# 1AC

## 1AC- Inherency

#### Transportation Infrastructure has deteriorated badly - rebuilding must be an economic priority

Heintz, Political Economy Research Institute, Associate research professor, Pollin, Professor of economics and Garret-Peltier, Research assistant, 9

(All authors at Political Economy Research Institute, James, Director of PERI, Robert, and co-director of PERI Heidi PERI, January, Political Economy Research Institute, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” <http://americanmanufacturing.org/files/peri_aam_finaljan16_new.pdf> , Pg. 3, accessed 7/2/2012, GJV)

The United States system of civilian public infrastructure has deteriorated badly over the past generation. The breaching of New Orleans’ water levees in 2005 in the wake of Hurricane Katrina and the collapse of the I-35W bridge in Minneapolis in 2007 offered tragic testimony to this long-acknowledged but still neglected reality. After this generation of neglect, the project of rebuilding our infrastructure now needs to be embraced as a first-tier economic policy priority, and not simply to prevent repetitions of the disasters in New Orleans and Minneapolis. The more general point is that infrastructure investments are essential for the functioning of the U.S. economy. According to the U.S. Bureau of Economic Analysis, total public assets, excluding defense, were valued at $8.2 trillion in 2007. This represents approximately 50 percent of the stock of all non-residential private assets—a formidable asset base which underpins the national economy. Core economic infrastructure—in the areas of energy, transportation, and water and sewerage—is particularly important in maintaining economic performance. However, the rate of public investment in these core areas began falling in the 1970s and has not returned to its previous levels since then. As an average since 1980, the growth of infrastructure investment has lagged behind overall economic growth. The result has been a worsening infrastructure deficit and mounting investment needs. With the rapid deterioration of economic conditions in recent months and rising unemployment, public investment is back on the policy agenda—as a job-creation program linked to the need to revitalize the nation’s crumbling infrastructure. In November 2008, President-elect Obama announced his intention of creating 2.5 million jobs by introducing a large-scale public investment program during his first two years in office. Since this initial announcement, the proposed size of the stimulus package and the job-creation targets have varied. Nevertheless, public investment remains at the center of thinking about the ‘new New Deal’—the set of policies that are needed to address the ongoing crisis. In this report, we examine the employment impacts of an expanded infrastructure investment program and what it would take to create millions of jobs. We develop specific policy scenarios based on an assessment of the nation’s infrastructure needs in four core areas—transportation, energy, water systems, and public school buildings—and estimate the employment that would be created if the policies were implemented, with a specific focus on manufacturing employment. We also examine what the long-run impacts of such a program would be in terms of productivity and overall economic growth. Finally, we offer some brief observations on both U.S. competitiveness and environmental sustainability that emerge directly from our main findings.

#### **Unfortunately, Recent Transportation bill is net worse for infrastructure—**

Snyder, Capitol Hill Blog Editor, 6/29/12

(Tanya, “A New Bill Passes, But America’s Transpo Policy Stays Stuck in 20th Century,” <http://dc.streetsblog.org/2012/06/29/a-new-bill-passes-but-americas-transpo-policy-stays-stuck-in-20th-century/>, Date Accessed: 7/1, JS)

After more than 1,000 days of waiting since the last transportation bill expired, the nation’s new transportation policy is a grave disappointment to people seeking to reform the current highway-centric system. The fact that the House GOP tried and, for the most part, failed to reverse the progress made under presidents Reagan and Bush the elder offers a small degree of consolation. “Some of the worst ideas pushed initially by House Republicans went nowhere – funding the highway system with new oil drilling revenues, taking transit out of the highway trust fund, de-federalizing transportation funding – to mention some of the most radical proposals that were seriously being put forward,” wrote Deron Lovaas of NRDC this morning. “But… that pretty much exhausts the good news.” So what does the bill actually do? Overall, it doesn’t change a whole lot, and the most significant changes tend not to benefit livable streets or sustainable transportation. Here’s a breakdown. Length and funding. The bill lasts a year longer than the Senate bill would have, expiring at the end of September 2014. That gives states, cities, and the construction industry substantially more stability and allows them to move forward on projects that have been delayed for years because of the uncertainty surrounding federal funding. It maintains funding levels at around $54 billion a year, as did the Senate bill, which is roughly current levels plus inflation. While some have criticized the complex funding mechanisms that prop it up and its departure from a user-pays model, the Congressional Budget Office reported this morning that the bill actually reduces the deficit by $16.3 billion. Everyone seems to understand that Congress won’t be able to pull this kind of magic for long and will soon have to deal with the long-term insufficiency of current Highway Trust Fund revenues to cover the nation’s transportation needs. However, the gas tax was not raised, and at the same time the House passed this bill, it also approved an appropriations bill that prohibits even studying the possibility of moving toward a VMT fee. Non-transportation-related items. The Keystone XL pipeline and the EPA’s ability to regulate coal ash as a hazardous substance, introduced into the transportation negotiations by the House Republicans, were stripped out of the bill. The RESTORE Act to spend BP oil spill fines on Gulf Coast restoration is included. Transit. Funding stays level, adjusted for inflation. Some high points are a new transit-oriented development pilot program and a big bump in funding to help keep transit systems in a state of good repair. Advocates are also bullish on the streamlining of the “New Starts” program, which could mean new transit projects get built quicker. A new “bus and bus facilities” program has also been added. The bill also establishes federal oversight over transit safety for the first time. However, an attempt to allow transit systems the flexibility to use capital funds for operations in hard economic times was scrapped. So was a measure to bring the maximum commuter tax benefit for transit up to the level of the maximum parking benefit. Drivers can deduct up to $240 a month on their taxes for parking, whereas transit riders max out at an inequitable $125. Bicycle and pedestrian projects. This is one of the unmitigated failures of the bill. It’s been clear for a while that the Republicans had the Transportation Enhancements program and other programs dedicated to safer biking and walking in their sights. Sen. Barbara Boxer fought to save the program, but it verged on “deal-breaker” status for Republicans. The GOP managed to paint these life-saving, community-enhancing programs as a frivolous waste of money spent planting flowers, and they hacked off a big chunk of money that used to be set aside for them. The end result is a “Transportation Alternatives” program which, according to America Bikes, cuts bike/ped funding by 60 to 70 percent. Not only is the overall pot smaller, but these funds can now be used on certain types of road projects. Worse, although half the funds will go straight to local areas to distribute, the half that goes to the states doesn’t need to be used for active transportation – they can “transfer” it to a whole host of other uses if they want. “Complete streets” language in the Senate bill that created a federal requirement for accommodation of non-motorized road users was stripped as well. TIFIA. Over the last few years, the TIFIA loan program has gotten 12 to 14 times more applications than it can fund for infrastructure projects around the country. TIFIA leverages private investment and local dollars, historically making $1 billion in loans with its $122 million annual budget. Both the House and the Senate, cheered on by advocates like Los Angeles Mayor Antonio Villaraigosa, expanded TIFIA’s budget from $122 million to $1 billion. Experts from Taxpayers for Common Sense and the Bipartisan Policy Center have urged caution, saying that this might actually be too high a level. They worry that there aren’t enough creditworthy projects in the TIFIA pool to use up all that money and that lowering the bar too much could expose U.S. taxpayers to debt if those projects default. Somewhat tangentially, the bill also expands tolling authority – not to existing roadways, but to more highway expansions than were previously allowed. Maintaining infrastructure. The bill establishes performance measures for highway and transit maintenance. However, overzealous program consolidation has meant that dedicated funding for road and bridge repair – currently about 32 percent of highway funds – has disappeared. A focus on repair reins in state DOTs bent on building new roads while not maintaining old ones, a tendency that creates sprawl as development crops up along the new roads. This bill is a step backwards on road maintenance and sprawl prevention. Freight. Calls for a national freight policy have been answered in this bill, but Joshua Schank of the Eno Transportation Center says the final product is disappointing. It’s not one of the core formula programs and doesn’t include a discretionary grant program. It also has a heavy emphasis on road freight, meaning highways, although railway-highway grade separations and intermodal connectors are listed as eligible projects for prioritized federal funding. The bill also calls for a freight strategic plan. Performance measures. The bill includes performance goals for air quality, freight movement, safety and state of good repair for both highways and transit, but largely without teeth. The House stripped provisions for financial penalties out of the bill. The bill “requires” agencies to incorporate these goals in their planning but does not tie funding to achievement. Calls to create performance measures for emissions reductions and oil consumption went unheeded. Solid goal-based performance requirements could be the key to reforming the entire system. “You don’t need mandated spending on anything – including Safe Routes to School and bike/ped — if you have the right performance measures in place and the right goals in place,” said Schank when asked whether the consolidation or elimination of nearly 70 federal programs in the bill was a good thing. Performance goals could help achieve the conservative goal of reducing federal bureaucracy and eliminating programs without losing any important functions. “How far you go on performance determines how far you go on consolidation,” Schank said. “I don’t think we need a separate program for congestion mitigation and air quality. But that’s because I think we should have a performance measure for emissions and for air quality and for oil consumption. If we don’t have those things then you kind of have to keep the CMAQ program.” Unfortunately, what we ended up with, he said, was the “worst of both worlds.” “We lost mandated spending, and we didn’t get the performance measures that would encourage that kind of spending,” Schank said. TIGER. This bill was a perfect opportunity to authorize the TIGER grant program, an enormously popular initiative that rewards transportation innovation at all levels of government — including cities, which can’t directly access federal transportation dollars. There is a program, maintained from SAFETEA-LU, which funds “Projects of National and Regional Significance” on a discretionary basis, “which could be a TIGER-like program,” according to Transportation amount for each state, instead simply awarding states money at the levels mandated in SAFETEA-LU – essentially, ossifying formulas set in 2005. for America Director James Corless, but “cities are not allowed to apply for grants.” One of the strengths of the TIGER program is that it allows metropolitan areas to coordinate directly with the federal government on projects without going through state governments. PNRS is funded at about the same level as TIGER’s last round. Environmental “streamlining” (NEPA). The Republicans led the charge against community consultation and environmental review. By perpetuating the myth that environmental reviews have made a 13-year timeline “average” for road construction projects, they have managed to cut away at the limited protections communities have when a major infrastructure project threatens to do harm. The final conference deal lifts the cap on lateness penalties when agencies hold up projects, potentially forcing rushed decisions. It reduces the window for litigation from 180 to 150 days, which could potentially increase litigation, since it leave less time to settle differences outside of court. Even complex projects will be held to a four-year timeline. Other initiatives. The inter-agency Partnership for Sustainable Communities, gutted in recent appropriations bills, could have had a place in this bill, though no one necessarily expected it to. High-speed rail isn’t even mentioned. Rail is authorized separately from the rest of surface transportation, an awkward procedural issue that could have been solved here but wasn’t. Perhaps it’s for the best: given the way other compromises worked in this bill, Amtrak could have been eviscerated and high-speed rail buried for good. However, it’s disappointing to see the removal of a good rail section in the Senate bill, which according to NRDC’s Lovaas positioned rail planning “as a viable alternative to highways.” And finally, there is no infrastructure bank in the final version of the bill, which at this point is hardly a surprise. How money is distributed. The bill bypassed an opportunity to reward innovation and performance with discretionary money, due to pressure from Republicans keeping this bill strictly formula-based. “If Congress doesn’t have earmarks, they sure as hell aren’t going to give the president the chance to have discretionary grant authority,” said Schank. However, he says, it doesn’t actually use formulas to update the correct

## Plan

#### The United States federal government should substantially increase transportation infrastructure investment by implementing a National Transportation Infrastructure Bank.

## 1AC-Advantage – Economy

#### A double-dip is coming by the end of the year.

Hill, Money News, 6/13/12

[Christian, citing Robert Wiedemer, predicted 2008 economic collapse, and Peter Schiff, investor and CEO of Euro Pacific Capital, 6/13/12, Money News, “Upcoming Crash Will Be ‘Worse Than 2008’ Says Economist Peter Schiff,” http://www.moneynews.com/StreetTalk/economy-2008-crash-schiff/2012/06/15/id/442489?PROMO\_CODE=F355-1, A.D. 6/27/12, JTF]

A noted economist agrees with Schiff that a much worse stock market crash is coming. And unlike Schiff, he has given very specific details about just how bad it will get.

“The data is clear, 50% unemployment, a 90% stock market drop, and 100% annual inflation . . . starting in 2012.”

That catastrophic outlook comes from Robert Wiedemer, economist and author of The New York Times best-seller Aftershock. Before you dismiss Wiedemer’s claims, consider this: In 2006 he accurately predicted the collapse of the U.S. housing market, equity markets, and consumer spending that almost sank the United States.

#### Establishing a National Infrastructure Bank reduces unemployment in the short term and increases competitiveness in the long-term.

McConaghy, Deputy Director, Economic Program at Third Way, and Kessler, Senior Vice President for Policy and a co-founder of Third Way, ‘11

(Ryan and Jim, The Third Way, A National Infrastructure Bank, January, pg. 5, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, A.D. 6/24/12, JTF)

The NIB will create jobs and support competitiveness. By providing a new and innovative mechanism for project financing, the NIB could help provide funding for projects stalled by monetary constraints. This is particularly true for large scale projects that may be too complicated or costly for traditional means of financing. In the short-term, providing resources for infrastructure investment would have clear, positive impacts for recovery and growth. It has been estimated that every $1 billion in highway investment supports 30,000 jobs, 37 and that every dollar invested in infrastructure increases GDP by $1.59. 38 It has also been projected that an investment of $10 billion into both broadband and smart grid infrastructure would create 737,000 jobs. 39 In the longer-term, infrastructure investments supported by the NIB will allow the U.S. to meet future demand, reduce the waste currently built into the system, and keep pace with competition from global rivals.

#### Jobs solve the economy – it generates revenue, promotes businesses, and reduces the deficit.

Levin, Lobbyist at the American Federation of State, County, and Municipal Employees, ’11

[Becky, Senior Government Affairs Strategist at National Gay and Lesbian Task Force and

Advisor to the Leader at Democratic Leader Nancy Pelosi, Fall 2011, AFSCME, “Economic Recovery Relies on Jobs,” http://www.afscme.org/news/publications/newsletters/works/fall-2011/economic-recovery-relies-on-jobs, accessed 7/1/2012, JTF]

The picture is grim. Nearly one in six Americans lives in poverty. More than 14 million American construction workers, engineers, maintenance staff, electrical workers, school employees and others are out of work. The nation’s roads, bridges and schools are crumbling. And our nation’s economy is stagnant.

There is a way forward: job creation.

President Obama’s American Jobs Act would put people back to work, put more money in the pockets of working Americans, provide more customers for businesses and reduce the deficit. The plan focuses spending on areas of the economy that will produce jobs immediately and level the playing field.

#### Err affirmative. The negative will say that deficit spending is bad, but recent history proves that it’s good.

Hersh, Center for American Progress economist, 6/21/12

(Adam, 6-21-12, focusing on economic growth, macroeconomics, international economics, and China and other Asian economy**,** Center for American Progress, “Austerity Is Hammering State Economics,” http://www.americanprogress.org/issues/2012/06/austerity.html, Accessed 6-29-12, CAS)

As the U.S. economy plunged into recession throughout 2008 and early 2009, government expenditures at all levels expanded to offset and buttress the falling private-sector economy. (see Figure 1) From the fourth quarter of 2007 through mid-2010, government expenditures increased by 4 percent after adjusting for inflation.

The increased government spending helped reverse the double-digit contraction in the private economy caused by the real estate bubble collapse and ensuing financial crisis. By late 2009 increased public spending had helped restore the private sector to sustained positive economic growth. Private-sector employment, which had been shrinking at 839,000 jobs per month in January 2009, was again adding net new jobs by March 2010.

#### If the US economy declines, the global economy declines

Weisman, Associated Press, 6/4/12

(Paul, Business Week, “Global economy at risk as US, Europe and Asia slow”, http://www.businessweek.com/ap/2012-06/D9V6BG0G0.htm, accessed 6/27/12, MLF)

The global economy's foundations are weakening, one by one. Already hobbled by Europe's debt crisis, the world now risks being hurt by slowdowns in its economic powerhouses. The U.S. economy, the world's largest, had a third straight month of feeble job growth in May. High-flying economies in China, India and Brazil are slowing, too. Fears of a global economic downturn have sent investors rushing toward the safest possible investments: U.S. and German government bonds. As a result, the interest rate on the 10-year U.S. Treasury note has hit a record-low 1.46 percent. The rate on the German 10-year bond is even lower: 1.17 percent. "Treasurys are at 1.46 because people are freaking out," says Mark Vitner, senior economist at Wells Fargo Economics. The gravest fear is Europe. The most urgent threat is that in mid-June, Greek voters will reject the terms of a $170 billion bailout -- which called for painful budget cuts -- and abandon the euro. The move could ignite economic and financial chaos as Greek debts shift from denominations in euros to Greek drachmas of uncertain value. Yet the global economy's troubles go well beyond Greece. Here's a look at the global economy's vital signs: -- UNITED STATES American employers added just 69,000 jobs in May. Since averaging a healthy 252,000 a month from December through February, job growth has slowed to a lackluster average of 96,000 a month. On Friday, after the government issued the May jobs report, the Dow Jones industrial average sank 275 points. It was the Dow's biggest loss since November, and it's now down 0.8 percent for the year. The dismal news suggested that the U.S. economy is enduring a midyear slump just as in 2010 and 2011. Unemployment rose to 8.2 percent from 8.1 percent in May as 642,000 more Americans poured into the work force, and only 422,000 more people got jobs. The jobs report came out a day after the government said the U.S. economy grew at just a 1.9 percent annual rate in the first three months of 2012. That's a meager pace nearly three years after the recession officially ended in June 2009. And it's too slow to generate many jobs or to lower the unemployment rate. In good economic times, the rate would be below 6 percent. Many U.S. companies are finding it more efficient to invest in machinery, not people. "We're not hiring, and we're not replacing" workers who leave, says Joe Glenn, who runs Glenn Metalcraft in Princeton, Minn. His sales jumped 40 percent last year. Yet Glenn's shop has kept employment flat at about 35 workers. He's added more computer-controlled metalworking machines and robots to load the raw material into them. "We're producing as much as we were with a lot less manpower," Glenn says. "And I don't foresee that those jobs are going to come back." Other companies are reluctant to hire until they feel more confident that their customer demand will keep growing. Adding to their uncertainty are Europe's troubles and America's dysfunctional politics. For now, some key sectors of the U.S. economy remain positive. Americans are buying more homes, suggesting that the housing market is on the mend. U.S. builders have increased their spending on home and commercial construction. Auto sales just posted their best May since 2008. Manufacturing activity continues to grow, and so does consumer spending, which drives about 70 percent of the economy. Borrowing rates for consumers and businesses have never been lower. Tame inflation has given the Federal Reserve leeway to keep interest rates low. And gasoline prices have been sinking. The national average is now $3.61, and experts predict further drops in coming weeks. Still, unless Congress and the White House reach an agreement by year's end, federal taxes will jump and deep spending cuts will kick in. Should that happen, the Congressional Budget Office says, the economy would likely fall into another recession. Given the size of the U.S. economy, further weaknesses could worsen the slowdowns in European and Asian countries that depend on sales to American consumers. -- EUROPE Unemployment in the 17 countries that use the euro is already at 11 percent, the European Union's Eurostat office reported Friday. It's the highest rate since the euro was introduced in 1999. European countries have been struggling with their debt crisis for three years. Three nations -- Greece, Ireland and Portugal -- have already required bailouts because of unsustainable levels of debt. Austerity has been the main prescription for the crisis. But spending cuts and tax hikes are causing economies to shrink across the eurozone. In a blunt warning, European Central Bank chief Mario Draghi last week called the euro currency union "unsustainable" without stronger political and financial ties among eurozone countries. The fear is that Greece will drop the euro, and other weak countries, such as Spain and Portugal, will be forced to follow. Financial chaos could rage across Europe. Spain is facing punishing borrowing costs on bond markets because investors fear it won't be able to pay its debts. Prime Minister Mariano Rajoy declared Saturday that his government will stick with harsh austerity measures as long as necessary. But Spain's unemployment is already 24.4 percent. For those under age 25, unemployment is 51.5 percent. Businesses are being crushed. "This shop has been here for close to 100 years, and I've worked here for 48 years," says Manuel Cabrejas, a salesman at a cushion store in Madrid whose shop windows were covered in signs saying, "Closing down sale, big discounts, everything must go." "For the last two years, we have only just been covering running costs," Cabrejas said. "It's time to let go." -- ASIA AND SOUTH AMERICA Since the global recession ended in 2009, the world economy has been fueled by rising powers in the developing world led by China, India and Brazil. Now, all three are running into trouble. China's manufacturing weakened in May, according to surveys out Friday. Factory output was the weakest in three months. Some economists say China's economic growth will fall to an 8 percent rate in the April-June quarter. That's high by Western standards, but it would be the weakest growth for China in nearly three years. In response, China is rolling out an economic stimulus program. Having rebounded strongly from the recession of 2007-2009, China's economy grew a sizzling 10.4 percent in 2010 and 9.2 percent in 2011. For the past two years, it's helped drive global growth. Australia and other Asian countries have come to rely on Chinese markets for their exports. India is suffering an even sharper slowdown. Its economic growth slowed to a 5.3 percent annual rate in the January-March quarter, the lowest in nine years. Output from India's factories has declined. Its consumers have seen inflation -- which has averaged 9.2 percent a year since the start of 2010 -- devour their wages. "It's beyond anything that we would have imagined," said Samiran Chakraborty, head of research at Standard Chartered in Mumbai. "Real wages are falling ... The consumption slowdown along with the investment slowdown has been a double-whammy for the GDP number." As recently as last year, Indian politicians were claiming their economy could rival China's and surge into double-digit growth, lifting hundreds of millions out of poverty in the process. Instead, India is mired in a deepening crisis of confidence. Asia's third-largest economy is widely regarded as performing below its potential. Indians are losing hope that their country's fractious political system will deliver the policies that might unlock a rebound -- investments in roads, ports and other projects and lighter regulations to attract more foreign investment. One encouraging corner of Asia has been Japan's economy, the world's third largest. It grew at an annual rate of 4.1 percent in the first quarter of 2012 as it recovered from last year's earthquake and tsunami. But factors that could crimp expansion, such as weaker European demand for Japanese exports, have raised fears that Japan's growth will slow or even stall. In Brazil, the economy practically stalled in the first quarter of 2012. It grew at just a 0.2 percent annual rate from the final three months of 2011, the government said Friday. That was below expectations of 0.5 percent growth. Flooding punished farmers. But Brazilian officials, like analysts in China, also pointed to another culprit, one that shows how problems in one part of the world cause problems in another: The ongoing trouble in Europe is taking a toll on exports. -- THE MIDDLE EAST The region's trade is being hurt by the weakening global economy, particularly in Europe. The United Arab Emirates' top economic official said Monday that the Gulf federation's economy will likely grow only about 3 percent this year amid a drop in oil prices. That would represent a slowdown from 4.2 percent growth in 2011. The seven-state UAE federation is the largest Arab economy after Saudi Arabia. The United Arab Emirates said it's less optimistic about growth because of the oil exporter's close links to the slowing world economy.

#### Economic collapse causes lots and lots and lots of nuclear wars.

Kemp, national security assistant to the president, ’10

[Geoffrey Kemp, Director of Regional Strategic Programs at The Nixon Center, served in the White House under Ronald Reagan, special assistant to the president for national security affairs and senior director for Near East and South Asian affairs on the National Security Council Staff, Former Director, Middle East Arms Control Project at the Carnegie Endowment for International Peace, 2010, Brookings Institution Press, “The East Moves West: India, China, and Asia’s Growing Presence in the Middle East,” p. 233-4]

The second scenario, called Mayhem and Chaos, is the opposite of the first scenario; everything that can go wrong does go wrong. The world economic situation weakens rather than strengthens, and India, China, and Japan suffer a major reduction in their growth rates, further weakening the global economy. As a result, energy demand falls and the price of fossil fuels plummets, leading to a financial crisis for the energy-producing states, which are forced to cut back dramatically on expansion programs and social welfare. That in turn leads to political unrest: and nurtures different radical groups, including, but not limited to, Islamic extremists. The internal stability of some countries is challenged, and there are more “failed states.” Most serious is the collapse of the democratic government in Pakistan and its takeover by Muslim extremists, who then take possession of a large number of nuclear weapons. The danger of war between India and Pakistan increases significantly. Iran, always worried about an extremist Pakistan, expands and weaponizes its nuclear program. That further enhances nuclear proliferation in the Middle East, with Saudi Arabia, Turkey, and Egypt joining Israel and Iran as nuclear states. Under these circumstances, the potential for nuclear terrorism increases, and the possibility of a nuclear terrorist attack in either the Western world or in the oil-producing states may lead to a further devastating collapse of the world economic market, with a tsunami-like impact on stability. In this scenario, major disruptions can be expected, with dire consequences for two-thirds of the planet’s population.

## 1AC-Advantage – Competitiveness

#### **The U.S. lags behind the world in infrastructure investment**

Crebo-Rediker, the founding Co-Director of the Global Strategic Finance Initiative founding co-director & Rediker, International Monetary Fund Executive Board member representing the US, 8

(Heidi and Douglas, New American Foundation, “Financing America’s Infrastructure: Putting Global Capital To Work”, 7/08/08, http://newamerica.net/files/Financing\_America\_Infrastructure.PDF, Pg. 1, accessed 6/25/12 FFF)

America’s basic infrastructure is outdated, worn, and in some cases, failing. Most experts agree that it is inadequate for meeting the demands of the 21st-century global economy. If we are to remain competitive, we must invest in capital assets like roads, ports, bridges, mass transit, water systems, and broadband infrastructure. Many other countries—both rich and poor—see investing in infrastructure as imperative for economic survival and success in an increasingly competitive economic environment. But the United States has lagged in infrastructure investment, in both relative and absolute terms. We are spending less than 2 percent of GDP on infrastructure, while China and India are spending 9 percent and 5 percent of GDP, respectively.

#### Transportation investment is key to competitiveness – two internal links

#### a) Productivity and manufacturing

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 9

(James, Robert, Heidi, January 2009, Political Economy Research Institute, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 43, Accessed: 6/26/12, GJV)

As we have already discussed, the decline in public investment has been linked to slower growth in economic productivity, particularly during the 1970s and 1980s (Aschauer, 1989a; Munnell 1990a). Other researchers have shown that public investments have helped to reduce the cost of production in U.S. manufacturing (Nadiri and Mamuneas, 1994; Morrison and Schwartz, 1996). The results of our study—summarized above—also show that public investment improves private sector productivity, and the impact is proportionately larger for the manufacturing sector than for the private sector as a whole. All of this suggests that public investment in infrastructure will have a positive impact on the U.S. economy’s competitive position in the world—by raising productivity and reducing production costs. It follows that a lack of decent infrastructure will hurt U.S. competitiveness and further undermine the performance of the manufacturing sector. Manufacturing businesses rely on public goods, such as transportation systems, to operate. Reliable, affordable, and sustainable sources of energy are also essential. Inefficient infrastructure raises costs and increases risks—all of which will compromise the competitive position of the economy. Therefore, the research results presented here affirm the importance of world-class infrastructure to maintain U.S. economic performance in this era of global integration.

#### b) Transportation infrastructure is key to long term economic growth

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, Building America’s Future Educational Fund, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 8, Accessed 6/28, GJV)

In the last decade, our global economic competitors have led the way in planning and building the transportation networks of the 21st century. Leading countries around the world have not only started spending more than the United States does today, but they made those financial commitments—of both public and private dollars—on the basis of 21st-century strategies that will equip them to make commanding strides in economic growth over the next 20–25 years. These decisions have put them on a cycle of investment and economic growth that will improve their standard of living and improve their citizens’ quality of life. Unless we make significant changes in our course and direction, the foreign competi­tion will pass us by and a real opportunity to restore America’s economic strength will be lost.

#### A competitive American economy translates into global leadership and solves instability.

Milner, Princeton Politics and International Affairs professor, ’98

(Helen, Professor of Politics and International Affairs at Princeton University and Chair of the Department of Politics, "International Political Economy: Beyond Hegemonic Stability," Foreign Policy, No. 110, Spring 1998, https://www.mtholyoke.edu/acad/intrel/milner.htm, A.D. 6/29/12, JTF)

The cause of this tragic chain of events has often been laid at America's doorstep. The United States was, at the end of World War I, the world's strongest economic power. But it steadfastly refused to take on the leadership role that Britain could no longer play. This "irresponsibility" was most vividly exemplified in the minds of many people by the infamous Smoot-Hawley Tariff (1930), which raised the average tax on imports to the United States by about 40 percent. At the beginning of the depression, the United States shut its markets to foreign goods and thus helped propel the world economy into its worst swoon ever. The unwillingness of the United States to coordinate its monetary and currency policies with other countries merely exacerbated the situation. This isolationist posture on the part of the world's economic hegemon had negative consequences for most other countries and the United States itself.

The perils of isolationism seemed to have been well learned by American policymakers after the end of World War II. Then, the United States quickly assumed a leadership role and steadily moved forward to create an open international trade system based on the General Agreement on Tariffs and Trade (GATT) and a stable monetary system founded on the Bretton Woods system. The Marshall Plan was perhaps the direct antithesis of the Smoot-Hawley tariff. It symbolized recognition of America's special role and responsibility for peace and prosperity beyond its borders - indeed, globally. U.S. leadership, it is asserted, helped create the conditions necessary for the steady economic growth experienced by the industrial countries up to the 1970s and the rapid development of countries such as Japan and South Korea.

