and less state funding.”? A 2.6 percent tuition increase proposed by President William Powers Jr. was denied by the UT Board of Regents in May, which Morton said would have made up some of the ground lost by budget cuts.? “I supported the tuition increase of 2.6 percent,” Morton said. “It was a modest increase for the situation that we, as an institution, are in. Ultimately, I thought it was better in the long run for the institution and better for students. Obviously no one wants a tuition increase in an already poor economic climate, which is why state funding is so critical and why we need to continue to get that message heard at legislature.”? Lucy Nashed, spokeswoman for the governor’s office, said Perry has asked universities to avoid raising tuition in the future if the reduced budget proposals are approved. Nashed said Perry has been very vocal about keeping tuition rates frozen.? “Tuition shouldn’t be the first place universities look to raise to revenue,” Nashed said. “He’s still calling on universities to find deficiencies. There’s still a lot that can be done before tuition needs to be increased.”? Nashed said the governor’s overarching vision for the state is to maintain fiscal discipline and to streamline government operation. She said not raising taxes for Texas residents is one of Perry’s goals outlined for this upcoming budget cycle.? “He has asked lawmakers to keep this [goal] in mind, and now we’re just asking agencies to take a look at their budgets and see what savings they could find,” Nashed said. “It’s basically just kind of setting the stage.”

Econ Internal Link

#### Texas is barely stable now and is key to econ

Houston Chronicles 7/12 (Houston Chronicles, Texas politicians crow as state named nation’s most business-friendly — again, 7/12/12) <http://blog.chron.com/txpotomac/2012/07/texas-politicians-crow-as-state-named-nations-most-business-friendly-again/>

The news prompted an outpouring of praise from Texas politicians, notably Gov. Rick Perry, who issued a statement that painted Texas as an ideal place to live and work.? “Claiming the spot as America’s Top State for Business 2012 reinforces the fact that the Lone Star State is the nation’s leader in fostering an economic climate that creates jobs, promotes innovation and opens the door to unlimited opportunity,” Perry said. “Our conservative fiscal policies, including low taxes, fair courts and predictable regulations, keep our state the top destination to live, work, grow a business and raise a family.”? Perry was joined by a range of Texas politicians who posted messages on their Facebook pages lauding the state’s ranking.? “Great news for the Lone Star State! TEXAS ranked as the #1 state for doing business, again!” Rep. Francisco “Quico” Canseco, a San Antonio Republican, posted.? “Great news and further proof that policies in the Lone Star State are working!” Rep. Joe Barton of Ennis wrote.? And Rep. Sam Johnson, a Plano Republican, even snuck in a political dig in his response.? “Good read – Texas ranked #1 for business in 2012. That’s what happens when you don’t punish people or businesses with heavy tax burdens,” Johnson posted.? Each year, CNBC scores the 50 states “on the criteria they use to sell themselves.” This year’s rankings were more comprehensive than years past, “using 51 metrics developed with the help of the National Association of Manufacturers and the Council on Competitiveness, as well as input from the states themselves,” CNBC reported.? Some of the categories used to rank the states included economy, education, quality of life and cost of living. Texas ranked highest in infrastructure, was second in technology and innovation and third in cost of living.? “Texas endured a wrenching budget crisis last year. While the state is still not out of the fiscal woods, it managed to emerge with its sterling, triple-A bond rating and stable outlook intact,” CNBC said.

Jobs Internal Link

#### Texas economy is key to jobs

Aaronson 12 (Becca Aaronson Texas Tribune Staff Writer Texas Economy Gains Jobs, Even in Government March 30, 2012) http://www.texastribune.org/texas-economy/economy/texas-economy-gains-jobs-even-in-government/

The Texas economy continued its upward climb in February, gaining 27,900 jobs while the unemployment rate dropped slightly, from 7.3 percent to 7.1 percent.? “Texas’ job growth over the past year points to a steady and sustained expansion of our state’s economy,” Tom Pauken, chairman of the Texas Workforce Commission, said in a prepared statement. He also highlighted Texas' positive job growth over the last 22 months. ? Check out this Tribune interactive to see which Texas industries rebounded from the Great Recession in 2011.? The nation as a whole is in the midst of recession-recovery, but Texas’ unemployment rate has consistently remained lower than the national unemployment rate, currently at 8.3 percent. ? The biggest surprise from February's employment stats is the change in government jobs, which grew by 12,800 between January and February. After a year of budget cuts and consistent reductions, the total number of government jobs remains 57,900 fewer than in February last year.? Construction had the greatest percentage growth over the month, at 0.8 percent. Mining and logging, which includes the booming oil and gas industry, had the greatest growth over the last year, at 16.4 percent. ? Professional and business services, which gained jobs last month, lost 3,000 jobs in February. The industry still had 57,700 more jobs than at this point last year.

\*\*\*Texas Rainy Day DA

2AC Shell

#### Rainy Day funds won’t be used now

Texas Tribune 12 (Texas Tribune, Budget Battles Still Ahead for Texas Legislature January 30, 2012) <http://www.texastribune.org/texas-taxes/budget/budget-battles-still-ahead-legislature/>

Revenue is expected to grow for the foreseeable future, but slowly, said Eva DeLuna Castro of the Center for Public Policy Priorities, a liberal think tank. She said the situation probably won’t be better, but it might not be worse either.? “We might actually just see a rerun,” she said.? That could mean a repeat of the $15 billion cut from the current state budget — a budget that will need an emergency appropriation in 2013 just to cover the state’s Medicaid bill. One bright spot is that the state could have more than $8 billion in its Rainy Day Fund. DeLuna Castro said that for that to help, lawmakers must be willing to spend it.? “Just as in the 2011 session, we did have a sizable Rainy Day Fund, but legislators weren’t willing to use it all,” she said. “So, if that dialogue doesn’t change, if they’re saying the Rainy Day Fund is once again mostly off limits, that narrows down a lot of options that legislators have.”? Many conservatives pushed for saving the Rainy Day Fund in 2011. Gov. Rick Perry helped lead the charge, as did the Texas Public Policy Foundation, a conservative think tank.? “We’re still advocating not using any of the money for ongoing expenditures for the next biennium,” said Talmadge Heflin, who directs the policy foundation's Center for Fiscal Policy.? Heflin said lawmakers could use Rainy Day funds for that looming Medicaid bill, which could reach $5 billion. Beyond that, as always, Heflin is pushing for more cuts and no new taxes in the next state budget. He acknowledged that making cuts for two straight sessions wouldn't be easy.? “Every dollar has a constituent, and those constituents start communication with the legislators when there’s talk about cutting them back,” Heflin said. “So yeah, the more you come press it, the more difficult it is.”

2AC Shell

#### Spending now will tap Rainy Day Fund and cut education

CBS News 12(CBS News Texas Medicaid debate about politics, ideology July 16, 2012) http://www.cbsnews.com/8301-505249\_162-57472811/texas-medicaid-debate-about-politics-ideology/

AUSTIN, Texas — The debate in Texas over whether to fully implement the new federal health care law has little to do with health care, and a lot to do with ideology and politics.? Texas Health and Human Services Commissioner Tom Suehs summed it up best last week when he said the question is not whether to pay for poor people's health care, but who will pay.? Suehs released new calculations on Thursday that showed fully implementing the law and insuring more than 2 million additional people under Medicaid would cost about $16 billion over 10 years, an increase of less than 2 percent in state spending over current levels. The Affordable Care Act would make the state and federal government responsible for paying the health care costs of the indigent, an expense currently paid with county property taxes.? The biggest difference between expanding Medicaid and the current system is that the federal government doesn't supplement property taxes spent on health care. If the state expanded the Medicaid program using its funds, the federal government would pay nearly $9 for every $1 the state spent. So if the state spent the extra $16 billion, the federal government would match it with $100 billion.? Gov. Rick Perry has a long history of rejecting federal funds that come with strings attached, arguing that they undermine state sovereignty. He's demanded that Washington transfer the money and let the states decide how best to spend it.? The Affordable Care Act "essentially treats the states like subcontractors through which the federal government can control the insurance markets and pursue federal priorities rather than those of the individual states," Perry said in a letter to Kathleen Sebelius, the secretary of U.S. Health and Human Services, announcing he would not expand Medicaid or start a health insurance exchange to help people buy health insurance.? Like most Texas Republicans, Perry believes in limited government and has called for the state to keep spending flat. Conservative activists have formed a chorus threatening to oust politicians who talk about raising government spending, and several Republican incumbents in the Texas House, including three powerful committee chairs, lost primary challenges to tea party activists who promise a strict no-new-spending ideology.? Perry's position is rooted in philosophy, but also serves a political purpose. He is raising money to run for a fourth term as governor while holding out the possibility he will run again for president, as early as 2016 if President Barack Obama is re-elected in November. Opposing the Affordable Care Act burnishes his conservative credentials, which is reflected in his office's rhetoric.? "Attempting to expand it at any rate would be absolutely absurd and irresponsible, chipping away at other essential state programs like education and public safety," Perry spokeswoman Catherine Frazier said after the reduced cost estimates were announced. "The governor's focus remains on fully repealing Obamacare."? Perry and his fellow Republicans, who hold every statewide office and control both chambers of the Legislature, are unlikely to expand the state's Medicaid program. But that doesn't mean programs that provide health care for the poorest people are not facing a crisis.? State officials estimate more than 24 percent of Texas residents are not enrolled in any form of health insurance or government program, the highest rate in the nation. Texas has one of the strictest Medicaid programs in the country, barring single adults from the program completely and setting an income limit of $2,256 a year for families of three. Poor children, the disabled and the impoverished elderly comprise most of the program.? To balance the state's budget without raising taxes, Texas lawmakers have slashed how much they reimburse doctors to the point where nearly 70 percent of doctors are not accepting new Medicaid patients. Hospitals that treat the poor complain that the program to help them pay for treating Medicaid patients and the indigent will soon bankrupt them because the state's payments don't cover the actual costs.? Lawmakers shorted the Medicaid program $4.8 billion in the current budget, and they will need to make up the shortfall when they meet again next year. Based solely on population growth and inflation, the program will likely grow by another $5 billion in the next budget, Suehs has said.? Democrats have called on the Legislature to tap the state's Rainy Day Fund and to close tax loopholes, two steps that would boost state spending. If Republicans stick to their ideological guns, they will need to make even more budget cuts, with public education the largest chunk of state spending.

2AC Shell

#### Texas Education key to economy and sustainable infrastructure

Price 7/16(Bob Price US Air Force Veteran, Texas Economic Success Leads to Skilled Labor Shortage - Education, Immigration and Sustainable Workforce, Jul 16, 2012) http://www.texasgopvote.com/issues/grow-economy/texas-economic-success-leads-skilled-labor-shortage-education-immigration-and-004435

The political landscape of Texas has kept the business community strong. With all of the growth comes new construction, infrastructure expansion and maintenance. This all requires skilled labor, and that has quickly come into short supply according to a recent article on ConstructionCitizen.com.? Our current education system is a key component to this manpower shortage. We place way too much emphasis on preparing all students for a 4 year university education. Little emphasis is placed on building a skilled labor force. According to Texas Workforce Commissioner Tom Pauken, "This one-size-fits-all approach is a big mistake. Texas needs two approaches - college ready and career ready."? According to a furniture manufacturer in San Marcos, "I couldn't find an employee in this town if my life depended on it." And most certainly, the life of his business does depend on it.? Jane Hanna, president and executive director of the Construction Education Foundation of North Texas, told Community Impact Newspaper, "The average age of a skilled craftsman is 49; the average age for a stone mason is 69. In the next four to six years, 20% of the skilled laborers in the construction industry will be retiring." ? Our education system needs to be reformed to teach critical skills and emphasize the value and honor of honest skilled labor. But education reforms are a long term solution. Texas needs labor right now.? Immigration reform and a guest worker program, like the one called for in the Republican Party of Texas (RPT) 2012 Platform, "The Texas Solution", could provide almost immediate relief to a strained Texas workforce.? Texas Land Commissioner Jerry Patterson, who spoke on the floor of the RPT convention last month in support of the Texas Solution, explained, "Employers today have difficulty in finding folks who have construction skills, who show up on time and consistently do a good days work. We have a shortage in these trades and it's hurting our economy."? We also need to make changes to our workforce laws which will help legitimate employers who properly classify workers as employees and withhold taxes. These kinds of companies are interested in creating and maintaining a sustainable workforce which will create long term employment with rich and fulfilling career paths for our future. The unethical and illegal practice of misclassifying employees as independent contractors gives the unscrupulous company an unfair advantage over companies who practice ethical and legal employment policies. ? They also discourage our young people from looking for careers in construction, hospitality, maintenance and other service related industries upon which our economic system depends. Currently, our state labor laws lack the teeth to provide adequate enforcement. As we approach the next legislative session, we will be looking for Republican members of the legislature to take the lead on this weakness in our system.

