# Spending DA

Spending DA 1

1NC 2

Uniqueness – Fiscal Discipline Now 4

Uniqueness – Economic Growth Now 5

Uniqueness – Economic Growth Now – Investor Confidence Now 6

Link – High Speed Rail – 2NC 7

Link – High Speed Rail – Freight Mobility Module 9

Link – High Speed Rail – Link Magnifier 11

Internal Link – Economy – Spending Collapses the Economy 12

Internal Link – Economy – AT: Spending Good for the Economy 13

Internal Link – Economy – AT: US Not Key to Global Economy 15

Impact – Economy – War 16

Impact – Economy – Turns Hegemony 17

Impact – Economy – Turns Terrorism 18

Impact – Terrorism – Module 19

AFF – Uniqueness – No Economic Growth Now – General 20

AFF – Uniqueness – No Economic Growth Now – Consumer Confidence Low Now 21

AFF – Uniqueness – No Economic Growth Now – Investor Confidence Low Now 22

AFF – Internal Link – Spending Good for the Economy – Infrastructure 23

AFF – Internal Link – Spending Good for the Economy – General 25

## 1NC

#### Obama is bringing fiscal restraint now.

Baker 5/23/2012 (Peter, “Obama More Conservative Than Hoover? Someone Thinks So,” 5-23-12,

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

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

### High-speed rail requires massive government spending.

Kotkin 2/18/2011 (Joel – contributor @ Forbes, distinguished presidential fellow at Chapman University, contributing editor to the City Journal, executive editor of www.newgeography.com, “Obama's High-Speed Rail Obsession,” http://www.forbes.com/sites/joelkotkin/2011/02/18/obamas-high-speed-rail-obsession/)

Our President may be an intelligent and usually level-headed man, but this represents a serious case of policy delusion. As Robert Samuelson pointed out in Newsweek, high-speed rail is not an appropriate fit for a country like the U.S. Except for a few areas, notably along the Northeast Corridor, the U.S. just lacks the density that would make such a system work. Samuelson calls the whole idea “a triumph of fancy over fact.” Arguably the biggest problem with high-speed rail is its extraordinary costs, which would require massive subsidies to keep operating. Unlike the Federal Highway Program, largely financed by the gas tax, high-speed rail lacks any credible source of funding besides taxpayer dollars. Part of the pitch for high-speed rail is nationalistic. To be a 21st century super power, we must emulate current No. 2 China. But this is a poor reason to indulge in a hugely expensive program when the U.S. already has the world’s most evolved highway, freight rail and airline system. Also, if the U.S. were to follow the Chinese model, as some have suggested, perhaps it should impose rule from a Washington version of a centralized authoritarian government. After all, dictatorships are often quite adept at “getting things done.” But in a democracy “getting things done” means balancing interests and efficiencies, not following orders from above. In China high-speed rail is so costly that the trains are too expensive for the average citizen. Furthermore, construction costs are so high the Chinese Academy of Sciences has already warned that its debts may not be payable. This experience with ballooning costs and far lower fare revenues have raised taxpayer obligations in Taiwan and Korea and added to heavily to the national debt in Japan. The prospect of mounting and uncontrollable costs has led governors to abandon high-speed projects in Ohio, Wisconsin and most recently Florida, where a battle to save the Tampa-Orlando line has begun. In times of budget stress, the idea of building something new, and historically difficult to contain by costs, becomes a hard sell.

### Continued deficit spending collapses the economy

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

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

### Global nuclear war

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

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

## Uniqueness – Fiscal Discipline Now

### Obama is instituting fiscal responsibility now.

**Medeiros** 5/23/20**12** (Ray- Senate candidate from Massachusetts) “Obama is the most fiscally responsible president in a generation”

Obama is slowing the growth in spending better than any other President in 60 years! The growth in the federal budget has grown 1.4% in President Obama’s first term, compared to President Reagan who increased the rate of spending by 8% in his first term. In fact in fiscal year 2010, Obama’s first budget, the growth fell 1.8%. If President Obama wasn’t facing the Bush era financial collapse, the outcome would be even better. In fact let’s take the recession factor out of the Obama budgets, and see where that leads us. In 2010, the federal budget increased unemployment insurance by 58%. If we take out the recession factor, it would have only increased by 2%, taking into consideration historical budgets. The same is true for Medicaid. The baseline we are using is the 2009 budget which was passed in October of 2008 under George Bush. Unemployment insurance was about $360 billion and Medicaid was $224 billion. This is just in line with historical increases of about 2%. So, in Obama’s budget for 2010, rather than $571 billion dollars, it would have only been $367 billion. ($360 billion + 2% = 367 billion) That is already a $204 billion dollar savings! If we add on Medicaid, the 2010 budget for that was $290 billion. If we take out the recession, it would have only been about $230 billion, a savings of $60 billion. ($224 billion +2% = 230 billion) Actually if we took out the entire stimulus package of $900 billion growth in spending would have DROPPED more than 2%, something that hasn’t happened in generations. My point here is that President Obama is not a spending obsessed socialist, in fact contrary to what conservatives believe, he is very responsible. A drop in growth of 1.8% in 2010 during the height of crisis is pretty significant. President Obama is turning out to be a very tight walleted leader, and more fiscally responsible, than George W Bush and Reagan, both of whom saw growth in federal spending of 7- 8% in their terms.