#### U.S. hegemonic decline causes global great-power war

Zhang, Carnegie Endowment for International Peace researcher & Shi, World Bank consultant, 11

(Yuhan Zhang, researcher at the Carnegie Endowment for International Peace; Lin Shi, Columbia University, independent consultant for the Eurasia Group and consultant for the World Bank, January 22, 2011, “America’s decline: A harbinger of conflict and rivalry,” East Asia Forum, online: <http://www.eastasiaforum.org/2011/01/22/americas-decline-a-harbinger-of-conflict-and-rivalry/>, accessed 6/27/12, THW)

Over the past two decades, no other state has had the ability to seriously challenge the US military. Under these circumstances, motivated by both opportunity and fear, many actors have bandwagoned with US hegemony and accepted a subordinate role. Canada, most of Western Europe, India, Japan, South Korea, Australia, Singapore and the Philippines have all joined the US, creating a status quo that has tended to mute great power conflicts. However, as the hegemony that drew these powers together withers, so will the pulling power behind the US alliance. The result will be an international order where power is more diffuse, American interests and influence can be more readily challenged, and conflicts or wars may be harder to avoid. As history attests, power decline and redistribution result in military confrontation. For example, in the late 19th century America’s emergence as a regional power saw it launch its first overseas war of conquest towards Spain. By the turn of the 20th century, accompanying the increase in US power and waning of British power, the American Navy had begun to challenge the notion that Britain ‘rules the waves.’ Such a notion would eventually see the US attain the status of sole guardians of the Western Hemisphere’s security to become the order-creating Leviathan shaping the international system with democracy and rule of law. Defining this US-centred system are three key characteristics: enforcement of property rights, constraints on the actions of powerful individuals and groups and some degree of equal opportunities for broad segments of society. As a result of such political stability, free markets, liberal trade and flexible financial mechanisms have appeared. And, with this, many countries have sought opportunities to enter this system, proliferating stable and cooperative relations. However, what will happen to these advances as America’s influence declines? Given that America’s authority, although sullied at times, has benefited people across much of Latin America, Central and Eastern Europe, the Balkans, as well as parts of Africa and, quite extensively, Asia, the answer to this question could affect global society in a profoundly detrimental way. Public imagination and academia have anticipated that a post-hegemonic world would return to the problems of the 1930s: regional blocs, trade conflicts and strategic rivalry. Furthermore, multilateral institutions such as the IMF, the World Bank or the WTO might give way to regional organisations. For example, Europe and East Asia would each step forward to fill the vacuum left by Washington’s withering leadership to pursue their own visions of regional political and economic orders. Free markets would become more politicised — and, well, less free — and major powers would compete for supremacy. Additionally, such power plays have historically possessed a zero-sum element. In the late 1960s and 1970s, US economic power declined relative to the rise of the Japanese and Western European economies, with the US dollar also becoming less attractive. And, as American power eroded, so did international regimes (such as the Bretton Woods System in 1973). A world without American hegemony is one where great power wars re-emerge, the liberal international system is supplanted by an authoritarian one, and trade protectionism devolves into restrictive, anti-globalisation barriers. This, at least, is one possibility we can forecast in a future that will inevitably be devoid of unrivalled US primacy.

#### The plan solves - An infrastructure bank will restore global competitiveness

Likosky, senior fellow at New York University’s Institute for Public Knowledge 11

(Michael, “Create an American infrastructure bank”, McKinsey and Company, 7-19-11, <http://whatmatters.mckinseydigital.com/job_creation/create-an-american-infrastructure-bank>, accessed 6/24/12, FFF)

Over the last three decades, America has divested its physical and social infrastructure as well as its energy sector. We have shuttered mines and factories. No country of America’s size can maintain its competitiveness by sourcing metals and minerals, energy and manufacturing overseas. Our jobs crisis is symptomatic of this broad divestiture. It can only be solved by reinvesting in our economic fundamentals. Our goal with any jobs program must not simply be the creation of volume and quality, although that is an essential aspect. We must treat the disease not the symptoms. Relaying the foundation of a national economy means not only repairing structurally deficient bridges and levies but also opening mines and pursuing a multipronged energy strategy. Factories and jobs sprout up only when an infrastructure platform is built and commodities can feed production. If we don’t produce and source these things here, we will simply import them. A “no economic activity in my backyard” mind-set undermines our ability to produce jobs. Still, we must find ways of expanding production that reflects our values. An American infrastructure bank is the answer. Globally, almost every country in the world benefits from an infrastructure bank to attract the large-scale private capital that is essential to financing domestic economic self-sufficiency, competitiveness, and resiliency. Except for us. That must change. Enormous sums are on the sidelines—in pension, sovereign, petrodollar, private-equity, hedge, insurance, and corporate funds and accounts—or are invested in lesser opportunities. The managers of those funds would jump at the chance to fuel our reinvestment. An American infrastructure bank can bring that capital to bear in a durable way on our infrastructure, energy, and extractives sectors. There will be plenty of work needed to get this done. Our economic surge must begin at home. It must be a multistate campaign, rural and urban, Red and Blue, North and South, East and West.

## 1AC-Solvency

#### Transportation Bank leverages federal capital investment to generate private financing for optimal mix of infrastructure projects

Mallet, Specialist in Transportation Policy, et al., 11

(William; Steven Maguire, specialist in public finance; and Kevin Kosar, analyst of American national government; National Infrastructure Bank: Overview and Current Legislation, <http://www.fas.org/sgp/crs/misc/R42115.pdf>, Accessed 6/24/12, LS)

**In order to provide innovative, merit-based financing to meet America’s emerging infrastructure needs, Third Way supports the creation of a National Infrastructure Bank** (NIB). **The NIB would be a stand-alone entity capitalized with federal funds, and would be able to use those funds through loans, guarantees, and other financial tools to leverage private financing for projects.** As such, the NIB would be poised to seize the opportunity presented by historically low borrowing costs in order to generate the greatest benefit for the lowest taxpayer cost. **Projects would be selected by the bank’s independent, bipartisan leadership based on merit and demonstrated need. Evaluation criteria may include economic benefit, job creation, energy independence, congestion relief, regional benefit, and other public good considerations. Potential sectors for investment could include the full range or any combination of rail, road, transit, ports,** dams**, air travel,** clean water, power grid, broadband, and others.

#### This Federal investment is crucial for multi-regional intermodal transportation projects

Cooper, Pennsylvania Secretary of Planning and Policy, 12

(Donna, February 2012, Center for American Progress, “Meeting the Infrastructure Imperative: An Affordable Plan to Put Americans Back to Work Rebuilding Our Nation’s Infrastructure,” <http://www.americanprogress.org/issues/2012/02/infrastructure.html>, p. 52, accessed 6/26/12, bs)

Ultimately if Congress has an interest in funding large-scale infrastructure improvements with limited federal support, there needs to be a financial intermediary that can carefully review the merits and financial feasibility of largescale projects. This is especially true where integrated infrastructure projects are undertaken, such as new road projects that are built in tandem with rail, new freight projects that are built in tandem with port expansions, or new water projects that generate or conserve energy. Projects of this sort need a more robust federal “home” so that private financiers and state and local agencies will not have to make redundant pitches to federal agencies seeking support. A National Infrastructure Bank would be an ideal venue for those more cutting-edge and efficient ways of building our infrastructure. This bank could identify the most critical multistate efforts and forge partnerships that leverage federal, state, and private funds to build the projects where the need is the greatest and the financial return is clear. A National Infrastructure Bank, however, needs to be accountable to Congress and the executive branch; its investment strategy must be aligned with the goals and strategies as set by Congress, and the implementation of that strategy must be closely coordinated with the executive branch and its relevant infrastructure agencies.

#### **5 major advantages to a Transportation Bank over other infrastructure investment mechanisms**

Puentes, director of the Metropolitan Infrastructure Initiative, 10

(Robert, 5/13/2010, Brookings Institute, “Hearing on Infrastructure Banks,” <http://waysandmeans.house.gov/media/pdf/111/2010May13_Puentes_Testimony.pdf>, p. 2-3, bs)

If correctly structured, an NIB may introduce a federal investment process that requires and rewards performance, with clear accountability from both recipients and the federal government. There are several advantages: Better selection process. At its heart, an NIB is about better decisionmaking of infrastructure projects. The bank would lend or grant money on a project basis, after some type of benefit/cost analysis. In addition, the projects would be of national or regional significance, transcending state and local boundaries. The bank would consider different types of infrastructure projects, breaking down the modal barriers. This would be a giant step from the current federal funding for infrastructure, most of which is disbursed as federal aid transportation grants to states in a siloed manner. Multi-jurisdictional projects are largely neglected in the current federal investment process in surface transportation, due to the insufficient institutional coordination among state and local governments that are the main decisionmakers in transportation. The NIB would provide a mechanism to catalyze intergovernmental cooperation and could result in higher rates of return compared to the localized infrastructure projects. An NIB would need to articulate a clear set of metropolitan and national impact criteria for project selection. Impact may be assessed based on estimated metropolitan multipliers of the project. This criterion would allow the bank to focus on the outcomes of the projects and not get entangled in sector specific standards. Clear evaluation criteria would go a long way, forcing the applicants, be it states, metros or other entities, to have a baseline of performance. This change, by itself, would be a major improvement for the federal investment process, given that a major share of the federal infrastructure money goes to the states on a formula basis, without performance criteria. Keeping recipients accountable. An NIB would have more control over the selection and execution of projects than the current broad transportation grants. It would be able to enforce its selection criteria, make sure that the projects are more in line with its objectives, and have oversight of the outcomes of the projects. The new infrastructure entity should require repayment of principal and interest from applicants. This would bring more fiscal discipline and commitment from the recipients to the outcomes of the project. The extensive use of loans by an NIB contributes to the distinction between a bank and another federal agency. The interest rates charged to the state and local recipients of NIB loans might be set to slowly repay the initial injections of federal capital, while still maintaining a sufficient capital base. Correcting the maintenance bias. The mere establishment of an NIB would not correct for the problem of deferred maintenance. However, through the selection process, it could address the current bias by imposing maintenance requirements to recipients including adequately funded maintenance reserve accounts and periodic inspections of asset integrity. Better delivery of infrastructure projects. An NIB could require that projects be delivered via the mechanism offering best-value to the taxpayer and end user. The design-bid-build public finance model has been the most commonly used project delivery method in the transportation sector in the United States. Until very recently, there has been little experimentation with other delivery contracting types. Evidence from other federal states, such as Australia, shows that private delivery saves money on infrastructure projects. Filling the capital structure of infrastructure projects. Although the United States has the deepest capital markets in the world, those markets are not always providing the full array of investment capital needed—especially for large infrastructure projects with certain credit profiles. This has been even more obvious during the current recession, with the disruptions in the capital markets. An NIB could help by providing more flexible subordinate debt for big infrastructure projects. Generally bonds get investment grade ratings, and have ready market access, only if they are senior obligations with secure repayment sources. For more complicated project financings that go beyond senior debt, there is a need for additional capital, such as equity capital or subordinated debt.

# Inherency

## General

### Lack of Funding Now

#### **Status quo funding fails – money spread too thin**

McNamara, Blueprint America, 9

(Tom, Blueprint America- PBS project focusing on America’s decaying infrastructure, 5-19-2009, Blueprint America, “Analysis: The Bank Not Built,” <http://www.pbs.org/wnet/blueprintamerica/reports/building-the-national-infrastructure-bank/analysis-the-bank-not-built/553/>, accessed 6-27-12, LH)

The problem: It is not yet clear how a National Infrastructure Bank would function. Moreover, the complexities of such a novel financing mechanism would be too slow in acting for a stimulus plan intended to make an immediate economic impact. But without it, or like-provisions, each state – [under the existing funding formulas and Congressional earmarkings](http://www.nga.org/Files/pdf/0901TRANSPORTATIONFUNDING.PDF) – will receive stimulus money for infrastructure regardless of its needs or the merits of its projects.

For example, of the [$8.4 billion dedicated to mass transit](http://www.pbs.org/wnet/blueprintamerica/reports/transit-in-trouble/infrastructure-of-the-stimulus-plan-84-billion-in-mass-transit-spending/411/) in the recovery package, the majority – $6.9 billion – will be invested in transit capital assistance projects – from planning to purchasing equipment to construction. Of the $6.9 billion, 80 percent will be dispersed according to the Federal Transit Administration’s (FTA) Urbanized Formula. Presumably, as the formula is based primarily on population and population density, the larger the city is would mean the more federal funding that area would receive. Yet, funding for the country’s largest cities is deemphasized as a result of these formulas – in terms of federal allocation, the money is spread too thin. Simply, no matter if a city is large, small, or growing, funding comes up short.

### Funding Mechanisms Insufficient

#### Current infrastructure financing mechanisms insufficient

Landers, Civil Engineering Contributing Editor, 7

(Jay, September 2007, “National Infrastructure Bank Legislation Introduced in Congress,” Civil Engineering, Volume: 77, p. 10, Ebsco, LH)

Speaking on the Senate floor the day the bill was introduced, Dodd cited ASCE’s 2005 Report Card for America’s Infrastructure, which estimates that approximately $1.6 trillion will be needed over a five-year period to address the nation’s infrastructure needs. “Regrettably, our current infrastructure financing mechanisms, such as formula grants and earmarks, are not equipped by themselves to absorb this cost or meet fully these growing needs,” Dodd said. S. 1926 would establish a “new method through which the federal government can finance infrastructure projects of substantial regional or national significance more effectively with public and private capital,” he said.

[Note – Dodd = Senator Chris Dodd, D-CT]

## Uniqueness

### Infrastructure Spending Low

#### **Infrastructure spending low**

Musick, Microeconomic Studies Division, Congressional Budget Office, 10

(Nathan, November, A CBO Study, “Public Spending on Transportation and Water Infrastructure,” http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/119xx/doc11940/11-17-infrastructure.pdf, p. 3, accessed 6/26/12, YGS)

Measured in constant dollars, total public spending for transportation and water infrastructure in 2007 amounted to $356 billion—$23 billion (or 6 percent) below the level of funding provided in 2003. The decline in overall spending for such infrastructure from 2003 to 2007 represents the most recent in a series of departures from a long-term pattern of annual growth since the mid-1950s (see Figure 1 and Table A-1 on page 22) 7 . As a share of gross domestic product, spending on transportation and water infrastructure fell only slightly between 2003 and 2007, from 2.5 percent to 2.4 percent.

### Inherency/Uniqueness – Inefficient Spending Now

#### Funding is inefficient in the status quo – the federal government has to guarantee full funding which causes spikes in spending and hurts the budget

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 7, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

One of the major criticisms of the current federal capital process is of the full funding requirement. The current rule requires that budget authority for the full costs of the asset be enacted in advance of any commitment by the federal agency.32 This rule results in spikes in spending, especially for small agencies. In an era of tight budgets and soaring deficits, there is a concern that federal agencies might forego capital spending due to this requirement.

### Don’t Invest Efficiently

#### The US doesn’t invest in infrastructure efficiently in the status quo

Desphande, research assistant at the Brookings Institution, and Elmendorf, Director of the Congressional Budget Office 8

 (Mansi Desphande and Douglas E. Elmendorf “An Economic Strategy for

Investing in America’s Infrastructure” 7/2008 <http://dspace.cigilibrary.org/jspui/bitstream/123456789/25399/1/An%20Economic%20Strategy%20for%20Investing%20in%20Infrastructure.pdf?1>, p.8, accessed, 6/29/12 MLF)

A second reason for frustration and disappointment with our infrastructure is that we do not invest in infrastructure efficiently. Our decisions about how to invest ourinfrastructure dollars are not based consistently on cost-benefit analysis, are often poorly coordinated across levels of government, and are sometimes highly politicized.Under these conditions, even large amounts of infrastructure investment could be inadequate for building appropriate transportation and telecommunications systems. Despite the public attention paid to congressional earmarking, it made up only 5 percent of the last major infrastructure spending bill. The more fundamental problem is an overall decisionmaking process that lacks the appropriate incentives and accountability needed to guide resources to their highest-value uses. For example, in a recent survey of forty-three state transportation departments, the U.S. Government Accountability Office (GAO 2005) found that thirty-four cited political support and public opinion as factors of “great” importance in making investment decisions, while only eight gave as much weight to objective measurement of a project’s value through cost-benefit analysis. A related question is whether we are striking the right balance between investing in new capacity and maintaining and repairing existing capacity. Although new projects may seem more politically attractive than maintenance, investment in new physical infrastructure capacity has declined over time relative to GDP, while operation and maintenance spending has held roughly constant.

#### Current system is inefficient on all governmental levels

Mallet, Specialist Transportation Policy, Maguire, Specialist Public Finance, and Kosar, Analyst American National Government, ’11

(William, Steven, and Kevin, National Infrastructure Bank: Overview and Current Legislation, <http://www.fas.org/sgp/crs/misc/R42115.pdf>,  6/24/12, LS)

The current system for funding projects is subject to inefficiency and bureaucratic complication. Funding for infrastructure improvements is divided unevenly among federal, state, local, and private actors based on sector.24 Even in instances where the federal government provides funding, it has often ceded or delegated project selection and oversight responsibilities to state, local, and other recipients, weakening linkages to federal program goals and efforts to ensure accountability.25 Federal efforts are also hampered by organization and funding allocations based strictly on specific types of transportation, as opposed to a system-wide approach, which create inefficiencies that hinder collaboration and effective investment.26 Complicating matters even further are the emergence of multi-state “megaregions,” which have common needs that require multijurisdictional planning and decision making ability.27

### Inherency/Uniqueness – Inefficient Investment Now

#### Current funding formulas do not provide an incentive to use the investments effectively

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 7-8, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

There is limited linkage between federal investments in state assets and the goals of the federal programs. The surface transportation program goals are sometimes unclear or contradictory.38 Even when goals are related to specific performance outcomes (i.e. congestion, highway fatalities), they are not included in funding formulas. The states do not have any incentive to increase the performance of the federal investments, as long as the formulas are agnostic to rewarding this type of behavior.39 In addition, the flexibility of the states in allocating federal funds complicates the ability of the federal government to target certain goals.

### Inherency/Uniqueness – Selection Process Inefficient Now

#### Selection process is inefficient in the status quo

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 8, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

2. Flawed selection process. In general, government investment is justified if the targeted capital asset is associated with a market failure and produces a net welfare benefit to society. While the market failure is usually easily identifiable, the costs and benefits of federal government financing for a project are harder to estimate. Many have called for investment in a capital asset to be justi- fied based on economic analysis, such as a BCA or wider BCA that would intertwine quantitative and qualitative factors. While there are legal requirements for BCA based approaches, there is no uniform implementation or estimation for a wide range of projects. The Federal Capital Investment Program Information Act of 1984 requires the federal budget to include projections of public civilian capital spending and recent assessments of public civilian phys- ical capital needs.51 Also, an Executive Order from 1994 clearly specifies the requirements of BCA for federal investment in infrastructure, in all federally-financed assets.52 It refers to the estimation of market and nonmarket costs and benefits over the full life cycle of a project. Further, it directly addresses the issues of demand management, implementation of better management practices to improve the return of current projects, and involvement of states, as recipients of federal grants. Federal agencies are supposed to use these principles to justify major infrastructure investment and grant programs, those in excess of $50 million annually. With all the legal requirements in place, BCA is not done consistently by federal agencies.53 The states themselves often do not use formal BCA in deciding among alternative projects and regular evaluations of outcomes are typically not conducted.54

### Inherency/Uniqueness – No Long-term Planning Now

#### No comprehensive long term infrastructure plans now

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 9, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

3. Insufficient long-term planning. A major complaint is the “short sightedness” of the federal investment process. The federal budget is released and updated annually, but there is little atten- tion to long-term plans, and there are no mechanisms to hold policymakers accountable for the long-run effects of annual budgetary implementation. Overall, federal agencies lack comprehensive long-term capital plans.55 While not providing a uni- fied view at the federal government level, a federal agency’s long-term capital plan would show an agency-wide perspective to inform congressional appropriations committees.56 Some congressional staff responsible for resource allocation and oversight of federal agencies expressed interest in receiving this type of information.57 The federal transportation grants have contract authority that allows states to do multiyear plan- ning and contracting. The federal surface transportation program provides an 80 percent matching grant to states to conduct statewide planning and to develop long-range statewide plans. These plans “should include capital, operations and management strategies, investments, procedures, and other measures to ensure the preservation and most efficient use of the existing transportation system.”58 While both the federal agencies and the grantees have to develop long-term capital plans, there is no comprehensive long-term strategic view for the capital assets financed by the federal govern- ment. There is no incentive for decisionmakers to push for better long-range planning, because there is no accountability mechanism to assess the long-term results of federal investment.

### Inherency/Uniqueness – Maintenance Funding Lacking Now

#### No maintenance funding now

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 8, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

1. Bias against maintenance. While federal investment allows maintenance funding, most of the investment is geared towards new capital assets. To the extent federal investment supports main- tenance, state and local grantees use their transportation grants to cover major maintenance, such as major rehabilitation and repair of capital assets. However, without the funding of appropriate preventive maintenance, the useful service life of infrastructure assets is shortened unnecessarily. Analyzing data provided by the Federal Highway Administration (FHWA), the Congressional Budget Office (CBO) found that maintenance of existing road infrastructure has higher net ben- efit than new construction, beyond a certain point.44 Efficient resurfacing projects had an average benefit-cost ratio double that of new lane projects.45 Through the federal capital process, federal agencies are required to conduct asset invento- ries that would assess the capital assets’ condition and need of maintenance. In addition, Federal Financial Accounting Standards require the agencies to report deferred maintenance.46 The federal agencies vary in the implementation of these conditions.47 Federal transportation grants to states for new capital assets do not have adequate maintenance clauses. Given that the grant programs allow for the inclusion of major repair and rehabilitation projects, states do not have a strong incentive to spend on preventive maintenance but rather let assets degenerate until they can qualify for more federal money.48 This result has been reinforced by the fact that state and local governments cannot use the money resulting from a tax exempt bond issue to cover maintenance.49 However, deferred maintenance should affect the creditworthi- ness of state and local governments due to its impact on the condition of the borrowers’ assets.50

### Status Quo Public-Private Partnerships Fail

#### Private-public partnerships fail – legislative uncertainty scares private investors.

Istrate, Senior Research Analyst, and Puentes, Brookings Institution Metropolitan Policy senior fellow, ’11

(Emilia Istrate, Senior Research Analyst and Associate Fellow, Metropolitan Policy Program, and Robert Puentes, senior fellow with the Brookings Institution's Metropolitan Policy, “A Path to Public Private Partnerships for Infrastructure,” Brookings Institute, 12/9/11, http://www.brookings.edu/up-front/posts/2011/12/09-infrastructure-puentes-istrate, A.D. 6/27/12, JTF)

For one, the United States needs to take better advantage of and facilitate the use of public/private partnerships (PPPs) for investments. A poll by the financial advisory firm Lazard shows strong willingness for public entities to consider private investment in infrastructure. However, our recent Brookings report shows that the United States lags in this area. In the quarter-century from 1985 and 2011, there were 377 PPPs in the U.S., a scant 9 percent of total amount of infrastructure PPPs around the world. The problem is not just the unwillingness to consider these arrangements. Increasingly, it seems to be an institutional challenge as public entities are ill-equipped to execute such deals while at the same time fully protecting the public interest. As a result, nothing gets done. Today the private sector is seeking more legislative certainty prior to bidding on projects and has little appetite for negotiating transactions that are subject to legislative or other major political approvals. While 31 states have PPP enabling legislation for highways, roads and bridges, and 21 for transit projects, the wide differences between them makes it time-consuming and costly for private partners wishing to engage in PPPs in multiple states to handle the different procurement and management processes.

# Economy Adv.

## Advantage Uniqueness

### Uniqueness – Double Dip Coming

#### Double-dip by the end of the year.

Hill, Money News, 6/13/12

[Christian, citing Robert Wiedemer, predicted 2008 economic collapse, and Peter Schiff, investor and CEO of Euro Pacific Capital, 6/13/12, Money News, “Upcoming Crash Will Be ‘Worse Than 2008’ Says Economist Peter Schiff,” http://www.moneynews.com/StreetTalk/economy-2008-crash-schiff/2012/06/15/id/442489?PROMO\_CODE=F355-1, A.D. 6/27/12, JTF]

A noted economist agrees with Schiff that a much worse stock market crash is coming. And unlike Schiff, he has given very specific details about just how bad it will get.

“The data is clear, 50% unemployment, a 90% stock market drop, and 100% annual inflation . . . starting in 2012.”

That catastrophic outlook comes from Robert Wiedemer, economist and author of The New York Times best-seller Aftershock. Before you dismiss Wiedemer’s claims, consider this: In 2006 he accurately predicted the collapse of the U.S. housing market, equity markets, and consumer spending that almost sank the United States.

#### Double-dip coming now. Status quo efforts are insufficient to solve.

Morici, Maryland University economist and professor, 6/11/12

[Peter Morici is an economist and professor at the Smith School of Business, University of Maryland, and widely published columnist, “Federal Reserve has few options as economy flirts with 'double dip' recession,” Fox News, 6/11/12, http://www.foxnews.com/opinion/2012/06/11/federal-reserve-has-few-options-as-economy-flirts-with-double-dip/#ixzz1zCcfF6FN, A.D. 6/29/12, JTF]

The US economy is drifting toward recession, but when Federal Reserve policymakers meet next week on June 19 and 20, they will have few tools to turn things around.

Jobs creation slipped to alarmingly low levels in April and May. Wages, which were rising modestly through most of the recovery, have been virtually flat for three months. An already tough labor market for both job seekers and the employed is getting worse.

First quarter productivity was down sharply, indicating businesses have more workers than needed to meet demand and must soon lay off employees if sales don’t pick up. However, deteriorating conditions in Europe and China, and falling values for the euro and yuan against the dollar, indicate US exporters and import-competing businesses will face tough environment this summer.

In manufacturing, the bright star of the economic recovery, new orders declined the last two months, and manufacturers and service businesses, polled by the Institute of Supply Chain management, report falling prices. Businesses slashing prices to maintain sales is an ominous precursor of more layoffs.

The Federal Reserve has already pulled all the levers that might make a difference. Short-term interest rates—such as the overnight bank borrowing rate and one month and one year Treasury Bill rates —are already close to zero.

When the Federal Reserve Open Market Committee last met on April 25 more bond purchases to lower long-term Treasury and mortgage rates were on the table. Since then, investors moved cash from risky European government bonds to US bonds. This has pushed 30-year Treasury and mortgage rates to near record lows, preempting the effectiveness of any additional Fed initiatives.

A statement that the Fed intends to keep short rates near zero beyond 2014 would have little effect on investor and home buyer psychology—already, no one expects the Fed to push up interest rates in the foreseeable future.

#### Double-dip is still possible – S&P

Lopez, Reuters, 6/26/12

[Luciana, 6/26/12, “S&P says U.S. faces 20-percent risk of double dip,” Reuters, http://www.reuters.com/article/2012/06/26/us-usa-ratings-sandp-idUSBRE85P0Z120120626, A.D. 6/29/12, JTF]

(Reuters) - The United States faces 20-percent odds of a return to recession, rating agency Standard & Poor's said on Tuesday, although it said a slow recovery remains the company's baseline forecast for the world's biggest economy.

"But the risk of another downward leg on the recession remains real," the agency said in a statement.

While S&P said it could be underestimating American consumers, years of stagnation, as Japan has seen, could also occur.

#### Growth is stagnating – anything can trigger a double-dip recession.

Schlesinger, MoneyWatch Editor-at-Large, 6/3/12

[Jill Schlesinger, Editor-at-Large for CBS MoneyWatch, “U.S. economy: Return of the double-dip?,” CBS MoneyWatch, 6/3/12, http://www.cbsnews.com/8301-505123\_162-57445804/u.s-economy-return-of-the-double-dip/, A.D. 6/29/12, JTF]

(MoneyWatch) Does the rotten May jobs report augur bad news for the overall economy? The answer is unclear at this point. Here's what we know: The globe is slowing down. Chinese manufacturing fell to a level that barely qualifies as expansion; India's economy expanded by 5.3 percent in the first quarter, down from 9.2 percent a year earlier; Latin America is stumbling; and U.S. growth was only 1.9 percent in the first quarter, after a tepid 1.7 percent last year.

The question plaguing investors is whether the slowdown will morph into a double-dip recession. Unfortunately, the answer lies with Europe. If the eurozone implodes due to a Greek default/exit or less dramatically, if confidence in large economies like Spain and Italy causes depositors and investors to flee, the eurozone could create Lehman Brothers Version 2.0. That scenario would freeze up the global financial system and likely plunge the eurozone into a deep recession. Although the U.S. economy is in far better shape than it was in 2008, the effect of a European recession could push the U.S. over the edge into a (gasp) double-dip recession.

### Uniqueness – Consumer Confidence Down

#### Consumer confidence is low now and creating jobs is key to invigorate the economy.

Fairchild, Bloomberg News economics reporter, 6/29/12

[Caroline, 6/29/12, Bloomberg News, “Consumer Sentiment In U.S. Falls To Lowest Since December,” http://www.bloomberg.com/news/2012-06-29/michigan-consumer-sentiment-gauge-fell-to-73-2-in-june-correct-.html, A.D. 6/29/12, JTF]

Confidence among U.S. consumers declined in June to the lowest level this year as Americans grew more pessimistic about prospects for the economy.

The Thomson Reuters/University of Michigan final index of sentiment fell to 73.2 this month from 79.3 in May. The gauge was projected to hold at the preliminary reading of 74.1, according to the median forecast of economists surveyed by Bloomberg News. Unemployment exceeding 8 percent for 40 straight months is limiting wage growth and restraining household spending, which accounts for 70 percent of the economy. At the same time, Europe’s debt crisis is prompting volatility in the stock market, making Americans feel less wealthy.

“People now when they see the stock market wavering and they hear the evening news reports talk about the seriousness of the ongoing situation in Europe and what that could mean for the financial system, once again they do worry,” Russell Price, senior economist at Ameriprise Financial Inc. in Detroit, said before today’s report.