#### Economic downturns cause global wars

Mead 9 — Henry Kissinger Senior Fellow at the CFR, Professor at Yale (Walter Russel, "What Doesn't Kill You Makes You Stronger," The New Republic)

So far, such half-hearted experiments not only have failed to work; they have left the societies that have tried them in a progressively worse position, farther behind the front-runners as time goes by. Argentina has lost ground to Chile; Russian development has fallen farther behind that of the Baltic states and Central Europe. Frequently, the crisis has weakened the power of the merchants, industrialists, financiers, and professionals who want to develop a liberal capitalist society integrated into the world. Crisis can also strengthen the hand of religious extremists, populist radicals, or authoritarian traditionalists who are determined to resist liberal capitalist society for a variety of reasons. Meanwhile, the companies and banks based in these societies are often less established and more vulnerable to the consequences of a financial crisis than more established firms in wealthier societies. As a result, developing countries and countries where capitalism has relatively recent and shallow roots tend to suffer greater economic and political damage when crisis strikes--as, inevitably, it does. And, consequently, financial crises often reinforce rather than challenge the global distribution of power and wealth. This may be happening yet again. None of which means that we can just sit back and enjoy the recession. History may suggest that financial crises actually help capitalist great powers maintain their leads--but it has other, less reassuring messages as well. If financial crises have been a normal part of life during the 300-year rise of the liberal capitalist system under the Anglophone powers, so has war. The wars of the League of Augsburg and the Spanish Succession; the Seven Years War; the American Revolution; the Napoleonic Wars; the two World Wars; the cold war: The list of wars is almost as long as the list of financial crises. Bad economic times can breed wars. Europe was a pretty peaceful place in 1928, but the Depression poisoned German public opinion and helped bring Adolf Hitler to power. If the current crisis turns into a depression, what rough beasts might start slouching toward Moscow, Karachi, Beijing, or New Delhi to be born? The United States may not, yet, decline, but, if we can't get the world economy back on track, we may still have to fight.

Spending Link

#### Rainy Day funds will be accessed when spending due to too many cuts - momentum

Embry and Alexander 11 (Jason Embry and Kate Alexander Staff Writer Perry seeks to slow move toward rainy day fund March 7, 2011) http://www.statesman.com/news/texas-politics/perry-seeks-to-slow-move-toward-rainy-day-1305285.html

Gov. Rick Perry, sensing that lawmakers are racing to take money out of the state's rainy day fund to ease the impact of sweeping spending cuts, said Monday that they should use that money only as a last resort.? After a closed-door meeting with the House Republican Caucus, Perry said he does not think the time has come to tap the fund, where more than $9 billion is expected to accumulate by the end of the upcoming budget period in 2013. But in doing so, he seemed to soften on his earlier position that lawmakers should not use that money at all.? "I specifically asked them to look at all the different options before they would ever come to the point of saying, OK, that is an option," Perry said about the rainy day fund. "We're not there."? But House Appropriations Chairman Jim Pitts, R-Waxahachie, seemed to take exception to the idea that lawmakers haven't already made deep spending cuts, saying there are more than $30 billion in cuts in the proposed 2012-13 budget.? "It's frightening," Pitts said of the effect of those proposed cuts.? The state faces a two-pronged budget shortfall. It is about $4.3 billion short of the money needed to pay for the current two-year budget, which ends Aug. 31. The state is also about $23 billion short of the money needed to continue current services over the next two years.? Momentum has been growing to use the rainy day money to close the deficit in the current biennium, particularly after Comptroller Susan Combs, a Republican, said last week that there is not time for the state to cut its way out of that deficit.? Despite Perry's plea for a slowdown, Pitts said he plans to move ahead this week on legislation to use $4.3 billion from the rainy day fund for the current budget.? "The reality of it is … we don't have the money to pay our bills" without the rainy day fund, Pitts said.? Perry seemed to be more open to using the fund in conversations behind closed doors than he has been in his public comments. Pitts said Perry on Monday indicated a willingness to use some of the emergency reserve fund to close the hole in the current budget but was resistant to using any of it for 2012-13.? And Senate Finance Chairman Steve Ogden, R-Bryan , said Perry has said privately that he is open to accessing the rainy day fund once legislators have scrubbed all of the excess out of the budget.? At the start of the legislative session in January, Perry said lawmakers should keep their hands off the fund. But the first half of the session has been dominated by discussions of how deep spending cuts would affect the state. School districts are preparing to lay off thousands, state agencies are cutting their staffs and nursing homes are bracing for closure.

#### Texas insufficient budgets will pull from Rainy Day Fund

The Associated Press 11(The Associated Press Texas Senate OKs nearly $4B from Rainy Day Fund May 16, 2011)http://www.businessweek.com/ap/financialnews/D9N8N9TO0.htm

The Texas Senate has voted to spend nearly $4 billion from the state's Rainy Day Fund to cover gaps in the current state budget.? Spending money from the state's savings account has been one of the most controversial issues of the session. An earlier deal struck between lawmakers and Gov. Rick Perry would spend about $3.2 billion for the current budget.? The Senate moved to add the extra money late last week. The idea behind spending the extra $800 million is to free up that amount of money in the spending plan lawmakers are writing for the next two years.? Democrats tried Monday to get the Senate to spend an additional $3 billion, but those efforts were rejected by the Senate's Republican majority.? Spending money from the state's savings account has been one of the most controversial issues of the session. An earlier deal struck between lawmakers and Gov. Rick Perry would spend about $3.2 billion for the current budget.? The Senate moved to add the extra money late last week. The idea behind spending the extra $800 million is to free up that amount of money in the spending plan lawmakers are writing for the next two years.

\*\*Aff Answers

#### Texas economy fine now but infrastructure is the main threat to their economy

Perryman 12 Dr. M. Ray Perryman Institute Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies. The Economist: The Long-Term Outlook for the Texas Economy July 11, 2012 <http://www.wilsoncountynews.com/article.php?id=44404&n=commentaries-the-economist-the-long-term-outlook-for-the-texas-economy>

Texas is forecast to continue to outperform the nation through the long-term horizon. The Lone Star State fared much better than most of the United States during the recession, and currently faces lesser problems in term of unemployment and housing market conditions. Recently, the state’s economy has continued to improve and unemployment rates have decreased, although they remain undesirably high in a few parts of the state.? A long-term economic forecasting perspective requires a slightly different focus, with emphasis on factors which are more fundamental to growth such as demographics, education, and the changing industrial base. Texas is facing substantial challenges in some of these areas, while others are improving the state’s outlook.? The Texas housing market avoided the worst of the national downturn, and many areas are now approaching sales at levels historically supported by population expansion. Foreclosures are down and permits are increasing. Inventories of homes for sale are also falling. Another source of strength is oil and gas exploration and development. Rig counts have been trending well over 900, with activity in both long-established fields (such as those in the Permian Basin) and more recent finds (such as the Eagle Ford Shale in South Texas). Technological improvements have both increased total recoverable amounts and enhanced economies.? Most of the current growth in production of natural gas has come from shale formations such as the Barnett Shale in the Metroplex area and the Eagle Ford Shale (which also has substantial oil reserves). These fields are emerging as a crucial component of the nation’s natural gas supply, and estimates of the total potential US supply from shale sources is rising rapidly as new fields are discovered and explored. While low gas prices are limiting new drilling at the moment, market patterns will change over the long-term horizon. Drilling for oil remains strong.? For the areas in close proximity to fields, the economic stimulus is particularly strong. Exploration and production involve huge capital investments, thousands of jobs, and millions in royalty payments. Although the Texas economy has diversified to the point where it is less tied to energy than in the past, oil and gas related activity will remain a notable source of economic stimulus for the foreseeable future.? Recent locations and expansions are also working to position Texas for future growth. A number of sizable investments in the state have substantial potential for synergistic development. The Caterpillar manufacturing facility in Victoria, technology firms such as Apple in Austin and the Metroplex, and many others will generate opportunities in the decades to come.? In spite of the good economic news for Texas, there remain substantial obstacles to continued success. Global and national issues can curtail the state’s future performance. The debt crisis in Europe (and elsewhere), the “fiscal cliff” the United States is facing, and other sources of uncertainty pose threats to Texas’ expansion.? The State budget situation is another cause for concern. Insufficient investment in needed infrastructure could stifle future expansion, as problems such as traffic congestion decrease the state’s competitiveness for attracting corporate locations. The fundamental imbalances in State revenues and expenses must be addressed in a meaningful way or prosperity will ultimately be threatened. Another major challenge for the Lone Star State is educational attainment, but that’s a topic for another day.? Balancing the strengths and challenges, The Perryman Group’s latest forecast calls for reasonable expansion through the long-term forecast horizon. Compound annual growth in output (real gross product) during the 2011-2040 timeframe is expected to be 3.3%, which translates to expansion of more than $1.8 trillion. The information, durable manufacturing, and services sectors are projected to exceed a 3.9% compound annual rate of growth in output over the period.? Employment is forecast to increase at a 1.59% compound annual rate, with total gains of almost 6.4 million jobs. Sectors expected to see the largest numbers of new positions over the next three decades include services (projected to add some 3.9 million net new jobs) and wholesale and retail trade (up almost 876,000). The information sector is likely to see compound annual employment growth of more than 1.6%, while several others expand at a rate greater than 1.0%.? In conclusion, the Texas economy continues to recover from the recent recession, with notable job gains and improvement in the housing market. There are also positive trends at work, such as resurgence in traditional sources of business activity and major locations in emerging industries. At the same time, the Lone Star State must deal with key infrastructure and education issues or future economic performance will be jeopardized.?