## Uniqueness – Economic Growth Now

### The economy’s growing now.

Norris 6/19/12 (Floyd – New York Times Analyst, “A Slow Recovery in the United States, but It’s All Relative,” LexisNexis Academic)

THE slow pace of the American economic recovery seems likely to be a major issue in this year's presidential election. But by the standards of other developed countries, the United States has done rather well since the credit crisis blossomed in 2008 and sent the world into recession. The American economy, adjusted for inflation, was 1.2 percent larger in the first quarter of this year than it was in the peak quarter before the recession. As the accompanying charts show, only Canada among the Group of 7 industrialized economies has done better. It has benefited from being an exporter of natural resources that China needs, but it also escaped the worst of the downturn because its banks, better regulated than those in this country, did not finance a real estate bubble during the boom. Even Canada, however, had one quarter last year when its economy declined. The charts show the performance of the Group of 7 nations, including three members of the euro zone, and that of seven other countries that use the euro. Of the 14, the United States is the only one to show consistent growth over the most recent four quarters. It has reported a growing economy for 11 consecutive quarters, even if the pace of growth has not been very fast.

### Economic growth now.

Rugaber 6/21/2012 (Christopher S. – AP Economics Writer, “Measure of US economy rose 0.3 percent in May,” http://www.keyc.tv/story/18845857/measure-of-us-economy-rose-03-percent-in-may)

A measure of future U.S. economic activity rose in May to the highest level in four years, a sign the economy will keep growing but at a modest pace. The Conference Board said Thursday that its index of leading economic indicators rose 0.3 percent last month, after a 0.1 percent drop in April. April's drop was the first in seven months. The index is now at 95.8. The last time it was higher was June 2008, six months into the Great Recession. Prior to the recession, the index routinely topped 100. Other figures released Thursday, however, suggest the economy is softening. Weekly applications for unemployment benefits were little changed last week from a level that signals weak job growth. And factory activity in the Philadelphia region contracted for the second straight month, according to a survey by the Philadelphia Federal Reserve Bank. Seven of the ten components of the Conference Board's index rose last month. The biggest drivers of the increase in the index were building permits, the spread between short-term and long-term interest rates, and an increase in new manufacturing orders, according to a survey by the Institute for Supply Management. The economy "is growing modestly, neither losing nor gaining momentum," said Ken Goldstein, an economist at the Conference Board, a business research group. "The result is more of a muddle through."

## Uniqueness – Economic Growth Now – Investor Confidence Now

### Investors believe the economy will not collapse now.

Reuters 6/24/2012 (Jennifer Ablan and David Gaffen, http://www.reuters.com/article/2012/06/24/us-global-economy-fear-idUSBRE85N0M420120624)

Some even suggest markets are taking on shades of the 2008 global crisis, with the potential for a collapse in investor confidence, bank runs in Europe and a seizure for the global financial system. "History may not repeat but it often rhymes. The fear is that it could be a replay of 2008. The reality is that the potential for a replay of 2008 on steroids is not exactly zero," said Bonnie Baha, portfolio manager at DoubleLine Capital, which oversees $35 billion. Baha, who is based in Los Angeles, was speaking while visiting Europe last week. Added financier Steve Rattner, who is the former head of the U.S. auto task force, "We should be terrified about the euro crisis because the Europeans are trying to fix a deeply flawed system with the equivalent of Band-Aids," And Dan Fuss, vice chairman and portfolio manager at Loomis Sayles, which oversees $172 billion in assets, sees little reason not to be very worried. "We have uncertainties of the wrong kind. Bringing the political cohesion together has proven to be more difficult than I had thought. The headlines coming out of Europe are scary." To be sure, while these are the views of highly credible investors, they are not necessarily the mainstream. Most economists and strategists still think Europe will be able to muddle through its problems as it has for the past few years. And while the majority of them see weak growth in the United States, they don't expect the economy to slip into a recession.

## Link – High Speed Rail – 2NC

#### The plan could cost up to a trillion.

Edwards and DeHaven 6/17/2010 (Chris, director of tax policy studies at Cato, and Tad, budget analyst on federal and state budget issues for the Cato Institute, “Privatize Transportation Spending”, Cato Institute, June 17, http://www.cato.org/publications/commentary/privatize-transportation-spending)

To government planners, intercity high-speed rail is even sexier than urban rail systems. The DOT is currently dishing out $8 billion for high-speed rail projects across the country, as authorized in the 2009 stimulus bill. Most people think that the French and Japanese fast trains are cool, but they don't realize that the **price tag is enormous**. For us to build a nationwide system of bullet-style trains would cost up to $1 trillion. The truth about high-speed trains is that even in densely-populated Japan and Europe, **they are money losers**, while carrying few passengers compared to cars, airlines and buses. The fantasy of high-speed rail in America should be killed before it becomes a huge financial drain on our already broke government.

#### Multiple other warrants their evidence doesn’t assume –

#### A. Forecasting errors

O'Toole, 10 (Randal, Cato Institute Senior Fellow working on urban growth, public land, and transportation issues, author of Gridlock: Why We’re Stuck in Traffic and What to Do About It, “High Speed Rail”, June, http://www.downsizinggovernment.org/transportation/high-speed-rail)

1. Costs and Ridership. Proponents of high-speed rail projects tend to overstate their benefits and **understate their costs**. Danish planning professor Bent Flyvbjerg has studied hundreds of government megaprojects, and he argues that project supporters suffer from "optimism bias" regarding the merits of projects, and that they often "strategically misrepresent" project details in order to gain support.30 No high-speed rail line has been built from scratch in the United States. But historically, urban passenger rail projects have, on average, gone 40 percent over their projected costs. At the same time, U.S. passenger rail planners typically overestimate ridership by an average of about 100 percent. 31California's high-speed rail authority is projecting that the San Francisco to Los Angeles line will be carrying two to three times more passengers by 2020 than Amtrak's entire Boston to Washington corridor currently carries.32 A Reason Foundation review of the state rail authority's plan called the ridership projections "the most unrealistic projections produced for a major transport project anywhere in the world."33 A report on the California project from the state's Senate Transportation Committee pointed to many major risks of the project, including inaccurate forecasting, uncertainly regarding rights-of-way, and substantial safety issues.34 Unlike running a bus system or even an airline, building a rail line requires accurate long-range forecasting. Planning and construction can take many years, and the service life of rail lines is measured in decades. **A seemingly minor forecasting error—or a deliberately optimistic estimate—can turn what appears to be a sound investment into an** expensive white elephant.