### Uniqueness – Employment Down

#### **Employment in infrastructure sector low now.**

Department of the Treasury with the Council of Economic Advisors, 3/23/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p. 2, accessed 6-24-12, LH)

Among those who gain employment as a result of additional infrastructure investment, the average unemployment rate has averaged approximately 13 percent over the past twelve months. This is more than one and one-half times the current national unemployment rate. Within the construction sector, which accounts for the majority of direct employment resulting from infrastructure investment, the unemployment rate has averaged 15.6 percent over the past twelve months.

### Uniqueness – New Infrastructure Needed

#### Transportation infrastructure investment is key to U.S. economic competitiveness.

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, 2011, Transportation Infrastructure Report 2011, “Building America’s Future, Falling Apart and Falling Behind” http://www.bafuture.com/sites/default/files/Report\_0.pdf, p. 12, accessed 6/25/12, MLF)

In a global economy, businesses need access to manufacturing plants and distribution centers, to international gateways like ports and airports, and to consumers in both metropolitan and rural regions. People need reliable and efficient ways to commute to work and go about their daily lives. We need a modern infrastructure system if we are to meet both needs. And if we don’t create a transportation system that functions reliably and cost-effectively in the 21st century, companies operating in this globalized world can simply choose to do their business elsewhere—taking U.S. jobs and revenues with them.

### Uniqueness – Funding System Fails

#### Current funding for infrastructure projects fail

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, 2011, Transportation Infrastructure Report 2011, “Building America’s Future, Falling Apart and Falling Behind” http://www.bafuture.com/sites/default/files/Report\_0.pdf, p. 18, accessed 6/25/12, MLF)

Since the establishment of the federal highway system, Congress has passed multi-year transportation legislation, authorizing the use of federal funds for surface transportation projects. The overwhelming amount of that money is directed to state and local governments for road and bridge construction, repair, and maintenance. The Highway Trust Fund distributes those funds according to a set formula, and as a result, dollars are automatically spread thinly around the 50 states with little regard to national priorities. Certain new grant and loan programs require state and local governments to submit applications and compete for federal dollars, but the majority of federal dollars are not necessarily targeted at those projects that will create the most jobs and generate the most economic activity. But a national network, funded nationally, requires national benchmarks to realize national outcomes. Awards of federal funds should come with requirements that state officials conduct cost-benefit analyses or otherwise be held against specific performance standards for the use of the funds.

### Uniqueness – Infrastructure Funding Low Now

#### Public investment in infrastructure is low now.

Heintz, Political Economy Research Institute Associate director and Associate research professor, and Pollin, economics professor, and Garret-Peltier, Political Economy Research Institute research assistant, ’09

(James, Robert, Heidi, Alliance for American Manufacturing, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 14-15, Accessed: 6/26/12, GJV)

Despite the sometimes pronounced difference between individual states, one fact stands out from this overview: rates of public investment have dropped off dramatically compared to the rates that prevailed in the 1950s and 1960s. There are some signs that this has changed in recent years for particular types of infrastructure. Nevertheless, the overall picture is one of diminished support for public investment. This would not be a problem if public investment provided few benefits to the economy and the people living in the U.S. However, as we show in the remainder of the report, this is not the case. Public investment makes substantial contributions in terms of employment, economic growth, trade competitiveness, and essential services to the U.S. population. Such investments can also become a key driver in building a clean-energy economy. The decline in public investment has left the U.S. with a critical infrastructure deficit. We evaluate the size of this infrastructure investment gap in the next section.

## Plan Improves Economy

### Transportation Infrastructure Prerequisite

#### Switching to the National Infrastructure Bank’s revenue-based model is a pre-requisite to any effective infrastructure investment.

Little, Senior Fellow, Brookings Institution, [et.al](http://et.al/), April 5, 11

(LLC Richard Little, Director, Keston Institute for Public Finance and Infrastructure PolicyAuthors: Robert Puentes, Senior Fellow, Brookings Institution et. all Felix G. Rohatyn, Special Advisor to the Chairman and CEO, Lazard Freres and Co. Stephen Goldsmith, New York City Deputy Mayor for Operations
Interviewer(s): Jonathan Masters, Associate Staff Writer, April 5, 2011http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585,Accessed: 6/27/12, LPS)

The massive network of seaports, waterways, railroads, and highways we built in the nineteenth and twentieth centuries were designed to unlock the nation's natural resources, agriculture, and manufacturing strength and bring these products to market. Today, despite a dynamically changing economy, these sectors along with trade and transportation still account for more than a quarter of U.S. GDP or $3.5*trillion*, but many transport linkages have become bottlenecks due to long-delayed repair and replacement. **The entire U.S. economy, as well as consumers, would benefit from a more efficient and resilient supply chain**. Unfortunately, for far too long, Americans have been lulled by their political leadership into a false sense of entitlement. **Faced with the prospect of raising taxes or charging fees to cover the cost of maintaining these systems, they have chosen to do neither. As a result, our highways and bridges decline at alarming rates. Most of the other systems vital to our interests suffer the same fate. Fixing this is well within our control, the challenge will be to muster the will to do so. Without a move to revenue-based models, necessary renewal of critical infrastructure will be long delayed, if provided at all. The first step in addressing this problem will be to ensure that adequate revenue streams are in place.**Whether this revenue comes from the fuel tax, tolls, or other mechanisms is less important than having the funds to work with. Without a move to revenue-based models, necessary renewal of critical infrastructure will be long delayed, if provided at all. **We can show that we value these systems by agreeing to pay for their upkeep or own both the**responsibility for economic decline and its consequences.

#### **Improving our transportation infrastructure is a prerequisite to economic growth.**

Department of the Treasury with the Council of Economic Advisors, 3/23/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p. 5-6, accessed 6-24-12, LH)

Gallatin spoke in terms of infrastructure shortening distances and easing communications, even when the only means to do so were roads and canals. Every day, Americans use our nation’s transportation infrastructure to commute to work, visit their friends and family, and travel freely around the country. Businesses depend on a well-functioning infrastructure system to obtain their supplies, manage their inventories, and deliver their goods and services to market. This is true for companies whose businesses rely directly on the infrastructure system, such as shippers like UPS and BNSF, as well as others whose businesses indirectly rely on the infrastructure system, such as farmers who use publicly funded infrastructure to ship crops to buyers, and internet companies that send goods purchased online to customers across the world. A modern transportation infrastructure network is necessary for our economy to function, and is a prerequisite for future growth. President Eisenhower’s vision is even more relevant today than it was in 1955, when he said in his State of the Union Address, "A modern, efficient highway system is essential to meet the needs of our growing population, our expanding economy, and our national security." Today, that vision would include making not only our highways, but our nation’s entire infrastructure system more efficient and effective. Our analysis indicates that further infrastructure investments would be highly beneficial for the U.S. economy in both the short and long term. First, estimates of economically justifiable investment indicate that American transportation infrastructure is not keeping pace with the needs of our economy. Second, because of high unemployment in sectors such as construction that were especially hard hit by the bursting of the housing bubble, there are underutilized resources that can be used to build infrastructure. Moreover, states and municipalities typically fund a significant portion of infrastructure spending, but are currently strapped for cash; the Federal government has a constructive role to play by stepping up to address the anticipated shortfall and providing more efficient financing mechanisms, such as Build America Bonds. The third key finding is that investing in infrastructure benefits the middle class most of all. Finally, there is considerable support for greater infrastructure investment among American consumers and businesses.

#### NIB solves – public support, growth & jobs, competitiveness

McConaghy, Third Way Economic Program Deputy Director, Kessler, Third Way Senior Vice President for Policy, 11

 (Ryan, past legislative director at US House of Representatives, Jim, January, The Economic Program: Schwartz Initiative on American Economic Policy, “A National Infrastructure Bank,” p. 2-3, http://content.thirdway.org/publications/365/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank.pdf, accessed 6/29/12, YGS)

In order to provide innovative, merit-based financing to meet America’s emerging infrastructure needs, Third Way supports the creation of a National Infrastructure Bank (NIB). The NIB would be a stand-alone entity capitalized with federal funds, and would be able to use those funds through loans, guarantees, and other financial tools to leverage private financing for projects. As such, the NIB would be poised to seize the opportunity presented by historically low borrowing costs in order to generate the greatest benefit for the lowest taxpayer cost. Projects would be selected by the bank’s independent, bipartisan leadership based on merit and demonstrated need. Evaluation criteria may include economic benefit, job creation, energy independence, congestion relief, regional benefit, and other public good considerations. Potential sectors for investment could include the full range or any combination of rail, road, transit, ports, dams, air travel, clean water, power grid, broadband, and others. The NIB will reform the system to cut waste, and emphasize merit and need. As a bank, the NIB would inject accountability into the infrastructure investment process. Since the bank would offer loans and loan guarantees using a combination of public and private capital, it would have the opportunity to move away from the traditional design-bid-build model and toward project delivery mechanisms that would deliver better value to taxpayers and investors. 35 By operating on principles more closely tied to return on investment and financial discipline, the NIB would help to prevent the types cost escalation and project delays that have foiled the ARC Tunnel. America’s infrastructure policy has been significantly hampered by the lack of a national strategy rooted in clear, overarching objectives used to evaluate the merit of specific projects. The politicization and lack of coordination of the process has weakened public faith in the ability of government to effectively meet infrastructure challenges. In polling, 94% of respondents expressed concern about America’s infrastructure and over 80% supported increased federal and state investment. However, 61% indicated that improved accountability should be the top policy goal and only 22% felt that the federal government was effective in addressing infrastructure challenges. 36 As a stand-alone entity, the NIB would address these concerns by selecting projects for funding across sectors based on broadly demonstrated need and ability to meet defined policy goals, such as economic benefit, energy independence, improved health and safety, efficiency, and return on investment. The NIB will create jobs and support competitiveness. By providing a new and innovative mechanism for project financing, the NIB could help provide funding for projects stalled by monetary constraints. This is particularly true for large scale projects that may be too complicated or costly for traditional means of financing. In the short-term, providing resources for infrastructure investment would have clear, positive impacts for recovery and growth. It has been estimated that every $1 billion in highway investment supports 30,000 jobs, 37 and that every dollar invested in infrastructure increases GDP by $1.59. 38 It has also been projected that an investment of $10 billion into both broadband and smart grid infrastructure would create 737,000 jobs. 39 In the longer-term, infrastructure investments supported by the NIB will allow the U.S. to meet future demand, reduce the waste currently built into the system, and keep pace with competition from global rivals. The NIB will harness private capital to help government pay for new projects. The NIB would magnify the impact of federal funds by leveraging them through partnerships with private entities and other actors, providing taxpayers with more infrastructure bang for their public buck. Estimates have placed the amount of private capital readily available for infrastructure development at $400 billion, 40 and as of 2007, sovereign wealth funds—another potential source of capital—were estimated to control over $3 trillion in assets with the potential to control $12 trillion by 2012. 41 While these and other institutional funds have experienced declines as a result of the economic downturn, they will continue to be important sources of large, long-term investment resources. By offering loan guarantees to induce larger private investments or issuing debt instruments and securities, the NIB could tap these vast pools of private capital to generate investments much larger than its initial capitalization. In doing so, it could also lower the cost of borrowing for municipalities by lowering interest on municipal bonds for state and local governments by 50 to 100 basis points. 42 The NIB would also be poised to help taxpayers take full advantage of historically low borrowing costs. In 2010, the yield on 10-year U.S. Treasuries reached a historic low of 3.22%, as compared to a rate of 6.03% in 2000 and a peak rate of 13.92% in 1981. Prior to the Great Recession, this rate had not dipped below 4% since 1962. 43 By allowing government and private actors to access financing at historically low rates, the NIB would help to capitalize on a once-in-a-lifetime window to make enduring infrastructure investments.

### Transportation Infrastructure Spurs Long-term Growth

#### Plan spurs economic recovery

Robertson, writer for Independents of Principle, 11

(Joseph, Why We Should Have a National Infrastructure Bank, http://independentsofprinciple.wordpress.com/2011/07/18/why-we-should-have-a-national-infrastructure-innovation-reinvestment-bank/, 6/24/12, CS)

There are competing theories about what makes for good economic stimulus, and there are practices that work well and which don’t work very well. We know that tax cuts are not very stimulative, because they take a long time to show up in people’s bank accounts, and they are comprised of money that was already there to begin with. New money, extra money, is more stimulative. So food stamps, for instance, can return 70% to 100% gain in stimulus, above and beyond cost.

But we aren’t looking to fix the long recovery by using food stamps for stimulus. And we can’t really do any tax cuts that would help to expand GDP**. If we want to spur a more vibrant recovery, we have to find a way to put new money, extra money, in people’s pockets, and it has to be more than they need to meet the ever-rising costs of living. It makes sense, then, that intelligent investment in high-growth activities would be the best way to make that happen.**

There is a mythology circulating around statehouses and governor’s mansions across the country, which holds that developing new ways to harvest carbon-based fuels is the best way to do this, because it is a high-growth activity with lots of job-creation potential. The fact is, it is more often a way to steer massive profits, aided by massive taxpayer assistance, to already wealthy interests, that create relatively few new local jobs and which manage this by helping local governments pay for infrastructure improvements.

None of that is healthy for a local or regional economy, over the long term, and the profits tend not to stay local or lead to long-term permanent new jobs. **We do, however, have a problem with long-neglected infrastructure, on which the general health and vibrancy of our economy depend, and we have budget shortfalls at the state and local level.**

**We know that if we can rebuild, invest in, benefit from and then reinvest in, world-leading high-quality infrastructure, we can secure long-term stable job creation, and a more generalized prosperity that strengthens the middle class and lubricates engines of investment.** We know this, but the confluence of harsh symptoms of long-running problems in our economy, this near “perfect storm” of degradations, makes it difficult to figure out how we can fund this and not lose ground on other fronts.

#### NIB key to short and long term economic prospects

Puentes, Senior Fellow, Brookings Institution, et al. ’11

(Robert Puentes, Senior Fellow, Brookings Institution et. all Felix G. Rohatyn, Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC Richard Little, Director, Keston Institute for Public Finance and Infrastructure Policy Stephen Goldsmith, New York City Deputy Mayor for Operations
Interviewer(s): Jonathan Masters, Associate Staff Writer, April 5, 2011, http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585, Accessed: 6/27/12, LPS)

**But for too long, the nation's infrastructure policies have been kept separate and apart from the larger conversation about the U.S. economy.** The benefits of infrastructure are frequently framed around short-term goals about job creation. While the focus on employment growth is certainly understandable, it is not the best way to target and deploy infrastructure dollars. And it means so-called "shovel ready projects" are all we can do while long-term investments in the smart grid, high-speed rail, and modern ports are stuck at the starting gate. **We often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important.** **So in addition to the focus on job growth in the short term, we need to rebalance the American economy for the long term on several key elements: higher exports, to take advantage of rising global demand; low-carbon technology, to lead the clean-energy revolution; innovation, to spur growth through ideas and their deployment; and greater opportunity, to reverse the troubling, decades-long rise in inequality.** Infrastructure is fundamental to each of those elements.

### Transportation Infrastructure Increases Revenue

#### Transportation infrastructure lowers costs and stimulates industries – history proves.

Department of the Treasury and the Council of Economic Advisors, 3/23/12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 7, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

Investments in infrastructure allow goods and services to be transported more quickly and at lower costs, resulting in both lower prices for consumers and increased profitability for firms. Major transportation infrastructure initiatives include the building of the national railroad system in the 19thcentury and the creation of the Eisenhower Interstate System in the 1950s and 1960s. Observers have concluded that in both of these cases there was a causal link running from infrastructure investments to subsequent private sector productivity gains.6 Alternatively, it is possible that infrastructure investments occur when productivity gains are also likely to follow but for unrelated reasons. Determining causality is difficult. A study by John Fernald makes progress on establishing causality by comparing the impact of infrastructure investment on industries that a priori should experience different benefits from infrastructure spending.7 He finds that the construction of the interstate highway system in the 1950s and 1960s corresponded with a significant increase in the productivity of vehicle-intensive industries (such as transportation and gas utilities), relative to industries that do not depend on vehicles (such as apparel and textiles and industrial machinery). Fernald’s findings suggest that previous investments in infrastructure led to substantial productivity gains, and highlight the potential for further increases in productivity through additional, well-targeted investments.

#### Its key to the economy

Cambridge Systematics Inc. with an Economic Development Research Team, ’99

(October, “Public Transportation And The Nation’s Economy,” http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf, Accessed: 6/26/12, Pg. 54-55, GJV)

While the logic diagrams described on Page 6-5 provide a way to frame and illustrate key linkages issues in the broadest possible terms, the types of economic impacts resulting from transit investment (or any public investment for that matter) can be described technically in a variety of ways. Fundamentally, transit investments provide impact through two primary effects: · Transportation spending effects on the economy, leading to changes in jobs; and · Travel-related impacts leading to travel time and cost changes for people and business. These direct effects lead to further impacts on many different levels, affecting the revenues and costs for households, for businesses and for governments (the latter are referred to as “fiscal impacts”). Thus, we distinguish between direct, indirect and induced economic effects. · Direct Economic Impacts are those changes in flows of dollars that result directly from the initial spending in the transit project or activity, and the effect of the transit service on travelers. The spending effect includes the wages paid to workers on the project or working on the transit system, and revenue accruing to companies participating in the project or activity. Cost effects include changes in out-of-pocket expenditures for personal and business travel, which may affect business revenue and sales. Indirect Economic Impacts cover additional changes in economic activity for businesses that supply services or materials to the directly affected businesses. · Induced Economic Impacts result as household income changes (created by direct and indirect effects on wages) lead to further effect on consumer spending throughout the economy. Indirect and induced impacts can represent “multiplier” effects that increase total economic impact. Such “multiplier effects” can make the overall economic impacts substantially larger than the direct effects alone. They occur insofar as the local area or state has the ability to provide additional workers and capital resources, or attract them from elsewhere, without taking them away from other existing economic activities within the area. The extent and size of multiplier effects depends on the specific area being studied. Estimates of the multiplier effects for any given county or state are available through economic “input-output” tables provided by the U.S. Department of Commerce and other private sources.4

#### Failure to fund infrastructure projects is killing the economy – net-decrease in revenue.

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 19 2011 http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12 MLF)

The lack of vision, lack of funding, and lack of accountability have left every mode of transportation in the United States—highways and railroads, airports and seaports— stuck in the last century and ill-equipped for the demands of a fast-paced global economy. Only 30 of the largest 100 metropolitan areas have light rail or subway systems. 9 Only half of Americans have access to public transit. 10 With few mobility options around cities and metropolitan regions, the costs of traffic seem unavoidable. All this driving is costing Americans a fortune in time and money. American households now spend an average of 17.6% of their budgets on transportation, the second largest expense after housing and one-third more than what they spend on food. These costs are particularly acute for lower-income Americans: the country’s poorest households spend more than 40% of their take-home pay on transportation. 11

### Transportation Infrastructure Is Key to Transportation of Goods

#### Even if the economy is low now, we still need to enact the plan

Baxandall, Senior analyst for tax and budget policy, ’09

(Phineas, 12-22, U.S. Public Internet Research Group, “ Analysis of latest jobs data show stimulus spending on public transportation produces more jobs, faster, than highways,” http://cdn.publicinterestnetwork.org/assets/ef936f09ceacb6903ef81ec70b49c512/Data-show-public-transportation-producing-more-jobs-12-22-09.pdf, Accessed: 6/26/12, GJV)

No matter what the economic conditions, we need investments to provide the maximum possible return. We now have enough data on the impacts of ARRA spending to begin drawing conclusions about the effectiveness of spending under different parts of ARRA. The data so far show that spending through public transportation programs is both the more effective job creator, and moves us towards the transportation system of the future. As Congress and the Administration debate future federal investments in transportation, they should look at the ARRA results to date from the dedicated transit funds and the Surface Transportation Program. Congress and the Administration should note the direct economic benefits of different kinds of investment, and how each helps reduce the cost of iving, provides access to jobs, boosts manufacturing, and improves state of repair for all l kinds of transportation assets. All future apportionments, whether from a jobs bill, a second stimulus, and/or the continuing SAFETEA‐LU program, and whatever authorization replaces it, should be guided by a balanced approach to transportation spending that produces the maximum return for the money.

#### Transportation Infrastructure’s key to the economy

Heintz, Political Economy Research Institute Associate director and Associate research professor, and Pollin, economics professor, and Garret-Peltier, Political Economy Research Institute research assistant, ’09

(James, Robert, Heidi, Alliance for American Manufacturing, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 16-7, Accessed: 6/26/12, GJV)

The nation’s highways, roads, and bridges constitute the single most important transportation system for the U.S. population and economy. According to the Federal Highway Administration, the U.S. maintains 4 million miles of roads and nearly 600,000 bridges (Department of Transportation, 2006). In dollar terms, the Bureau of Economic Analysis estimates that the current value of public assets in road infrastructure totals $2.6 trillion. The Department of Transportation periodically evaluates the condition of the country’s roads, bridges, and transit systems in its report Status of the Nation’s Highways, Bridges, and Transit. According to the most report, 85 percent of roads are in ‘acceptable condition’ but only 44 percent were deemed to be in ‘good condition’. In 2004, 26.7 percent of bridges were considered to be structurally deficient and 13.6 percent were ‘functionally obsolete.’ The cost to maintain the U.S. road system in its current condition is estimated to be $78.8 billion a year. Current levels of annual investment are around $70.3 billion, a gap of $8.5 billion. The Department of Transportation has conducted research into the level of investment needed to minimize the costs associated with prolonged travel times, vehicle damage, accidents, and excessive emissions. Bringing the system up to this high-quality standard would require annual investment of $131.7 billion, an increase of $61.4 billion over current levels (Department of Transportation, 2006).

#### Transportation Infrastructure’s key to transporting goods

Heintz, Political Economy Research Institute Associate director and Associate research professor, and Pollin, economics professor, and Garret-Peltier, Political Economy Research Institute research assistant, ’09

(James, Robert, Heidi, Alliance for American Manufacturing, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 18-9, Accessed: 6/26/12, GJV)

Approximately 2.6 billion short tons of commodities are transported on U.S. navigable waterways each year—an extremely cost-efficient transportation system (Army Corps of Engineers, 2005). The Army Corps of Engineers maintains and operates the inland waterway system which includes 257 lock systems nationwide, the average age of which is 55 years. According to the American Society of Civil Engineers, by 2020 80 percent of the lock systems will be functionally obsolete without new infrastructure investments (ASCE, 2005). The estimated cost of updating all the lock systems is $125 billion. In addition, the Army Corps of Engineers assess the state of the nation’s levees and flood control systems, amounting to 2,000 levees totaling 13,000 miles, which include projects built and maintained by the Corps of Engineers; projects built by the Corps of Engineers and subsequently transferred to a local owner to maintain; and projects built by local communities. In 2007, the Corps identified 122 levees, across the country, which are in need of additional maintenance and repair.4 The investment needed to update the lock system combined with an additional $30 billion to improve the nation’s levees would total $155 billion, or about $6.2 billion annually over the next 25 years.

### Transportation Infrastructure Increases GDP

#### Infrastructure investment increases gross domestic product.

Heintz, Political Economy Research Institute Associate director and Associate research professor, and Pollin, economics professor, and Garret-Peltier, Political Economy Research Institute research assistant, ’09

(James, Robert, Heidi, Alliance for American Manufacturing, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 4, Accessed: 6/26/12, GJV)

1950-79: Public infrastructure investment and economic growth rise together. Between 1950 – 79, public investments in core areas—transportation, water management, and electricity transmission—grew at an average annual rate of 4.0 percent. Overall economic growth (GDP) averaged 4.1 percent per year over that same period. 􀂃 1980-2007: Public infrastructure investment and economic growth fall together. Between 1980 – 2007, public investment growth slows dramatically, to an average 2.3 percent. GDP growth also falls in this more recent period, to a 2.9 percent average annual rate. 􀂃 Faster public investment growth produces faster overall growth. The change in the public investment growth rate is a significant contributor to GDP growth. For the year 2007, the impact due to both our baseline and high-end scenarios from an increase in public infrastructure investments only (holding aside private infrastructure investments) would be as follows: o Baseline scenario: The $54 billion baseline increase in public infrastructure investment would yield an annual GDP increase of about $46 billion. This would provide an annual productivity dividend of about $150 for every U.S. resident. o High-end scenario: The $93 billion high-end increase in public infrastructure investment would yield an annual GDP increase of about $77 billion. This is a productivity dividend of about $260 per year for every U.S. resident.

#### Transportation infrastructure investment generates returns.

Cambridge Systematics Inc. with an Economic Development Research Team, 99

( October, “Public Transportation And The Nation’s Economy,” http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf, Accessed: 6/26/12, Pg. 32, GJV)

The additional economic benefits from the transportation impacts of transit investment in major metropolitan areas are substantial. For every $10 million invested, over $15 million is saved in transportation costs to both highway and transit users. These costs include operating costs, fuel costs and congestion costs. Business output and personal income are positively impacted by transit investments, growing rapidly over time. These transportation user impacts create savings to business operations, and increase the overall efficiency of the economy, positively affecting business sales and household incomes. A sustained program of capital investment will generate an increase of $2 million in business output and $0.8 million in personal income for each $10 million in the short run (during year one). In the long term (during year 20), these benefits increase to $31 million and $18 million for business output and personal income respectively.

### Transportation Infrastructure – Investment Good

#### Transportation infrastructure investment generates returns.

Cambridge Systematics Inc. with an Economic Development Research Team, 99

(October, “Public Transportation And The Nation’s Economy,” http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf, Accessed: 6/26/12, Pg. 32, GJV)

The additional economic benefits from the transportation impacts of transit investment in major metropolitan areas are substantial. For every $10 million invested, over $15 million is saved in transportation costs to both highway and transit users. These costs include operating costs, fuel costs and congestion costs. Business output and personal income are positively impacted by transit investments, growing rapidly over time. These transportation user impacts create savings to business operations, and increase the overall efficiency of the economy, positively affecting business sales and household incomes. A sustained program of capital investment will generate an increase of $2 million in business output and $0.8 million in personal income for each $10 million in the short run (during year one). In the long term (during year 20), these benefits increase to $31 million and $18 million for business output and personal income respectively.

#### High productivity investments spur growth

Wachs, Institute of Transportation Studies director, 11

(Martin, Spring 2011, Professor Emeritus of Civil and Environmental Engineering and City and Regional Planning at the University of California, Berkeley and of the University of California Transportation Center, and former ACCESS: The magazine of UCTC, “Transportation, Jobs, and Economic Growth,” http://www.uctc.net/access/38/access38\_transportation\_growth.shtml, Accessed 6-29-12, CAS)

Ideally, well-chosen transportation investments can advance both long-term productivity growth and short-term job creation. If possible, governments should choose projects that are beneficial from a productivity perspective and also happen quickly enough to move the economy back toward full employment. A high-productivity investment that can be started quickly can produce a clear "win-win" outcome for the economy: The economy recovers more quickly and long-run productivity is enhanced. So, for example, building a high-speed freight highway to connect a congested port to a rail hub during a recession could be an excellent investment. It already offers a net benefit overall, and the construction jobs provide added benefits to society even though they are actually a cost to the project.

#### High productivity investments bolster growth

Wachs, Institute of Transportation Studies director, 11

(Martin, Spring 2011, Professor Emeritus of Civil and Environmental Engineering and City and Regional Planning at the University of California, Berkeley and of the University of California Transportation Center, and former ACCESS: The magazine of UCTC, “Transportation, Jobs, and Economic Growth,” http://www.uctc.net/access/38/access38\_transportation\_growth.shtml, Accessed 6-29-12, CAS)

Sound transportation investments lower the costs of moving people and goods. This increases economic productivity, which roughly can be measured as the output of goods and services per dollar of private and public investment. And improved productivity leads to a higher standard of living. Because productivity is a central component of economic growth, it should be of major concern when assessing the value of transportation expenditures. It is important to focus on improving productivity even when policymakers strive to serve other important long-term transportation objectives, such as improving safety, energy independence, and environmental sustainability. High-productivity transportation investments increase connectivity and reduce congestion; by doing so they improve economic well-being. Short-term job creation, while vitally important to economic recovery, should not cause us to ignore the longer-term view.

#### Independent of spending being good or bad, infrastructure investment is key to avoiding a double-dip and ensures sustainability.

Sachs, economist, 9

(Jeffrey D., American economist and Director of The Earth Institute at Columbia University, Ph.D. in economics from Harvard, “Rethinking Macroeconomics,” Capitalism and Society, volume: 4, 2009, pg. 5, http://relooney.fatcow.com/0\_New\_6304.pdf, A.D. 6/27/12, JTF)

Fifth, the fallacy of the long-maintained assumption that the economy can grow and provide high employment while neglecting structural challenges such as energy and infrastructure is exposed by the US economy’s continuing weaknesses. Even with interest rates at near zero, the economy limps along, on the edge of a double dip. Unemployment remains perilously high and will stay so for low-skilled workers. Trillions of dollars of real demand, not makeshift jobs or last-gasp consumerism, are bottled up in infrastructure and low-carbon energy projects that can’t get off the ground until the government creates a sound policy and financial environment.

#### Infrastructure key to long term economic growth

Desphande, research assistant at the Brookings Institution, and Elmendorf, Director of the Congressional Budget Office, ’08

(Mansi Desphande and Douglas E. Elmendorf “An Economic Strategy for

Investing in America’s Infrastructure” 7/2008 http://dspace.cigilibrary.org/jspui/bitstream/123456789/25399/1/An%20Economic%20Strategy%20for%20Investing%20in%20Infrastructure.pdf?1, p.13, accessed 6/29/12 MLF)

Like other investments, investment in infrastructure can yield significant benefits for years to come. Those benefits can be seen in economic growth and output as measured by statisticians. They can also be seen in aspects of household well-being not captured by conventional statistics. Moreover, the benefits can be generated both through the creation of new infrastructure and through the maintenance of existing infrastructure.