\*\*Aff Answers

#### Education spending isn’t key to education

Joecks 12 Victor Joecks is communications director at the Nevada Policy Research Institute.State Data Shows More Spending Doesn’t Improve Education May 29, 2012 http://news.heartland.org/newspaper-article/2012/05/29/state-data-shows-more-spending-doesnt-improve-education

Nevada isn't the only state to have dramatically increased education spending in previous decades with little to no increase in student achievement to show for it. Nationwide, inflation-adjusted, per-pupil education spending has increased by about 140 percent in the last 40 years, and the number of teachers per pupil has increased by more than 70 percent.? Student achievement, however, has been hovering near the same level—or even decreasing—for decades.? My state-by-state analysis with colleague Geoffrey Lawrence shows that there is no statistically significant correlation between spending and student achievement. This is seen when Fiscal Year 2009 spending on current expenditures is compared with reading and math scores on the 2009 National Assessment of Educational Progress (NAEP). ? A simple regression analysis reports the correlation of state education spending with student performance on the NAEP fourth-grade reading and math tests. In these cases, the correlation between spending and student achievement is, at best, only 3.18 percent and 1.82 percent, respectively. This is an extremely weak to nonexistent relationship.? Fostering Public Ignorance? Some liberal commentators have claimed that because some top-spending states, like Connecticut, New Jersey, and Vermont, boast high test scores, a correlation exists between spending and student achievement. These liberals, however, ignore the top-spending locales that boast low test scores, such as Washington, D.C., Alaska, and New York.? When little to no correlation exists between spending and student achievement, such scores are exactly what you'd expect. Some top-spending states score well; others score poorly. The converse is also true: Some low-spending states score well, while others score poorly.? This analysis and others indicate that virtually no relationship exists between spending levels and student achievement—much less a causal relationship. Yet, union bosses and liberals, relying on the public ignorance they have helped foster, have falsely claimed for decades that a causal relationship exists between these variables.? Tragedy of Falsehood? The real tragedy of these falsehoods is not found in numbers or statistics, however. It is found in the face of a schoolchild who is stuck in a failing school, year after year. It is found in the broken-hearted parents who cannot afford to send their children to effective schools. It exists throughout dispirited American communities that, after 50 years of trying to increase student achievement by spending more, find themselves berated by union bosses for not spending enough.? The real tragedy is that union bosses are fighting tooth and nail to prevent the real education reforms that would help your child go to an effective and motivating school.? Fifty years of evidence in 50 states have demonstrated emphatically that spending more is not the path to increased student achievement.

\*\*\*Texas Secession DA

1NC

#### Civil War spewing now – first action needed now

Burnett 10 Bob Burnett Huffington Post Staff Writer The Next Civil War April 2 2010 http://www.huffingtonpost.com/bob-burnett/the-next-civil-war\_b\_522921.html
The first Civil War was precipitated by a dispute regarding slavery and states' rights. It was inflamed by volatile rhetoric and widespread use of guns.? The looming civil war reincarnates the debate about states' rights. Immediately after President Obama signed health care reform into law, several state Attorney Generals filed lawsuits arguing the Federal government violated the Constitution.? Rather than slavery, the new civil war is being waged over the necessity to guarantee human rights for all Americans -- whether or not every citizen deserves health care. Many Republicans feel this is not a legitimate use of government power, that it infringes on the sacred "free market."? In the run up to the first Civil War, passions were inflamed by fiery rhetoric from secessionist politicians such as Jefferson Davis. The impending civil war is being fed by mass-media personalities, such as Rush Limbaugh and Glenn Beck, who routinely feed their listeners blatant falsehoods. The success of these demagogues was revealed in a March 23rd Louis Harris poll of Republicans: 67 percent "believe that Obama is a socialist." 57 percent "believe that Obama is a Muslim." 45 percent believe that Obama "was not born in the United States and so is not eligible to be president." 38 percent of Republicans say the President is "doing many of the things that Hitler did." And, 24 percent believe Obama "may be the Antichrist."? Coupled with these skewed beliefs is increasingly strident rhetoric from Republican leaders. House minority leader John Boehner compared health care reform to "Armageddon" and declared the GOP to the Party of "Hell no." This refrain was picked up by Senator John McCain and former Governor Sarah Palin, who added, "Freedom is a god-given right worth fighting for."? There's little doubt that the use of inflammatory language has increased the ratings of the Fox News Channel, which is now the highest rated cable channel, and "the highest rated basic channel in primetime." Fox commentators such as Glenn Beck and Bill O'Reilly regularly contend the US "is headed into socialism" and compare President Obama to Hitler. On March 23rd, prominent conservative David Frum, a former George W. Bush speechwriter, appearing on ABC Nightline observed, "Republicans originally thought that Fox worked for us and now we're discovering we work for Fox."? Beck and his new Fox News associate, Sarah Palin, have appropriated the rhetoric used by the militia movement, language that suggests violence may be required to "save" America. Since Barack Obama became President there has been an unprecedented run on guns fomented by a right-wing rumor that Obama was going to restrict gun ownership. As documented in the Spring Report of the Southern Poverty Law Center, there has also been an explosive growth of hate and militia groups. "An astonishing 363 new Patriot groups appeared in 2009 -- a 244% jump." (On March 29th, nine members of one of these groups, the Hutaree, were charged with conspiring to kill police officers.)? The Republican Party's embrace of militant extremism follows a grim logic. The GOP is losing members; a recent Washington Post/ABC News poll found that only 24 percent of respondents self-identified as Republicans -- versus 34 percent for Democrats and 38 percent for Independents. Grasping for support, the GOP has abandoned traditional conservative ideology and allowed its message to be highjacked.? Unfortunately, the Republican Party lacks a leader with the gravitas to speak out against the escalating violence of its supporters. Elected Republicans such as Boehner, McCain, McConnell, and Steele are much less influential than are conservative media figures such as Beck, Limbaugh, O'Reilly, and Palin. As a result, as Fox News becomes even more outrageous, and violence against Democrats escalates, GOP leaders either claim to be powerless to stop it or argue the mainstream media has exaggerated the problem.? Meanwhile, a second civil war is brewing. Considering the volatile mixture of inflammatory rhetoric, weapons usage, and growth of militia groups, it appears likely there will be a tragic event: an assault on a Democratic politician, the burning of a congressional office, or another bombing of a Federal office building.? In 1860, the onset of the Civil War could have been averted. Dispassionate observers saw that the Confederacy did not have the resources required to defeat the Union. In 2010, the impending Civil War should be averted. Right-wing zealots are a minority and do not have the resources to commandeer America. Nonetheless, they can cause needless bloodshed.? What will it take for voices of reason to rise up within the Republican Party? How long will it be before a major Republican leader speaks out against domestic terrorism and urges the GOP to return to reason and reconciliation?

1NC

#### More federal involvement in Texas will lead to secession

Burnett 12 John Burnett NPR Staff Writer Lone Star State Of Mind: Could Texas Go It Alone? 3/30/12 http://www.npr.org/2012/03/30/149094135/lone-star-state-of-mind-could-texas-go-it-alone

It's a popular idea in Texas that the Lone Star State — once an independent republic — could break away and go it alone. A few years ago, Texas Gov. Rick Perry hinted that if Washington didn't stop meddling in his state, independence might be an option. In his brief run for the White House, he insisted that nearly anything the feds do, the states — and Texas in particular — could do better.? So we're putting Perry's suggestions to the test — NPR is liberating Texas. We asked scholars, business leaders, diplomats, journalists and regular folk to help us imagine an independent Texas based on current issues before the state. (Though, to be clear, no one quoted here actually favors secession.)? We begin our exercise in Austin, capital of the new Republic of Texas, where the Independence Day party raged until dawn to the music of Austin's own Asleep at the Wheel. Lead singer Ray Benson announced to the crowd, "We have severed the ties with the United States of America. Texas is free!" and the masses roared in response.? The former state has reinvented itself as a sort of Lone Star Singapore, with low taxes, free trade and minimal regulation. It enters the community of nations as the world's 15th-largest economy, with vast oil and gas reserves, busy international ports, an independent power grid and a laissez-faire attitude about making money.? Texas Is 'Open For Business'? The Texas Association of Business advertises the new nation's economic potential with a radio ad that declares, "Texas: Now it is a whole other country — and it's open for business ... C'mon over. Be part of our vibrant free-market nation."? Driving around Texas, it's not uncommon to spot bumper stickers that tout the idea of an independent Longhorn nation.? Enlarge John Burnett/NPR? Driving around Texas, it's not uncommon to spot bumper stickers that tout the idea of an independent Longhorn nation.? "What we have been able to do since we threw off the yoke of the federal government is create a country that has the assets necessary to build an incredible empire," says Bill Hammond, the association's president.? Imagine airports without the Transportation Security Administration; gun sales without the Bureau of Alcohol, Tobacco, Firearms and Explosives; land development without the Endangered Species Act; new congressional districts without the Voting Rights Act; and a new guest-worker program without Washington gridlock over immigration reform.? Indeed, new immigration laws sailed through the Texas Congress. Immigrant workers are now legally crossing the border to frame houses, mow lawns and clean hotel rooms.? "We now have a safe and secure guest-worker program that allows immigrants to come and go as the jobs ebb and flow, and fill the jobs that Texans are unwilling to do," Hammond says.? The new normal is a leaner government that bears little resemblance to the full-service nation it left behind. The Tea Party faithful who embraced nationhood early on say it's a lot better than being beholden to Chinese bankers.? "What is the Republic of Texas charged with actually doing? [It's] charged with defense, charged with education, charged with a few things that you have to do, and the rest is wide open," says Felicia Cravens, a high school drama teacher active in the Houston Tea Party movement. "Liberty may look like chaos, but to us it's a lot of choices."? Under statehood, the U.S. government contributed 60 percent of all Texas aid to the poor.

1NC

#### Civil War is the only scenario for the collapse of heg

Brooks at DDI 10, Stephen Brooks Associate Professor of Government at Dartmouth, Stephen Brooks on Hegemony, September 1 2010 http://www.planetdebate.com/blogs/view/1043

So, when we ask: is the U.S. the sole superpower? To me, the answer is obvious. If you have one state which is bigger than the next several states combined economically, and is about the same size in military capacity terms as the rest of the world, that one state is the only state which qualifies as a superpower, and there is no other state which is a superpower – and when the gap is that big, then there is not going to be another state which is emerging as a peer rival, or a peer of the United States, another superpower, for a very long time.

And the simple reason why is that within international relations, relative power shifts slowly. The only way, in my view, that you could have a situation where we go from the U.S. being from the sole superpower, and there being other important countries out there – which are China, Japan, and so forth – and we have another country emerging where it is roughly comparable to the United States in terms of its military and economic capacity, and in terms of the kinds of political and military commitments that it has throughout the world – the only way I see this happening would be if the United States, somehow, was split in half. If we had a civil war, or if there was some kind of asteroid that wiped out half the country, then you would have the end of the United States as the sole superpower, provided that that event did not also drag down China or Japan, or whoever else.? Absent that, relative power shifts slowly. I think one of the reasons that IR scholars are presuming that we are going to have a polarity shift sometime soon is because we have recently had a very fast power shift. At the end of the Cold War, during the Cold War, we had two countries, the Soviet Union and the United States, standing above all others in terms of power terms. That is why we call that system bipolar – bi is two. And then the Soviet Union disintegrated, and essentially overnight we had a power shift, from bipolarity to unipolarity. So it is true, you can get these incredibly rapid power shifts, but only if one of the several superpowers, or the superpower, disintegrates. Absent that, power shifts very slowly. It takes a long time for a country to aggregate power, and when you are this big, even if you grow very slowly, you are adding a lot to your economic and military base. We have a fourteen trillion dollar economy. We grow at two percent, three percent – two or three percent of fourteen trillion is a very big number. When China grows at ten percent, or eight percent, or seven percent, they are doing it on the base of an economy that is four or five trillion. Ten, eight percent of four or five trillion is whatever number it is. And two or three percent of fourteen trillion is whatever number it is. It takes a long time for a country that is that big, that is that far ahead, to be equaled by even a very fast rising country.