#### B. Post-construction subsidies

O'Toole, 10 (Randal, Cato Institute Senior Fellow working on urban growth, public land, and transportation issues, author of Gridlock: Why We’re Stuck in Traffic and What to Do About It, “High Speed Rail”, June, http://www.downsizinggovernment.org/transportation/high-speed-rail)

Also, consider how the costs would rise even higher once a new rail system gets underway. The 12,800-mile FRA network reaches only 42 states and only a handful of cities in those states. Every excluded state and city is represented by senators and representatives who will wonder why their constituents have to pay for a rail system that only serves other areas. And even in the 42 states in the plan, routes are discontinuous, with no high-speed links between many pairs of major cities such as New York and Chicago. Groups representing all the excluded routes would lobby for rail lines, and overall costs would balloon over time. And the costs mentioned are only the capital costs. Most high-speed rail lines **wouldn't cover their operating costs**, so there would have to be billions of dollars in ongoing subsidies to the system. If the ridership on an expensive new rail system was very large, the high costs would seem more reasonable. But, unlike the interstate highway system, which is heavily used by almost all Americans, only a small elite would use high-speed rail. In 2007, the average American traveled 4,000 miles and shipped 2,000 ton-miles of freight over the interstate highways.13 By comparison, total annual use of a high-speed rail system would not likely be much more than 100 miles per person. And considering the premium fares charged to ride high-speed rail, most users would likely be higher-income white-collar workers.

#### C. Track upgrade costs

O'Toole, 10 (Randal, Cato Institute Senior Fellow working on urban growth, public land, and transportation issues, author of Gridlock: Why We’re Stuck in Traffic and What to Do About It, “High Speed Rail”, June, http://www.downsizinggovernment.org/transportation/high-speed-rail)

Even though moderate-speed passenger trains are less expensive than true high-speed trains, they are still very expensive. Upgrading the 12,800 miles of track in the administration's plan to moderate-speed rail standards would cost far more than the $14.5 billion the president has proposed to spend so far. The entire 12,800-mile Obama-FRA **system would cost at least $50 billion**.9 Rather than build the entire system, Obama's plan really just invited states to apply for funds to pay for small portions of the system.

## Link – High Speed Rail – Freight Mobility Module

#### High speed rail costs billions and suppresses freight mobility

O'Toole, 11 (Randal, Cato Institute Senior Fellow working on urban growth, public land, and transportation issues, “High-Speed Pork: Faster trains will produce almost no new mobility”, The National Review, Feb 14, http://www.nationalreview.com/articles/259618/high-speed-pork-randal-otoole#)

President Obama’s high-speed-rail proposal will, over the course of six years, pour $53 million of taxpayer money into a megaproject that produces little value for the vast majority of Americans. It uses the classic pork-barrel strategy of starting a program small and then expanding it after Congress, prodded by special-interest groups, is fully committed. Secretary of Transportation Ray LaHood admits Obama’s 25-year plan to extend high-speed train service to 80 percent of Americans will cost $500 billion, which means after six years, spending will have to increase to $24 billion a year. While this will please construction and engineering firms, the rest of us will get little other than the satisfaction of knowing our trains go as fast as those in France and China (though less than half as fast as planes). The real value of any new transportation technology comes from the new mobility it creates. For example, the average American travels 4,000 miles and ships 2,000 ton-miles of goods per year on interstate freeways, virtually none of which took place before the interstates were built. That new mobility helped people reach jobs and other opportunities and ship products that might never have existed without the interstates. In contrast, high-speed trains will produce almost no new mobility — **in fact, they could** suppress freight mobility, which is why the freight railroads are resisting government plans to use their tracks for high-speed passenger trains in North Carolina, Virginia, and Washington. The Florida Department of Transportation predicts 96 percent of the people riding its proposed Tampa-to-Orlando high-speed train would otherwise drive; only 4 percent will be new travelers. With 50 million people visiting Central Florida each year, high-speed rail will increase business by less than .25 percent. Similarly, the California High-Speed Rail Authority predicts 98 percent of the riders on its proposed San Francisco–to–Los Angeles high-speed trains would otherwise drive or fly. With only 2 percent new travel, the trains will create almost no new economic opportunities. Far from serving 80 percent of Americans, Obama’s trains will serve only about 8 percent. High-speed rail’s main market is downtown-to-downtown travel. But little more than 7 percent of Americans work in big-city downtowns, and fewer than 1 percent live there. Few aside from this fairly wealthy elite will regularly ride high-speed trains. For the few who use it, **high-speed rail will substitute an expensive form of travel for much more affordable forms**. Fares on Amtrak’s Acela average nearly 75 cents a passenger mile, compared with average airfares of 13 cents per passenger mile and bus fares that are even lower. New York–to–Washington tickets on the Acela start at $139; JetBlue starts at $39; and Megabus averages less than $15. Americans spend an average of 35 cents a vehicle mile on driving, and cars in intercity travel carry on average more than two people, so the cost per passenger mile is around 15 cents. Subsidies to airports and highways add only about a penny per passenger mile to these costs. The Acela’s high fares explain why it carries only 2 percent of passenger travel in the Boston-to-Washington corridor. Unlike the interstates, which were paid for exclusively out of gasoline taxes and other highway user fees, all of the capital costs and much of the operating costs of high-speed trains will be subsidized by taxpayers who will rarely ride the trains. This is the way it works in France and Japan, where — despite having population distributions much more conducive to rail travel — residents ride high-speed trains an average of less than 500 miles a year. Nor will high-speed rail offer any environmental benefits. The average intercity auto trip today uses less energy per passenger mile than the average Amtrak train. While it takes a lot of energy to move trains 150 miles per hour or more, autos are getting cleaner and more energy-efficient every year, so by 2025 the average car will be greener than the most efficient train. High-speed rail will do little more than drain our economy. It is foolish to ask taxpayers to spend **hundreds of billions** on trains that few can afford to use.