### Transportation Infrastructure Maintenance Boosts Economy

#### Maintenance of transportation infrastructure benefits the economy

Economic Development Research Group, economists and planners, 11

(Economic Development Research Group, 2011, American Society of Civil Engineers, Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation, http://www.asce.org/uploadedFiles/Infrastructure/Report\_Card/ASCE-FailureToActFinal.pdf, 6-27-12, p.6, CAS).

Moreover, because this study’s purpose is to address the consequences of current investment trends, it does not include the potential economic impacts of construction that would be required to, at least in part, address identified surface transportation infrastructure deficiencies. Recent studies have asserted that every $1 billion invested in highway construction generates approximately 30,000 temporary jobs in the national economy, and spending for transit projects generates 24,000–41,000 temporary jobs, depending on geography and blend of spending between new construction, maintenance, and vehicle replacement.

#### Infrastructure maintenance vital for long term cost efficiency

Economic Development Research Group, economists and planners, 11

(Economic Development Research Group, 2011, American Society of Civil Engineers, Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation, http://www.asce.org/uploadedFiles/Infrastructure/Report\_Card/ASCE-FailureToActFinal.pdf, 6-27-12, p.31, CAS).

When infrastructure maintenance, repairs, and improvements are not fully funded, short-term “band-aid” solutions are often implemented to enable the infrastructure to continue functioning at less than minimum tolerable conditions. When these short-term solutions are implemented, in addition to the user cost of operating the deficient infrastructure, the cost of operating and maintaining the infrastructure is greater than it would be if the infrastructure were in proper condition.

#### Infrastructure maintenance is crucial – avoids costs

Economic Development Research Group, economists and planners, 11

(Economic Development Research Group, 2011, American Society of Civil Engineers, Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation, http://www.asce.org/uploadedFiles/Infrastructure/Report\_Card/ASCE-FailureToActFinal.pdf, 6-27-12, p.31, CAS).

Maintenance needs are a critical aspect of highway investment requirements, and are expected to increase over time. Unmet maintenance needs speed up the deterioration of infrastructure and may bring about the costs and adverse economic impacts given in this report on a faster timetable, and with magnitudes exacerbated beyond what is included in the formal economic analysis of unmet capital improvement needs.

Unmet maintenance needs also often present themselves as urgent needs, and divert investment from more long-term investments of the type that would ultimately be required to overcome many of the costs and adverse impacts explored in this report.

### Transportation Investment Key to Trade

#### America’s economy relies on infrastructure

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 8 2011 http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12 MLF)

The strength of every country’s economy derives from the productivity of its human capital and natural resources. We have an abundance of both. But what these great gifts produce is meaningless unless they find their way to the marketplace. That is what infrastructure does. It increases human mobility and facilitates efficiency. It enables a healthy economy to channel the flow of goods and services around the corner and around the globe. Done right, infrastructure helps us open new markets to goods and services, drops the costs of transportation, speeds deliveries, and lowers prices for consumers. Capital and jobs flow to the most efficient markets, and the most efficient markets are dependent on modern, reliable, high-tech infrastructure. The infrastructure past generations built for us—and the good policy making that built it—is a key reason America became an economic superpower. But many of the great decisions which put us on that trajectory are now a half-century old. In the last several decades, our political system has failed us.

#### Infrastructure is key for the US being able to trade in the new global economy

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 11 2011 http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12 MLF)

In the 21st century, globalization has radically changed the economy and the world’s trade patterns, while shifting and intensifying the demands we place on our transportation network. Trade between the U.S. and other countries increased by 13% a year between 2003 and 2008. 2 Economic growth now depends on American businesses’ ability to participate in this growing global trade, and moving freight cheaply, easily, and reliably is now more directly related to the overall health of our economy than ever. As much as 60% of American-made products are now exported, and so the success of the manufacturing sector depends on our ability to export what we make here and sell it in the global marketplace. Billions of dollars’ worth of goods move around this country every day, by rail, truck, and air, to and from manufacturing plants, packaging centers, warehouses and distribution facilities, cargo airports and international shipping terminals. The supply chain now spans the globe, and a significant contributor to the American economy is the ability to transport goods cheaply, efficiently, and reliably across national corridors to and from international gateways.

### Transportation Key to Efficiency

#### Transportation key to economic recovery

Tomer et al., Brookings Institution, Senior Research Analyst, 11

(Adie, Elizabeth Kneebone, senior research associate at the Brookings Institution, Robert Puentes, senior fellow at the Brookings Institution, Alan Berube, senior fellow and research director at the Brookings Institution, May 2011, Metropolitan Policy Program at Brookings, “Missed Opportunity: Transit and Jobs in Metropolitan America,” http://www.brookings.edu/~/media/research/files/reports/2011/5/12%20jobs%20and%20transit/0512\_jobs\_transit.pdf, p. 3, accessed 6-29-12, LH)

More immediately, transportation matters for establishing a broad-based economic recovery. Improving transportation connections to jobs enhances the efficiency of labor markets for both workers and employers. 3 years of study, research, and practice have tried to address the vexing logistical problems stemming from lack of access to transportation in major metropolitan areas. 4 Today, transportation analysts increasingly consider accessibility to be a better measure of system performance than traditional mobility. 5 It is at least as important for metropolitan residents to be able to access a range of activities, such as jobs, via the transportation system, than it is for systems to simply move vehicles faster and reduce travel times. 6

#### Infrastructure investment required to maintain growth

Rep. DeLauro, 10

(Rosa, D-CT, Federal News Service, HEARING OF THE SUBCOMMITTEE ON SELECT REVENUE MEASURES OF THE HOUSE WAYS AND MEANS COMMITTEE , 5-13-2010, p.3, Lexis, CAS).

The signs of our infrastructure crisis are all around. In 2003, the Northeast experienced a major and widespread blackout. We will never forget the broken levees after Hurricane Katrina, or the major I-35 bridge collapse in Minneapolis. Just this month, Boston endured a catastrophic pipe break that shut off water for 2 million people. With these human costs, there are heavy economic costs. Lost opportunities for job creation and economic growth; we need to remain competitive in the 21st century. China puts 9 percent of its GDP into infrastructure, India 5 percent and rising. Here, we spend less than 2 percent of GDP, down from a time when we spent 8 percent. These other nations are investing in 21st century infrastructure while we, too often, are shoring up old legacy systems. We all know that we need to invest in our infrastructure in order to move from recovery to long term economic growth. Yet the $2.2 trillion question is, how to pay for it? That is how much the American society of civil engineers estimate that we need to spend over the next five years just to bring our infrastructure up to an adequate condition.

### Business Certainty & Investment

#### Bank spends efficiently through consistent evaluations – solves business uncertainty, increases investments, and maximizes returns.

Ehrlich, served in the Clinton Administration as under secretary of commerce for economic affairs, ’10

(Everett, “A National Infrastructure bank: A road Guide to the Destination,” October, pgs. 2-3, http://progressivepolicy.org/wp-content/uploads/2010/09/09.2010-Ehrlich\_A-National-Infrastructure-Bank.pdf, A.D. 6/24/12, JTF)

Consistency may be the hobgoblin of little minds, but it is the foundation of rational investment calculation. In infrastructure, this means, at a minimum, consistency in the assumptions made for future economic growth and its constituents: inflation, the cost of capital and the discount rate, and the value of human life and the time lost to delay. The public financing of infrastructure also requires a consistent approach to such policy measures as environmental degradation, the fiscal carrying capacity of states and localities, the level (if any) of second-round employment and output multiplier effects, and the treatment of such diverse variables as the distribution of income and ancillary homeland security benefits. Federal agencies are now obliged by the Office of Management and Budget (OMB) to use consistent values in their project analysis and capital allocation decisions, but their obligation to do so is ultimately not binding. These are opt-outs and, ultimately, the invisible but decisive weighting given to projects with political sponsorship. The driving idea behind the National Infrastructure Bank is that we can do much better than that. It would be utopian to believe that the Bank’s presence would wipe the blight of political interference from the process. But it is possible to hope that projects above some threshold of federal involvement be publicly and visibly evaluated and ranked by the Bank, so that their relative merits can be known. And it is not impossible to imagine that rational funding decisions be the rule rather than the exception. The closer we get to such a rule, the better off we are, and the more rapidly so. Replacing a project anointed by a non-rational mechanism that has, let us charitably assume, zero economic return with a positive rate of return above some threshold (related to the cost of capital) produces a mathematically infinite improvement in project benefits. Rational project selection maximizes the effectiveness of spending. It also delivers better budgeting decisions and economic information. For one, it leads us to spend the next dollar on infrastructure on the project with the highest available return. It also allows us to understand far more accurately the level of net investment in infrastructure by improving the value we assign to both the creation and depreciation of public wealth. And it allows us to more easily monitor our progress against the backlog of viable infrastructure projects. This may be unduly idealistic or utopian as well, but no policy should be put in place without some idea of its ongoing success and when its job may one day be done.

### Investment Boosts Economy

#### Investment is key now- the economy

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 12

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, Accessed 6-23-12, p.1, LS)

**The first part of this report demonstrated that additional, carefully selected infrastructure investment should yield substantial benefits to the U.S. economy. This section considers the current state of our economy and why it is an opportune time to increase infrastructure investment.** The main conclusion is that because of the availability of underutilized resources (especially labor), the opportunity cost of infrastructure investment is currently well below its normal level. The recession that started in late 2007 had an exceptionally large impact on the labor market, as the United States lost 8.7 million jobs between December 2007 and December 2009. **Due to the collapse of the real estate market, the contraction of employment in the construction industry was especially acute.** A full 21 percent of those who lost jobs over this time period were in the construction industry. **Even as the economy has begun to recover, construction employment remains well below pre-recession levels.** In December 2011, total payroll jobs in the construction industry remained 25 percent below the level of December 2007, dropping 1.9 million from 7.5 million to 5.6 million employees (seasonally-adjusted), which constitutes one-third of the total jobs lost over this period. In February 2012, the unemployment rate for construction workers was 17.1 percent, and over the past twelve months, the unemployment rate for construction workers has averaged 15.6 percent. **Building more roads, bridges, and rail tracks would especially help those workers that were disproportionately affected by the economic crisis – construction and manufacturing workers.** Accelerated infrastructure investment would provide an opportunity for construction workers to productively apply their skills and experience. Moreover, hiring currently unemployed construction workers would impose lower training costs on firms than would be incurred by hiring workers during normal times because these workers already have much of the requisite skills and experience. Analysis by the Congressional Budget Office found that additional investment in infrastructure is among the most effective policy options for raising output and employment.25 Given this situation, the President’s proposal to front-load our six-year surface transportation legislation with an additional $50 billion investment makes sound economic sense. 25 Congressional Budget Office, “Policies for Increasing Economic Growth and Employment in the Short Term,” January 2010.

#### Investment helps economic growth- empirics prove

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 12

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, Accessed 6-23-12, p.1, LS)

**The United States has a rich history of investing in infrastructure and reaping the long-term economic benefits**. Influential research by David Aschauer and others has explored the link between public infrastructure investment and economic growth.2,3,4 Aschauer’s research and numerous other studies have found evidence of large **private sector productivity gains from public infrastructure investments, in many cases with higher returns than private capital investment.** Since much of the public capital stock is owned by state and local authorities, more recent research has compared the economic benefits of infrastructure investments between regions in the United States, generally finding smaller but economically significant benefits in comparison to Aschauer’s estimates.5 **Investments in infrastructure allow goods and services to be transported more quickly and at lower costs, resulting in both lower prices for consumers and increased profitability for firms.** Major transportation infrastructure initiatives include the building of the national railroad system in the 19th century and the creation of the Eisenhower Interstate System in the 1950s and 1960s. Observers have concluded that in both of these cases there was a causal link running from infrastructure investments to subsequent private sector productivity gains.6 Alternatively, it is possible that infrastructure investments occur when productivity gains are also likely to follow but for unrelated reasons. Determining causality is difficult.

### Competitiveness

#### Bank jumpstarts the economy and maintains competitiveness

Corson, deputy policy director of the Office of the Manhattan Borough, and Saltonstall, policy director of the same, ’11

(Stephen, David, 3/14/2011, Steven L. Newman Real Estate Institute, “Banking on the Future: A New Paradigm for Rebuilding Our Nation’s Infrastructure,” http://www.baruch.cuny.edu/realestate/pdf/H7656\_BaruchBankingFutureWhtPaper.pdf, accessed 7/1/2012, p. 3, bs)

It is clear that the United States must begin a period of sustained infrastructure investment in order to kick start the national economy, maintain global competitiveness and keep existing infrastructure in good working order. National, regional and state infrastructure banks can afford the opportunity to achieve this goal in cooperation with private sector partners. By leveraging the private sector with public funds, infrastructure banks will allow for the greatest possible growth and shared responsibility across private and public spheres. Profitability is also a critical factor that can be successfully realized. This is a concept whose time has come and which deserves serious consideration. Completed applications of the concept in other regions of the country is further proof to consider. At stake is the vitality of the nation, the region, the state and the city.

#### National Infrastructure Bank fixes deteriorating infrastructure and maintains global economic competitiveness – plan has bipartisan support

Puentes, Senior Fellow, Brookings Institution, et al., ’11

(Robert Puentes, Senior Fellow, Brookings Institution, and Felix G. Rohatyn, Special Advisor to the Chairman and CEO, and Lazard Freres, and Co. LLC Richard Little, Director, Keston Institute for Public Finance and Infrastructure Policy Stephen Goldsmith, New York City Deputy Mayor for Operations
Interviewer(s): Jonathan Masters, Associate Staff Writer, April 5, 2011, http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585, Accessed: 6/27/12, LPS)

**Most experts agree the United States must address the nation's aging network of roads, bridges, airports, railways, power grids, water systems, and other public works to maintain its global economic competitiveness.** In 2010, **President Barack Obama proposed a national infrastructure bank (**PDF) **that would leverage public and private capital to fund improvements, and in April 2011 a bipartisan coalition of senators put forward a similar concept (***NYT*).

### Private Sector Investment

#### Private investment is low now because of initial risks. NIB promotes investment by establishing an effective funding mechanism.

Department of the Treasury and the Council of Economic Advisors, ’12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 17, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

One way to address the need for more infrastructure investment is to attract more private capital for direct investment in transportation infrastructure. There is currently very little direct private investment in our nation’s highway and transit systems. The lack of private investment in infrastructure is in large part due to the current method of funding infrastructure, which lacks effective mechanisms to attract and repay direct private investment in specific infrastructure projects. In addition, the private benefit for investors is less than the benefit for society as a whole because of positive externalities from infrastructure. A National Infrastructure Bank could address these problems by directly funding selected projects through a variety of means. The establishment of a National Infrastructure Bank would create the conditions for greater private sector co-investment in infrastructure projects.

#### Bank boosts the economy through spurring private investment.

Department of the Treasury with the Council of Economic Advisors, 3/23/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p. 1, accessed 6-24-12, LH)

Many studies have found evidence of large private sector productivity gains from public infrastructure investments, in many cases with higher returns than private capital investment. Research has shown that well-designed infrastructure investments can raise economic growth, productivity, and land values, while also providing significant positive spillovers to areas such as economic development, energy efficiency, public health, and manufacturing.

#### **Bank encourages private investment and has economic benefits**

Department of the Treasury with the Council of Economic Advisors, 3/23/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p. 2, accessed 6-24-12, LH)

Newer funding initiatives address some of these funding shortcomings. The establishment of a National Infrastructure Bank would enable greater private sector coinvestment in infrastructure projects. A National Infrastructure Bank would also allow for the rigorous analysis required to direct support to projects with both the greatest returns to society and the long-run economic benefits that can justify up-front investments.

#### **Bank attracts private investment**

DeLauro, ranking member on the Labor, Health, Human Services, and Education Appropriations Subcommittee, ’10

(Rosa, Congresswoman, January 2010, “Investing for America’s Future,” Institutional Investing in Infrastructure, Volume: 3, pg. 6-7, JSTOR, LH)

So what is this magical Infrastructure Bank? Economists and politicians of many stripes have heralded the NIB as an answer to our infrastructure funding problems, as a way to attract private investment, and as a mechanism to better tackle major projects of national and regional significance. Boosters make the NIB sound like free money, a bottomless pot of cash. Perhaps they gloss over the details because the NIB is complicated, a new concept for American infrastructure, and there are competing ideas about how it should operate.

But basically, the National Infrastructure Bank would be a wholly-owned government entity run by appointees and would supplement–and to some degree replace–the appropriations system we have now. It would be different in two ways: First, the selection of projects would be more focused and methodical. And secondly, the financing would be more varied, more privatized, and potentially unique to each project.

#### National Infrastructure Bank key to private investment in infrastructure

Cooper, Pennsylvania Secretary of Planning and Policy, ’12

(Donna, February 2012, Center for American Progress, “Meeting the Infrastructure Imperative: An Affordable Plan to Put Americans Back to Work Rebuilding Our Nation’s Infrastructure,” http://www.americanprogress.org/issues/2012/02/infrastructure.html, p. 51, accessed 7/1/2012, bs)

Policymakers are increasingly looking to the private sector to help finance large-scale infrastructure projects. The formation of a National Infrastructure Bank is essential to making a rational, efficient, and more transparent environment for private investors to participate in rebuilding our public assets. Large infrastructure investors are putting their capital to work in other countries where regional, publicly chartered investment banks such as the European Investment Bank make the process of identifying and investing large-scale financially viable projects routinized, predictable, and clearer than in the United States.

### Private Sector Productivity

#### **Improved infrastructure boosts private sector – empirically proven**

Department of the Treasury with the Council of Economic Advisors, 3/23/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p. 7, accessed 6-24-12, LH)

Investments in infrastructure allow goods and services to be transported more quickly and at lower costs, resulting in both lower prices for consumers and increased profitability for firms. Major transportation infrastructure initiatives include the building of the national railroad system in the 19 th century and the creation of the Eisenhower Interstate System in the 1950s and 1960s. Observers have concluded that in both of these cases there was a causal link running from infrastructure investments to subsequent private sector productivity gains. 6 Alternatively, it is possible that infrastructure investments occur when productivity gains are also likely to follow but for unrelated reasons. Determining causality is difficult.

#### Infrastructure investment leads to private sector growth and raises economic growth, and productivity.

Department of the Treasury with the Council of Economic Advisors, 3/23/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p. 1, accessed 6-24-12, LS)

** Many studies have found evidence of large private sector productivity gains from public infrastructure investments,** in many cases with higher returns than private capital investment. **Research has shown that well-designed infrastructure investments can raise economic growth, productivity, and land values, while also providing significant positive spillovers to areas such as economic development, energy efficiency, public health, and manufacturing.** However, not every infrastructure project is worth the investment. Investing wisely in infrastructure is critically important, as is facilitating private financing for public infrastructure. Traditional funding methods limit the flexibility and cost-effectiveness of infrastructure financing. For example, there is currently very little direct private investment in our nation’s highway and transit systems due to the current method of funding infrastructure, which lacks effective mechanisms to attract and repay direct private investment in these types of infrastructure projects. 2

### Private Sector Key to Research & Development

#### A private sector is key to creating more efficient R&D

U.S. Department of Commerce in consultation with the National Economic Council, 12

(U.S. Department of Commerce in consultation with the National Economic Council , *The Competitiveness and Innovative Capacity of the United States,* http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CFcQFjAD&url=http%3A%2F%2Fwww.commerce.gov%2Fsites%2Fdefault%2Ffiles%2Fdocuments%2F2012%2Fjanuary%2Fcompetes\_010511\_0.pdf&ei=HZHrT426OoqjrQHh9J3gBQ&usg=AFQjCNHIgNpz69SjWsPY00xU2ao7sDmWww,pg. 3-1 , accessed 6-27-12, FFF)

Although it has helped spawn many inventions that, in turn, have led to new firms, new industries, and new jobs, Federal funding of research cannot drive innovation by itself. A healthy private sector must act in partnership with university and research labs to fund the transfer of new technologies to the market, creating new businesses built on innovation. It is also crucial for institutions to encourage research, such as through a strong education system and up‐to‐date infrastructure. A strong education system ensures there is a workforce with the necessary skills to turn research into practical, market‐driven concepts, to make products from those concepts that satisfy consumer preferences and that enhance competition, and to use these products effectively. Infrastructure is necessary to make sure that there is a free flow of ideas, as well as goods and services.1

However, the innovative performance of the United States has slipped during the past decade compared to other countries. Looking at a number of measurements of innovation drivers, such as growth in corporate and government research and development (R&D) and the number of scientific and technical degrees and workers, the United States has fallen relative to other countries.2 Therefore, after describing in more detail the role of R&D in driving innovation and the role of the Federal government in R&D, this chapter concludes with recommendations to help ensure that our country continues to have the innovative capacity it needs to thrive in the 21st century.

### Fed Action Key to Research & Development

#### Federal support of R&D spill over into other sectors

U.S. Department of Commerce in consultation with the National Economic Council, 12

(U.S. Department of Commerce in consultation with the National Economic Council , *The Competitiveness and Innovative Capacity of the United States,* http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CFcQFjAD&url=http%3A%2F%2Fwww.commerce.gov%2Fsites%2Fdefault%2Ffiles%2Fdocuments%2F2012%2Fjanuary%2Fcompetes\_010511\_0.pdf&ei=HZHrT426OoqjrQHh9J3gBQ&usg=AFQjCNHIgNpz69SjWsPY00xU2ao7sDmWww,pg. 3-4&3-5 , accessed 6-27-12, FFF)

The benefits from Federal support of academic research go beyond the development of new and interesting concepts. This is because, when it comes to research and innovation, the Federal government, colleges and universities, and the private sector all are interconnected (see figure 3.3). Federal support of research has positive spillover effects into the other two sectors, and there are also positive spillovers between universities and the private sector. Universities have successfully partnered with the private sector to commercialize technology, with many new companies and jobs resulting from these relationships. An important part of advanced undergraduate‐ and graduate‐level students’ education is assisting faculty in federally sponsored research. Such experience prepares students to become part of the nation’s science and engineering workforce and to help private firms develop and roll out new technologies.

### Job Creation – Short & Longterm

#### Establishing a National Infrastructure Bank reduces unemployment in the short term and increases competitiveness in the long-term.

McConaghy, Deputy Director, Economic Program at Third Way, and Kessler, Senior Vice President for Policy and a co-founder of Third Way, ‘11

(Ryan and Jim, The Third Way, A National Infrastructure Bank, January, pg. 5, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, A.D. 6/24/12, JTF)

The NIB will create jobs and support competitiveness. By providing a new and innovative mechanism for project financing, the NIB could help provide funding for projects stalled by monetary constraints. This is particularly true for large scale projects that may be too complicated or costly for traditional means of financing. In the short-term, providing resources for infrastructure investment would have clear, positive impacts for recovery and growth. It has been estimated that every $1 billion in highway investment supports 30,000 jobs, 37 and that every dollar invested in infrastructure increases GDP by $1.59. 38 It has also been projected that an investment of $10 billion into both broadband and smart grid infrastructure would create 737,000 jobs. 39 In the longer-term, infrastructure investments supported by the NIB will allow the U.S. to meet future demand, reduce the waste currently built into the system, and keep pace with competition from global rivals.

### **Job Creation**

#### Infrastructure banking leads to more jobs

Plumer, Washington Post, ’11

(Brad Plumer. 9-19-11. Washington Post, “How Obama’s Plan For Infrastructure Bank would Work”, http://www.washingtonpost.com/business/economy/how-obamas-plan-for-infrastructure-bank-would-work/2011/09/19/gIQAfDgUgK\_story.html. Accessed 6/24/12, KR)

Critics have deemed the idea risky for taxpayers, and those voices will no doubt get louder after the collapse of Solyndra, a California-based solar manufacturer that received a $535 million loan guarantee from the Energy Department only to go bankrupt in August.

Administration officials have, in turn, tried to allay fears about taxpayer losses by noting that the loans would only go toward projects that have “a dedicated revenue stream,” such as toll roads, to repay the loans. The bank would be managed by an independent seven-member board, with no more than four members from either party.

The logic behind the bank isn’t hard to grasp. In recent years, reams of white papers have come out describing how much of the nation’s transportation, water and energy infrastructure is in shambles. A 2010 Government Accountability Office report, for one, found that a quarter of the country’s 600,000 bridges are either “structurally deficient” or inadequate to today’s traffic needs.

Most U.S. infrastructure is funded through either federal outlays or state and local municipal bonds. The country lacks a central source of low-cost financing for big construction projects, akin to the European Investment Bank.

The private sector chips in just 6 percent of infrastructure funding, although supporters of the bank say that number could be higher. Last year, Robert Wolf, chairman and chief executive of UBS Americas, told the Senate Banking Committee that there was more than $180 billion of private-equity and pension-fund capital available for infrastructure investments.

The White House estimates that its infrastructure bank could ultimately backstop about $100 billion to $200 billion in construction. That would, in theory, boost the overall size and impact of its jobs bill, which nominally costs $447 billion.

#### National infrastructure bank necessary for job creation

Donohue, US Chamber of Commerce, president and CEO, 11

(Thomas J., 9/8/2011, Christian Science Monitor, “The highway to jobs – via better infrastructure,” http://www.csmonitor.com/Commentary/Opinion/2011/0908/The-highway-to-jobs-via-better-infrastructure, accessed 6/29/12, BS)

Likewise, the US can't let a needlessly cumbersome permitting process stand in the way of infrastructure development. The administration should limit environmental reviews to six months and forgo reviews when no significant environmental impact is expected. Duplicative reviews by state and federal governments should be prevented and, when multiple agencies are involved, a lead agency should be appointed to coordinate actions and move things along. Accelerating the permitting process would quickly mobilize construction and hiring from one end of the country to the other. In this era of tight government budgets, America must adopt innovative financing approaches and spur on public-private partnerships. A national infrastructure bank must be a part of a long-term investment strategy. An initial government investment of $10 billion could leverage up to $600 billion in private funds. But regulatory impediments must also be removed. They take an estimated $250 billion in global capital out of play. If that private capital were invested in infrastructure projects, it could create 1.9 million jobs over 10 years and spur untold economic growth.

#### Infrastructure projects key to econ – creates jobs and bolsters competitiveness

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 5 2011 http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12 MLF)

Develop a national infrastructure strategy for the next decade that makes choices based on economics, not politics. The U.S. should adopt a 10-year national plan for making strategic investments in our nation’s infrastructure. The plan should focus on transportation, but include other infrastructure challenges such as water and the electric grid. To keep America economically competitive, this plan must be as significant in scale as the plans adopted by our competitor nations. To do so, we believe, it must spur an investment of a least $200 billion per year. 1 This national infrastructure strategy will create nearly 5 million jobs for the next decade. Experts agree that $1 billion in infrastructure investment creates more than 25,000 jobs at construction sites and factories producing needed raw materials. This investment would create nearly half of the 12.5 million jobs that we need to revive the American economy and keep them in place for the next decade.

#### Spending on transportation creates jobs.

Department of the Treasury and the Council of Economic Advisors, ’12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 20, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

Spending on infrastructure generates demand for products and services from a variety of industries. For example, road building not only requires construction workers, but also grading and paving equipment, gasoline or diesel to run the machines, a variety of smaller hand tools, raw inputs of cement, gravel, and asphalt, surveyors to map the site, engineers and site managers, and even accountants to keep track of costs.

#### Transportation infrastructure solves jobs.

Department of the Treasury and the Council of Economic Advisors, ’12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 12, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

Building more roads, bridges, and rail tracks would especially help those workers that were disproportionately affected by the economic crisis – construction and manufacturing workers. Accelerated infrastructure investment would provide an opportunity for construction workers to productively apply their skills and experience. Moreover, hiring currently unemployed construction workers would impose lower training costs on firms than would be incurred by hiring workers during normal times because these workers already have much of the requisite skills and experience. Analysis by the Congressional Budget Office found that additional investment in infrastructure is among the most effective policy options for raising output and employment. 25 Given this situation, the President’s proposal to front-load our six-year surface transportation legislation with an additional $50 billion investment makes sound economic sense.

#### **Transportation infrastructure is key to jobs.**

Heintz, Political Economy Research Institute Associate director and Associate research professor, and Pollin, economics professor, and Garret-Peltier, Political Economy Research Institute research assistant, ’09

(James, Robert, Heidi, Alliance for American Manufacturing, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 5, Accessed: 7/1/12, GJV)

Three types of job creation: direct, indirect, and induced effects. Direct job creation refers to the jobs directly involved in constructing the new infrastructure projects. Indirect job creation refers to the jobs generated when supplies are purchased for the infrastructure projects. Induced jobs are created when the overall level of spending in the economy rises, due to workers newly receiving incomes when they are hired to build the infrastructure projects, and to produce supplies for the project. 􀂃 Infrastructure investments as job-creation tool. All forms of spending will produce jobs. But infrastructure investment is a highly effective engine of job creation. Thus, infrastructure investment spending will create about 18,000 total jobs for every $1 billion in new investment spending, including direct, indirect, and induced jobs. By contrast, a rise in household spending levels generated by a tax cut will create, at most, about 14,000 total jobs per $1 billion in spending, 22 percent less than infrastructure investments.