1NC

#### Hegemony prevents several scenarios for global nuclear war

Kagan 07 Robert Kagan, senior associate at the Carnegie Endowment for International Peace and senior transatlantic fellow at the German Marshall Fund, “End of Dreams, Return of History,” Hoover Policy Review, August-September 2007, http://www.hoover.org/publications/policyreview/8552512.html

Finally, there is the United States itself. As a matter of national policy stretching back across numerous administrations, Democratic and Republican, liberal and conservative, Americans have insisted on preserving regional predominance in East Asia; the Middle East; the Western Hemisphere; until recently, Europe; and now, increasingly, Central Asia. This was its goal after the Second World War, and since the end of the Cold War, beginning with the first Bush administration and continuing through the Clinton years, the United States did not retract but expanded its influence eastward across Europe and into the Middle East, Central Asia, and the Caucasus. Even as it maintains its position as the predominant global power, it is also engaged in hegemonic competitions in these regions with China in East and Central Asia, with Iran in the Middle East and Central Asia, and with Russia in Eastern Europe, Central Asia, and the Caucasus. The United States, too, is more of a traditional than a postmodern power, and though Americans are loath to acknowledge it, they generally prefer their global place as “No. 1” and are equally loath to relinquish it. Once having entered a region, whether for practical or idealistic reasons, they are remarkably slow to withdraw from it until they believe they have substantially transformed it in their own image. They profess indifference to the world and claim they just want to be left alone even as they seek daily to shape the behavior of billions of people around the globe. The jostling for status and influence among these ambitious nations and would-be nations is a second defining feature of the new post-Cold War international system. Nationalism in all its forms is back, if it ever went away, and so is international competition for power, influence, honor, and status. American predominance prevents these rivalries from intensifying — its regional as well as its global predominance. Were the United States to diminish its influence in the regions where it is currently the strongest power, the other nations would settle disputes as great and lesser powers have done in the past: sometimes through diplomacy and accommodation but often through confrontation and wars of varying scope, intensity, and destructiveness. One novel aspect of such a multipolar world is that most of these powers would possess nuclear weapons. That could make wars between them less likely, or it could simply make them more catastrophic. It is easy but also dangerous to underestimate the role the United States plays in providing a measure of stability in the world even as it also disrupts stability. For instance, the United States is the dominant naval power everywhere, such that other nations cannot compete with it even in their home waters. They either happily or grudgingly allow the United States Navy to be the guarantor of international waterways and trade routes, of international access to markets and raw materials such as oil. Even when the United States engages in a war, it is able to play its role as guardian of the waterways. In a more genuinely multipolar world, however, it would not. Nations would compete for naval dominance at least in their own regions and possibly beyond. Conflict between nations would involve struggles on the oceans as well as on land. Armed embargos, of the kind used in World War i and other major conflicts, would disrupt trade flows in a way that is now impossible. Such order as exists in the world rests not merely on the goodwill of peoples but on a foundation provided by American power. Even the European Union, that great geopolitical miracle, owes its founding to American power, for without it the European nations after World War II would never have felt secure enough to reintegrate Germany. Most Europeans recoil at the thought, but even today Europe ’s stability depends on the guarantee, however distant and one hopes unnecessary, that the United States could step in to check any dangerous development on the continent. In a genuinely multipolar world, that would not be possible without renewing the danger of world war. People who believe greater equality among nations would be preferable to the present American predominance often succumb to a basic logical fallacy. They believe the order the world enjoys today exists independently of American power. They imagine that in a world where American power was diminished, the aspects of international order that they like would remain in place. But that ’s not the way it works. International order does not rest on ideas and institutions. It is shaped by configurations of power. The international order we know today reflects the distribution of power in the world since World War ii, and especially since the end of the Cold War. A different configuration of power, a multipolar world in which the poles were Russia, China, the United States, India, and Europe, would produce its own kind of order, with different rules and norms reflecting the interests of the powerful states that would have a hand in shaping it. Would that international order be an improvement? Perhaps for Beijing and Moscow it would. But it is doubtful that it would suit the tastes of enlightenment liberals in the United States and Europe. The current order, of course, is not only far from perfect but also offers no guarantee against major conflict among the world ’s great powers. Even under the umbrella of unipolarity, regional conflicts involving the large powers may erupt. War could erupt between China and Taiwan and draw in both the United States and Japan. War could erupt between Russia and Georgia, forcing the United States and its European allies to decide whether to intervene or suffer the consequences of a Russian victory. Conflict between India and Pakistan remains possible, as does conflict between Iran and Israel or other Middle Eastern states. These, too, could draw in

1NC

Kagan continued

other great powers, including the United States. Such conflicts may be unavoidable no matter what policies the United States pursues. But they are more likely to erupt if the United States weakens or withdraws from its positions of regional dominance. This is especially true in East Asia, where most nations agree that a reliable American power has a stabilizing and pacific effect on the region. That is certainly the view of most of China ’s neighbors. But even China, which seeks gradually to supplant the United States as the dominant power in the region, faces the dilemma that an American withdrawal could unleash an ambitious, independent, nationalist Japan. In Europe, too, the departure of the United States from the scene — even if it remained the world’s most powerful nation — could be destabilizing. It could tempt Russia to an even more overbearing and potentially forceful approach to unruly nations on its periphery. Although some realist theorists seem to imagine that the disappearance of the Soviet Union put an end to the possibility of confrontation between Russia and the West, and therefore to the need for a permanent American role in Europe, history suggests that conflicts in Europe involving Russia are possible even without Soviet communism. If the United States withdrew from Europe — if it adopted what some call a strategy of “offshore balancing” — this could in time increase the likelihood of conflict involving Russia and its near neighbors, which could in turn draw the United States back in under unfavorable circumstances. It is also optimistic to imagine that a retrenchment of the American position in the Middle East and the assumption of a more passive, “offshore” role would lead to greater stability there. The vital interest the United States has in access to oil and the role it plays in keeping access open to other nations in Europe and Asia make it unlikely that American leaders could or would stand back and hope for the best while the powers in the region battle it out. Nor would a more “even-handed” policy toward Israel, which some see as the magic key to unlocking peace, stability, and comity in the Middle East, obviate the need to come to Israel ’s aid if its security became threatened. That commitment, paired with the American commitment to protect strategic oil supplies for most of the world, practically ensures a heavy American military presence in the region, both on the seas and on the ground. The subtraction of American power from any region would not end conflict but would simply change the equation. In the Middle East, competition for influence among powers both inside and outside the region has raged for at least two centuries. The rise of Islamic fundamentalism doesn ’t change this. It only adds a new and more threatening dimension to the competition, which neither a sudden end to the conflict between Israel and the Palestinians nor an immediate American withdrawal from Iraq would change. The alternative to American predominance in the region is not balance and peace. It is further competition. The region and the states within it remain relatively weak. A diminution of American influence would not be followed by a diminution of other external influences. One could expect deeper involvement by both China and Russia, if only to secure their interests. 18 And one could also expect the more powerful states of the region, particularly Iran, to expand and fill the vacuum. It is doubtful that any American administration would voluntarily take actions that could shift the balance of power in the Middle East further toward Russia, China, or Iran. The world hasn ’t changed that much. An American withdrawal from Iraq will not return things to “normal” or to a new kind of stability in the region. It will produce a new instability, one likely to draw the United States back in again. The alternative to American regional predominance in the Middle East and elsewhere is not a new regional stability. In an era of burgeoning nationalism, the future is likely to be one of intensified competition among nations and nationalist movements. Difficult as it may be to extend American predominance into the future, no one should imagine that a reduction of American power or a retraction of American influence and global involvement will provide an easier path.

2NC Nullification Now

#### States nullifying federal acts now

Washington Post 7/9 (Washington Post Perry: Texas won't expand Medicaid 7/9/12) <http://www.washingtontimes.com/blog/inside-politics/2012/jul/9/rick-perry-texas-wont-expand-medicaid/>

Texas Gov. Rick Perry said Monday his state won't expand Medicaid or set up an insurance exchange, joining a growing number of Republican governors who are rejecting two key parts of President Obama's health care law.? "I will not be party to socializing health care and bankrupting my state in direct contradiction to our Constitution and our founding principles of limited government," Mr. Perry said.? He joins more than half-dozen GOP governors who have already said they won't increase the size of their Medicaid programs to cover Americans up to 133 percent of the poverty level, after the Supreme Court upheld most of the law last month but said states could opt out of the Medicaid expansion.? "I stand proudly with the growing chorus of governors who reject the Obamacare power grab," Mr. Perry said. "Neither a 'state' exchange nor the expansion of Medicaid under this program would result in better 'patient protection' or in more 'affordable care.' They would only make Texas a mere appendage of the federal government when it comes to health care."? Under the court's decision, states can still collect all of their existing Medicaid funding even if they don't expand their programs to cover Americans up to 133 percent of the federal poverty level. But if they don't set up exchanges, the law allows the federal government to step in and run them.

#### Obama care creating nullification now

Rufino 12, Beaufort Observer Nullify Now 7/19/12 Staff writer, http://www.beaufortobserver.net/Articles-NEWS-and-COMMENTARY-c-2012-07-17-261592.112112-Nullify-now.html

It is said that nations typically follow a predictable path of progression: From bondage to spiritual faith; then from spiritual faith to great courage; then from courage to liberty; then from liberty to abundance; then from abundance to complacency; then from complacency to apathy; then from apathy to dependence; and finally, from dependence back into bondage. We are at the "dependency" stage. We think the federal government - all branches - are the answer. We see it every time we hear people make such outrageous claims as "home ownership" is a right and "healthcare is a right" and "entitlements are a right." Every time a people believes that government should give them something and therefore relieve them of the "opportunity" to provide such things for themselves, then they, in effect, hand those 'opportunities' back to the government. Each "opportunity" is indeed an exercise of Liberty. It is an opportunity to use the inherent rights and abilities granted to us by our Creator to achieve. We are squandering our opportunities by trusting government to take care of us.? We assume that the government - all branches - are the interpreters and final arbiters of what the Constitution means, what the government's powers are, what government should do, and what laws the people MUST obey. (A perfect example is the desire of Justices Ruth Bader Ginsberg, Sonia Sotomayor, and Elena Kagan to have a second amendment case reach the Supreme Court again after another liberal justice has been appointed to the Supreme Court so they can "get it right this time." District of Columbia v. Heller was a narrow 5-4 decision. These liberal justices believe strongly in government gun control - despite the overwhelming authority to the contrary - and Ginsberg has already gone public urging another case to come before the high court "after Obama wins a second term.")? If our early patriots understood the inherent violation of liberty rights in a relatively small tax on tea, is it no wonder that today's patriots are urging the revival of nullification over the blatant violation of liberty rights in the coercive federal healthcare bill? If our early patriots rebelled over the fact that they forcibly taxed to serve the purposes of others (the English), it is no wonder today's patriots are in an uproar over the fact that a certain segment of our population is being forcibly taxed to serve the purposes of others?? It is no wonder that critical mass has been reached and nullification is being talked about as the only option remaining to get government back in line. Hope for other options ended with the Supreme Court's decision of the healthcare bill. There would be no commonsense voice from the Supreme Court. There will be no repeal of the bill in this session or even the next. If Obama is re-elected, the republic is effectively dead. Nullification is the only answer. It provides the path from dependency back to liberty. It puts power back in the hands of the state and to the people. It is the rightful remedy for a people who rightfully deserve to enjoy freedom without oppressive and coercive policies of government.? Thomas Jefferson lives again in the hearts and minds of those who desperately want to save the republic. And it's great to have him back.