#### That’s independently key to the economy

Blakey, 12 (Leslie, principal in the Washington DC public affairs firm of Blakey & Agnew, LLC, a public affairs firm specializing in transportation with expertise in developing communications strategies that make complex regulatory, engineering, and legal issues more easily understood by broader audiences, “Senate Bill Will Improve Freight Mobility and Economic Vitality”, Transportation Issues Daily, Feb 14, http://www.transportationissuesdaily.com/senate-bill-will-improve-freight-mobility-and-economic-vitality/)

Senate leaders are making the development and enactment of a long-term transportation plan an immediate priority. Goods movement infrastructure has emerged as an important element the bills that will go to the Senate floor this week to be merged into a final package of legislation. The Senate should be commended for recognizing that the needs of our nation’s multimodal freight system are vast and continue to grow and when the movement of goods is constrained, a drag is exerted on our economy. Both the Committee on Environment & Public Works (EPW) and the Committee on Commerce, Science & Transportation (Commerce) have drafted landmark bills that, through their respective jurisdictions, give much-deserved support to our nation’s freight system. Combined and working together, these two pieces of legislation could provide the policy framework and funds needed for guiding investment to improve and expand our multimodal goods movement network. The EPW Committee’s bill establishes a new core program of freight investment, primarily for highways, guided by national goals and coordinated policy administered by the U.S. Department of Transportation, including continuing investment through Projects of National and Regional Significance (PRNS). The PRNS grant program is intended to support projects with needs too large for traditional funding mechanisms, such as formulaic distribution to states. The Commerce Committee’s bill provides a comprehensive, systemic approach to multi-modal infrastructure investment that addresses the nation’s rail and water needs while protecting the public interest and helping our nation meet its energy, environment and safety goals. It also calls for the creation of a competitive National Freight Infrastructure Grants program. While some members of Congress are wary of grant programs, these grant approaches are structured to focus funds where they will provide the most public benefit and leverage the federal investment. This system-focused approach will serve the economic needs of our country in the near term and for generations to come by incentivizing decisions that optimize freight mobility, especially at gateways and on corridors of national significance. In many cases, these worthy projects do not qualify for formula funding, yet the chokepoints that have developed around these hubs of commerce are barriers to trade and carry massive local impacts. Properly funding our nation’s goods movement infrastructure is a vital step in **creating jobs, growing our economy and increasing global economic competitiveness of U.S. companies** Working together these two pieces of legislation can expand our capacity for moving goods, relieve chokepoints and keep our nation competitive in the world marketplace.

## Link – High Speed Rail – Link Magnifier

#### Earmarks attached to the plan mean it will cost way more than they think

Roth 10 (Gabriel, civil engineer and transportation economist, currently a research fellow at the Independent Institute, “Federal Highway Funding”, June, http://www.downsizinggovernment.org/transportation/highway-funding)

Federal politicians often direct funds to projects in their states that are low priorities for the nation as a whole. The Speaker of the House of Representatives in the 1980s, "Tip" O'Neill, represented a Boston district and led the push for federal funding of the Big Dig. More recently, Representative Don Young of Alaska led the drive to finance that state's infamous "Bridge to Nowhere," discussed below. The inefficient political allocation of federal dollars can be seen in the rise of "earmarking" in transportation bills. This practice involves members of Congress slipping in funding for particular projects requested by special interest groups in their districts. In 1982, the prohibition on earmarks in highway bills in effect since 1914 was broken by the funding of 10 earmarks costing $362 million. In 1987, President Ronald Reagan vetoed a highway bill partly because it contained 121 earmarks, and Congress overrode his veto.23 Since then, **transportation earmarking has grown by leaps and bounds**. The 1991 transportation authorization bill (ISTEA) had 538 highway earmarks, the 1998 bill (TEA-21) had 1,850 highway earmarks, and the 2005 bill (SAFETEA-LU) **had 5,634 highway earmarks**.24 The earmarked projects in the 2005 bill cost $22 billion, thus indicating that earmarks are consuming a substantial portion of federal highway funding. The problem with earmarks was driven home by an Alaska bridge project in 2005. Rep. Don Young of Alaska slipped a $223 million earmark into a spending bill for a bridge from Ketchikan—with a population of 8,900—to the Island of Gravina—with a population of 50. The project was dubbed the "Bridge to Nowhere" and created an uproar because it was clearly a low priority project that made no economic sense.