#### Its key to the economy and jobs

Cambridge Systematics Inc. with an Economic Development Research Team, 99

(October 1999, “Public Transportation And The Nation’s Economy,” http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf, Accessed: 6/26/12, Pg. 5, GJV)

·Transit capital investment is a significant source of job creation. This analysis indicates that in the year following the investment 314 jobs are created for each $10 million invested in transit capital funding. ·Transit operations spending provides a direct infusion to the local economy. Over 570 jobs are created for each $10 million invested in the short run. ·Businesses would realize a gain in sales 3 times the public sector investment in transit capital; a $10 million investment results in a $30 million gain in sales. ·Businesses benefit as well from transit operations spending, with a $32 million increase in business sales for each $10 million in transit operations spending. ·The additional economic benefits from the transportation impacts of transit investment in major metropolitan areas are substantial. For every $10 million invested, over $15 million is saved in transportation costs to both highway and transit users. These costs include operating costs, fuel costs, and congestion costs. ·Business output and personal income are positively impacted by transit investment, growing rapidly over time. These transportation user impacts create savings to business operations, and increase the overall efficiency of the economy, positively affecting business sales and household incomes. A sustained program of transit capital investment will generate an increase of $2 million in business output and $0.8 million in personal income for each $10 million in the short run (during year one). In the long term (during year 20), these benefits increase to $31 million and $18 million for business output and personal income respectively. ·Transit capital and operating investment generates personal income and business profits that produce positive fiscal impacts. On average, a typical state/local government could realize a 4 to 16 percent gain in revenues due to the increases in income and employment generated by investments in transit. ·Additional economic benefits which would improve the assessment of transit's economic impact are difficult to quantify and require a different analytical methodology from that employed in this report. They include "quality of life" benefits, changes in land use, social welfare benefits and reductions in the cost of other public sector functions. ·The findings of this report compliment studies of local economic impacts, which carry a positive message that builds upon the body of evidence that shows transit is a sound public investment. Summarized in Section 6.0, local studies have shown benefit/cost ratios as high as 9 to 1.

#### Its key to the economy and jobs

Cambridge Systematics Inc. with an Economic Development Research Team, 99

( October, “Public Transportation And The Nation’s Economy,” http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf, Accessed: 6/26/12, Pg. 6, GJV)

The relationship between the strength and competitiveness of the nation’s economy and the extent, condition and performance of the nation’s transportation system is a topic of critical interest. There is mounting evidence that we, as a nation, are severely underinvesting in the transportation network that is so vital to our economic interests, and that we are paying inadequate attention to the development of transit and other forms of high-capacity surface transportation. · The economic benefits of transit investment must be clear to compete for limited resources. Even during a booming economy and times of declining budget deficits, competition for resources is fierce. The substantial economic benefits of transit investment and use and the urgency of increased investment in transit and transportation must be clear and well-documented. · Transportation is critical to business and personal economic security. Transportation accounts for approximately 17 percent of our Gross Domestic Product, and for American families transportation represents 18 percent of household spending, the second largest household expenditure after housing.

#### Infrastructure spending uniquely increases jobs

Stringer, Office of Manhattan Borough President, 11

(Scott M., BANKING ON THE FUTURE:A New Paradigm For Rebuilding Our Nation’s Infrastructure., Steven L. Newman Real Estate Institute, Baruch College, http://www.libertycontrol.net/uploads/mbpo/BOTFpaper.pdf, A.D 6-25-12, p.7 , CAS)

Building for Better Jobs Job creation is one of the obvious benefits of infrastructure spending. The President’s Economic Recovery Advisory Board (PERAB) has noted that “$1 of infrastructure spending boosts gross domestic product by $1.59.” 28 Additionally, President Obama highlighted the impact that infrastructure investment has on job creation in his most recent State of the Union speech, saying: “We’ll put more Americans to work repairing crumbling roads and bridges. We’ll make sure this is fully paid for, attract private investment, and pick projects based [on] what’s best for the economy....”29

Treasury Secretary Timothy Geithner has been making similar pronouncements. According to Geithner, “80% of jobs created by investing in infrastructure will likely be created in three occupations – construction, manufacturing, and retail trade – which are among the hardest hit from the recession. Nine out of 10 jobs created in these three sectors pay middle-class wages.”

#### The NIB will create hundreds of thousands of jobs and demand to keep pace with competition from global rivals and growing global super powers

McConaghy, Third Way Deputy Director of Economic Program, Kessler, Third Way Co Founder, 11

 (Ryan McConagy, served as Legislative Director for Representative John Hall and worked in the office of Senator Charles Schumer as the Legislative Assistant overseeing energy policy, national defense issues, foreign affairs, agriculture and other matters and Jim **Kessler** the Senior Vice President for Policy and a co-founder of Third Way, January 2011,*The Economic Program Schwartz Initative on American Economic Policy,* “A National Infrastructure Bank,” <http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0CFYQFjAE&url=http%3A%2F%2Fwww.bernardlschwartz.com%2Fpolitical-initiatives%2FThird_Way_Idea_Brief_-_A_National_Infrastructure_Bank-1.pdf&ei=orjvT5eIIIvjqAHWg6iPAg&usg=AFQjCNFNX-00-096S5hYyM6jAzei74AIqA&sig2=s_5alsLqmX-ASeJwVTGmwA>, , Accessed 6-27-12, LS)

The NIB will create jobs and support competitiveness. By providing a new and innovative mechanism for project financing, the NIB could help provide funding for projects stalled by monetary constraints. This is particularly true for large scale projects that may be too complicated or costly for traditional means of financing. In the short-term, providing resources for infrastructure investment would have clear, **positive impacts for recovery and growth. It has been estimated that every $1 billion in highway investment supports 30,000 jobs,37 and that every dollar invested in infrastructure increases GDP by $1.59.38 It has also been projected that an investment of $10 billion into both broadband and smart grid infrastructure would create 737,000 jobs.**39 In the longer-term, infrastructure investments supported by the NIB will allow the U.S. to meet future demand, reduce the waste currently built into the system, and keep pace with competition from global rivals.

### Job Creation – Data Proves

#### Transportation infrastructure is key to jobs – data proves.

Baxandall, Senior analyst for tax and budget policy, 9

(Phineas, 12/22/9, U.S. Public Internet Research Group, “Analysis of latest jobs data show stimulus spending on public transportation produces more jobs, faster, than highways,” http://cdn.publicinterestnetwork.org/assets/ef936f09ceacb6903ef81ec70b49c512/Data-show-public-transportation-producing-more-jobs-12-22-09.pdf, Accessed: 6/26/12, GJV)

The latest data on stimulus spending shows that funds spent on public transportation created jobs more effectively than stimulus funds spent on highways. In the 10 months since ARRA was signed, investing in public transportation produced twice as many jobs as investing in roads: 􀂃nths. Every billion dollars spent on public transportation produced 16,419 job‐mo􀂃Every billion dollars spent on projects funded under highway infrastructure programs produced 8,781 job‐months. (Because transportation projects are of different durations, a “job month” is a more accurate way of comparing quantities of employment created) As Congress and the Administration discuss a possible jobs bill, the implication is clear: shifting available funds toward public transportation will create more jobs.

### Job Creation – Middle Class

#### Infrastructure Investment Bank solves for the middle class

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 12

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, Accessed 6-23-12, p.1, LS)

For the average American family, transportation expenditures rank second only to housing expenditures. As can be seen in Figure 1, the average American annually spends more on transportation than food, and more than two times as much as on out-of-pocket healthcare expenses. **Given how much Americans spend on transportation expenditures, public investments which lower the cost of transportation could have a meaningful impact on families’ budgets. Reducing fuel consumption, decreasing the need for car maintenance due to potholes and poor road conditions, increasing the availability of affordable and accessible public transit systems, and reducing fuel consumption by making better use of the land would benefit Americans and allow them to spend less money on transportation. For the 90 percent of Americans who are not among the top decile in the income distribution, transportation costs absorb one out of every seven dollars of income.** Transportation expenses relative to income are almost twice as great for the bottom 90 percent as they are for the top 10 percent. **Providing high-speed rail and improved public transportation would provide middle-class families with more options to save time and money, so that they can retain more of their income for other purposes and spend more time doing what they want, rather than spending time getting there.** One study concluded that individuals in a two-person household who ride public transportation and eliminate one car save, on average, almost $10,000 annually.34 Improved Moreover, improving our nation’s transportation system can save middle-class families money by reducing the costs associated with congestion and the additional automobile maintenance caused by poor road conditions. One study found that poor conditions of roads cost the average motorist who drives in cities on a regular basis over $400 a year.36,37 Another study by the Department of Transportation finds that $85 billion in total investment per year over the next twenty years would be required in order to bring existing highways and bridges into a state of good repair.38 As Gramlich and others have found, these fix-it-first investments will save money for most American families.

#### Infrastructure Investment Bank creates more middle class jobs

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 12

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, Accessed 6-23-12, p.1, LS)

**Spending on infrastructure generates demand for products and services from a variety of industries**. For example, road building not only requires construction workers, but also grading and paving equipment, gasoline or diesel to run the machines, a variety of smaller hand tools, raw inputs of cement, gravel, and asphalt, surveyors to map the site, engineers and site managers, and even accountants to keep track of costs. Data from the Commerce Department’s Bureau of Economic Analysis (BEA) provide insight into how a dollar’s worth of demand for some broad categories of spending is divided among the supplying industries. Analysis of data from the BEA 2010 annual input-output table and related data from the Bureau of Labor Statistics (BLS) on the composition of industry employment suggests that 61 percent of the jobs created by investing in infrastructure would be in the construction sector, 12 percent would be in the manufacturing sector, and 7 percent would be in retail trade, for a total of 80 percent in these three sectors. Using BLS data on the structure of occupations in those industries, and the distribution of wages for those occupations by industry, **nearly 90 percent of the jobs in the three sectors most affected by infrastructure spending are middle-class jobs, defined as those between the 25th and 75th percentile in the national distribution of wages.** 21 **Further analysis suggests that the jobs created by investing in infrastructure are not only middle-class jobs, but also are concentrated in occupations and industries that have been disproportionately affected by the recent economic downturn**. Overall, the unemployment rate among those who would be put to work by additional investment in infrastructure has averaged approximately 13 percent over the past twelve months, more than one and one-half times the current national unemployment rate.39

#### **Investing in transportation infrastructure creates middle-class jobs**

Department of the Treasury with the Council of Economic Advisors, 3/23/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p.3, accessed 6-24-12, LH)

Investing in transportation infrastructure creates middle-class jobs. Our analysis suggests that 61 percent of the jobs directly created by investing in infrastructure would be in the construction sector, 12 percent would be in the manufacturing sector, and 7 percent would be in the retail and wholesale trade sectors, for a total of 80 percent in these three sectors. Nearly 90 percent of the jobs in these three sectors most affected by infrastructure spending are middle-class jobs, defined as those paying between the 25th and 75th percentile of the national distribution of wages.

### **Job Creation – Multiplier Effect**

#### Multiplier effect on economy - Produces millions of new jobs.

Stringer, Office of Manhattan Borough President, 11

(Scott M., Steven L. Newman Real Estate Institute, Baruch College, “Banking On The Future: A New Paradigm For Rebuilding Our Nation’s Infrastructure,” http://www.libertycontrol.net/uploads/mbpo/BOTFpaper.pdf, p. 3, A.D 6-25-12, CAS)

From a national perspective, the situation is also bleak. According to the American Society of Civil Engineers, an estimated $2.2 trillion in infrastructure investment is necessary to bring our nations roads, bridges, tunnels and other crucial infrastructure to an acceptable state of repair. As other nations rapidly invest in high speed rail, broadband access and renewable energy, the United States has fallen behind as our airports, water systems and school buildings decay. Beyond the issue of global competitiveness, investments in infrastructure produce tens of millions of new jobs in the construction industry and create a multiplier effect that benefits the entire economy.

### Job Creation Is Key to the Economy

#### Jobs solve the economy – it generates revenue, promotes businesses, and reduces the deficit.

Levin, Lobbyist at the American Federation of State, County, and Municipal Employees, ’11

[Becky, Senior Government Affairs Strategist at National Gay and Lesbian Task Force and

Advisor to the Leader at Democratic Leader Nancy Pelosi, Fall 2011, AFSCME, “Economic Recovery Relies on Jobs,” http://www.afscme.org/news/publications/newsletters/works/fall-2011/economic-recovery-relies-on-jobs, accessed 7/1/2012, JTF]

The picture is grim. Nearly one in six Americans lives in poverty. More than 14 million American construction workers, engineers, maintenance staff, electrical workers, school employees and others are out of work. The nation’s roads, bridges and schools are crumbling. And our nation’s economy is stagnant.

There is a way forward: job creation.

President Obama’s American Jobs Act would put people back to work, put more money in the pockets of working Americans, provide more customers for businesses and reduce the deficit. The plan focuses spending on areas of the economy that will produce jobs immediately and level the playing field.

### Raises Property Values

#### Transportation infrastructure investment solves property values and living standards.

Department of the Treasury and the Council of Economic Advisors, 3/23/12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 9, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

In addition to the positive impact on economic growth and productivity, there are other benefits from infrastructure investments. Available evidence suggests that infrastructure investment can raise property values, which reflects an improvement in living standards. For example, research suggests that proximity to public transit raises the value of residential and commercial real estate. Bernard Weinstein studied the effect of the Dallas light rail system on property values, and found that a jump in total valuations around light rail stations was about 25 percent greater than in similar neighborhoods not served by the system.14 This is consistent with studies conducted in St. Louis,15 Chicago,16 Sacramento,17 and San Diego,18 all of which find that property values experience a premium effect when located near public transit systems. Research has also shown that broadening the definition of housing affordability to include transportation costs reduces the number of effectively affordable neighborhoods in the United States; thus, infrastructure investment which lowers transportation costs should help increase access to homeownership.19

### Economic Multiplier

#### Transportation infrastructure is pre-requisite to all other economic activity, must increase spending

Musick, Congressional Budget Office Microeconomic Studies Division, 10

(Nathan, November 2010, A CBO Study, “Public Spending on Transportation and Water Infrastructure,” http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/119xx/doc11940/11-17-infrastructure.pdf, preface, accessed 6/26/12, YGS)

The nation’s transportation and water infrastructure—its highways, airports, water supply systems, wastewater treatment plants, and other facilities—plays a vital role in the economy. Private commercial activities and the daily lives of individuals depend on that physical infrastructure, which is provided by all levels of government in the United States. Concerns about the nation’s infrastructure and its ability to support commerce and promote public well-being have prompted calls for greater infrastructure spending. The Congress is currently considering the level of funding for the next several years for important federal infrastructure programs, such as highways, mass transit, and aviation. Crucial to such decisionmaking is information about how much the federal government and state and local governments have spent over time to build, improve, and rehabilitate physical infrastructure, as well as to operate and maintain existing facilities.

#### Infrastructure investment has a multiplier effect on the economy

Wachs, Institute of Transportation Studies director, 11

(Martin, Spring 2011, Professor Emeritus of Civil and Environmental Engineering and City and Regional Planning at the University of California, Berkeley and of the University of California Transportation Center, and former ACCESS: The magazine of UCTC, “Transportation, Jobs, and Economic Growth,” http://www.uctc.net/access/38/access38\_transportation\_growth.shtml, Accessed 6-29-12, CAS)

When advocating federal spending on transportation projects that will benefit their jurisdictions, public officials often mention that each billion dollars of transportation infrastructure investment will create over 30,000 new jobs. This estimate relies on what is called the "multiplier effect." When money is spent on any public works project, the people who are paid to construct that project use the money they receive to buy services and goods from others. The money spent in any jurisdiction thus recirculates there and elsewhere, with the initial expenditure priming the pump of economic activity. Construction workers spend their income to buy hamburgers, television sets, and automobile insurance, so a given dollar of construction expenditure ends up having more than a dollar's worth of impact, thus "multiplying" the effect of the expenditure.

#### Transportation infrastructure has a multiplier effect.

Baxandall, Senior analyst for tax and budget policy, 9

(Phineas, 12/22/9, U.S. Public Internet Research Group, “ Analysis of latest jobs data show stimulus spending on public transportation produces more jobs, faster, than highways,” http://cdn.publicinterestnetwork.org/assets/ef936f09ceacb6903ef81ec70b49c512/Data-show-public-transportation-producing-more-jobs-12-22-09.pdf, Accessed: 6/26/12, GJV)

The result that public transportation funding produced more jobs per dollar held across states: every dollar spent on public transportation supports between 1.6x and 2.5x the number of jobs that a dollar spent on highways supports. Public transportation projects produce so many more jobs per dollar that even in cases where public transportation dollars spent out more slowly, they created more net jobs than the spending through highway projects. The speed at which states spent stimulus funds varied widely. Transit spending was faster than highway spending for projects and transit agencies in Arkansas, California, Colorado, Illinois, Indiana, Massachusetts, Minnesota, Nevada, New Mexico, New York, Ohio, Oregon, Puerto Rico, Texas, Virginia, and Washington. This is in marked contrast to statements to the GAO that only pavement projects can get the money out quickly. Any further transportation spending the goal of which is rapid job creation should include measures to accelerate spending, including technical assistance to strapped transportation agencies, and possibly sanctions and rewards. These job‐creation results data are not directly comparable to previously published studies n job creation through infrastructure investment since these are all incomplete programs n various stages of obligation, contracting, initiation, and completion.

### Stimulus Spending Good

#### Investment now is key – the economy

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 3/23/12

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p.1, Accessed 6-23-12, LS)

**The first part of this report demonstrated that additional, carefully selected infrastructure investment should yield substantial benefits to the U.S. economy. This section considers the current state of our economy and why it is an opportune time to increase infrastructure investment.** The main conclusion is that because of the availability of underutilized resources (especially labor), the opportunity cost of infrastructure investment is currently well below its normal level. The recession that started in late 2007 had an exceptionally large impact on the labor market, as the United States lost 8.7 million jobs between December 2007 and December 2009. **Due to the collapse of the real estate market, the contraction of employment in the construction industry was especially acute.** A full 21 percent of those who lost jobs over this time period were in the construction industry. **Even as the economy has begun to recover, construction employment remains well below pre-recession levels.** In December 2011, total payroll jobs in the construction industry remained 25 percent below the level of December 2007, dropping 1.9 million from 7.5 million to 5.6 million employees (seasonally-adjusted), which constitutes one-third of the total jobs lost over this period. In February 2012, the unemployment rate for construction workers was 17.1 percent, and over the past twelve months, the unemployment rate for construction workers has averaged 15.6 percent. **Building more roads, bridges, and rail tracks would especially help those workers that were disproportionately affected by the economic crisis – construction and manufacturing workers.** Accelerated infrastructure investment would provide an opportunity for construction workers to productively apply their skills and experience. Moreover, hiring currently unemployed construction workers would impose lower training costs on firms than would be incurred by hiring workers during normal times because these workers already have much of the requisite skills and experience. Analysis by the Congressional Budget Office found that additional investment in infrastructure is among the most effective policy options for raising output and employment.25 Given this situation, the President’s proposal to front-load our six-year surface transportation legislation with an additional $50 billion investment makes sound economic sense. 25 Congressional Budget Office, “Policies for Increasing Economic Growth and Employment in the Short Term,” January 2010.

#### Investment helps economic growth- empirics prove

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 3/23/12

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p.1, Accessed 6-23-12, LS)

**The United States has a rich history of investing in infrastructure and reaping the long-term economic benefits**. Influential research by David Aschauer and others has explored the link between public infrastructure investment and economic growth.2,3,4 Aschauer’s research and numerous other studies have found evidence of large **private sector productivity gains from public infrastructure investments, in many cases with higher returns than private capital investment.** Since much of the public capital stock is owned by state and local authorities, more recent research has compared the economic benefits of infrastructure investments between regions in the United States, generally finding smaller but economically significant benefits in comparison to Aschauer’s estimates.5 **Investments in infrastructure allow goods and services to be transported more quickly and at lower costs, resulting in both lower prices for consumers and increased profitability for firms.** Major transportation infrastructure initiatives include the building of the national railroad system in the 19th century and the creation of the Eisenhower Interstate System in the 1950s and 1960s. Observers have concluded that in both of these cases there was a causal link running from infrastructure investments to subsequent private sector productivity gains.6 Alternatively, it is possible that infrastructure investments occur when productivity gains are also likely to follow but for unrelated reasons. Determining causality is difficult.

#### Public spending during recession is good for the economy.

Hersh, Center for American Progress economist, 6/21/12

(Adam, 6-21-12, focusing on economic growth, macroeconomics, international economics, and China and other Asian economy**,** Center for American Progress, “Austerity Is Hammering State Economics,” http://www.americanprogress.org/issues/2012/06/austerity.html, Accessed 6-29-12, CAS)

But economists have long known that when an economy turns south, public spending on investments and services can make all the difference between robust recovery and prolonged stagnation. A fragile economy can be buttressed and boosted by increased public spending on investments like education, infrastructure, energy efficiency, and putting money in people’s pockets through safety-net programs like unemployment insurance and Medicaid.

#### Spending bolsters fragile economy – recent history proves

Hersh, Center for American Progress economist, 6/21/12

(Adam, 6-21-12, focusing on economic growth, macroeconomics, international economics, and China and other Asian economy**,** Center for American Progress, “Austerity Is Hammering State Economics,” http://www.americanprogress.org/issues/2012/06/austerity.html, Accessed 6-29-12, CAS)

As the U.S. economy plunged into recession throughout 2008 and early 2009, government expenditures at all levels expanded to offset and buttress the falling private-sector economy. (see Figure 1) From the fourth quarter of 2007 through mid-2010, government expenditures increased by 4 percent after adjusting for inflation.

The increased government spending helped reverse the double-digit contraction in the private economy caused by the real estate bubble collapse and ensuing financial crisis. By late 2009 increased public spending had helped restore the private sector to sustained positive economic growth. Private-sector employment, which had been shrinking at 839,000 jobs per month in January 2009, was again adding net new jobs by March 2010.

### Austerity Bad – Transportation Sector

#### Austerity kills transportation infrastructure funds – NIB solves

Peuntes, Brookings Institution Metropolitan Policy Program senior fellow, 4-11-12

(Robert, April 11, 2012, Brookings, “New Approaches for Infrastructure Finance,” <http://www.brookings.edu/research/testimony/2012/04/11-infrastructure-finance-puentes>, Accessed: 6/29/12, LPS)

Undersecretary Brainard, Vice Chairman Xiaoqiang, thank you for the opportunity to be here today. This discussion about new ways to finance investments in U.S. infrastructure is very relevant and timely. Throughout the U.S., there is real interest in a new infrastructure vision to support a more productive and sustainable economy.[1]This vision is made up of transformative investments that have to the power to change our economic trajectory through modern ports and gateways, intelligent transportation, renewable energy and cleantech installations, advanced telecommunications systems, and new, technologically-driven forms of economic development. **Investing in infrastructure has the added benefit of providing much-needed jobs, especially in the construction industry where unemployment rates stubbornly remain twice the national average.**[2]

The challenge is that the nation's economic recession and tense new focus on austerity means public resources for infrastructure are strained. As financial markets have contracted all actors are suffering under tightened credit supplies. Stretched budgets at all levels of government have led to a larger gap between infrastructure costs and revenues. As a result, meeting the nation's great needs for funding and financing infrastructure requires an "all of the above" strategy. This is especially true for state and local governments and elected officials, as I will explain. I firmly believe there is a clear need for a national infrastructure bank to finance multi-jurisdictional projects of national significance.[3]

### Austerity Bad – Growth & Jobs

#### Austerity measures hurt economic growth and job creation

Grover, Reuters, 5-3-12

(Ronald, The Huffington Post, “Bill Clinton Criticizes Austerity Measures in U.S., Europe,” <http://www.huffingtonpost.com/2012/05/03/bill-clinton-austerity-europe-us-elections_n_1474305.html>, Accessed: 6/29/12, LPS)

In Europe, **the key to battling its economic malaise is in taking the long view: promoting growth instead of a current plan to pare debt by cutting spending and raising taxes, Clinton told the Milken Institute Global Conference**. "The prescription of austerity continues to be pushed in the face of evidence that it won't work," said the president who held office before George W. Bush and Barack Obama. He called on leaders in both Europe and the United States to work on a strategy "of what would work in a five-year period, a 10-year period, instead of three or six months. "**U.S. politicians similarly are hunkering down in ideological positions to either cut spending or tax high-wealth individuals, neither of which "has a chance of working without creating jobs.**

#### Austerity undercuts purchasing power, undercutting confidence

Hersh, Center for American Progress economist, 6/21/12

(Adam, 6-21-12, focusing on economic growth, macroeconomics, international economics, and China and other Asian economy**,** Center for American Progress, “Austerity Is Hammering State Economics,” http://www.americanprogress.org/issues/2012/06/austerity.html, Accessed 6-29-12, CAS)

The government—like families and businesses—also buys a tremendous volume of goods and services from the private market. As businesses see more sales and potential customers, they will have confidence in the economy to add jobs and crank up the economy’s private-sector engine.

Dramatically cutting spending in a fragile economy, however, can pull the rug out from nascent economic growth, as we are seeing now here in the United States and around the world.

### AT: Status Quo Projects Solve Economy

#### US doesn’t have sufficient infrastructure investment, and there’s tons of barriers within the government, state, and federal actors

McConaghy, Deputy Director, Economic Program at Third Way, and Kessler, Senior Vice President for Policy and a co-founder of Third Way, ‘11

(Ryan and Jim, The Third Way, A National Infrastructure Bank, January, pg. 1, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, A.D. 6/24/12, LPS)

**America’s investment in infrastructure is not sufficient to spur robust growth**. In October, Governor Chris Christie announced his intention to terminate New Jersey’s participation in the Access to the Region’s Core (ARC) Tunnel project, citing cost overruns that threatened to add anywhere from $2-$5 billion to the tunnel’s almost $9 billion price tag. At the time, Christie stated, **“Considering the unprecedented fiscal and economic climate our State is facing, it is completely unthinkable to borrow more money and leave taxpayers responsible for billions in cost overruns.** The ARC project costs far more than New Jersey taxpayers can afford and the only prudent move is to end this project.”1 **Despite the fact that the project is absolutely necessary for future economic growth** in the New Jersey-New York region **and would have created thousands of jobs, it was held captive to significant cost escalation, barriers to cooperation between local, state, and federal actors, and just plain politics.**

### AT: Stimulus Fails

#### A new framework that efficiently invests spurs economic growth. Their evidence assumes past policies of increased interest rates and deficits.

Sachs, economist, ‘9

(Jeffrey D., American economist and Director of The Earth Institute at Columbia University, Ph.D. in economics from Harvard, “Rethinking Macroeconomics,” Capitalism and Society, volume: 4, 2009, pgs. 5-6, http://relooney.fatcow.com/0\_New\_6304.pdf, A.D. 6/27/12, JTF)

Third, we should aim for an investment-led rather than consumption-led recovery, by focusing on the complex complementarities of public and private investments. Macroeconomists trained in the past thirty years believe that demand increases depend mainly on interest rates and deficit or tax levels. Yet increased spending on renewable or nuclear power plants, a robust power grid, carbon-capture and sequestration, wastewater treatment facilities, fast inter-city rail, higher education, urban co-generation of electricity and heat, green buildings, and countless other new sustainable technologies, will depend on establishing a policy framework that harmonizes regulations, land use, public financing, and private investment. Large-scale stimulus, in other words, requires the nitty-gritty of public-private planning, technology assessments, demonstration projects, and complex project financing. The new tools of macroeconomics, therefore, are quite different from the existing tools. The new tools begin with a medium-term (say, ten-year) budget framework, so that tax policies are not pulled out of thin air or campaign rhetoric, but reflect the calculated needs for public outlays; a medium-term set of income distributional goals and strategies, especially to break the back of child-poverty, rising school drop-out rates, and training for low-skilled workers; structural objectives regarding the rebuilding of infrastructure and the transition to a lowcarbon economy; and a new set of institutions to carry out these policies. The new institutions might include a National Infrastructure Bank, as Obama mentioned during the campaign, to help finance public-private partnerships in energy, water, and transport. The Energy Department might be reconstituted as the Department of Energy and Climate Change, to bring the requisite expertise and financing for the low-carbon economy under one roof.

### AT: Austerity Measures

#### Fiscal austerity doesn’t promote consumer activity. We need to address structural issues like transportation.

Morici, Maryland University economist and professor, 6/11 (Peter Morici is an economist and professor at the Smith School of Business, University of Maryland, and widely published columnist, “Federal Reserve has few options as economy flirts with 'double dip' recession,” Fox News, 6/11/12, http://www.foxnews.com/opinion/2012/06/11/federal-reserve-has-few-options-as-economy-flirts-with-double-dip/#ixzz1zCcfF6FN, A.D. 6/29/12, JTF)

Central bank policy can help dampen inflation when the economy overheats and lift borrowing and home sales a bit when it falters, but it can’t instigate faster growth when the president and Congress fail to address structural problems.

Demand for US products is burdened by huge trade deficits on oil and consumer goods with China—both result from government inaction.

Two years ago, President Obama warned China he could act if it did not abandon its cheap yuan policy, which both he and Federal Reserve Chairman Bernanke admit is slowing U.S. growth, but he hasn’t taken any substantive steps. Stiff restrictions and prohibitions on drilling in the Gulf, off the Atlantic and Pacific Coasts, and in Alaska are reducing U.S. production some 4 million barrels a day and doubling net imports.

Monetary policy can’t compensate for Oval Office gaffs like those.

### AT: Transportation Not Key Sector

#### Infrastructure projects would immediately create jobs

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 38 2011 http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12 MLF)

This failure to keep pace with the world’s innovators in transportation is already costing us money, jobs, profits, and opportunities in the rich and growing export market, and risks putting us further and further behind in the global economy. To avoid that fate, we must invest in cuttingedge transportation infrastructure in ways that will jump-start job creation in the short-term and stimulate the long-term growth that our economy needs to compete in the 21st century. Infrastructure projects can create jobs the economy needs right now. The Federal Highway Administration estimates that every billion dollars of federal spending creates 27,822 jobs in construction and supporting industries. 1 Federal investment in public transportation generates even more jobs: every billion dollars supports 36,100 jobs. 2 And an investment in transportation projects will generate even more long-term growth. Infrastructure is a smart investment: every $1 spent on infrastructure projects spurs economic activity, raising the level of GDP by about $1.59. 3

### AT: Doesn’t Spill Over to Other Sectors

#### Bank has a ripple effect on the overall economy

Stringer, Office of Manhattan Borough President, 11

(Scott M., BANKING ON THE FUTURE:A New Paradigm For Rebuilding Our Nation’s Infrastructure., Steven L. Newman Real Estate Institute, Baruch College, http://www.libertycontrol.net/uploads/mbpo/BOTFpaper.pdf, A.D 6-25-12, p.2 , CAS)

On February 9, 2011, Treasury Secretary Timothy Geithner spoke at length about the administration’s vision. The national infrastructure bank will “select projects on the basis of rigorous analysis,” Geithner explained. The Bank would evaluate and fund projects that generate the best return on investment, leverage private capital, and promote increased transportation options. Geithner argued that infrastructure investment has a profound ripple effect on the overall American economy. As an example, he said that upgrades and additions to the New York City subway system allow millions to “get to work faster, increasing their productivity and quality of life by decreasing the amount of time lost to commuting.” But it also means that “the far-away Kawasaki plant in Lincoln, Nebraska that manufactures the subway cars will increase production, putting Nebraskans to work.”