2NC Civil War Coming Now

#### Civil War likely now – Obama preparing troops

EU Times 09(EU Times Obama Orders 1 Million US Troops to Prepare for Civil War Nov 28th, 2009) http://www.eutimes.net/2009/11/obama-orders-1-million-us-troops-to-prepare-for-civil-war/

Russian Military Analysts are reporting to Prime Minister Putin that US President Barack Obama has issued orders to his Northern Command’s (USNORTHCOM) top leader, US Air Force General Gene Renuart, to “begin immediately” increasing his military forces to 1 million troops by January 30, 2010, in what these reports warn is an expected outbreak of civil war within the United States before the end of winter.? According to these reports, Obama has had over these past weeks “numerous” meetings with his war council about how best to manage the expected implosion of his Nations banking system while at the same time attempting to keep the United States military hegemony over the World in what Russian Military Analysts state is a “last ditch gambit” whose success is “far from certain”.? And to Obama’s “last ditch gambit”, these reports continue, he is to announce in a nationwide address to his people this coming week that he is going to expand the level of US Military Forces in Afghanistan by tens of thousands of troops, while at the same time using the deployment of these soldiers as a “cover” for returning to the United States over 200,000 additional American soldiers from the over 800 bases in over 39 countries they have stationed around the Globe bringing the level of these forces in America to over 1 million, a number the US Military believes will be able to contain the “explosion of violence” expected to roil these peoples when they learn their economy has been bankrupted.? These reports further state that at the same time Obama will be attempting to keep his Nation from violent disintegration, the tens of thousands of additional troops he will send to Afghanistan are to be ordered to Kandahar where the Americans and their NATO allies will begin their final attempt to secure their TAPI (Turkmenistan, Afghanistan, Pakistan and India) pipeline, which without the Western Nations, due to their grave lack of alternative energy resources, and being cut off from these vast Central Asian supplies (which both Russia and China are seeking to insure), are warned will totally collapse.? Making the American’s (and by extension the West’s) situation even worse are new reports coming from the International Energy Agency stating that “under pressure” from the US government they have been “deliberately underplaying” a looming Global oil shortage for fear of triggering panic buying and raising the Americans fear over the end of oil supremacy because it would threaten their power over access to our World’s last remaining oil resources.? To the scariest “end game” maneuvers being made by Obama, in his attempt to protect Americas Global hegemony, is his record shattering move in plunging the United States $3.5 Trillion further into debt, and which raises the total amount owed by the United States, to its citizens and the World, to the unprecedented height of over $106 Trillion.? So alarming has Obama’s actions become (especially since they are being imitated by all of the Western powers) that the managing-director of the International Monetary Fund (IMF), Dominique Strauss-Kahn, warned this past week that the “stimulus actions” of the West (which in essence is nothing more than the printing of money with nothing to back it up) has now become a “threat to democracy” as millions of people are expected to erupt in violence against their governments over the theft of their money and their futures.? Most unfortunately for the American people though is that this IMF warning fell on “deaf ears” in the United States with the Federal Reserve Bank of St. Louis President, James Bullard, saying this week that the US would continue its “stimulus actions” because they “would give more flexibility to US policymakers”, a most absurd statement especially when viewed in the light of the unprecedented debt payments currently looming over the American economy they have no ability whatsoever to pay.? To the ability of the West’s banking giants to save their Nation’s economies, even worse news came this week with the US ratings giant Standards & Poors issuing a warning that “every single bank in Japan, the US, Germany, Spain, and Italy included in S&P’s list of 45 Global lenders remain unsafe”, a warning which then lead to one of Europe’s largest banks, Société Générale, warning its clients to prepare for a “total Global Economic Collapse”.? To the fears of Obama over the United States erupting into civil war once the full extent of the rape and pillaging of these peoples by their banks and government becomes known to them, grim evidence now shows the likelihood of this occurring much sooner than later, especially in new poll figures showing that Obama’s approval rating among white Americans has now fallen to 39%. A number made more significant when one realizes that the white population of the United States comprises 74% of their estimated 398 million citizens, or put more ominously in these reports as “over 220 million American people armed to the teeth and ready to explode”.? And so fearful has the white population of the United States become that upon the election of Obama to the Presidency he was named as the “Gun Salesman of the Year” by the Outdoor Wire, the US’s largest daily electronic news service for the outdoor industry, who report “panic buying” of weapons and ammunition by those fearful of the destruction of their country at the hands of man they believe is not even an American citizen and had been foisted upon them by their elite classes seeking to enslave them.? Though the coming civil war in the United States is being virtually ignored by their propaganda media, the same cannot be said of Russia, where leading Russian political analyst, Professor Igor Panarin has long warned that the economic turmoil in the United States has confirmed his long-held view that the US is heading for collapse, and will divide into separate parts.? Professor Igor Panarin further stated in his warning that “the US Dollar is not secured by anything. The country’s foreign debt has grown like an avalanche, even though in the early 1980s there was no debt. By 1998, when I first made my prediction, it had exceeded $2 trillion. Now it is more than 11 trillion. This is a pyramid that can only collapse.”? What remains to be seen, and these reports do not speculate upon, is if the citizen-soldiers of the United States will fire upon and kill their fellow countrymen during the coming conflict, but if history is to be our guide clearly shows this will be the case as the once great American Nation continues its headlong plunge into the abyss of history. May God have mercy upon all of them.

2NC Civil War Coming Now

#### Rising tensions makes civil war likely now

Politics USA 7/14/12 Republicans Wage America’s Second Civil War Over an Imaginary Loss of Freedom 7/14/12 <http://www.politicususa.com/republicans-wage-americas-civil-war-imaginary-loss-freedoms.html>

It is nearly impossible to imagine any American who does not appreciate the concept of freedom, and without a doubt, Americans are as free as any society within the constraints of an ordered society governed by laws. One simple way to enrage Americans, and incite them to violence, is to threaten their freedom, and an escalating trend among Republicans is instigating outrage in the population with overt assertions that President Obama threatens Americans’ freedom. Since the Affordable Care Act (ACA) was passed by both houses of Congress, signed by the President, and declared constitutional by the nation’s highest court, an increasing number of Republicans and conservative pundits are parroting the notion that health insurance reform is an “intrusion on freedom,” and now Republicans are attempting to deny funding for the health law by targeting the Internal Revenue Service claiming it is the “new Gestapo” that is “headed in the direction of killing a lot of people.”? First, Republicans know the ACA is not an assault on freedom because they proposed a similar set of reforms in the 1990s with the Heritage Foundation devising the individual mandate that Willard Romney signed into Massachusetts’ law while he was governor. The GOP is having relative success using provocative language to play on the unfounded fears of a Socialist takeover of healthcare among Americans mortified a Black man is sitting in the Oval Office. The incendiary language is not subtle, or lost on a segment of the population that began reacting negatively to President Obama before his administration was under way. The ACA is the main impetus of Republican’s fear-mongering campaign that is as potent today as when healthcare reform first came to the nation’s attention.? In Texas, Rick Perry recently said he would not implement any of the ACA’s portions because he was going to “preserve those individuals’ freedoms,” and reject “socializing healthcare in the state of Texas.” Perry asserted “this federal government, which doesn’t like Texas to begin with – comes up with some data that says somehow Texas has the worst healthcare system in the world, and it is just fake and false on its face.” Perry is partly right, Texas may not have the worst healthcare system in the world, but it is worst in the nation, and 25% of its population lacks any healthcare coverage. Despite Texas having horrid healthcare delivery issues, it is the language Perry uses that incites suspicion and opposition to President Obama and more importantly, the federal government. Perry is hardly an isolated case.? Willard Romney is traveling the country informing supporters that the ACA is “government takeover of your healthcare” and that “Obamacare puts the federal government between you and your doctor,” even though it is nearly identical to the reform Romney championed while governor of Massachusetts. Again, it is the language Romney uses that keeps ignorant Americans from learning the ACA is not government healthcare and puts citizens on the defensive to protect their freedom to choose their own doctor and insurance carrier. Now, a Republican claims the IRS is the “new Gestapo“ to garner support for defunding implementation of the ACA.? Maine Governor Paul LePage claimed the Supreme Court’s ruling has “made America less free,” and that “we the people have been told there is no choice,” and “you must buy health insurance or pay the new Gestapo, the IRS.” During an interview, La Page was asked if he understood what the Gestapo did during World War II, he answered,”Yeah, they killed a lot of people,” and asked whether the IRS “was headed in the direction of killing a lot of people,” he replied,”Yeah.” It is the modus operandi of Republicans to substitute facts about the law with fear-mongering in the vein of Palin’s recent recapitulation that the ACA creates “death panels.” The misinformation and fear-mongering does not end there and Republicans have implied over and over again that good, real Americans will have to take extreme action against the federal government that has been hijacked by a liberal enemy that can only be defeated with armed resistance.? Shortly after the High Court upheld the ACA, Glenn Beck ranted that “Progressives are Fascists! They’re Fascists, and if we don’t wipe out the progressives, those people shoot people who disagree with them.” In 2010, conservatives warned their supporters that Democrats “believe in communism. They believe and have called for a revolution. You’re going to have to shoot them in the head.” In 2011, rotting corpse, Andrew Breitbart told teabaggers that Progressives “can only win a rhetorical and propaganda war. We outnumber them in this country, and we have the guns. I’m not kidding; they will not cross that line because they know what they’re dealing with.” Conservative pundits provoking violence seems to be their only means of engendering support for their cause such as Michelle Bachmann encouraging “my constituents to be armed and dangerous,” or failed Senate candidate Sharon Angle claiming “if this Congress keeps going the way it is, people are really looking toward those Second Amendment remedies,” and “the first thing we need to do is take Harry Reid out.”? On Fox News, Lou Dobbs praised two bloggers who said, “if health care reform were found to be constitutional, it would trigger a violent insurrection against government tyranny that you may call a mandate or you may call it a tax, but it still is tyranny and invites the same response.” Dobbs ended the interview encouraging them to “stay dangerous.” One might be inclined to think conservatives are only inciting opposition to a political agenda, but what they know is that their inflammatory rhetoric will provoke violence which is starting to look like their end-game, and they have had plenty of success since President Obama took office.? The great travesty is that the Republican leadership has never condemned the violent rhetoric from conservatives, and indeed, are part and parcel of the not-so-subtle warnings that the Black man in the Oval Office is a tyrant intent on taking Americans’ freedoms. Instead of publicly rebuking the traitors inciting violent insurrection against government tyranny, Republicans are encouraging fear-mongers tactics because without their lies and misinformation, they would be summarily voted out of office in the next election. Realistically, men like Romney, Boehner, McConnell, and Cantor cannot garner support based on their policies, so they do what comes natural; fear-monger, lie, claim Obama is forcing Americans into Socialism, robbing Americans of the religious liberty, and imposing healthcare takeover with support from the “new Gestapo” that will be “killing a lot of people” if they choose not to purchase health insurance.? Conservatives have had three-and-a-half years to work ignorant, and well-armed, Americans into frenzy over the lie they are losing their freedom because of health insurance reform promoted by their worst nightmare; an African American man who is a fascist, Nazi, and Socialist tyrant. It is beyond belief, but America is in jeopardy of armed insurrection and as heavily-armed conservative Christians, Mormons, and racist hate groups learn Democrats and Progressives have stolen their freedoms, they will hardly need a signal that it is time to start shooting. These are perilous times, and unless Republicans change their ways, they will bear total responsibility for America’s Second Civil War that looks more likely every day.