## Internal Link – Economy – Spending Collapses the Economy

### Government spending hurts investor confidence, causing economic collapse.

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

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

## Internal Link – Economy – AT: Spending Good for the Economy

### **Government Spending has an inverse effect on the economy**

Powell 10/13/2012 (Jim- senior fellow at Cato Research Institute, Why Government Spending Is Bad for Our Economy, http://www.cato.org/publications/commentary/why-government-spending-is-bad-our-economy)

Though President Barack Obama has spent trillions of dollars, the U.S. economy is stagnant, fewer people are employed than when he became president, the percentage of people unemployed for over a year has doubled since then, the poverty rate is the worst in two decades, and more than 40 million Americans — a record — are on food stamps. More government spending has been widely-touted as a cure for unemployment, but support for that view seems to be eroding – not least because Obama has little to show for his spending spree except about $4 trillion of additional debt. America needed more than 200 years to hit that number, but Obama did it in only three years. The experience offers a reminder that there isn’t any net gain from government spending since it’s offset by the taxes needed to pay for it, taxes that reduce private sector spending. When Obama was sworn in, his top priority ought to have been reviving the private sector, since the private sector pays all the bills. Government basically doesn’t have any money other than what it extracts from the private sector. Yet Obama decided to indulge his progressive whims and make government bigger. His administration drained resources out of the private sector via taxes, then he signed his $825 billion “stimulus” bill, the American Recovery and Reinvestment Act of 2009 (ARRA), so that money could be redistributed among government bureaucracies. For instance, Obama authorized spending money to repair U.S. Department of Agriculture buildings, maintain the Farm Service Agency’s computers and inform the electronically disadvantaged about digital TV. Obama essentially acknowledged that he didn’t know or care about how to stimulate the private sector, since he provided hardly any specific guidance for spending the money. For instance, ARRA awarded $600 million to the National Oceanic and Atmospheric Administration, saying only that the money was “for procurement, acquisition and construction” — which could have meant almost anything. If the aim was really to stimulate recovery of the private sector, the most effective way of doing that would have been to leave the money in the private sector. peAfter all, people tend to be more careful with their own money than they are with other people’s money. Undoubtedly people would have spent their money on all sorts of things to help themselves, things worth stimulating like food, clothing, gasoline, downloads, cell phones and household repairs. Because of the federal government’s taxing power, it commands vast resources, and politicians can be counted on to start new spending programs they can brag about during re‑election campaigns. Unfortunately, spending programs often have unintended consequences that can make it harder for the private sector to grow and create productive jobs. Nonetheless, interest groups that benefit from the spending lobby aggressively to keep the money flowing, which is why, since the modern era of big government began in 1930, spending has gone up 88% of the time. If we exclude the demobilization periods following the end of World War II (three years) and the Korean War (two years) when spending declined, it has gone up 95% of the time. Economists James Gwartney, Randall Holcombe and Robert Lawson reported: “Evidence illustrates that there is a persistent robust negative relationship between the level (and expansion of) government expenditures and the growth of GDP. Our findings indicate that a 10% increase in government expenditures as a percent of GDP results in approximately a 1 percentage point reduction in GDP growth.” Similarly, Harvard economist Robert J. Barro found that “growth and the size of government are negatively related when the government is already very large.”

### Spending hurts the economy – it crowds out the private sector.

Hamel 4/6/2011 (Gretchen- Executive Director of Public Notice, founder and former partner in Endeavour Global Strategies, former Deputy U.S. Trade Representative for Public Affairs in the State Department, <http://www.bankruptingamerica.org/op-ed/spending-cuts-can-benefit-economy/>)

Last month, Washington was abuzz with news of an "independent economic analysis" by economist Mark Zandi arguing spending cuts would result in 700,000 lost jobs this year and next. (Zandi is the same economist who estimated that the 2009 stimulus would keep average unemployment at 8.1 percent in 2009; instead it was 9.2 percent. He also estimated 8.9 unemployment in 2010; it was 9.6 percent.) Pro-spending forces lauded the letter as if it were the last word from the economic community on the issue. Those forces failed to educate the public about studies in Canada, Ireland and Denmark after spending had been reduced, which showed spending cuts had no negative economic effect. Furthermore, a Goldman Sachs paper **from 2010** that reviewed every major fiscal correction in the OECD countries since 1975 found budget cuts "typically boosted growth." Stanford University economist John Taylor, one of 150 economists who signed a February letter to President Barack Obama urging spending cuts, has explained how spending cuts help the economy. Taylor recently wrote on his personal blog, "A credible plan to reduce gradually the deficit will increase economic growth and reduce unemployment by removing uncertainty and lowering the chances of large tax increases in the future." Most Americans side with Taylor. According to a March Bloomberg poll, 56 percent of adults said the most important issue facing the country was job creation. That beat out spending cuts, which received 42 percent. What is interesting is that the Bloomberg poll was one of the few nonpartisan, non-interest group polls to ask Americans about the connection between the two issues. When asked which approach they thought was the best way to create jobs, 53 percent of Americans said cutting government spending and taxes. Only 44 percent said government "investment" (i.e. spending). Americans know implicitly what economists will debate forever: Government overspending hurts, not helps, the economy. Why does Main Street acknowledge this while academics can't agree? Over the past decade (the 2009 stimulus was only the most recent example of government overreach), federal spending has increased from 18.2 percent of GDP in 2000 to 23.8 percent in 2010. Over the last four years (the last two years of the Bush administration and the first two of Obama's), federal spending increased from just over $2.7 trillion in 2007 to nearly $3.5 trillion in 2010. During that period --- 2007-10 --- our debt-to-GDP ratio skyrocketed from 64.4 percent to 93.2 percent. Meanwhile, we've created not one net new job and our unemployment rate has jumped from 4 percent in January 2000 to 8.8 percent today. Our growth rate over the last decade (2000-09) averaged 1.8 percent --- less than the 3.1 percent it averaged in the 1980s and the 3.2 percent in the 1990s. Why? Government spending crowds out spending by the private sector. Each dollar spent by government --- whether local, state or federal --- is a dollar that has to be raised by taxing the private sector. As the economist Taylor explained, more government spending (especially at time of multi-trillion deficits) makes it more likely government will raise taxes. This threat has a chilling effect on the private sector that results in less investment by businesses and fewer jobs. Spending cuts would send a signal to job creators that lawmakers believe Americans' earnings should stay where they are most productive: in the private sector.