#### Transportation infrastructure is crucial to all sectors of our economy

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, “Americas Future Falling Apart and Falling Behind,”, http://www.bafuture.com/sites/default/files/Report\_0.pdf, Pg. 8, Accessed 6/28, GJV)

Americans see the consequences of in-adequate infrastructure everyday: when we get stuck in traffic jams on our way to work; when we get stuck at the airport because our flights are delayed; when mass transit options are too few or too expensive; when our electric grid fails and leaves us in the dark; when our ports are too small to handle modern cargo ships; and when our bridges must be closed or torn down as a result of structural deficiencies. As individual cases, these deficiencies can be daily annoyances. Together, they form a national crisis. The strength of every country’s economy derives from the productivity of its human capital and natural resources. We have an abundance of both. But what these great gifts produce is meaningless unless they find their way to the marketplace. That is what infrastructure does. It increases human mobility and facilitates efficiency. It enables a healthy economy to channel the flow of goods and services around the corner and around the globe. Done right, infrastructure helps us open new markets to goods and services, drops the costs of transportation, speeds deliveries, and lowers prices for consumers. Capital and jobs flow to the most efficient markets, and the most efficient markets are dependent on modern, reliable, high-tech infrastructure.

#### Bank stimulates other sectors, including manufacturing, engineering and construction

DeFazio, representative, ’10

(Peter, D-OR, Federal News Service, HEARING OF THE SUBCOMMITTEE ON SELECT REVENUE MEASURES OF THE HOUSE WAYS AND MEANS COMMITTEE , 5-13-2010, p.6 Lexis, CAS).

It would be -- not only put tens of thousands of people to work indirectly in construction and engineering, it would stimulate our manufacturing sector with orders for made in America light rail and street cars and Bus Rapid Transit and a whole host of things. And were this to be replicated across the country, would be of tremendous benefit. So I recommend, you know, to you on those terms. And the unique thing, of course, about Los Angeles in this case is that they have a revenue stream. So what they're looking for is a way to leverage that and complete the projects more quickly rather than spending the revenue stream over time, and an infrastructure bank would be unique and helpful in that matter.

### AT: Doesn’t Spill Over – Public/Private Partnerships

#### The new economy is going to need to rely on the private sector

Baily, a senior fellow in economic Studies at Brookings and the Bernard L. Schwartz chair in economic Policy Development, Katz, vice president of the Metropolitan Policy Program and the Adeline M. and Alfred I. Johnson Chair in Urban and Metropolitan Policy, and West, vice president and director of Governance Studies and founding director of the Center for Technology Innovation at Brookings, ’11

(Martin Baily, Bruce Katz and Darrell West “Growth Through Innovation,” 2011

http://www.agmanager.info/about/contributors/Presentations/Langemeier/Baily\_2011\_Growth-Innovation.pdf, p. 6, Accessed: 6/26/12 MLF)

The next economy will require an integrated strategy among all levels of government and the private sector. It must marry an effective and efficient federal government with state and local authorities, private sector leaders and civic and philanthropic networks within metropolitan areas. Metropolitan regions are the engines of our economy—the sites of new technological breakthroughs, the export hubs that connect U.S. companies to the global economy, and the impetus for a necessary revolution in the use of energy nationwide. 2 Nearly all communications infrastructure is provided by the private sector in regional blocs; roughly half of the transportation infrastructure is maintained by local authorities; and nearly 90 percent of spending on education is by local government. The innovation hubs of cities alone, however, are insufficient to promote the necessary transformation of the American economy; innovators must be supported by national and international policies that facilitate investment and job creation.

### AT: Plan Only Solves Longterm

#### NIB key to short and long term economic prospects

Puentes, Senior Fellow, Brookings Institution, [et.al](http://et.al/), April 5, 11

(Authors: [Robert Puentes](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7622), Senior Fellow, Brookings Institution et. all [Felix G. Rohatyn](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7623), Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC [Richard Little](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7624), Director, Keston Institute for Public Finance and Infrastructure Policy [Stephen Goldsmith](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7625), New York City Deputy Mayor for Operations
Interviewer(s): [Jonathan Masters](http://www.cfr.org/experts/world/jonathan-masters/b16706), Associate Staff Writer, April 5, 2011<http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>,Accessed: 6/27/12, LPS)

**But for too long, the nation's infrastructure policies have been kept separate and apart from the larger conversation about the U.S. economy.** The benefits of infrastructure are frequently framed around short-term goals about job creation. While the focus on employment growth is certainly understandable, it is not the best way to target and deploy infrastructure dollars. And it means so-called "shovel ready projects" are all we can do while long-term investments in the smart grid, high-speed rail, and modern ports are stuck at the starting gate. **We often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important.** **So in addition to the focus on job growth in the short term, we need to rebalance the American economy for the long term on several key elements: higher exports, to take advantage of rising global demand; low-carbon technology, to lead the clean-energy revolution; innovation, to spur growth through ideas and their deployment; and greater opportunity, to reverse the troubling, decades-long rise in inequality.** Infrastructure is fundamental to each of those elements.

## Impacts

### US Econ Decline = Global Decline

#### If the US economy declines, the global economy declines

Weisman, Associated Press, 6/4/12

(Paul, Business Week, “Global economy at risk as US, Europe and Asia slow”, http://www.businessweek.com/ap/2012-06/D9V6BG0G0.htm, accessed 6/27/12, MLF)

The global economy's foundations are weakening, one by one. Already hobbled by Europe's debt crisis, the world now risks being hurt by slowdowns in its economic powerhouses. The U.S. economy, the world's largest, had a third straight month of feeble job growth in May. High-flying economies in China, India and Brazil are slowing, too. Fears of a global economic downturn have sent investors rushing toward the safest possible investments: U.S. and German government bonds. As a result, the interest rate on the 10-year U.S. Treasury note has hit a record-low 1.46 percent. The rate on the German 10-year bond is even lower: 1.17 percent. "Treasurys are at 1.46 because people are freaking out," says Mark Vitner, senior economist at Wells Fargo Economics. The gravest fear is Europe. The most urgent threat is that in mid-June, Greek voters will reject the terms of a $170 billion bailout -- which called for painful budget cuts -- and abandon the euro. The move could ignite economic and financial chaos as Greek debts shift from denominations in euros to Greek drachmas of uncertain value. Yet the global economy's troubles go well beyond Greece. Here's a look at the global economy's vital signs: -- UNITED STATES American employers added just 69,000 jobs in May. Since averaging a healthy 252,000 a month from December through February, job growth has slowed to a lackluster average of 96,000 a month. On Friday, after the government issued the May jobs report, the Dow Jones industrial average sank 275 points. It was the Dow's biggest loss since November, and it's now down 0.8 percent for the year. The dismal news suggested that the U.S. economy is enduring a midyear slump just as in 2010 and 2011. Unemployment rose to 8.2 percent from 8.1 percent in May as 642,000 more Americans poured into the work force, and only 422,000 more people got jobs. The jobs report came out a day after the government said the U.S. economy grew at just a 1.9 percent annual rate in the first three months of 2012. That's a meager pace nearly three years after the recession officially ended in June 2009. And it's too slow to generate many jobs or to lower the unemployment rate. In good economic times, the rate would be below 6 percent. Many U.S. companies are finding it more efficient to invest in machinery, not people. "We're not hiring, and we're not replacing" workers who leave, says Joe Glenn, who runs Glenn Metalcraft in Princeton, Minn. His sales jumped 40 percent last year. Yet Glenn's shop has kept employment flat at about 35 workers. He's added more computer-controlled metalworking machines and robots to load the raw material into them. "We're producing as much as we were with a lot less manpower," Glenn says. "And I don't foresee that those jobs are going to come back." Other companies are reluctant to hire until they feel more confident that their customer demand will keep growing. Adding to their uncertainty are Europe's troubles and America's dysfunctional politics. For now, some key sectors of the U.S. economy remain positive. Americans are buying more homes, suggesting that the housing market is on the mend. U.S. builders have increased their spending on home and commercial construction. Auto sales just posted their best May since 2008. Manufacturing activity continues to grow, and so does consumer spending, which drives about 70 percent of the economy. Borrowing rates for consumers and businesses have never been lower. Tame inflation has given the Federal Reserve leeway to keep interest rates low. And gasoline prices have been sinking. The national average is now $3.61, and experts predict further drops in coming weeks. Still, unless Congress and the White House reach an agreement by year's end, federal taxes will jump and deep spending cuts will kick in. Should that happen, the Congressional Budget Office says, the economy would likely fall into another recession. Given the size of the U.S. economy, further weaknesses could worsen the slowdowns in European and Asian countries that depend on sales to American consumers. -- EUROPE Unemployment in the 17 countries that use the euro is already at 11 percent, the European Union's Eurostat office reported Friday. It's the highest rate since the euro was introduced in 1999. European countries have been struggling with their debt crisis for three years. Three nations -- Greece, Ireland and Portugal -- have already required bailouts because of unsustainable levels of debt. Austerity has been the main prescription for the crisis. But spending cuts and tax hikes are causing economies to shrink across the eurozone. In a blunt warning, European Central Bank chief Mario Draghi last week called the euro currency union "unsustainable" without stronger political and financial ties among eurozone countries. The fear is that Greece will drop the euro, and other weak countries, such as Spain and Portugal, will be forced to follow. Financial chaos could rage across Europe. Spain is facing punishing borrowing costs on bond markets because investors fear it won't be able to pay its debts. Prime Minister Mariano Rajoy declared Saturday that his government will stick with harsh austerity measures as long as necessary. But Spain's unemployment is already 24.4 percent. For those under age 25, unemployment is 51.5 percent. Businesses are being crushed. "This shop has been here for close to 100 years, and I've worked here for 48 years," says Manuel Cabrejas, a salesman at a cushion store in Madrid whose shop windows were covered in signs saying, "Closing down sale, big discounts, everything must go." "For the last two years, we have only just been covering running costs," Cabrejas said. "It's time to let go." -- ASIA AND SOUTH AMERICA Since the global recession ended in 2009, the world economy has been fueled by rising powers in the developing world led by China, India and Brazil. Now, all three are running into trouble. China's manufacturing weakened in May, according to surveys out Friday. Factory output was the weakest in three months. Some economists say China's economic growth will fall to an 8 percent rate in the April-June quarter. That's high by Western standards, but it would be the weakest growth for China in nearly three years. In response, China is rolling out an economic stimulus program. Having rebounded strongly from the recession of 2007-2009, China's economy grew a sizzling 10.4 percent in 2010 and 9.2 percent in 2011. For the past two years, it's helped drive global growth. Australia and other Asian countries have come to rely on Chinese markets for their exports. India is suffering an even sharper slowdown. Its economic growth slowed to a 5.3 percent annual rate in the January-March quarter, the lowest in nine years. Output from India's factories has declined. Its consumers have seen inflation -- which has averaged 9.2 percent a year since the start of 2010 -- devour their wages. "It's beyond anything that we would have imagined," said Samiran Chakraborty, head of research at Standard Chartered in Mumbai. "Real wages are falling ... The consumption slowdown along with the investment slowdown has been a double-whammy for the GDP number." As recently as last year, Indian politicians were claiming their economy could rival China's and surge into double-digit growth, lifting hundreds of millions out of poverty in the process. Instead, India is mired in a deepening crisis of confidence. Asia's third-largest economy is widely regarded as performing below its potential. Indians are losing hope that their country's fractious political system will deliver the policies that might unlock a rebound -- investments in roads, ports and other projects and lighter regulations to attract more foreign investment. One encouraging corner of Asia has been Japan's economy, the world's third largest. It grew at an annual rate of 4.1 percent in the first quarter of 2012 as it recovered from last year's earthquake and tsunami. But factors that could crimp expansion, such as weaker European demand for Japanese exports, have raised fears that Japan's growth will slow or even stall. In Brazil, the economy practically stalled in the first quarter of 2012. It grew at just a 0.2 percent annual rate from the final three months of 2011, the government said Friday. That was below expectations of 0.5 percent growth. Flooding punished farmers. But Brazilian officials, like analysts in China, also pointed to another culprit, one that shows how problems in one part of the world cause problems in another: The ongoing trouble in Europe is taking a toll on exports. -- THE MIDDLE EAST The region's trade is being hurt by the weakening global economy, particularly in Europe. The United Arab Emirates' top economic official said Monday that the Gulf federation's economy will likely grow only about 3 percent this year amid a drop in oil prices. That would represent a slowdown from 4.2 percent growth in 2011. The seven-state UAE federation is the largest Arab economy after Saudi Arabia. The United Arab Emirates said it's less optimistic about growth because of the oil exporter's close links to the slowing world economy.

### Nuke War

#### Economic collapse causes lots and lots and lots of nuclear wars.

Kemp, national security assistant to the president, ’10

[Geoffrey Kemp, Director of Regional Strategic Programs at The Nixon Center, served in the White House under Ronald Reagan, special assistant to the president for national security affairs and senior director for Near East and South Asian affairs on the National Security Council Staff, Former Director, Middle East Arms Control Project at the Carnegie Endowment for International Peace, 2010, Brookings Institution Press, “The East Moves West: India, China, and Asia’s Growing Presence in the Middle East,” p. 233-4]

The second scenario, called Mayhem and Chaos, is the opposite of the first scenario; everything that can go wrong does go wrong. The world economic situation weakens rather than strengthens, and India, China, and Japan suffer a major reduction in their growth rates, further weakening the global economy. As a result, energy demand falls and the price of fossil fuels plummets, leading to a financial crisis for the energy-producing states, which are forced to cut back dramatically on expansion programs and social welfare. That in turn leads to political unrest: and nurtures different radical groups, including, but not limited to, Islamic extremists. The internal stability of some countries is challenged, and there are more “failed states.” Most serious is the collapse of the democratic government in Pakistan and its takeover by Muslim extremists, who then take possession of a large number of nuclear weapons. The danger of war between India and Pakistan increases significantly. Iran, always worried about an extremist Pakistan, expands and weaponizes its nuclear program. That further enhances nuclear proliferation in the Middle East, with Saudi Arabia, Turkey, and Egypt joining Israel and Iran as nuclear states. Under these circumstances, the potential for nuclear terrorism increases, and the possibility of a nuclear terrorist attack in either the Western world or in the oil-producing states may lead to a further devastating collapse of the world economic market, with a tsunami-like impact on stability. In this scenario, major disruptions can be expected, with dire consequences for two-thirds of the planet’s population.

### Protectionism and War

#### Economic decline causes protectionism and war – their defense doesn’t assume accompanying shifts in global power.

Royal, DoD Cooperative Threat Reduction Director, 10

[Jedediah Royal, 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 defense behavior of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski 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 crisis could usher in a **redistribution** of relative power (see also Gilpin, 1981) that leads to uncertainty about power balances, increasing the risk of **miscalculation** (Fearon, 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). Seperately, 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 behavious of states. He argues that interdependent states are 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. Crisis could potentially be the **trigger** for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states. Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write, The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favor. Moreover, the presence of a recession tends to amplify the extent to which international and external conflict self-reinforce each other. (Blomberg & Hess, 2002. P. 89) Economic decline has been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 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 increase incentives to **fabricate** external military conflicts to create a ‘rally around the flag’ effect. Wang (1996), DeRouen (1995), and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are 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 to an increase in the use of force. In summary, recent economic scholarship positively correlated economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels. This implied connection between integration, crisis and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

## Impact Framing

### Worse to Not Act

#### Failure to invest in Infrastructure net worse for economic growth

Department of the Treasury with the Council of Economic Advisors, 6/24/12

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, p. 22, accessed 6-24-12, LH)

Although infrastructure investments are expensive, it is even more expensive to skimp on infrastructure. There are real costs of failing to invest in infrastructure, including increased congestion and foregone productivity and jobs. Already, Americans are wasting too much time, money, and fuel stuck in traffic. The Texas Transportation Institute (TTI) recently estimated that Americans in 439 urban areas spent some 4.8 billion hours sitting in traffic in 2010, equivalent to nearly one full work week for the average commuter. TTI’s calculations suggest that congestion caused Americans to purchase an extra 1.9 billion gallons of fuel, costing over $100 billion in wasted time and added fuel costs in the 439 urban areas it surveyed. 41

#### National Infrastructure Bank is cost-effective- inaction would cost more

McConahy, Third Way, Deputy Director of the Economic Program, and Kessler, Third Way, Senior Vice President for Policy, ’11

(Ryan, Jim, January 2011, Third Way, “A National Infrastructure Bank,” http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, p. 6, accessed 6-24-12, LH)

Financing the infrastructure upgrades needed to support America’s economy and meet its new challenges won’t be cheap, but there are billions in efficiencies that can be wrung out of the system with real structural changes, and the economic costs of inaction will be higher. By leveraging private resources, the NIB will ensure that future spending on infrastructure will get the utmost bang for the taxpayer buck. It will also cut down on waste by supporting only projects that serve demonstrated regional or national needs and satisfy goal-based criteria.

#### Infrastructure collapse inevitable without Bank investment

Bloomberg View, ’11

(Bloomberg is a financial news source, 9-10-11, "A Bank That Can Get Americans on the Road and on the Job: View," http://www.bloomberg.com/news/2011-08-11/a-bank-that-can-get-americans-on-the-road-and-on-the-job-view.html, accessed 6-26-12, CNM)

Finding seed money will not be easy, but the costs of not doing anything would be greater. The U.S. Chamber of Commerce estimates that aging transportation infrastructure cost the economy almost $2 trillion in 2008 and 2009. And reality will keep intruding: Bridges and roads do not repair themselves, and jobs do not magically materialize. In an era of diminished national ambition, an idea that addresses two of the country’s most persistent problems is a good investment.

### Cost Benefit Analysis

#### Evaluating the DA is not as simple as spend or save, should be determined via cost benefit analysis – longterm return on investment justifies plan’s short term spending

Musick, Microeconomic Studies Division, Congressional Budget Office, 10

(Nathan, November, A CBO Study, “Public Spending on Transportation and Water Infrastructure,” http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/119xx/doc11940/11-17-infrastructure.pdf, p. 14, accessed 6/26/12, YGS)

Deciding How Much the Public Sector Should Spend Deciding how much the public sector should spend on infrastructure involves assessing the benefits and costs to society of that spending, as well as the distribution of those costs and benefits. Some benefits may be observable and measurable in indicators such as private-sector productivity or gross domestic product; other benefits may be difficult or impossible to measure. Moreover, concerns about equitable distribution may lead policymakers to pursue the goal of providing all citizens access to certain types of infrastructure—for example, air transportation services in small communities. (In addition, infrastructure spending can boost demand for goods and services during an economic downturn, helping mitigate temporary losses in output and employment; see Box 2 on page 18.)

The Effect of Spending on Productivity and Output. Public investment in infrastructure can increase economic output by raising the stock of capital in the economy, thereby increasing the productivity of labor. Increasing the amount of transportation infrastructure, for example, makes it easier to get materials and labor to production facilities and finished goods to consumers. Consequently, workers can produce and deliver more in a given time and at a given transport cost. A more productive national economy results in more goods and services for citizens and more resources for further investment and continued growth.

### Investment Inevitable - Bank Optimizes

#### The National Infrastructure Bank solves wasteful federal spending.

Indiviglio, The Atlantic, ’10

(Daniel, journalist, spent several years working as an investment banker and a consultant, The Atlantic, “Would a National Infrastructure Bank Help?,” 9/15/10, http://www.theatlantic.com/business/archive/2010/09/would-a-national-infrastructure-bank-help/63052/#bio, A.D. 6/26/12, JTF)

A national infrastructure bank could change the way federal funds are spent on infrastructure. For example, instead of creating a $100 billion "infrastructure spending" package full of nonsense, Congress would provide $100 billion for the infrastructure bank to spend as its financial analysis dictates. It would evaluate the various projects that states say are necessary and pick those which would create the most jobs and do the most to strengthen the nation's infrastructure while controlling costs.

# Competitiveness Advantage

## Uniqueness

### Failure to Invest Kills Competitiveness

#### Failure to invest in transit infrastructure kills competitiveness.

McConaghy, Deputy Director, Economic Program at Third Way, and Kessler, Senior Vice President for Policy and a co-founder of Third Way, ‘11

(Ryan and Jim, January 2011, The Third Way, “A National Infrastructure Bank”, pg. 3, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, A.D. 6/24/12, JTF)

The infrastructure gap also hinders America’s global competitiveness. Logistics costs for American business are on the rise, but similar costs in countries like Germany, Spain, and France are set to decrease. 18 And while America’s infrastructure spending struggles to keep pace, 19 several main global competitors are poised to make significant infrastructure enhancements. China leads the world with a projected $9 trillion in infrastructure investments slated for the next ten years, followed by India, Russia, and Brazil. 20 In a recent survey, 90% of business executives around the world indicated that the quality and availability of infrastructure plays a key role in determining where they do business. 21 If America is going to remain on strong economic footing compared to its competitors, it must address its infrastructure challenges.

### Infrastructure Falling Behind

#### **America’s infrastructure is outdated, the U.S. lags in infrastructure investment**

Crebo-Rediker, the founding Co-Director of the Global Strategic Finance Initiative, Rediker, a member of the Executive Board of the International Monetary Fund representing the United States 08’

(Heidi and Douglas, New American Foundation, “Financing America’s Infrastructure: Putting Global Capital To Work”, 7/08/08, http://newamerica.net/files/Financing\_America\_Infrastructure.PDF, Pg. 1, accessed 6/25/12 FFF)

America’s basic infrastructure is outdated, worn, and in some cases, failing. Most experts agree that it is inadequate for meeting the demands of the 21st-century global economy. If we are to remain competitive, we must invest in capital assets like roads, ports, bridges, mass transit, water systems, and broadband infrastructure. Many other countries—both rich and poor—see investing in infrastructure as imperative for economic survival and success in an increasingly competitive economic environment. But the United States has lagged in infrastructure investment, in both relative and absolute terms. We are spending less than 2 percent of GDP on infrastructure, while China and India are spending 9 percent and 5 percent of GDP, respectively

#### The US will soon fall behind in its’ transportation infrastructure

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, Building America’s Future Educational Fund, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 24 Accessed 6/28, GJV)

While Americans are wasting time, money, and fuel stuck in traffic, nations around the world are investing in cutting-edge infra­structure to make their transportation networks more efficient, more sustainable, and more competitive than ours. Even since the global recession forced cutbacks in government spending, other countries are investing significantly more than the U.S. to expand and update their transportation networks.

#### The US will soon fall behind in its’ transportation infrastructure

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, Building America’s Future Educational Fund, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 16 Accessed 6/28, GJV)

In stark contrast to our most agile and aggressive foreign competitors, the U.S. stands increasingly alone in our failure to reorient our transportation spending according to a new forward-looking vision that could build a transportation network fit for a 21st-century economy. Without a similarly strategic plan of attack to create a state-of-the-art transportation network, the U.S. will be left far behind.

#### The US will soon fall behind in its’ transportation infrastructure

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, Building America’s Future Educational Fund, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 24 Accessed 6/28, GJV)

Many countries are investing according to national infrastructure plans designed to strategically improve their economically critical gateways and corridors. They are focusing on strategic points in their trans­portation networks to yield the greatest benefits on their investments. And, unlike the United States, they are channeling investments toward high-speed rail, public transit, and other cutting-edge innovations to improve intermodal mobility for passen­gers and freight—and giving the United States, long the world’s economic super­power, a run for its money as a result.

### Infrastructure Gap Kills Competitiveness

#### Infrastructure gap hurts U.S. competitiveness

Mallet, Specialist Transportation Policy, Maguire, Specialist Public Finance, and Kosar, Analyst American National Government, ’11

(William, Steven, and Kevin, Federation of American Scientists, “National Infrastructure Bank: Overview and Current Legislation”, <http://www.fas.org/sgp/crs/misc/R42115.pdf>,  6/24/12, LS)

**The infrastructure gap also hinders America’s global competitiveness. Logistics costs for American business are on the rise,** but similar costs in countries like Germany, Spain, and France are set to decrease.18 **And while America’s infrastructure spending struggles to keep pace,19 several main global competitors are poised to make significant infrastructure enhancements. China leads the world with a projected $9 trillion in infrastructure investments slated for the next ten years, followed by India, Russia, and Brazil.**20 In a recent survey, 90% of business executives around the world indicated that the quality and availability of infrastructure plays a key role in determining where they do business.21 **If America is going to remain on strong economic footing compared to its competitors, it must address its infrastructure challenges. There are too many cost overruns and unnecessary projects—but not enough funds.** Cost overruns on infrastructure projects are increasingly prevalent and exact real costs. One survey of projects around the world found that costs were underestimated for almost 90% of projects, and that cost escalation on transportation projects in North America was almost 25%.22 Boston’s Central Artery/Tunnel Project (a.k.a. the “Big Dig”) came in 275% over budget, adding $11 billion to the cost of the project. The construction of the Denver International Airport cost 200% more than anticipated. The San Francisco-Oakland Bay Bridge retrofit project witnessed overruns of $2.5 billion—more than 100% of the original project cost— before construction even got underway.23 And of course, there are the “bridge to nowhere” earmarks that solve a political need, but not an economic one.

#### America’s infrastructure gap hurts prosperity & competitiveness

Mallet, Specialist Transportation Policy, Maguire, Specialist Public Finance, and Kosar, Analyst American National Government, ’11

(William, Steven, and Kevin, Federation of American Scientists, “National Infrastructure Bank: Overview and Current Legislation”, <http://www.fas.org/sgp/crs/misc/R42115.pdf>,  6/24/12, LS)

**As America’s population and economic activity increases, the stress on its infrastructure will only grow**. The number of trucks operating daily on each mile of the Interstate Highway system is expected to jump from 10,500 to 22,700 by 2035,9 while freight volumes will have increased by 70% over 1998 levels.10 It is also expected that transit ridership will double by 2030 and that the number of commercial air passengers will increase by 36% from 2006 to 2015.11 Total electricity use is projected to increase by 1148 billion kWh from 2008 to 2035.12 In order to cope, **America’s infrastructure will need a significant upgrade. America’s infrastructure deficit hurts its competitiveness and is a drain on the economy. America’s infrastructure gap poses a serious threat to our prosperity. In 2009, the amount of waste due to congestion equaled 4.8 billion hours (equivalent to 10 weeks worth of relaxation time for the average American) and 3.9 billion gallons of gasoline, costing $115 billion in lost fuel and productivity.13**

### China and Brazil Pulling Ahead

#### Specifically, China and Brazil are pulling ahead

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, Building America’s Future Educational Fund, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 25 Accessed 6/28, GJV)

In the last five years, all of our major global competitors have launched ambitious, forward-looking initiatives to strategically fund their intermodal transportation networks. Emerging economic powerhouses like China and Brazil are building state-of-the-art transportation networks practically from scratch, leapfrogging us from behind to invest in the most cutting-edge transporta­tion innovations. Meanwhile, other countries saddled with aging infrastructure like ours—Canada, Australia, and the EU—are adjusting to the 21st-century global econo­my by investing more significantly and more strategically in transportation projects of national significance.

#### Specifically, China and Brazil are pulling ahead

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, Building America’s Future Educational Fund, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 31 Accessed 6/28, GJV)

To paraphrase New York Times columnist Tom Friedman, traveling from New York to Shanghai today is like moving from the Flintstones to the Jetsons.17 It is China, not the U.S., that has the most bullet trains in the world. It is China that boasts the world’s largest ports—and it is the Shanghai port that moves more containers than the top 7 U.S. container ports combined. It is Switzer­land that is building the world’s longest freight rail tunnel. It is Canada that is capturing a larger portion of Pacific trade to and from China. It is cities like Hong Kong and London, not New York or San Francisco, where you can check your luggage for a flight at the train station downtown before taking a quick train ride to the airport. When put in this global context, the U.S.’s transportation system looks that much more antiquated.

## Bank Solvency

### Bank Solves - Investment

#### Investment is key to international competitiveness

Abraham, member of the Council of Economic Advisors for the White House, Krueger, Chair of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 12

(Katharine, Alan, Carl, 3-23-2012, Department of the Treasury, “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT,” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, Accessed 6-23-12, p.1, LS)

**By most measures, the United States is investing less in infrastructure than other nations. While there are reasons for this disparity, international comparisons can offer a useful benchmark to assess our investment decisions.** We spend approximately 2 percent of GDP on infrastructure, a 50 percent decline from 1960.65,66 China, India and Europe, by contrast, spend close to 9 percent, 8 percent, and 5 percent of GDP on infrastructure, respectively.67 To be clear, these simple cross-country comparisons do not account for differences in the current public capital stock, differences in demographics and population densities, and different transportation preferences across nations. **However, it is clear that persistent neglect of our infrastructure will impact America’s competitive position *vis-à-vis* the rest of the world. Indeed, the U.S. Chamber of Commerce noted in their *Policy Declaration on Transportation Infrastructure* that, “Long- 31 term underinvestment in transportation infrastructure is having an increasingly negative effect on the ability of the United States and its industries to compete in the global economy.”** The Gallup World Poll indicates that compared to other OECD countries, Americans are relatively dissatisfied with their local public infrastructure systems (see Figures 5 and 6). Americans’ satisfaction with highways and public transit ranks in the middle of the pack globally. With respect to our public transit, we are tied with four other countries at rank 13 out of 32 OECD nations. We rank similarly with respect to satisfaction with our roads and highways: 15th out of 32 OECD countries.