2NC Civil War Coming Now

#### Civil War likely – USFG preparing for civil war

Bailleul 12 (Dominique de Kevelioc de Bailleul Infowar Staff Writer ‘We Are Preparing For Massive Civil War’ Says DHS Informant? May 4, 2012) http://www.infowars.com/we-are-preparing-for-massive-civil-war-says-dhs-informant/

In a riveting interview on TruNews Radio, Wednesday, private investigator Doug Hagmann said high-level, reliable sources told him the U.S. Department of Homeland Security (DHS) is preparing for “massive civil war” in America.? “We have problems . . . The federal government is preparing for civil uprising,” he added, “so every time you hear about troop movements, every time you hear about movements of military equipment, the militarization of the police, the buying of the ammunition, all of this is . . . they (DHS) are preparing for a massive uprising.”? Hagmann goes on to say that his sources tell him the concerns of the DHS stem from a collapse of the U.S. dollar and the hyperinflation a collapse in the value of the world’s primary reserve currency implies to a nation of 311 million Americans, who, for the significant portion of the population, is armed.? Uprisings in Greece is, indeed, a problem, but an uprising of armed Americans becomes a matter of serious national security, a point addressed in a recent report by the Pentagon and highlighted as a vulnerability and threat to the U.S. during war-game exercises at the Department of Defense last year, according to one of the DoD’s war-game participants, Jim Rickards, author of Currency Wars: The Making of the Next Global Crisis.? Through his sources, Hagmann confirmed Rickards’ ongoing thesis of a fear of a U.S. dollar collapse at the hands of the Chinese (U.S. treasury bond holders of approximately $1 trillion) and, possibly, the Russians (threatening to launch a gold-backed ruble as an attractive alternative to the U.S. dollar) in retaliation for aggressive U.S. foreign policy initiatives against China’s and Russia’s strategic allies Iran and Syria.? “The one source that we have I’ve known since 1979,” Hagmann continued. “He started out as a patrol officer and currently he is now working for a federal agency under the umbrella of the Department of Homeland Security; he’s in a position to know what policies are being initiated, what policies are being planned at this point, and he’s telling us right now—look, what you’re seeing is just the tip of the iceberg. We are preparing, we, meaning the government, we are preparing for a massive civil war in this country.”? “There’s no hyperbole here,” he added, echoing Trends Research Institute’s Founder Gerald Celente’s forecast of last year. Celente expects a collapse of the U.S. dollar and riots in America some time this yearSince Celente’s ‘Civil War’ prediction of last year, executive orders NDAA and National Defense Resources Preparedness were signed into law by President Obama, which are both politically damaging actions taken by a sitting president.? And most recently, requests made by the DHS for the procurement of 450 million rounds of hollow-point ammunition only fuels speculation of an upcoming tragic event expected on American soil.? These major events, as shocking to the American people as they are, have taken place during an election year.? Escalating preparatory activities by the executive branch and DHS throughout the last decade—from the Patriot Act, to countless executive orders drafted to suspend (or strip) American civil liberties “are just the beginning” of the nightmare to come, Hagmann said.? He added, “It’s going to get so much worse toward the election, and I’m not even sure we’re going to have an election in this country. It’s going to be that bad, and this, as well, is coming from my sources. But one source in particular said, ‘look, you don’t understand how bad it is.’ This stuff is real; these people, the Department of Homeland Security (DHS), they are ready to fight the American people.”? TruNews‘ Wiles asked Hagmann: who does the DHS expect to fight, in particular? Another North versus South, the Yankees against the Confederates? Hagmann stated the situation is far worse than a struggle between any two factions within the U.S.; it’s an anticipated nationwide emergency event centered on the nation’s currency.? “What they [DHS] are expecting, and again, this is according to my sources, what they’re expecting is the un-sustainability of the American dollar,” Hagmann said. “And we know for a fact that we can no longer service our debt. There’s going to be a period of hyperinflation . . . the dollar will be worthless . . . The economic collapse will be so severe, people won’t be ready for this.”

2NC Link Wall

#### Financial burdens without help from the federal government will cause states to secede.

Larry Anderson, Associate Professor of Political Science at the University of Wisconsinc Whitewater, Spring 2004, Publius, Vol. 34. No. 2, “The Institutional Basis of Secessionist Politics: Federalism and Secession in the United States”, pg. 3 JSTOR, <http://www.jstor.org/stable/3331204?seq=3>, TB

Most analysts of secession locate the origin of the pursuit of secession in a desire to avoid or end economic exploitation or hardship and improve the economic position of the seceding group relative to other groups within the border of the host state; others locate the origin in a group’s fear of cultural and political domination by out-group members. Indeed, cultural fear, which includes fear of assimilation as well as fear of cultural destruction, looms alrge in the literature on secession. Groups that lack political power within their host states are most vulnerable to these economic and cultural threats.

John Wood identified five preconditions of secession: geographical, social, economic, political, and psychological. The geographical precondition refers to the presence of a “separabale territory which tontains the bulk of the potentially secessionist population,” nothing tha thte boundaries along which secession movements seek to secede are ordinarily “existing provincial or regional boundaries.”2 The social precondition refers to the existence of “group solidarity,” which can be based on ethnicity, a common producer or consumer interest, language, or religion. The economic precondition refers to “the frustration of expectations raised by continued economic progress and then dashed by a sudden reversal.”3 The political preconditions refers to “the absence or decline, at least in the perception of potential secessionists, of the legitimacy of the political system and/or incumbetn central regime.”4 The psychological preconditions, which “galvanize[s] all other preconditions of secession,”5 refers to the “emotional elements of the deisre for an independent homeland on the part of the secessionists.”6 Wood claimed that the “basic underlying motivation for secession may be a need for security or self-preservation.”7 Without the emotional element, the other secesionist preconditions lack the salience necessary to compel a group to pursue what isknown to be a risky course of action.

#### More federal involvement into the state will threaten secession

Harris 9 Sean Phillip Harris The Examiner Staff Writer The role of the secessionist movement in the 2010 Texas governor's race June 22, 2009 http://www.examiner.com/article/the-role-of-the-secessionist-movement-the-2010-texas-governor-s-race

According to the Austin-American Statesman, “state lawmakers plugged a hole in the 2010-2011 budget by using $12 billion in federal stimulus money” while Texas’ rainy day fund which is estimated at over $9 billion remains intact. Democrats in the Texas Legislature and the U.S. Congress “have fumed, saying the $3.2 billion in education money from the federal stimulus should have gone directly to the school districts, instead of to bailing the state out of its budget jam.”? Not acting in accordance with the federal government’s terms for the ARRA could lead to the loss of future stimulus funding. A recent article on dallasnews.com reports that Rep. Lloyd Doggett, D-Austin “accused Perry and state GOP budget writers of creating an artificial shortfall in Texas’ education budget, then trying to fill it with federal stimulus money . . . [which] won’t create jobs or extra resources meant for local schools.”? Governor Perry heeds the conservative electorate’s call for secession and a sovereign republic free from the interference of the federal government. Yet, he is more than willing to risk the outcome of educational funding in Texas to keep cash under the mattress. His criticism of Washington’s high spending and “Orwellian” control over the economy is adding fuel to the fire.? Those who are not from Texas may not be familiar with the “secession movement”. There is a network of organizations that raises support for states’ secession from the union based on our “loss” of rights due to government control. While there is nothing that suggests Governor Perry or any other Texas politicians are members of this movement, the mere mention of secession can have dire implications.? TexasSecede.org published a fact sheet about Texas secession on their website. They claim that Texas and other confederate states during the civil war “withdrew from the Union lawfully, civilly, and peacefully, after enduring several decades of excessive and inequitable federal tariffs heavily prejudiced against Southern commerce. Refusing to recognize the Confederate secession, Lincoln called it a ‘rebellion’ and a ‘threat’ to ‘the government’ . . . and acted outside the lawfully defined scope of either the office of president or the U.S. government in general, to coerce the South back into subjugation to Northern control.”

2NC Link Wall

#### More Government actions will lead to secession

Roberts 12 Diane Roberts Guardian Staff Writer Healthcare and the new Confederates' secessionist fantasies 7/4/12 http://www.guardian.co.uk/commentisfree/2012/jul/04/healthcare-new-confederates-secessionist-fantasies

It might help if Scott and the other nullifiers would actually bother to get the healthcare bill's provisions right. It is not, as Rush Limbaugh squawked, "the largest tax increase in the history of the world". It's not even as large as Ronald Reagan's 1982 tax increase. Most people won't pay anything, but they'll still get preventive care for free, and poorer people will qualify for insurance subsidies. Scott's been claiming that expanding Medicaid would cost Florida an extra $1.9bn a year, though the real number is more like $500m or less (no wonder his company got busted for over-billing!). And that cost won't kick in for eight years: the feds pay for almost all of it until 2020.? Scott can't even get the ACA's simplest rules straight: he told Fox News presenter Greta Van Susteren that the proprietor of a small business had come up to him and said:? "Governor, is this really going to become the law? Because if it does, we're out of business. We know we won't be able to buy any health care for anybody."? That small business proprietor, Jamshaid Mohyuddin, owns a Dairy Queen in Tallahassee, Florida, and employs 16 people. Scott told him to work for Mitt Romney's election in November, since the architect of Romneycare would ditch the plan he'd once pushed on his first day in office. What Scott failed to tell Mohyuddin was that businesses with 20 or fewer employees are exempt from fines for not buying insurance. Moreover, he might qualify for a tax credit under ACA.? When a Tampa Bay Times reporter pointed out these rather substantive errors, Scott's press flack sidestepped the whole thing. Jamshaid Mohyuddin, on the other hand, was delighted to learn that destitution was not in his immediate future.? It's become impossible to separate conservatives' loathing of Barack Obama in particular with their loathing of government in general. They hark back to a repeatedly-discredited notion of states' rights, insisting that the US constitution's tenth amendment gives each state the right to run its own show and shun the feds, though this logic never seems to apply to highways, or to disasters like the wildfires, hurricanes or tornadoes. But in truth, we settled the states' rights issue in 1865.? It's not just Obamacare, either. When the Environmental Protection Agency told Florida to clean up its dirty water in 2010, several state legislators threatened secession. In Justice Antonin Scalia's scathing dissent in the case of Arizona's hateful immigration law, he sees the states as 50 little sovereign countries, pointing out that "in the first 100 years of the republic, the states enacted numerous laws restricting the immigration of certain classes of aliens, including convicted criminals, indigents, persons with contagious diseases, and (in southern states) freed blacks." And Texas Governor Rick Perry has said more than once that if the Obama administration continues its headlong rush into "socialism", the Lone Star state might consider leaving the Union.

2NC US Heg Internal Link

#### Texas is key to the United States Competitiveness and Heg

West 12 (Sibyl West Staff Writer What If Obama is Re-elected and Texas Did Secede From the USA? January 22, 2012) http://ramparts360.com/2012/01/what-if-obama-is-re-elected-and-texas-did-secede-from-the-usa/

1. NASA is just south of Houston, Texas. Even though Obama killed the Space Shuttle we will control the space industry.? 2. We refine over 85% of the gasoline in the United States, so Texas will never have to pay over $1.50 gal.? 3. Defense Industry — we have over 65% of it. The term “Don’t mess with Texas,” will take on a whole new meaning. (We produce all of America’s nuclear weapons up in the panhandle).? 4. Oil – we can supply all the oil that the Republic of Texas will need for the next 300 years. What will the other states do? Gee, we don’t know. Why not ask Obama?? 5. Natural Gas – again we have all we need and it’s too bad about those Northern States. John Kerry and Al Gore will have to figure out a way to keep them warm. Oh yeah we have Global Warming so they’ll survive. :-)? 6. Computer Industry – we lead the nation in producing computer chips and communications equipment -small companies like Texas Instruments, Dell Computer, EDS, Raytheon, National Semiconductor, Motorola, Intel, AMD, Atmel, Applied Materials, Ball Misconduct, Dallas Semiconductor, Norte l, Alcatel, Data Foundry etc. The list goes on and on.? 7. Medical Care – We have the research centers for cancer research, the best burn centers and the top trauma units in the world, as well as, other large health centers. The Houston Medical Center alone employs over 65,000 people. (We won’t need Obama Care) :-)? 8. We have enough colleges to keep us getting smarter: University of Texas, Texas AM, Texas Tech, Texas Christian, Rice, SMU, University of Dallas, University of Houston, Baylor, UNT (University of North Texas ), Texas Women’s University, etc. Ivy grows better in the South anyway. ( No Dept. of Education)? 9. We have an intelligent and energetic work force, and it isn’t restricted by a bunch of unions. Here in Texas, it’s a Right to Work State and, therefore, it’s every man and woman for themselves. We just go out and get the job done. And if we don’t like the way one company operates, we get a job somewhere else. (we can get rid of the Teachers Union) :-)? 10. We have essential control of the paper, plastics and insurance industries, etc. (we have tort reform) :-)? 11. In case of a foreign invasion, we have the Texas National Guard, the Texas Air National Guard and several military bases, Ft. Hood the largest in the world. We don’t have an Army, but since everybody down here has at least six rifles and a pile of ammo, we can raise an Army in 24 hours if we need one. If the situation really gets bad, we can always call the Department of Public Safety and ask them to send over the Texas Rangers. (One will do!)? 12. We are totally self-sufficient in beef, poultry, hogs and several types of grain, fruit and vegetables, and let’s not forget seafood from the Gulf. Also, everybody down here knows how to cook them so that they taste good. Don’t need any food. ? 13. Three of the ten largest cities in the United States, and twenty-three of the 100 largest cities in the United States, are located in Texas. And Texas also has more land than California, New York, New Jersey, Connecticut, Delaware, Hawaii, Massachusetts,? Maryland, Rhode Island and Vermont combined.? 14. Trade: Three of the ten largest ports in the United States are located in Texas.? 15. We also manufacture cars down here, but we don’t need to. You see, nothing rusts in Texas, so our vehicles stay beautiful and run well for decades.? This just names a few of the items that will keep the Republic of Texas in good shape. There isn’t a thing out there that we need and don’t have.