### Government spending is bad for the economy – their warrants are empirically denied.

Rahn 12/19/2012 (Richard W – Vice President and Chief Economist in Chamber of Commerce in Reagan Administration, senior fellow at the Cato Institute, Ph.D. from Columbia, http://www.washingtontimes.com/news/2011/dec/19/government-spending-jobs-myth/)

Do increases in government spending increase or decrease the number of jobs? Conventional wisdom is they will increase jobs, and a few left-wing economists, such as Paul Krugman of the New York Times, frequently are trotted out by reckless politicians and some in the news media to argue that we need more government spending in order to create jobs. If this were true, we should be able to see it in the historical evidence, so let's look at the numbers. Government spending grows each year, but what is relevant is whether it is increasing or decreasing as a percentage of gross domestic product (GDP) and how it relates to the percentage of the adult labor force at work. As can be seen in the accompanying chart, there is an inverse relationship between increasing the size of government and job creation. This empirical evidence, along with much other evidence, is contrary to the argument made by those calling for more government spending to create jobs. Some who argue for more government spending, such as economist Mark Zandi of Merrill Lynch, use neo-Keynesian models to justify their conclusions - conveniently ignoring the fact that such models almost always have been wrong. What also typically is ignored by the neo-Keynesians is that there is an enormous tax extraction cost for the government to obtain each additional dollar. Estimates of this extraction cost typically run from $1.40 to well over $2.50 of lost output for each dollar the government obtains. In addition, there is vast literature showing how specific government spending programs have little or even negative benefit and, as a result, are actually wealth and job destroyers. Thus, the real deadweight loss of additional government taxing and spending is estimated to be in the $3 to $4 range. If additional government spending could create more jobs, it would be expected that over the long run, the socialist or semisocialist economies would have full employment and the smaller-government, developed economies would have higher unemployment. Again, the empirical evidence shows just the opposite. Sweden and Canada are examples of countries that reduced government spending as a percentage of GDP 15 years ago, and as a result, both countries saw increased economic growth and employment. The length of the periods in the chart was determined by the number of years in which the government trended relatively larger or smaller. The World War II and Korean War years were left out because of the necessary jumps in government spending as a percentage of GDP. Even during those wartime periods, there was almost no change in civilian employment as a percentage of GDP. The Vietnam War had little impact on the size of government. A big increase in government spending started during the Nixon administration after the end of the war, as many of his predecessor's Great Society programs started to have an impact, along with Nixon's big increase in government programs. As he famously said, "We are all Keynesians now." Government spending as a percentage of GDP almost tripled between 1929 and 1939 under Presidents Hoover and Roosevelt, yet the number of Americans at work fell through this period despite a growing population. The percentage of growth in government spending was less than GDP growth during the period from 1983 to 2000 (Ronald Reagan through Bill Clinton), and job growth soared. I expect no amount of evidence will persuade Mr. Krugman and President Obama that they have it totally backward. Over the years, I have had the good fortune to know a number of the Nobel laureates in economics and have found them to be careful scholars, not allowing their political leanings to overcome what they believe to be good economics.

## Internal Link – Economy – AT: US Not Key to Global Economy

### The US economy is key to global economic growth

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

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

## Impact – Economy – War

### Economic decline causes war – studies prove.

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

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

## Impact – Economy – Turns Hegemony

### Economic collapse turns heg.

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

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

## Impact – Economy – Turns Terrorism

### Economic collapse turns terrorism.

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

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

## Impact – Terrorism – Module

#### Fiscal restraint key to balancing funding to prevent terrorism

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

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

#### Nuclear war

**Speice**, February **2006** (Patrick, William & Mary Law Review, p. 1437-38)

The potential consequences of the unchecked spread of nuclear knowledge and material to terrorist groups that seek to cause mass destruction in the United States are truly horrifying. A terrorist attack with a nuclear weapon would **be devastating** in terms of immediate human and economic losses. Moreover, there would be **immense political pressure** in the United States to discover the perpetrators and **retaliate with nuclear weapons**, massively increasing the number of casualties and potentially **triggering a full-scale nuclear conflict**. In addition to the threat posed by terrorists, leakage of nuclear knowledge and material from Russia will reduce the barriers that states with nuclear ambitions face and may trigger widespread proliferation of nuclear weapons. This proliferation will increase the risk of nuclear attacks against the United States or its allies by hostile states, as well as increase the likelihood that regional conflicts will draw in the United States and escalate to the use of nuclear weapons.

## AFF – Uniqueness – No Economic Growth Now – General

### US economic growth is set to go off a cliff.

IBD 6/21/2012 (Investor’s Business Daily, Jed Graham, http://news.investors.com/article/615712/201206211902/economic-slowdown-may-not-be-brief.htm)

Global economic growth continues to slow, data showed Thursday, as Europe's crisis deepens and the U.S. braces for a fiscal cliff-dive. The four-week average of U.S. jobless claims rose to 386,250 in mid-June, the most since December and up 15,500 from mid-May, the Labor Department reported. That points to further tepid job gains this month, perhaps even slower than May's 69,000. In Germany, a broad gauge of economic activity from Markit Economics pointed to a possible contraction in Q2, fresh evidence that the eurozone's workhorse is sagging under the weight of the regional recession. The global slowdown also is being felt in China, where factory-sector activity fell to a seven-month low in May as export orders hit a three-year low. Stocks sold off on the raft of bad news, with the Nasdaq falling 2.4% and the S&P 500 2.2%. The U.S. suffered soft patches in mid-2010 and mid-2011. Both times, hiring lulls were short-lived. But odds of a three-peat aren't looking great. The breadth and depth of the global slowdown, as well as greater uncertainty tied to the eurozone crisis and U.S. fiscal policy, raise the risk of a prolonged slowdown.