**An analysis of the economic impact of transportation investment indicates that now is an optimal time to increase the nation’s investment in transportation infrastructure. Investing in transportation infrastructure would generate jobs to employ workers who were displaced because of the housing bubble**. We estimate that the average unemployment rate among those who would gain employment in the jobs created by additional infrastructure investment has averaged approximately 13 percent over the past twelve months. **There is also accumulating evidence that construction costs are currently low because of underutilized resources, so it would be especially cost-effective to seize this opportunity to build the quality infrastructure projects that are ready to be built. Historically, we also know that state and local governments are more prone to cut back on infrastructure spending during tough economic times, despite the growing need and demand for these projects. Americans overwhelmingly support increasing our infrastructure investment, as evidenced by consistent support for local investments on ballot initiatives.** This is hardly surprising given that our report documents that the American public is less satisfied with our transportation infrastructure than residents of most other OECD nations.

Merely increasing the amount that we invest, however, must not be our only goal. Selecting projects that have the highest payoff is critically important, as is providing opportunities for the private sector to invest in public infrastructure. Given the significant need for greater investment, the federal government cannot, and should not, be expected to be the sole source of additional investment funds. More effectively leveraging federal investment by pairing it with state, local, and private investment is necessary to meet the challenges we face in expanding our transportation network. Thus, establishing a National Infrastructure Bank, along with other significant reforms in our infrastructure financing system, should remain a top priority.

Evidence also shows that well-functioning infrastructure systems generate large rates of return not only for the people who travel on the systems every day – the direct beneficiaries – but also for those in the surrounding regions and our nation more generally. Investment in infrastructure today will employ underutilized resources and raise the nation’s productivity and economic potential in the future. By contrast, poorly planned, non-strategic investment is not only a waste of resources, but can also lead to lower economic growth and production in the future. That is why any increase in investment should be coupled with broad-based reform to select infrastructure projects more wisely. The President’s proposal to increase our nation’s investment in transportation infrastructure, coupled with broad-based reform of our transportation funding system, would have a significant and positive economic impact in both the short and long term, raising our nation’s economic output, creating quality middle-class jobs, and enhancing America’s global economic competitiveness.

#### National infrastructure bank is the best way to restore competitiveness

Rohatyn, special adviser to the chair and chief executive officer of Lazard, 11

(Felix G., Lazard is an independent global investment bank, also former Chair of New York’s Municipal Assistance Corp, Politico, 7-12-11, “Time for a U.S. infrastructure bank,” <http://www.politico.com/news/stories/0711/58786.html>, accessed 6-25-12, CNM)

President Barack Obama talked at his news conference Monday about creating a national infrastructure bank that could help rebuild and repair America’s roads, bridges and ports and also address our serious unemployment problem. He cited the bank as one crucial way to stimulate the economy. I would urge the president to move forward on this so we can begin to restore America’s infrastructure and strengthen our economy for the long term. Even as Congress debates fiscal strategies, our country’s competitors and partners around the globe make massive investments in public infrastructure. Meanwhile, our nation’s roads and bridges, schools and hospitals, airports and railways, ports and dams, waterlines and air-control systems are rapidly and dangerously deteriorating. We should view infrastructure financing as an investment rather than an expense and should establish a national, capital budget for infrastructure. This idea is not new. Five years ago, former Sen. Warren Rudman and I co-chaired a commission on public infrastructure at the Center for Strategic and International Studies — a bipartisan group of congressional and business leaders, governors and bankers that unanimously recommended an infrastructure bank and called for a capital budget. Yet these proposals were — and perhaps still are — unable to gain political traction. China, India and European nations are spending the equivalent of hundreds of billions of dollars on efficient public transportation, energy and water systems. Here in the United States, a five-year investment of $2.2 trillion is needed simply to make U.S. infrastructure dependable and safe, according to the American Society of Civil Engineers. The obvious, negative effect of this situation on our global competitiveness, quality of life and ability to create American jobs is a problem we no longer can ignore. This national infrastructure bank should be owned by the federal government but not operated by it. In this, it would be similar to the World Bank and European Investment Bank. Funded with a capital base of $50 billion to $60 billion, the infrastructure bank would have the power to insure bonds of state and local governments, provide targeted and precise subsidies and issue its own 30-to-50-year bonds to finance itself with conservative 3:1 gearing. Such a bank could easily leverage $250 billion of new capital in its first few years and as much as $1 trillion over a decade. Run by an independent board nominated by the president and confirmed by the Senate, the bank would finance projects of regional and national significance, directing funds to their most important uses. It would also provide a valuable guidance-system for the $73 billion that the federal government spends annually on infrastructure and avoid wasteful “earmark” appropriations. The money would come from funds now dedicated to existing federal programs. Legislation already has been proposed that would create such an infrastructure bank. Rep. Rosa DeLauro (D-Conn.) has introduced a House bill and Sens. John Kerry (D-Mass.) and Kay Bailey Hutchison (R-Texas) have introduced similar legislation in the Senate. The Senate bill, with $10 billion of initial funding, is a modest proposal — but passing it would give us a strong start. It is difficult to understand why an infrastructure bank is not already in place — with so many in Congress calling for more efficient federal spending and public investment that can pay for itself. Part of the problem may be the belief among some legislators that government action is always a bad thing. Yet throughout U.S. history, competent public investments have been an essential complement to private investments — from the Louisiana Purchase, to land-grant colleges, to the Interstate Highway System, to the Internet. From a federal budgeting standpoint, creating an infrastructure bank would be the wisest thing to do. We can leverage private capital, both at home and overseas, to modernize our transportation systems, deal safely and effectively with wastewater and hazardous materials, renew ports and inland waterways. With a national bank for infrastructure, we could begin to do all these things and more.

### Bank Solves – Infrastructure Maintenance

#### National Infrastructure Bank fixes deteriorating infrastructure and maintains global economic competitiveness-plan has bi-part support

Puentes, Senior Fellow, Brookings Institution, [et.al](http://et.al/), April 5, 2011

(Authors: [Robert Puentes](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7622), Senior Fellow, Brookings Institution et. all [Felix G. Rohatyn](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7623), Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC [Richard Little](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7624), Director, Keston Institute for Public Finance and Infrastructure Policy [Stephen Goldsmith](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7625), New York City Deputy Mayor for Operations
Interviewer(s): [Jonathan Masters](http://www.cfr.org/experts/world/jonathan-masters/b16706), Associate Staff Writer, April 5, 2011, Council on Foreign Relations, <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>,Accessed: 6/27/12, LPS)

**Most experts agree the United States must address the nation's aging network of roads, bridges, airports, railways, power grids, water systems, and other public works to maintain its global economic competitiveness.** In 2010, **President Barack Obama proposed a national infrastructure bank (**PDF) **that would leverage public and private capital to fund improvements, and in April 2011 a bipartisan coalition of senators put forward a similar concept (***NYT*).

### Bank Solves – Domestic Production

#### An American Infrastructure bank can help revitalize the jobs crisis and can help us in global competitiveness

Likosky, senior fellow at New York University’s Institute for Public Knowledge 11

(Michael, “Create an American infrastructure bank”, McKinsey and Company, 7-19-11, <http://whatmatters.mckinseydigital.com/job_creation/create-an-american-infrastructure-bank>, accessed 6/24/12, FFF)

Over the last three decades, America has divested its physical and social infrastructure as well as its energy sector. We have shuttered mines and factories. No country of America’s size can maintain its competitiveness by sourcing metals and minerals, energy and manufacturing overseas. Our jobs crisis is symptomatic of this broad divestiture. It can only be solved by reinvesting in our economic fundamentals. Our goal with any jobs program must not simply be the creation of volume and quality, although that is an essential aspect. We must treat the disease not the symptoms. Relaying the foundation of a national economy means not only repairing structurally deficient bridges and levies but also opening mines and pursuing a multipronged energy strategy. Factories and jobs sprout up only when an infrastructure platform is built and commodities can feed production. If we don’t produce and source these things here, we will simply import them. A “no economic activity in my backyard” mind-set undermines our ability to produce jobs. Still, we must find ways of expanding production that reflects our values. An American infrastructure bank is the answer. Globally, almost every country in the world benefits from an infrastructure bank to attract the large-scale private capital that is essential to financing domestic economic self-sufficiency, competitiveness, and resiliency. Except for us. That must change. Enormous sums are on the sidelines—in pension, sovereign, petrodollar, private-equity, hedge, insurance, and corporate funds and accounts—or are invested in lesser opportunities. The managers of those funds would jump at the chance to fuel our reinvestment. An American infrastructure bank can bring that capital to bear in a durable way on our infrastructure, energy, and extractives sectors. There will be plenty of work needed to get this done. Our economic surge must begin at home. It must be a multistate campaign, rural and urban, Red and Blue, North and South, East and West.

### Bank Solves – Job Creation

#### National infrastructure bank is the best way to restore competitiveness

Rohatyn, special adviser to the chair and chief executive officer of Lazard, 11

(Felix G., Lazard is an independent global investment bank, also former Chair of New York’s Municipal Assistance Corp, Politico, 7-12-11, “Time for a U.S. infrastructure bank,” <http://www.politico.com/news/stories/0711/58786.html>, accessed 6-25-12, CNM)

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#### The NIB will create hundreds of thousands of jobs and demand to keep pace with competition from global rivals and growing global super powers

McConaghy, Third Way Deputy Director of Economic Program, Kessler, Third Way Co Founder, 11

 (Ryan McConagy, served as Legislative Director for Representative John Hall and worked in the office of Senator Charles Schumer as the Legislative Assistant overseeing energy policy, national defense issues, foreign affairs, agriculture and other matters and Jim **Kessler** the Senior Vice President for Policy and a co-founder of Third Way, January 2011,*The Economic Program Schwartz Initative on American Economic Policy,* “A National Infrastructure Bank,” <http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0CFYQFjAE&url=http%3A%2F%2Fwww.bernardlschwartz.com%2Fpolitical-initiatives%2FThird_Way_Idea_Brief_-_A_National_Infrastructure_Bank-1.pdf&ei=orjvT5eIIIvjqAHWg6iPAg&usg=AFQjCNFNX-00-096S5hYyM6jAzei74AIqA&sig2=s_5alsLqmX-ASeJwVTGmwA>, , Accessed 6-27-12, LS)

The NIB will create jobs and support competitiveness. By providing a new and innovative mechanism for project !nancing, the NIB could help provide funding for projects stalled by monetary constraints. This is particularly true for large scale projects that may be too complicated or costly for traditional means of !nancing. In the short-term, providing resources for infrastructure investment would have clear, **positive impacts for recovery and growth. It has been estimated that every $1 billion in highway investment supports 30,000 jobs,37 and that every dollar invested in infrastructure increases GDP by $1.59.38 It has also been projected that an investment of $10 billion into both broadband and smart grid infrastructure would create 737,000 jobs.**39 In the longer-term, infrastructure investments supported by the NIB will allow the U.S. to meet future demand, reduce the waste currently built into the system, and keep pace with competition from global rivals. January 2011 *A National Infrastructure Bank* – 6

#### NIB key to increasing competition, productivity, and increasing overall sector job growth

Anand, Mott Haven Herald, 11

(Anika Anand Contributor at [Mott Haven Herald](http://www.linkedin.com/company/mott-haven-herald?trk=ppro_cprof) Business Intern at [msnbc.com](http://www.linkedin.com/company/msnbc.com?trk=ppro_cprof) , July 6, 2011, Eye on the Economy on msnbc.com, “Bank Plan Would Help Boost Bridges, Create Jobs,” <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/>, Accessed: 6/29/12, LPS)

**Former President Bill Clinton endorses the idea of an Ibank,** although he has not necessarily thrown his weight behind the BUILD Act.“**I think there are enormous jobs there,”** he said in an interview last week on CNBC**. “Every manufacturing job you create tends to create more than two other jobs in other sectors of the economy and it makes America more competitive, more productive.”**

### Bank Solves – Economic Growth

#### Bank jumpstarts the economy and maintains competitiveness

Corson, deputy policy director of the Office of the Manhattan Borough; and Saltonstall, policy director of the same; 2011

(Stephen, David, 3/14/2011, Steven L. Newman Real Estate Institute, “Banking on the Future: A New Paradigm for Rebuilding Our Nation’s Infrastructure,” <http://www.baruch.cuny.edu/realestate/pdf/H7656_BaruchBankingFutureWhtPaper.pdf>, accessed 7/2/2012, p. 3, bs)

It is clear that the United States must begin a period of sustained infrastructure investment in order to kick start the national economy, maintain global competitiveness and keep existing infrastructure in good working order. National, regional and state infrastructure banks can afford the opportunity to achieve this goal in cooperation with private sector partners. By leveraging the private sector with public funds, infrastructure banks will allow for the greatest possible growth and shared responsibility across private and public spheres. Profitability is also a critical factor that can be successfully realized. This is a concept whose time has come and which deserves serious consideration. Completed applications of the concept in other regions of the country is further proof to consider. At stake is the vitality of the nation, the region, the state and the city.

#### National infrastructure bank key to U.S. competitiveness

Reid, University of Canterbury, Economics professor, 08

(Robert L., August 2008, “Report Warns U.S. Economy Depends on Transportation Infrastructure and Land Use Planning,” Civil Engineering, Volume: 78, p. 30, Academic Search Complete, bs)

The report recommends a number of new priorities and other changes that could keep America competitive in the new global economy: • Focus on deferred maintenance. The first priority should be to fix and rebuild the nation’s existing infrastructure to avoid failures of the type seen in Minneapolis last summer and in New Orleans during Hurricane Katrina. • Develop regional and national infrastructure plans. The federal, state, and local governments need to set national infrastructure goals and then structure funding, policies, tax incentives, and other measures to attain those goals. Local projects that do not meet national priorities should not be funded. • Funnel transportation funding to “primary economic gateways.” Certain cities and their ports serve as important gateways for global commerce, the report notes. These locations should receive funding for improvements and maintenance necessary to ensure that people and goods can move efficiently. • Reconfigure government infrastructure management. At present there are 100 different federal programs for spending the nation’s highway funds alone. The federal government should consolidate the management and oversight of federal infrastructure programs so that an integrated system that encompasses roads, mass transit, rail lines, electrical grids, water resources, and housing can be created. • Finance projects through an infrastructure bank. The United States should create an institution similar to the European Investment Bank to finance long-term infrastructure projects that meet national goals but might not pay immediate dividends.

#### Transportation infrastructure investment is key to competiveness and growth

McConaghy, Third Way Economic Program Deputy Director, Kessler, Third Way Senior Vice President for Policy, 11

(Ryan, past legislative director at US House of Representatives, Jim, January, The Economic Program: Schwartz Initiative on American Economic Policy, “A National Infrastructure Bank,” p. 2-3, <http://content.thirdway.org/publications/365/Third_Way_Idea_Brief_-_A_National_Infrastructure_Bank.pdf>, accessed 6/29/12, YGS)

America’s infrastructure deficit hurts its competitiveness and is a drain on the economy. America’s infrastructure gap poses a serious threat to our prosperity. In 2009, the amount of waste due to congestion equaled 4.8 billion hours (equivalent to 10 weeks worth of relaxation time for the average American) and 3.9 billion gallons of gasoline, costing $115 billion in lost fuel and productivity. 13 Highway bottlenecks are estimated to cost freight trucks about $8 billion in economic costs per year, 14 and in 2006, total logistics costs for American businesses increased to 10% of GDP. 15 Flight delays cost Americans $9 billion in lost productivity each year, 16 and power disruptions caused by an overloaded electrical grid cost between $25 billion and $180 billion annually. 17 These losses sap wealth from our economy and drain resources that could otherwise fuel recovery and growth. The infrastructure gap also hinders America’s global competitiveness. Logistics costs for American business are on the rise, but similar costs in countries like Germany, Spain, and France are set to decrease. 18 And while America’s infrastructure spending struggles to keep pace, 19 several main global competitors are poised to make significant infrastructure enhancements. China leads the world with a projected $9 trillion in infrastructure investments slated for the next ten years, followed by India, Russia, and Brazil. 20 In a recent survey, 90% of business executives around the world indicated that the quality and availability of infrastructure plays a key role in determining where they do business. 21 If America is going to remain on strong economic footing compared to its competitors, it must address its infrastructure challenges.

### Federal Commitment Key to Competitiveness

#### Transportation infrastructure in the US is key to the global economic power and key to maintaining the United State’s position as the global hegemon

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 42 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Getting America back on track economically is not going to be easy. But to succeed, we must think and act anew. During a time when Congress is cutting budgets, it may seem incongruous to step forward with an ambitious program of rebuilding our national transportation. But the Erie Canal was begun not long after economic collapse; Lincoln’s Transcontinental Railroad was launched during a time when the country was still torn apart by war; and even Eisenhower’s Interstate Highway System was launched amid concerns over deficit spending. There are always excuses to delay tough decisions, but the time has come for the U.S. to join China, India, Canada, Brazil, France, Spain, and the United Kingdom by committing to a long-term infrastructure revitalization plan. It should focus on transportation but should also include our water and wastewater systems, our dams, our electric grid, and our broadband system. To be as significant in scale as the plans adopted by our competitor nations, it must spur an investment of at least $200 billion a year. 7 Not all of that needs to be a federal commitment—state and local government and the private sector must also do their share. And it need not all be new investment because a significant amount of dollars should be forthcoming from the gas tax and other fees. But make no mistake: We cannot long stay atop the global economy without a significant new federal commitment. Inaction by the federal government would mean consigning our children and theirs to economic decline, and watching as other countries surge ahead and enjoy the fruit of their infrastructure investments for themselves. That would fly in the face of America’s history—and it would squander the America that our parents and theirs worked so hard to build. To remain the world’s economic superpower, to bequeath to future generations a country that is still on the rise, we must act with the same foresight and boldness that has always characterized American leadership. The foundations of our national economy are cracking—and it is not enough to repair the cracks. We must extend the foundation, stronger and wider, to support a new century of economic growth—and a new century of American greatness. Doing that will require not only visionary leadership, but bi-partisan cooperation. Rebuilding America’s future cannot be a Democratic or Republican political cause; it must be a national undertaking. And if it is, there will be no stopping it.

### AT – Solvency Long-Term

#### Bank helps global economic competition – we need transportation infrastructure investment in order to stay in the game with other countries – a bank can solve soon

Anand, Mott Haven Herald, 11

(Anika Anand Contributor at [Mott Haven Herald](http://www.linkedin.com/company/mott-haven-herald?trk=ppro_cprof) Business Intern at [msnbc.com](http://www.linkedin.com/company/msnbc.com?trk=ppro_cprof) , July 6, 2011, Eye on the Economy on msnbc.com, “Bank Plan Would Help Boost Bridges, Create Jobs,” <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/>, Accessed: 6/29/12, LPS)

**American has fallen to 23rd in infrastructure quality globally, according to the World Economic Forum. It will take about $2 trillion over the next five years to restore the country’s infrastructure,** says the American Society of Civil Engineers. **Given America's weak economy and rising national debt, the government can’t promise anything close to an amount that dwarfs most countries' total economies. But a national infrastructure bank could help.** **The BUILD Act, proposed by Sens. John Kerry, D-Mass., Kay Hutchinson, R-Texas, and Mark Warner, D-Va., would create a national infrastructure bank that would provide loans and loan guarantees to encourage private investment in upgrading America’s infrastructure**. There are other similar proposals circulating in Congress, but the BUILD Act has gained the most traction. The bank would receive a one time appropriation of $10 billion, which would be aimed at sparking a total of $320 to $640 billion in infrastructure investment over the course of 10 years, Kerry's office says. **They believe the bank could be self-sustaining in as little as three years.**

### Remodeling Revenue Key to Competitiveness

#### Failure to remodel revenue bases as a pre-req to infrastructure investment leads to economic collapse

Little, Senior Fellow, Brookings Institution, [et.al](http://et.al/), 11

(LLC [Richard Little](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7624), Director, Keston Institute for Public Finance and Infrastructure PolicyAuthors: [Robert Puentes](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7622), Senior Fellow, Brookings Institution et. all [Felix G. Rohatyn](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7623), Special Advisor to the Chairman and CEO, Lazard Freres and Co. [Stephen Goldsmith](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7625), New York City Deputy Mayor for Operations
Interviewer(s): [Jonathan Masters](http://www.cfr.org/experts/world/jonathan-masters/b16706), Associate Staff Writer, April 5, Council on Foreign Relations, 2011<http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>,Accessed: 6/27/12, LPS)

The massive network of seaports, waterways, railroads, and highways we built in the nineteenth and twentieth centuries were designed to unlock the nation's natural resources, agriculture, and manufacturing strength and bring these products to market. Today, despite a dynamically changing economy, these sectors along with trade and transportation still account for more than a quarter of U.S. GDP or $3.5*trillion*, but many transport linkages have become bottlenecks due to long-delayed repair and replacement. **The entire U.S. economy, as well as consumers, would benefit from a more efficient and resilient supply chain**. Unfortunately, for far too long, Americans have been lulled by their political leadership into a false sense of entitlement. **Faced with the prospect of raising taxes or charging fees to cover the cost of maintaining these systems, they have chosen to do neither. As a result, our highways and bridges decline at alarming rates. Most of the other systems vital to our interests suffer the same fate. Fixing this is well within our control, the challenge will be to muster the will to do so. Without a move to revenue-based models, necessary renewal of critical infrastructure will be long delayed, if provided at all. The first step in addressing this problem will be to ensure that adequate revenue streams are in place.**Whether this revenue comes from the fuel tax, tolls, or other mechanisms is less important than having the funds to work with. Without a move to revenue-based models, necessary renewal of critical infrastructure will be long delayed, if provided at all. **We can show that we value these systems by agreeing to pay for their upkeep or own both the**responsibility for economic decline and its consequences.

#### We need to re-evaluate our approach to financing and infrastructure in order to ensure future American competition and hegemony

Goldsmith, New York City Deputy Mayor for Operations
Interviewer(s):, [et.al](http://et.al/), 11

(Steven Goldsmith New York City Deputy Mayor for Operations
Interviewer(s):LLC [Richard Little](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7624), Director, Keston Institute for Public Finance and Infrastructure PolicyAuthors: [Robert Puentes](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7622), Senior Fellow, Brookings Institution et. all [Felix G. Rohatyn](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7623), Special Advisor to the Chairman and CEO, Lazard Freres and Co.: [Jonathan Masters](http://www.cfr.org/experts/world/jonathan-masters/b16706), Associate Staff Writer, April 5, 2011, Council on Foreign Relations, <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>,Accessed: 6/27/12, LPS)

**Investment in America's physical infrastructure is directly tied to economic development. Businesses and the workforces they attract consider infrastructure when deciding where to locate. Too often, however, pressed by day-to-day concerns, state and local governments fail to adequately plan and invest in infrastructure.** Tight budgets make it easy for officials to rationalize the deferral of investment until a time when surpluses return.Unfortunately, this pattern has been repeated for decades, and **the accumulation of deferred maintenance and deferred investment in future infrastructure has led to an unsatisfactory status quo**. To ensure America's future competitiveness in the global marketplace, we must rethink our approach to the construction and financing of infrastructure. And in this policy area, many of the most promising ideas for unlocking public value involve public-private partnerships.At a time when every dollar counts, extracting maximum public value out of infrastructure investment is crucial. The private sector can be a strong partner to government. **By prioritizing long-term value creation over short-term politics, America can bridge the infrastructure divide and ensure our continued prosperity.**

## Transportation Infrastructure Solvency

### Transportation Infrastructure Solves Competitiveness – Congestion

#### Transportation Infrastructure is key to our competitiveness

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 11 Accessed 6/28/12, GJV)

Our freight transportation system was not built for the explosive growth of coast-to-coast shipping and international trade experienced over the past two decades, and our economically vital gateways and corridors—our primary port, road, and rail routes for shipping goods in and out of the country—now operate at or over capacity. Congestion plagues our freight corridors and acts as a drag on the American economy as a whole. In Chicago, the nation’s biggest rail center, congestion is so bad that it takes a freight train longer to get through the city limits than it does to get to Los Angeles.3 Freight bottlenecks and other forms of congestion cost about $200 billion, or 1.6% of the U.S. gross domestic product (GDP), a year.4 Freight moving by water is slowed by similar constraints on capacity and limitations of aging infrastructure. Our ports were built for the last century’s economy, without suffi­cient intermodal access for increased container traffic. Our inland waterways are similarly overburdened: dozens of locks along major inland shipping routes are past their 50-year life span, and some are more than a century old and showing their age. Congestion and capacity constraints threaten to increase the cost of trade and impede our global competitiveness. Delays in freight movement impose real costs on businesses that reduce productivity, impede our competitiveness, and increase prices for consumers. General Mills estimates that every one mile per hour reduction in average speed of its trucking shipments below posted limits adds $2 million in higher annual costs.5 According to UPS, if conges­tion causes each UPS delivery driver to incur 5 minutes of delay, it would cost the company $100 million.

### Transportation Infrastructure Key to Competitiveness – Productivity and Manufacturing

#### Transportation infrastructure is key to competitiveness – productivity and manufacturing

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 09’

(James, Robert, Heidi, January 2009, Political Economy Research Institute, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 43, Accessed: 6/26/12, GJV)

As we have already discussed, the decline in public investment has been linked to slower growth in economic productivity, particularly during the 1970s and 1980s (Aschauer, 1989a; Munnell 1990a). Other researchers have shown that public investments have helped to reduce the cost of production in U.S. manufacturing (Nadiri and Mamuneas, 1994; Morrison and Schwartz, 1996). The results of our study—summarized above—also show that public investment improves private sector productivity, and the impact is proportionately larger for the manufacturing sector than for the private sector as a whole. All of this suggests that public investment in infrastructure will have a positive impact on the U.S. economy’s competitive position in the world—by raising productivity and reducing production costs. It follows that a lack of decent infrastructure will hurt U.S. competitiveness and further undermine the performance of the manufacturing sector. Manufacturing businesses rely on public goods, such as transportation systems, to operate. Reliable, affordable, and sustainable sources of energy are also essential. Inefficient infrastructure raises costs and increases risks—all of which will compromise the competitive position of the economy. Therefore, the research results presented here affirm the importance of world-class infrastructure to maintain U.S. economic performance in this era of global integration.

### Transportation Infrastructure Key to Competitiveness – Long Term Growth

#### Transportation Infrastructure is key to our competitiveness

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, Building America’s Future Educational Fund, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 8, Accessed 6/28, GJV)

In the last decade, our global economic competitors have led the way in planning and building the transportation networks of the 21st century. Leading countries around the world have not only started spending more than the United States does today, but they made those financial commitments—of both public and private dollars—on the basis of 21st-century strategies that will equip them to make commanding strides in economic growth over the next 20–25 years. These decisions have put them on a cycle of investment and economic growth that will improve their standard of living and improve their citizens’ quality of life. Unless we make significant changes in our course and direction, the foreign competi­tion will pass us by and a real opportunity to restore America’s economic strength will be lost.

### Transportation Infrastructure Solves Competitiveness – Environmental Sustainability

#### **Only Investment in all infrastructure will improve competitiveness – environmental sustainability**

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 9’

(James, Robert, Heidi, January 2009, Political Economy Research Institute ,“How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 6-7, Accessed: 6/26/12, GJV)

Competiveness. Public investment improves private sector productivity. The impact is proportionally larger for the manufacturing sector than for the private sector as a whole. Improving the U.S. infrastructure in all four main areas—transportation systems, public school buildings, water management, and energy transmission—will improve U.S. competitiveness by contributing toward a lower-cost environment than would be possible under our aging current stock of infrastructure. 􀂃 Environmental sustainability. Not all categories of public investments are aimed at producing direct environmental benefits, but some are. These would include public transportation, freight rail, and smart grid electrical transmission system that can more efficiently transport electricity from renewable energy sources. At the same time, all public infrastructure projects promote a clean-energy economy by raising the efficiency of production, and thereby lowering the overall demand for energy for a given level of production.

### Infrastructure Key – History Proves

#### Infrastructure key to US economic super power – history proves

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 4 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Rebuilding America’s economic foundation is one of the most important missions we face in the 21st century. Our parents and grandparents built America into the world’s leading economic superpower. We have a responsibility to our own children and grandchildren to strengthen—not squander —that inheritance, and to pass on to them a country whose best days are still ahead. Our citizens live in a turbulent, complicated, and competitive world. The worst recession in eighty years cost us trillions in wealth and drove millions of Americans out of their jobs and homes. Even more, it called into question their belief in our system and faith in the way forward. Our infrastructure—and the good policy making that built it—is a key reason America became an economic superpower. But many of the great decisions which put us on that trajectory are now a half-century old. In the last decade, our global economic competitors have led the way in planning and building the transportation networks of the 21st century. Countries around the world have not only started spending more than the United States does today, but they made those financial commitments—of both public and private dollars—on the basis of 21st-century strategies that will equip them to make commanding strides in economic growth over the next 20-25 years. Unless we make significant changes in our course and direction, the foreign competition will pass us by, and a real opportunity to restore America’s economic strength will be lost. The American people deserve better.