2NC US Heg Internal Link

#### Texas k2 heg – the only nuclear weapon facility in the US is in Texas

Tinsley 11 Anna M. Tinsley Staff Writer for Star TelegramPantex plant intends to continue nuclear weapons work for decades, Jul 30, 2011 http://www.star-telegram.com/2011/07/30/3258291/pantex-plant-intends-to-continue.html

Read more here: <http://www.star-telegram.com> /2011/07/30/3258291/pantex-plant-intends-to-continue.html#storylink=cpy

AMARILLO -- Deep in the Texas Panhandle, farmland sprawls as far as the eye can see, dotted by the occasional wind farm and herd of cattle.? It feels like the heart of the middle of nowhere.? Tucked away in the vastness is one of the nation's most heavily secured facilities, an 18,000-acre complex that houses thousands of the most dangerous weapons ever made.? The Cold War is long over, but hundreds of employees still toil at the nation's only nuclear weapon assembly and disassembly facility, Pantex, about 17 miles northeast of Amarillo.? "The work we do is important, and there's a demand for it," said Greg Cunningham, a Pantex spokesman. "We help ensure the nation's defense."? Through the years, workers at this plant have dismantled and assembled thousands of nuclear weapons, handling some of the most hazardous materials, including uranium and plutonium, key ingredients in making atomic bombs. They've worked with weapons ranging from U.S. B-61 nuclear gravity bombs to W56 Minuteman II warheads.? Numerous weapons and nuclear materials are stored in this remote area, including plutonium in bunkers covered by mounds of earth.? Security at this remote facility -- a matter of national security -- is at a premium.? Pantex has its own paramilitary force, which protects and monitors the facility. Warning signs hang on barbed-wire fences that surround the plant's land, which is constantly monitored. "Danger. Deadly force is authorized beyond this point," reads one sign near an entrance.? "Our security force is one of the best-trained, best-equipped in the world," Cunningham said. "They are here 24 hours a day, seven days a week. They never shut down, and they are supplemented by dozens of security systems.? "This really is one of the most secure facilities in the country and probably in the world," he said. "Our neighbors demand that of us."? Information about the work that goes on behind these walls, at the facility managed and operated for the Energy Department/National Nuclear Security Administration by B&W Pantex, is as tightly guarded as the plant.? Opened in World War II? Pantex -- shorthand for Panhandle of Texas -- opened in 1942 with workers loading and packing artillery shells and building bombs for the Army during World War II.? After the war, the facility closed, and the land was used for several years by Texas Technological College in Lubbock (now Texas Tech University) for cattle feeding.? By 1951, the facility was reopened, this time as a place to handle nuclear weapons, high explosive and non-nuclear component assembly operations. But people didn't talk much about what happened at the plant.? The work was kept so much under wraps that many neighbors in nearby communities, including Amarillo, didn't know what was happening. At one point, area residents called Pantex the "soap factory" -- during a period when the facility was operated by Procter & Gamble -- even though they knew workers were making something other than soap.? "Back then, they didn't talk about what happened here," plant historian Monica Graham said.? Through the years, the facility gained responsibilities, and by the 1960s, the Atomic Energy Commission became involved, moving various weapons and high-explosive missions here.? Pantex workers assembled thousands of nuclear weapons during the Cold War. The last brand-new nuclear weapon was finished in 1991, but workers have dismantled thousands of weapons retired by the military since then.? Officials say the plant today has three basic missions: ensuring the safety of the stockpile of nuclear weapons, nonproliferation (which includes dismantling weapons, storing plutonium pits and extending the life of some weapons); and safeguarding and securing the weapons and the plant where they are stored.? They say their goal is to make sure that as long as nuclear weapons exist, the U.S. keeps "a safe, secure and effective arsenal to deter any adversary, and guarantee that defense to the nation's allies."? "This is serious work, and we take it seriously," Cunningham said.? Workers dismantle surplus nuclear weapons and store materials such as plutonium on an interim basis. They periodically pull weapons from the stockpile to do inspections and tests to see how they function. And through a "life extension program," they take weapons apart weapons, perform maintenance on them and refurbish them to extend their life span.? Since a sister plant in Burlington, Iowa, closed in 1975, Pantex has been the only plant of its type.? "We have a mission that's going to continue for a very long time," Cunningham said. "Just the decommissioning of the weapons is a long-term commitment.? "The work is going to be there, we are confident, for decades."?

2NC AT: Civil War Inevitable

#### Current secession movement are being appeased now

Hylton 09 Hilary Hylton Austin Time Staff Writer What's All That Secession Ruckus in Texas? http://www.time.com/time/nation/article/0,8599,1891829,00.html

Dressed in jeans, boots and a baseball cap with a camouflage peak and a hunting outfitter's logo, the Texas governor was one of the few major politicians to appear at the tea parties across the country. While crowds yelled "Secede! Secede!," Perry — 60 but telegenic and youthful — thought out loud that secession might be the outcome if Washington does not mend its "oppressive" high-spending, dictatorial ways. (Most experts say the notion that Texas can legally secede is mistaken, but the state does have the right to split into five states, offering the prospect of 10 U.S. Senators, math that would send cold shivers down any Democratic back.) After the rallies, Perry downplayed his secession comments, amending them in an interview with the Fort Worth Star-Telegram to say, "I'm trying to make the Obama Administration pay attention to the 10th Amendment." The so-called 10th Amendment movement, asserting the rights of the states to claim all powers not granted specifically to the Federal Government, has been grist for conservatives for more than a decade. The movement got a boost following the Democratic return to dominance in Congress and more traction when federal dictates about how to spend stimulus money raised hackles in places like Texas and South Carolina. Some two dozen state legislatures are considering or have passed resolutions supporting the 10th Amendment.? Is the governor's strategy working? While Perry was whipping up the tea-party crowds, Senator Hutchison was in Houston touting her work in Washington and her support for the federal deductability of state sales taxes. "The Senator is on the front lines in working against the Obama Administration and their unnecessary spending," her spokesman said. It was weak tea compared to Perry's red rhetoric. Straddling the Washington-Texas divide has been difficult for Hutchison. While Perry has been outspoken in rejecting federal unemployment funds, saying they would result in increased premiums for Texas employers, Senator Hutchison has been criticized for a less-than-clear stand on the issue. She voted against the stimulus bill, then said Perry should find a way to take the benefits without burdening employers in the future.

2NC AT: Other States won’t secede

#### Texas secession would be followed by other states – others find fed to be oppressive

Adams 9 Mike Adams Staff Writer for Western Front America Why Texas will (Eventually) Secede From the Union April 20, 2009 http://westernfrontamerica.com/2009/04/20/texas-eventually-secede-union/

Texas would be smart to declare independence before Washington D.C. implodes under the weight of endless debt married with outlandish spending. After all, by declaring independence, Texans would no longer be responsible for paying off the federal debt. That’s a clever way to clear the balance sheet and start anew without a national debt.? Some commentators — such as this silly socialist John Farrell — think that Texas needs the federal government like a baby needs a security blanket (http://www.usnews.com/blogs/john-fa…). Massive federal spending is a benefit to the States, he ultimately proclaims! But Texans aren’t so easily fooled. Nor are they helpless to fend for themselves. In fact, Texans can do just fine without Big Brother confiscating their hard-earned incomes and giving them only more debt in return.? Tyranny always leads to revolution? Besides, let’s face the facts: Bureaucrats in Washington have, in every classic definition, become tyrants. They no longer believe States have any rights whatsoever. They’ve even painted bullseye “terrorist” targets on anyone who supports Ron Paul, or who opposes Big Brother surveillance tactics, or who even attempts to defend the U.S. Constitution.? That’s when you know your country is lost: When citing the very document upon which the country was founded earns you the label of “extremist.” And that’s where we are in America today. I’m an “extremist” for merely writing this article, didn’t you know?? Homeland Security Secretary Napolitano has all but declared war against America’s veterans and tea-party supporters — the very people who actually stand for what America was founded on in the first place: Liberty, personal responsibility and freedom from oppression.? It is no coincidence that, at this moment in history, those who most strongly support freedom from oppression are targeted as “extremists” by the very government that practices such oppression. (http://www.foxnews.com/story/0,2933…)? The message is very clear: Conform to the new socialist agenda or be labeled a criminal… or maybe even a terrorist.? Given such direct assaults in freedom being brazenly pursued by arrogant Obama administration officials, is it any wonder that many Texans would want to break free from the United States of America and rule themselves?? That’s what America was founded on, after all: People seeking local rule rather than tyranny from afar.? Those Texans seeking independence from the U.S. government are doing so for all the right reasons — many of the very same reasons cited by our nation’s founding fathers as justification for declaring independence from Britain.? It’s not just Texas, either…? This whole discussion isn’t limited to Texas, of course. Forces of independence are rallying in many states: Oregon, Vermont, California, Hawaii and even Alaska. Texas may be the first to secede from the Union, but by no means will it be the last.? That’s because the desire to live as free people in a free land is universal. And when people feel oppressed, exploited, and even terrorized by their own government, it all eventually leads to the same thing: REVOLUTION.? Revolutions can be peaceful (a voters’ revolution at the ballot box) or violent (a military coup or popular revolt). They can be productive (as in the American Revolution) or just a new face of corruption (as in modern-day Thailand). Revolution by itself is no guarantee that things will be better, but at least it’s opportunity for a fresh start. And if there’s one thing our debt-burdened, arrogant, bureaucratically-bloated federal government desperately needs right now, it’s a fresh start.