## AFF – Uniqueness – No Economic Growth Now – Consumer Confidence Low Now

### Consumer confidence is declining now – jacks the economy.

Bloomberg 6/24/2012 (Shobhana Chandra, http://www.bloomberg.com/news/2012-06-24/consumer-spending-probably-stalled-in-may-u-s-economy-preview.html)

A slowdown in payrolls and unemployment above 8 percent have damped consumer confidence, which may keep restraining sales at companies from Darden Restaurants Inc. (DRI) to CarMax Inc. (KMX) Waning demand, together with concern about Europe’s debt crisis and U.S. fiscal policy, helps explain why the Federal Reserve last week extended a program to keep borrowing costs low. “Consumers are staying cautious,” said Michael Hanson, a senior U.S. economist at Bank of America Corp. in New York. “Job growth is sluggish and overall compensation hasn’t been great. The economy is decelerating.” The report may also show incomes grew 0.2 percent, matching the prior month’s gain that was the smallest since November, economists predicted. Employment has decelerated each month since January. Payrolls rose 69,000 in May, the weakest this year, after a 77,000 increase in April. The jobless rate climbed to 8.2 percent from 8.1 percent. Average hourly earnings grew 1.7 percent from May 2011, the smallest rise since December 2010.

## AFF – Uniqueness – No Economic Growth Now – Investor Confidence Low Now

### Investor confidence is down – growth will decline.

MarketWatch 6/20/2012 (Jeffry Bartash, The Wall Street Journal, http://articles.marketwatch.com/2012-06-20/economy/32326509\_1\_companies-spending-fiscal-cliff)

The leaders of America’s largest companies are turning more cautious about the U.S. economy’s growth prospects. The Business Roundtable on Wednesday said chief executives expect to spend and hire less over the next six months than they previously planned. The group’s economic outlook index fell to 89.1 in the second quarter from 96.9 in the first quarter — the first decline in nine months. Top executives are increasingly worried about potentially big changes in U.S. tax and spending policies in 2013— the so-called fiscal cliff — as well as the spillover effects of the financial crisis in Europe. The Roundtable’s chairman, Boeing (US:BA) CEO Jim McNerney, said all the uncertainty is causing “paralysis” among businesses as the end of the year approaches. Some are even cutting jobs until they have a clearer idea of how the fiscal cliff and European crisis will be resolved. “”We are being forced to trim employment in some places. A number of companies are doing that,” said McNerney, who is also a member of President Obama’s council on jobs. The Business Roundtable represents companies with more than 14 million employees and $6 trillion in annual sales. Members include Wal-Mart(US:WMT), General Electric (US:GE), AT&T(US:T), ExxonMobil (US:XOM) and American Express (US:AXP) The Roundtable’s results dovetail with other surveys indicating businesses and consumers are less optimistic than they were just a few months ago. A bevy of economic reports have shown that U.S. growth is decelerating, triggered by reduced consumer spending and a decline in hiring. A recession in Europe and a slowdown in China, both key export markets for U.S. companies, have also contributed.

## AFF – Internal Link – Spending Good for the Economy – Infrastructure

### Infrastructure investment is distinct from other spending – it improves economic growth.

Cohen et al 2012 (Isabelle, Thomas Freiling, Eric Robinson- researchers for William and Mary College, “The Economic Impact and Financing of Infrastructure,” http://www.aednet.org/government/pdf-2012/infrastructure\_report.pdf)

The results of the research demonstrate that infrastructure investment has important benefits beyond the well-known and positive economic, public health, social, national security, and environmental impacts. Infrastructure investment is different than other types of government spending. Building a new road, bridge, sewer, or runway is more akin to buying a business asset that generates economic activity and returns revenues to the investor. For example, our researchers determined that over a 20-year period, generalized public investment generates an accumulated $3.21 of economic activity per dollar spent, which yields $.96 in tax revenues. 2 As part of their effort to “dynamically score” infrastructure investment, the TJPPP team by necessity looked at related issues. They evaluated the short- and long-run economic effects of investment, examined how one dollar spent on infrastructure ripples through various sectors of the economy, and even considered ways to fund additional infrastructure investment.

#### Infrastructure investment provides immediate economic benefits.

Cohen et al 2012 (Isabelle, Thomas Freiling, Eric Robinson- researchers for William and Mary College, “The Economic Impact and Financing of Infrastructure,” http://www.aednet.org/government/pdf-2012/infrastructure\_report.pdf)

The goal of this report is to understand the short- and long-term effects of public infrastructure spending on the U.S. economy, as well as to contribute new suggestions towards alternative financing of future road construction. Estimated Short-Run Effects In the short-run, a dollar spent on infrastructure construction produces roughly double the initial spending in ultimate economic output. The biggest effects of infrastructure spending occur in the manufacturing and business services sectors. In better economic times, spending on infrastructure construction generates a larger return. Yet even in a recession, the overall effects of initial spending still double output as they ripple through the economy. Estimated Long-Run Effects Over a twenty-year period, generalized ‘public investment’ generates an accumulated $3.21 of economic activity per $1.00 spent. Over twenty years, investing $1.00 in highways and streets returns approximately $0.35 in tax revenue to federal and state/local governments, of which $0.23 specifically accrues at the federal level. Over twenty years, investing $1.00 in sewer systems and water infrastructure returns a full $2.03 in tax revenue to federal and state/local governments, of which $1.35 specifically accrues at the federal level. Spending on public infrastructure stimulates the U.S. economy in the short-run. Investing in infrastructure goes beyond mere improvements to the quality of roads, highways, sewers, and power plants. These investments also generate significant economic returns for other portions of the U.S. economy and substantially increase ultimate tax revenue for the government. In order to adequately fund public infrastructure, the U.S. must seek innovative new funding mechanisms that do not burden rising deficits, and likely must stimulate the private sector. Programs like public-private partnerships, individual and corporate contributions to road financing and user fee lanes are potential mechanisms through which public spending on infrastructure can be supplemented beyond the gas tax.

### Infrastructure investment has a multiplier effect – improves growth.

Cohen et al 2012 (Isabelle, Thomas Freiling, Eric Robinson- researchers for William and Mary College, “The Economic Impact and Financing of Infrastructure,” http://www.aednet.org/government/pdf-2012/infrastructure\_report.pdf)

We begin our analysis by aggregating these 2002 benchmark estimates to identify the appropriate multiplicative short-run effects of public infrastructure spending. To do so, we compile reported multipliers to isolate the effect of spending solely on new nonresidential construction, which most closely approximates the types of major public infrastructure spending generally undertaken by governmental entities in the United States. **Aggregated estimates are reported below in Table One. Overall**, the multiplicative effect of new nonresidential construction totals $1.92 from every $1.00 **initially** spent. **It is important to understand that** the economic impact of every dollar of spending in the construction sector is **nearly** doubled by the indirect economic impact in other sectors of the economy.

### Any money spent on infrastructure is doubled

Cohen et al 2012 (Isabelle, Thomas Freiling, Eric Robinson- researchers for William and Mary College, “The Economic Impact and Financing of Infrastructure,” http://www.aednet.org/government/pdf-2012/infrastructure\_report.pdf)

To effectively gauge the short-run economic impact of different types of public infrastructure investment, we rely upon an input-output model using national data from the Bureau of Economic Analysis. The basic premise of an input-output model is to gauge the short-run impact of some initial amount of direct spending in one sector of the economy, and diagram how that money then ripples through other sectors as businesses purchase inputs and sell outputs. For instance, one dollar spent on road construction is distributed to asphalt producers, laborers, and providers of heavy construction equipment among other places. These respective recipients then spend money on purchasing inputs, which stimulates further indirect effects on the manufacturing sector, the retail sector, and various other businesses. In the end, one dollar spent in most sectors spreads through the whole economy, indirectly affecting other sectors, and generates greater than one dollar of ultimate economic impact.

## AFF – Internal Link – Spending Good for the Economy – General

### Government spending promotes economic growth.

Ettlinger and Boushey 9/8/2011 (Micheal- Vice President of Economics at American Progress Institute, degrees from Cornell and American University; Heather- Senior Economist at American Progress Institute, Ph.d. in Economics; “Government Spending Can Create Jobs- And it has,” http://www.americanprogress.org/issues/2011/09/yes\_we\_can.html)

President Barack Obama swept into office on a mantra of “Yes, we can.” Even though our economy was nearly two years into the Great Recession and jobs were being lost at a record pace, he projected a sense of optimism that, together, we could fix it. And history tells us that even when economic times are bleak, there are doable steps that a government can take that make a difference to get the economy back on a path of growth and job creation. Indeed, there’s a long history that when unemployment rises, the government steps in to pave the way for job creation. And these policies have been effective. It’s time to do so again because, well, yes, we can. There is an empirically grounded body of literature documenting the effectiveness of fiscal expansion during recessions and the importance of economic multipliers in creating jobs above and beyond those directly created by one firm or one government project. The New Deal programs of the Great Depression are, of course, the granddaddy of these measures. The New Deal programs stabilized our economy, though it was the massive government job creation fueled by World War II that finally put an end to the economic devastation. Since then, presidents and congresses of all political stripes—including the Bush administration—have embraced short-term, temporary fiscal expansion to create jobs in times of labor market weakness. Each time, they worked as intended. And this isn’t just the experience of the United States. Economies around the world reflecting a wide range of economic ideologies understand the importance of government action in the face of economic crises. The role of government in our economy is not, of course, limited to times of economic distress. Government investments in basic science brought us the Internet, the microwave oven, and satellite communications, and have led the fight against cancer. Government investment in new, innovative businesses has helped many companies grow into household names. The Small Business Investment Company Program, financed by the federal Small Business Administration, helped Nike Inc., Apple Inc., and FedEx Corp. grow into the global business powerhouses they are today. Then there are the basic regulations, which create a level playing field for businesses so, for example, when you go to a gas station a gallon is a gallon, the aspirin you buy at the pharmacy is really aspirin, and the ground beef is actually beef. These basic kinds of rules prevent economically costly damage to consumers and public health. The courts enforce contracts, and markets are regulated so investors can invest with some confidence that the information they receive is honest. Government spending is also an important part of the economy. Millions of people work for the government and millions more are employed in government-funded work and all those dollars flowing into the economy create even more jobs. For example, the Federal Highway Administration periodically estimates the impact of highway spending on direct employment, defined as jobs created by the firms working on a given project; on supporting jobs, including those in firms supplying materials and equipment for projects; and on indirect employment generated when those in the first two groups make consumer purchases with their paychecks. In 2007, $1 billion in federal highway expenditures supported about 30,000 jobs—10,300 in construction, 4,675 in supporting industries, and 15,094 in induced employment.