\*\* AFF Texas DA

Civil War Inevitable

#### Civil War inevitable – Obama building up DHS offensively

Hagmann 12 Doug Hagmann Staff Writer The planned re-election of Obama, revolutionary style 5/8/12 http://www.canadafreepress.com/index.php/article/46516

The information? It began on Wednesday, 2 May 2012 with a 45-minute interview on TruNews with Rick Wiles when I first disclosed the information I received the previous week from my source. The information I relayed “went viral,” as they say, across the internet.? To support the statements I made during that interview, I am showing my handwritten notes taken contemporaneously during our conversation. My notes consist of two pages and are, at various points, admittedly difficult to decipher. I ask that points not be deducted for my penmanship given the time of the morning which they were taken.? According to my source, there is talk among the highest levels of the uppermost echelon of the Department of Homeland Security, which he describes as effectively under the control of Barack Hussein Obama. During this call, he said that the DHS is actively preparing for massive social unrest inside the United States. He then corrected himself, stating that “a civil war” is the more appropriate term. Certain elements of the government are not only expecting and preparing for it, they are actually facilitating it,” stated my source.? “The DHS takes their marching orders from the Obama administration, from Obama himself, but mostly from his un-appointed czars. And Jarrett, especially Valerie Jarrett. Don’t think for a minute that the administration is doing anything to stabilize events in the U.S. They are revolutionaries, and revolutionaries thrive on chaos,” he added.? My source stated that he has not seen things this bad since he began working within DHS. “It’s like they [DHS agency heads] don’t care about what the American people see or feel about what the DHS agencies are doing. They figure that if the average American will put up with being “sexually groped and nuked” just to fly, they’ll accept almost anything. “That’s why their actions are becoming more overt. “It’s in your face and the brass actually chuckle about it” said my source.? New Information? Astounded by the information my source provided “going viral,” I spoke to him again early Sunday morning. This was a scheduled telephone call (as noted on page 2 of my notes) based on a high level meeting of DHS personnel that was scheduled for and took place in Chantilly, Virginia, on Saturday, 5 May 2012. He hoped to provide me with more information to supplement that which he already given. Although he was not personally present, his source was. While he would not say who was at the meeting on Saturday or give its precise location, he said that the many of the names would be recognizable. He spoke to his source late Saturday night.? I contacted him on his cellular phone early Sunday morning to get the promised update.? “Geez, nice job on getting the word out about what’s really going on at DHS and in this administration,” were the first words out of his mouth, followed by “thanks a lot.” I asked him why he would be thanking me. “I just wanna’ tell you that I’m going to have to hire someone to start my car, and I’m surely not going for any rides in small planes in the immediate future,” he said with a bit of nervous laughter. “I hope no one finds out who I am or it’s going to be more than my pension I’ll have to worry about.”? “I can tell you word is getting out that people are starting to wake up, which is causing a lot of ‘pissed off brass.’ I can’t tell if they are more desperate or upset about the exposure, but the tone is starting to become a lot more tense. I hope that we’re having something to do with that,” he added.? With that, he provided me with additional information to supplement that which he already given me on 25 April. For clarity purposes, I have combined the information together from both contacts. The following information includes the updated information provided to me Sunday morning.? Obama the revolutionary? Metaphorically speaking, there’s a revolution going on in the U.S., propped up by three legs. Economic chaos, chaos through racial division, and chaos through class division, all joined by one core element: Barack Hussein Obama and his stable of unelected czars. Obama is using the lessons learned in 1968 as the template for 2012, and many of those who were active in the late 1960s are now calling the shots for 2012.? “The Obama administration and many of the un-elected ‘czars,’ either directly or indirectly, are engaged in covert activities with the occupy movement, various labor protests, and other subversive activities inside the U.S.,” stated my source. Using untracked campaign funds, they are paying people to infiltrate the various movements to cause physical destruction of property and disrupt commerce. That began last year, but has increased ten-fold already this year,” stated this source. He added that they are using some lower level DHS agents to make the payments under the context of tracking subversives, but they are the unwitting subversives. “It’s like Fast & Furious” but in the social realm,” he added.? “Obama is using some high profile people as pawns to foment the revolution. I heard several times through very credible sources that [Louis] Farrakhan is on the CIA payroll. Other have been named as well, but I’m not prepared to identify them yet. Farrakhan is to coordinate the Blacks and the Muslims to prepare for riots this summer, using any means necessary.”? “Mentioned at the meeting Saturday were methods to use pawns to simulate the rioting in the Arab Spring countries, but to the benefit of this administration. A controlled chaos thing,” stated my source. They envision rioting starting in the urban areas first, such as New York and other major cities, followed by a disruption of business and commerce. This will allow the DHS to mobilize their various teams into the streets of America without objection of the people,” stated my source.? “They want to restrict travel, if not through high energy prices, then by checkpoints and curfews mandated by rioting and unrest. They understand we are the most well-armed nation in the world, yet they are aware of our vulnerabilities and intend to fully exploit them,” he added. The whole purpose is to keep Obama in office for another term, no matter how unpopular he is, as he is not finished changing our country from a Constitutional Republic. This is the run-up to the 2012 elections, or perhaps causing enough chaos to delay them - indefinitely.”

Chuck Norris Turn

#### Chuck Norris will lead independent Texas that will lead the seceded states

Kornreich 09 (Lauren Kornreich CNN Staff WriterChuck Norris for president … of Texas March 12 2009) http://politicalticker.blogs.cnn.com/2009/03/12/chuck-norris-for-president-%E2%80%A6-of-texas/

Actor Chuck Norris has his eyes on the presidency, but not the White House. Norris wrote that he would be interested in becoming the president of Texas, if the state were ever to secede from the Union.? “I may run for president of Texas,” Norris wrote Monday in a column posted at WorldNetDaily. “That need may be a reality sooner than we think. If not me, someone someday may again be running for president of the Lone Star state, if the state of the union continues to turn into the enemy of the state.”? The actor claimed “thousands of cell groups will be united around the country in solidarity over the concerns for our nation” and said that if states decide to secede from the union, that Texas would lead the way.? “Anyone who has been around Texas for any length of time knows exactly what we'd do if the going got rough in America,” Norris wrote.

#### Chuck Norris in power key to jobs, crime, heg, world peace, prolif and warming

Norris 7 Chuck Norris If I am elected president 6/11/07 http://www.wnd.com/2007/06/42010/

I was wondering the other day, if I ran for president, what would be my campaign promises?? I made a list I’m certain can get me elected.? If I’m elected president, I will…? Require members of Congress to work out on the Total Gym 15 minutes each day – or else they can’t vote on anything.? Cut spending by dismissing the Secret Service, at least for my eight years in office (why would I need them?).? Resurrect Bruce Lee and appoint him head of homeland security (OK, the CIA and FBI too).? Give a presidential pardon to … no one, ever. Baretta was right in the ’70s, “Don’t do the crime, if you can’t do the time. Don’t do it!”? Turn the Rose Garden into a new fighting ring for the World Combat League, in which liberals and conservatives will fight for legislative leadership and priority. (For fun, Saturday night fights will feature a recurring bout between Hannity and Colmes). “American Idol” already told me they will provide the entertainment.? Require Bill Gates and Warren Buffet to personally pay for national, comprehensive medical coverage for every American (or meet me in the Rose Garden).? Increase jobs in America by sending ninja teams to sabotage and steal them back from other countries.? Tattoo an American flag with the words, “In God we trust,” on the forehead of every atheist.? Give a tax credit to anyone naming their children Walker or Texas Ranger (excluding Will Farrell).? Resolve the Iraq war by bringing all of our military personnel home immediately, then going over there by myself for “martial arts negotiations.”? Hang Saddam Hussein (Whoops – scratch that – already did it undercover).? Convey my plan for world peace to the United Nations: taking the governor of California with me on our “kick butt and ask questions later” USO world tour.? Give every new military enlistee abroad a copy of my upcoming new book, “The Threat of Justice,” with the words, “Arnold and I will be back to pump you up!” above my autograph.? Bring on Donald Trump as my apprentice. When my presidential term is complete and he has obtained his black belt, or whichever comes first, he can buy the White House and of course rename it (to, what else, “The Trump House”).? Create new immigration legislation: to deport all liberals (then force them to listen to Bill O’ Reilly every day for five years, at which point they may return).? Ask producer Mark Barnett to film “Survivor – Camp David,” where world leaders will meet annually, for an all-out cage-fighting championship. The winner will take home $1,000,000 in Disney Dollars, good in Europe or America.? Send an autographed photo of me and my horse (no dogs in my White House) to everyone who commits to read my new WorldNetDaily “presidential column” and blast a blog who dares to disagree with me.? Complete the plan to bring Tony Blair to the U.S. as my vice president.? Expose the real WMDs – my fists and feet.? Replace Letterman, Leno or Conan once monthly, since stand-up comedy is what most governmental officials do anyway.? Ask Al Gore to provide me with a special governmental study on the connection between spotted owl extinction and global warming. (I’m pretty sure Michael Moore will film the docudrama).? Help Rosie transition from “The View” to the pew – it might help her get over that anger problem. If the pew doesn’t work, she can spar Trump in the Rose Garden.? First and foremost, however, my greatest priorities will be to …? Personally smoke out bin Laden by myself and round-house kick him all the way back to America, where my United Fighting Arts Federation will handle the justice issues.? Make all Chuck Norris facts come true (well, not quite all of them – I’m a happily, married man!)

\*\*\*Misc. – State stuff

#### State governments are already paying huge amounts for the nation’s infrastructure.

Solomon 8 Burt Solomon, National Journal editor, The National Journal, “The Real Infrastructure Crisis,” 7/5/08

It wouldn't take many years, or so it is said, before the weeds poked up through a neglected **interstate** highway. Not to worry. Even as the nation's enthusiasm for long-term investments has flagged, the total amount of money spent on its infrastructure has continued to grow. As the federal share has shrunk (from 32 percent in 1982 to less than 24 percent in 2004, according to the Congressional Budget Office), state and local governments have picked up the slack. Counting all levels of government, public entities spent $312 billion on the nation's transportation and water infrastructure in 2004, three times as much--after taking inflation into account--as in 1956, when Eisenhower's heyday began. (See chart.)

Has the U.S. underfunded its infrastructure, on which its economy rests? "Compared to what we really need, I think so," said Penner, a former CBO director, "but relatively slightly."

#### Texas Oil Industry decline now

Mills 6/9 ALEX MILLS president of the Texas Alliance of Energy Producers. Worldwide economic situation might slow Texas oil expansion June 9, 2012 http://www.gosanangelo.com/news/2012/jun/09/alex-mills-global-economic-woes-may-slow-oil-and/

Texas oil and gas producers began to rein in drilling and development activity in April as falling crude oil prices fed anxiety over growing economic uncertainty, possibly portending a halt to a 28-month-long expansion of the Texas upstream oil and gas economy.? "The average monthly posted price for crude oil in Texas was down in April year-over-year for the first time since October 2009," said Karr Ingham, the economist who created the Texas Petro Index and updates it monthly. "As a result, the TPI for April was unchanged from March to April at 271, the first time since December 2009 the index did not post a month-to-month increase."? Ingham said a retreat from higher crude prices that prevailed earlier in 2012 was not entirely unexpected and even desirable from a consumer point of view, but the rate of oil-price decline had caught producers by surprise. Repercussions of European debt woes and economic slowdown in Asia on the U.S. economy in the remainder of 2012 are weighing heavily on crude oil markets, fueling lingering uncertainty about underlying support for crude oil pricing, he added.? "Producers don't have a solid sense about where the bottom may be, and that is making them a bit gun-shy and, perhaps, trigger-happy to curtail exploration and development drilling," Ingham said. "The TPI is designed to be on the leading edge of trend changes in the state's oil and gas exploration and production economy.? "So even though some indicators continued to increase through April, it is certainly possible we're on the cusp of a slowdown in upstream oil and gas activity."? Among leading TPI indicators during April:? Estimated crude oil production in Texas totaled nearly 41.75 million barrels, about 3.13 million barrels (8.1 percent) more than in April 2011. The value of Texas-produced crude oil totaled an estimated $4.15 billion, about $25.5 million (0.6 percent) more than in April 2011.? Estimated Texas natural gas output totaled more than 576.36 billion cubic feet, a year-over-year monthly decline of about 8.5 percent. With natural gas prices in April ($2.07/Mcf) trailing prices in April 2011 ($4.23/Mcf) by more than 51 percent, the value of Texas-produced gas declined about 55.2 percent to about $1.19 billion.? The Baker Hughes count of active drilling rigs in Texas averaged 923, 17 percent more than in April 2011, when 789 rigs on average were active. Drilling activity in Texas peaked in September 2008 at a monthly average of 946 rigs before falling to a trough of 329 in June 2009.? The number of Texans estimated by the Texas Workforce Commission to be on oil and gas industry payrolls continues to climb, totaling 249,000, about 14.9 percent more than in April 2011. Industry employment has grown from a low of 179,200 in October 2009 after reaching a record of 222,300 in October 2008, during the previous growth cycle.