## Aviation Investment Solvency

### Aviation Solves Competitiveness

#### Investment in civil aviation promotes security, economic competitiveness, and homeland defense- that’s key to heg

DRI·WEFA, Inc., A Global Insight Company, 2

 (privately-owned U.S. consulting firm providing a wide range of services to the aviation industry, JULY 2002, The Campbell-Hill Aviation Group, Inc. “THE NATIONAL ECONOMIC IMPACT OF CIVIL AVIATION” <http://www.aia-aerospace.org/stats/resources/DRI-WEFA_EconomicImpactStudy.pdf>, P. 23, Accessed: 6/27/12, LS)

The importance of civil aviation to the economy, to the nation, and to the quality of life of Americans was made readily apparent by the terrible events of September 11, 2001. Layoffs and financial losses in civil aviation, its supplier industries, the tourism industry, and the broader economy rose sharply. As air traffic returns to pre-September 11 rates of growth—as projected in the Federal Aviation Administration’s (FAA) most current forecast1—air traffic delays will resume and increase dramatically.2 Congestion and delay, a function of capacity-constrained airport and airway infrastructure, not only will inconvenience passengers and shippers; it also will impose considerable costs on the United States as a whole. Conversely, **investment in** this **infrastructure will foster economic growth and enhance safety and security.** On November 27, 2001, just 11 weeks after the terrorist attacks, J**ohn Marburger, Director of the White House Office of Science and Technology Policy, reiterated** the continued need for investment in the nation’s airports and airways **in remarks** to the Commission on the Future of the U.S. Aerospace Industry: **“We need to develop a 21st Century global air transportation system that provides safe, secure, efficient and affordable transportation of people, goods, and information in peacetime and wartime—enabling people and goods to move freely anywhere, anytime, on time. We need a system that: -** Enhances national security by strengthening homeland defense while enabling the military to project power anywhere in the world at any time; **- Increases U.S. economic competitiveness by building a more efficient, higher capacity air transportation system;** and - Improves the quality of life of all Americans by enabling them to do *what* they want to do *when and where* they want to do it.?3 This study addresses the economic competitiveness and quality benefits that Dr. Marburger describes.

### Aviation Solves Economic Growth

#### Airport transportation key to global and domestic economic growth- constraint inhibit U.S international competitiveness that is key to U.S. hegemony

DRI·WEFA, Inc., A Global Insight Company, 2

 (privately-owned U.S. consulting firm providing a wide range of services to the aviation industry, JULY 2002, The Campbell-Hill Aviation Group, Inc., “THE NATIONAL ECONOMIC IMPACT OF CIVIL AVIATION,” <http://www.aia-aerospace.org/stats/resources/DRI-WEFA_EconomicImpactStudy.pdf>, P. 23, Accessed: 6/27/12, LS)

Clearly, air transportation has facilitated business’ ability to move its products around the world. But it has played a far more important role in bringing business managers together, enabling them to build the links, communications, and personal relationships necessary to achieve such a level of international business activity. Despite continuous advances in telecommunications technologies, the growth in global business over the past 50 years could not have been achieved without the personal contact enabled by the world’s air transportation system. **Not only is air transportation important to the global economy; it is also an important enabler of economic growth for individual economies. By developing its air transportation system, a country can better link itself to the global economy and provide an environment for its business that facilitates global activity.** Conversely, there are distinct disadvantages for regions or communities that are beyond the reaches of efficient air transportation. In these regions, business remains more isolated and less able to reap the benefits offered by being connected to global economic activity**. Both adequate airport capacity and the efficiency with which the air transportation system works are critical to generating economic benefits.** The main body of this report examines the impacts that a constrained system in the United States would have on the U.S. economy later in the decade. But it is also true that these **constraints would inhibit the ability of the United States to compete in global markets, damaging its international competitiveness** in general and the international competitiveness of U.S. civil aviation specifically. This chapter examines some of the elements of such potential damage.

### Aviation Solves Hegemony

New airport infrastructure is vital for hegemony
DRI, Global Insight Company, 2

(Global Insight Company, July 2002, “The National Economic Impact of Civil Aviation,”<http://www.aia-aerospace.org/stats/resources/DRI-WEFA_EconomicImpactStudy.pdf>, p. 1, Accessed: 6/27/12, LS)

On November 27, 2001, just 11 weeks after the terrorist attacks, John Marburger, Director of the White House Office of Science and Technology Policy, reiterated the continued need for investment in the nation’s airports and airways in remarks to the Commission on the Future of the U.S. Aerospace Industry: “We need to develop a 21st Century global air transportation system that provides safe, secure, efficient and affordable transportation of people, goods, and information in peacetime and wartime—enabling people and goods to move freely anywhere, anytime, on time. We need a system that: - **Enhances national security** by strengthening homeland defense while enabling the military to project power anywhere in the world at any time; - Increases U.S. economic competitiveness by building a more efficient, higher capacity air transportation system; and - Improves the quality of life of all Americans by enabling them to do what they want to do when and where they want to do it.? 3 This study addresses the economic competitiveness and quality of life benefits that Dr. Marburger describes.

# Transportation Sector Adv.

### Uniqueness

#### US behind in infrastructure now

Desphande, research assistant at the Brookings Institution, and Elmendorf, Director of the Congressional Budget Office 8

(Mansi Desphande and Douglas E. Elmendorf “An Economic Strategy for

Investing in America’s Infrastructure” 7/2008 <http://dspace.cigilibrary.org/jspui/bitstream/123456789/25399/1/An%20Economic%20Strategy%20for%20Investing%20in%20Infrastructure.pdf?1>, p.5, accessed, 6/29/12 MLF)

The state of the nation’s infrastructure is generating rising public attention, prompted by daily travel frustrations, high-profile catastrophes, urgent calls to address climate change and energy security, and concerns about productivity and economic growth. On the nation’s roads, peak-period drivers now spend thirty-eight extra hours a year in traffic as a result of highway congestion, up from fourteen hours in 1982 (Schrank and Lomax 2007). More than one-third of drivers say that traffic congestion is a serious problem in their community (Harris Interactive 2007), and freight delays alone cost the nation’s economy approximately $8 billion annually (DOT 2005). Air travelers also are experiencing record delays,productivity losses,and frustration, with hours of passenger delay increasing by 29 percent from 2006 to 2007 (Sherry and Donohue 2008). Meanwhile, the United States ranks fifteenth among industrial nations in high-speed Internet (broadband) subscription (Organisation for Economic Co-operation and Development [OECD] 2008a), with around 10 million American households—mostly in rural communities—lacking access to broadband (Peha 2008). Broad swaths of the wireless spectrum—which allows devices to communicate—lie fallow while innovative companies struggle to find spectrum for delivering new wireless products.

#### US behind in physical infrastructure

Desphande, research assistant at the Brookings Institution, and Elmendorf, Director of the Congressional Budget Office 8

 (Mansi Desphande and Douglas E. Elmendorf “An Economic Strategy for

Investing in America’s Infrastructure” 7/2008 <http://dspace.cigilibrary.org/jspui/bitstream/123456789/25399/1/An%20Economic%20Strategy%20for%20Investing%20in%20Infrastructure.pdf?1>, p.5, accessed, 6/29/12 MLF)

These signs indicate that growing concerns about U.S. infrastructure are warranted. One significant area of concern is physical infrastructure, which includes roads and bridges, airports and the air traffic control system, water and sewerage systems, and facilities for energy production and distribution. In 2005, as in previous years, the American Society of Civil Engineers gave the nation’s physical infrastructure a near-failing grade, a rating that has been cited frequently since last year’s bridge collapse in Minneapolis, a recent dam break in Hawaii, and the failure of Louisiana levees during Hurricane Katrina. The nation’s continued dependence on cars and gasoline is at odds with the scientific community’s alarms about climate change and national security experts’ warnings about our reliance on oil-exporting nations. But America’s “love affair” with the automobile has left few alternatives to driving; mass transit represents less than 2 percent of passenger miles traveled (DOT 2007a). At the same time, the reliability of the nation’s electrical grid is in question, and population growth and climate change threaten to exacerbate the water shortages that ha ave become a common feature of life in western states.

### Uniqueness – Road Focus Now

#### Almost all infrastructure spending goes towards roads

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 16 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Government transportation spending, at all levels of government, is overwhelmingly directed toward roads. Since 1956, the largest portion of public funding for transportation infrastructure was dedicated to building and maintaining highways. 1 Although a small portion (15%) of the federal gas tax is dedicated to a fund for mass transit, the vast majority of federal gas tax revenue is spent on highways. The same is true for state gas taxes: 30 states are actually constitutionally or statutorily required to spend 100% of their gas tax revenues on roads. The disproportionate channeling of transportation dollars toward highways has encouraged more and more construction of roads, even as the demand rises for other forms of transportation.

#### Lack of funding for almost everything except roads now

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 16 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Meanwhile, underinvestment in airports, in commuter and freight rail, and in ports costs us jobs, economic growth, and access to overseas markets. Compared to the significant sums dedicated to roads, government spending on other modes of transportation is relatively meager. The U.S. Department of Transportation (USDOT) spends about $10.2 billion a year on public transit, or less than a quarter of what it spends on highways. The federal government contributes even less to Amtrak’s operation costs.

### Laundry List of Sectors Funded

#### Bank can invest in highways, rail, bridges, aviation, port and marine, public transportation facilities and systems, intercity passenger buses, passenger and freight rail facilities and vehicles

U.S. Department of Transportation no date

("BUDGET ESTIMATES FISCAL YEAR 2012: NATIONAL INFRASTRUCTURE BANK," Section 3-4 – 3-5, http://www.dot.gov/cfo/documents/IBankFY2012\_CJ.pdf accessed 6-27-12, CNM)

The National Infrastructure Bank (I-Bank) will leverage federal dollars and focus on investments of national and regional significance that often fall through the cracks in the traditional transportation programs. The I-Bank will base its investment decisions on clear analytical measures of value-for-cost and level of non-Federal co-investment, competing projects against each other to determine which will produce the greatest returns to Federal investment. Unlike traditional Federal funding programs that rely solely on regular solicitations for proposals, the I-Bank will also incorporate an entrepreneurial approach to investing that seeks out the most promising projects, nationwide. Transportation and transportation-related projects proposed by states, local governments, other public agencies, and private entities with a public co-sponsor would be eligible for assistance, which could be made through grants, loans or a blend of both. A transportation related project means a project that is part of or related to a transportation improvement that involves a highway, rail, bridge, aviation, port and marine, or public transportation facilities and systems; intercity passenger bus or passenger or freight rail facilities and vehicles.

#### Bank will fund projects in all sectors

Matthews, New York City Department of Design and Construction senior policy advisor, 11

(Terri; Rebecca Wood; and Steve Adnopoz, vice-chair of the Public Finance Committee in the New York office of Gonzalez Saggio & Harlan LLP.; Winter 2011, Infrastructure Modernization, “State & Local Law News,” 34(2), accessed 7/2/2012, Academic Search Complete, bs)

The bank board would have the authority to make, among other things, loans and offer loan guarantees and to purchase and sell infrastructure-related loans and securities, leveraging these private dollars to invest in a New York State infrastructure market. The bank would consider infrastructure projects in the realm of energy, including energy storage, transmission, renewable energy and efficiency enhancement for buildings, public housing and schools; the environment, including drinking and wastewater facilities, storm water management systems, dams, levees, open space management systems, solid waste disposal facilities, hazardous waste facilities and industrial site cleanups; telecommunications, including wired and radio communications projects; and transportation, including any project for the construction, maintenance, or enhancement of highways, roads, bridges, transit and intermodal systems, inland waterways, commercial ports, airports, high-speed rail and freight rail systems.

### Safety

#### Failing transit infrastructure is a systemic impact.

Department of the Treasury and the Council of Economic Advisors, ’12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 25, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

In 2006, motor vehicle traffic crashes were the leading cause of death for every person age 3 through 34. Though 2010 saw the lowest fatality and injury rates ever recorded, it is clear that we can still do better, as over 32,000 people died on American highways in 2010, or more than 90 people every day. Aging transportation systems – whether it is our roadways, transit systems, or railways – increase safety risks because they lack proven countermeasures that are installed on newer systems and equipment. Devoting resources to raising existing transportation infrastructure to a state of good repair in a “fix-it-first” approach is a sound strategy to help address critical safety challenges. The Federal Government, along with state, local, and private owners and operators of transportation infrastructure, must work together to target resources to risks before they become safety hazards.

### Terrorism threats increasing

#### Terrorist threats on infrastructure increasing – improved security measures needed

Stewart, Australian Research Council Professorial Fellow and Director, et al., 11

(Mark G., MD Netherton, professor at the University of Newcastle, Y Shi, Center for Infrastructure Performance and Reliability, M Grant, University of Newcastle, J Miller, Ohio State University, Mershon Center for International Security Studies, 7-12-11, “Probabilistic terrorism risk assessment and risk acceptability for infrastructure protection”, Australian Journal of Structural Engineering, Volume: 13, p. 1, Academic Search Complete, LP)

Terrorist threats against civilian and military infrastructure, particularly buildings, bridges, pipelines and aviation infrastructure, seem to be increasing, as evidenced by recent terrorist attacks including Manchester and London city centres in 1992, 1993 and 1996; US Embassy in Kenya in 1998; Pentagon and World Trade Center in 2001; night clubs and restaurants in Bali in 2002 and 2005; Marriott Hotel in Jakarta in 2003; Australian Embassy in Indonesia in 2004; and “near misses” such as the recent Christmas Day Northwest Airlines aircraft suicide bombing attempt in 2009. The preferred method of attack is improvised explosive devices ( IEDs ) , often through suicide tactics, against buildings and transport infrastructure (see figure 1).

Securing airports and aircraft has been a high priority of governments world-wide after the 9/11 attacks. Several terrorist plots have recently been foiled, which if successful, would have killed many hundreds of people. The two main threats are aircraft hijacking that could lead to 9/11 type attacks on buildings and other infrastructure, or a suicide bomber intent on destroying an aircraft in light. The US Transportation Security Administration (TSA) has arrayed “21 Layers of Security” to “strengthen security through a layered approach”. This is similar to counter-terrorism (CT) strategies worldwide. Assessing the effectiveness and reliability of aviation CT measures is important to understanding their strengths and weaknesses, and assessing the need for additional security measures.

## Aviation

### No Funding for Aviation

#### More funding needed for aviation now

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 38 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Implementing the Next Generation aviation system. Air traffic control is managed by the same radar system we’ve had since the 1950s, even though data-driven and satellite-based systems have been developed. The U.S. has the world’s worst air traffic congestion—and 37% of delays can be attributed to our outdated air traffic control system. In the three New York City airports, nearly two-thirds of delays are caused by air traffic control problems, creating ripple effects of delays around the country. An investment in the Next Gen satellite-based airplane traffic control system will reduce air travel congestion and delays, and more efficient air traffic patterns will increase fuel efficiency. The Federal Aviation Administration has begun initial phases of Next Gen implementation and has developed a plan to fully adopt the new system by 2018. Congress and the Administration should work to guarantee funding for this project to be completed on time. Improving facilities at economically strategic airports. The FAA’s Airport Improvement Program invested $2.6 billion in airport facilities in 2009—but less than a quarter of that investment went to the country’s largest metropolitan airport hubs, which serve nearly three-quarters of U.S. passengers. 5 Federal policy should commit to expanding capacity and easing congestion in the nation’s largest airport hubs, where inadequate facilities take the biggest toll on economic activity and cause ripple effects around the country.

### Airport Safety – Needs Investment

#### Its key to airport safety

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 09’

(James, Robert, Heidi, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” ,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 17-18, Accessed: 6/26/12, GJV)

According to forecasts compiled by the Federal Aviation Administration, the number of passengers flying on commercial airlines is expected to increases at an annual rate of 3.0 percent a year from 2008 to 2025 (FAA, 2008). By the end of this period, annual passenger travel is expected to reach 1.3 billion. This increase in volume will require capital investments in airport capacity and air traffic control systems if congestion and delays are to be minimized and passenger safety maintained. Updating the traffic control system has been ongoing since the mid-1980s, but the process has taken longer and required more investment than initially thought (ASCE, 2005). According to the results of a survey administered to the nation’s 100 largest airports by the Airports Council International (North American branch), annual capital investment needs over the period 2007-2011 total $17.5 billion (ACI, 2007). This represents a $3.2 billion increase over the assessment of annual investment needs from 2005 to 2009. The FAA estimates the shortfall in investment funds available to be somewhat lower: $1 billion per year from 2006-2011, based on airport master plans and ACI estimates (GAO, 2007). However, neither set of estimates include capital investment for security improvements and air traffic control systems, as documented by the ASCE (2005). Therefore, we use $3.2 billion a year in additional infrastructure as a reasonable estimate of investment needs in the absence of more comprehensive data.

### Plan Funds Air Traffic Control

#### The plan provides improved air traffic control

Tyson, UC Berkeley Haas School of Business professor, 11

(Laura D’Andrea, is a professor at the Haas School of Business at the University of California, Berkeley, and served as chairwoman of the Council of Economic Advisers under President Clinton, June 03 2011, "The Virtues of Investing in Transportation," http://economix.blogs.nytimes.com/2011/06/03/the-virtues-of-investing-in-transportation/, accessed 6-25-12, CNM)

That’s also why both the administration and a bipartisan group — led by Senators John Kerry, Democrat of Massachusetts; Kay Bailey Hutchison, Republican of Texas; and Mark Warner, Democrat of Virginia — have proposed the creation of a national infrastructure bank. Such a bank would focus on transformative projects of national significance, like the creation of a high-speed rail system or the modernization of the air traffic control system. Such projects are neglected by the formula-driven processes now used to distribute federal infrastructure funds among states and regions. The bank would also provide greater certainty about the level of federal funds for multiyear projects by removing those decisions from the politically volatile annual appropriations process and would select projects based on transparent cost-benefit analysis by independent experts. The bank would be granted authority to create partnerships with private investors on individual projects, and these would increase the funds available and foster greater efficiency in project selection, operation and maintenance. Such partnerships — common in Europe and other parts of the world — often result in earlier completion of projects, lower costs and better maintenance of infrastructure compared with investments made solely by public entities. Despite rapid growth in the last decade, such partnerships are still rare in the United States. Why? Because infrastructure decisions are fragmented, with states, cities and municipalities owning their own assets and applying their own political and economic criteria to potential deals with private investors. Several states do not have legislation authorizing partnerships and no guidelines exist for how decisions will be made. One obstacle may be gone: Representative James Oberstar, Democrat of Minnesota and the previous chairman of the House Transportation and Infrastructure Committee, opposed these partnerships and urged state and local officials to avoid them. He lost his seat in 2010, and Representative John Mica, Republican of Florida, who now heads the committee, supports the partnership concept.

#### NextGen saves $29 billion. It establishes a space-based surveillance system.

Department of the Treasury and the Council of Economic Advisors, ’12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 13, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

NextGen is also a timely initiative. American air travelers lose substantial time due to congestion, flight delays, cancellations and missed connections. The total cost of these delays to passengers was estimated at $16 billion in 2007. Problems in our aviation system result in significant cost increases to airlines as well, with an estimated $8 billion in increased costs. 26 Adopting a next generation air traffic control system (NextGen) could significantly reduce these delays and their associated costs. NextGen would help both the Federal Aviation Administration and airlines to install new technologies and, among other improvements, move from a national ground-based radar surveillance system to a more accurate satellite-based surveillance system – the backbone of a broader effort to reduce delays for passengers, increase fuel efficiency for carriers, and cut airport noise for those who live and work near airports. According to one study, implementation of NextGen technology would result in a reduction of 4 million hours of passenger delay annually, savings of 3 billion gallons of fuel, and the elimination of 29 million metric tons of carbon emissions. Total projected savings from NextGen implementation would result in $29 billion of net benefits annually for the United States by 2026. 27 These benefits justify the President’s request to increase federal investment in NextGen to over $1 billion in fiscal year 2013.

### Cyber Terror Scenario

#### Plan fund aviation infrastructure

U.S. Department of Transportation 12

(Budget Estimates: Fiscal Year 2012, “National Infrastructure Bank,” <http://www.dot.gov/cfo/documents/IBankFY2012_CJ.pdf>, Sec 3-4, accessed 6/27, YGS)

The National Infrastructure Bank (I-Bank) will leverage federal dollars and focus on investments of national and regional significance that often fall through the cracks in the traditional transportation programs. The I-Bank will base its investment decisions on clear analytical measures of value-for-cost and level of non-Federal co-investment, competing projects against each other to determine which will produce the greatest returns to Federal investment. Unlike traditional Federal funding programs that rely solely on regular solicitations for proposals, the I-Bank will also incorporate an entrepreneurial approach to investing that seeks out the most promising projects, nationwide. Transportation and transportation-related projects proposed by states, local governments, other public agencies, and private entities with a public co-sponsor would be eligible for assistance, which could be made through grants, loans or a blend of both. A transportation related project means a project that is part of or related to a transportation improvement that involves a highway, rail, bridge, aviation, port and marine, or public transportation facilities and systems; intercity passenger bus or passenger or freight rail facilities and vehicles. The primary objective of the I-Bank will be to invest in infrastructure projects that significantly enhance the economic competitiveness of the United States or a region thereof by increasing or otherwise improving economic output, productivity, or competitive commercial advantage.

#### Air-traffic control is vulnerable to cyber attacks now – causes US retaliation

The Boston Globe 6-12-12

(6/12/12, "The military alone can’t protect against increasing cyberattacks," http://www.boston.com/bostonglobe/editorial\_opinion/editorials/articles/2011/06/12/the\_military\_alone\_cant\_protect\_against\_increasing\_cyberattacks/, accessed 6/25/12, CNM)

Against this backdrop, the Defense Department recently updated its own strategy on cyberattacks. Over 100 foreign intelligence agencies have already attempted to hack the department’s networks, so the Pentagon’s intensified focus on cybersecurity seems long overdue — and a reminder to private businesses whose networks may be vulnerable that they should be taking greater precautions of their own.

The Pentagon’s new policy makes clear that any cyberattack that damages US critical infrastructure or US military readiness could be considered an “act of war.’’ A cyberattack on a non-military target — against civilian air-traffic control, for example — could in itself cause enough destruction, death, or significant disruption to justify the use of force.

#### US retaliation to a terrorist attack causes global nuclear war

Corsi, PhD in political science from Harvard, 5

(Jerome R., excerpt from Atomic Iran, <http://911review.org/Wget/worldnetdaily.com/NYC_hit_by_terrorist_nuke.html>, access date 7/2/12)

The combination of horror and outrage that will surge upon the nation will demand that the president retaliate for the incomprehensible damage done by the attack. The problem will be that the president will not immediately know how to respond or against whom. The perpetrators will have been incinerated by the explosion that destroyed New York City. Unlike 9-11, there will have been no interval during the attack when those hijacked could make phone calls to loved ones telling them before they died that the hijackers were radical Islamic extremists. There will be no such phone calls when the attack will not have been anticipated until the instant the terrorists detonate their improvised nuclear device inside the truck parked on a curb at the Empire State Building. Nor will there be any possibility of finding any clues, which either were vaporized instantly or are now lying physically inaccessible under tons of radioactive rubble. Still, the president, members of Congress, the military, and the public at large will suspect another attack by our known enemy – Islamic terrorists. The first impulse will be to launch a nuclear strike on Mecca, to destroy the whole religion of Islam. Medina could possibly be added to the target list just to make the point with crystal clarity. Yet what would we gain? The moment Mecca and Medina were wiped off the map, the Islamic world – more than 1 billion human beings in countless different nations – would feel attacked. Nothing would emerge intact after a war between the United States and Islam. The apocalypse would be upon us. Then, too, we would face an immediate threat from our long-term enemy, the former Soviet Union. Many in the Kremlin would see this as an opportunity to grasp the victory that had been snatched from them by Ronald Reagan when the Berlin Wall came down. A missile strike by the Russians on a score of American cities could possibly be pre-emptive. Would the U.S. strategic defense system be so in shock that immediate retaliation would not be possible? Hardliners in Moscow might argue that there was never a better opportunity to destroy America. In China, our newer Communist enemies might not care if we could retaliate. With a population already over 1.3 billion people and with their population not concentrated in a few major cities, the Chinese might calculate to initiate a nuclear blow on the United States. What if the United States retaliated with a nuclear counterattack upon China? The Chinese might be able to absorb the blow and recover. The North Koreans might calculate even more recklessly. Why not launch upon America the few missiles they have that could reach our soil? More confusion and chaos might only advance their position. If Russia, China, and the United States could be drawn into attacking one another, North Korea might emerge stronger just because it was overlooked while the great nations focus on attacking one another.

### Cyber Terror Extension - Air Traffic Control Vulnerable

#### Vulnerability now – the entire air traffic control system could be completely compromised –increased efforts solve

Baldor, Associated Press, 9

(Lolita C., 5/6/2009, "Air traffic systems vulnerable to cyber attack Audit: Support systems have been breached by hackers in recent months," accessed 6-25-12, http://www.msnbc.msn.com/id/30602242/ns/technology\_and\_science-security/t/air-traffic-systems-vulnerable-cyber-attack/#.T-lPOnDEdFM, CNM)

WASHINGTON — America's air traffic control systems are vulnerable to cyber attacks, and support systems have been breached in recent months to allow hackers access to personnel records and network servers, a new report says.

The audit done by the Department of Transportation's inspector general concluded that although most of the attacks disrupted only support systems, they could spread to the operational systems that control communications, surveillance and flight information used to separate aircraft.

The report noted several recent cyber attacks, including a February incident, in which hackers gained access to personal information on about 48,000 current and former FAA employees, and an attack in 2008 when hackers took control of some FAA network servers.

Auditors said the Federal Aviation Administration is not able to detect potential cyber security attacks adequately, and it must secure its systems better against hackers and other intruders.

"In our opinion, unless effective action is taken quickly, it is likely to be a matter of when, not if, ATC (air traffic control) systems encounter attacks that do serious harm to ATC operations," the auditors said.

In response to the findings, FAA officials stressed that the support systems and traffic control networks are separated. They agreed, however, that more aggressive action should be taken to secure the networks and secure high-risk vulnerabilities.

According to the report, the FAA received 800 cyber incident alerts during the budget year that ended Sept. 30, 2008, and more than 150 were not resolved before the calendar year was over. Fifty of those, the auditors said, had been open for more than 3 months, "including critical incidents in which hackers may have taken over control" of some computers.

Officials tested Internet-based systems that are used to provide information to the public such as communications frequencies for pilots, as well as internal FAA computer systems. The tests found almost 4,000 "vulnerabilities," including 763 viewed as "high risk." The vulnerabilities including weak passwords, unprotected file folders and other software problems.

The weaknesses could allow hackers or internal FAA workers to gain access to air traffic systems, and possibly compromise computers there or infect them with malicious codes or viruses, the audit warned.

Such software gaps, the report said, are "especially worrisome at a time when the nation is facing increased threats from sophisticated nation state-sponsored cyber attacks."

In its response to the audit, the FAA said corrective actions already are being taken, and others should be in place in the coming months.

Rep. John Mica of Florida, the top Republican on the House Transportation and Infrastructure Committee, asked Wednesday for a congressional hearing on the matter. He said that while the recent attacks did not do serious damage, the report "confirms that our entire system could be compromised by a similar threat" and jeopardize the industry and threaten public safety.

### Aviation Key to Free Trade

#### Airplanes key to global market success and free trade

DRI·WEFA, Inc., A Global Insight Company, 02

 (privately-owned U.S. consulting firm providing a wide range of services to the aviation industry, JULY 2002, The Campbell-Hill Aviation Group, Inc. “THE NATIONAL ECONOMIC IMPACT OF CIVIL AVIATION” (<http://www.aia-aerospace.org/stats/resources/DRI-WEFA_EconomicImpactStudy.pdf>), P. 23, Accessed: 6/27/12, LS)

**The disadvantages** associated with the baseline future case examined in this study **will detrimentally affect economic activity within the United States; they also will constrain the ability of the United States to compete in global markets**. This section identifies the degree of global competition among nations, explores the key ways that this competition can be affected, illustrates how **the United States currently competes globally, and** suggests how **the U.S. global competitive stance could be affected by the disadvantages associated with increasing air traffic delays.** *Air Transportation and Economic Growth: From Economic Nationalism to a Global Economy* Since World War II, a key direction of global commerce has been the increasing integration of national economic activity. Industrial nations came together to form the Organization for Economic Corporation and Development (OECD). The General Agreement on Tariffs and Trade (GATT) was formed and then superseded by the World Trade Organization (WTO) to help facilitate a new era of accelerated global trade. These **trends reflect the global integration of economies as business increasingly sought not only to sell its products into wider markets, but also to coordinate production and distribution across national borders.** Every region of the world has participated in these trends except for the Middle East, whose export statistics are distorted by the region’s huge exports of petroleum and related products. This steady increase in trade activity has been enhanced by the growth of global air transportation.

### Aviation – Competitiveness

#### Aviation and airports investment is key to globalization/airport safety

Winston, Brooking’s Institute Senior Fellow in Economic Studies, de Rus, **University of Las Palms de Gran Canaria’s** Economics Professor 08

(Clifford, Ginés, May 1, Brookings Institute, “Aviation Infrastructure Performance: A Study in Comparative Political Economy,” <http://books.google.com/books?hl=en&lr=&id=Q52KqLPgtnQC&oi=fnd&pg=PA1&dq=aviation+infrastructure&ots=109gOD82lI&sig=yZciIzDXb8Nlu71mWz-T35Wubw8#v=onepage&q=aviation%20infrastructure&f=false>, p. 1-2, accessed 6/27, YGS)

The increasing interdependence of firms and individuals throughout the world—popularly defined as globalization—has been greatly facilitated by air transportation. In 2005 the world’s airlines carried roughly 2 billion passengers, more than one-third of whom were traveling for business or pleasure to another country. For the next several years, the world’s air traffic is expected to grow about 6 percent annually. Globalization can enable a nation to develop and benefit from its comparative advantage in commodities and services including tourism, but a nation must have adequate infrastructure to realize its comparative advantage. For example, a country must have a network of airports that are capable of handling operations by large jets safely and efficiently as well as an air traffic control system that uses the latest technology to optimize routings and prevent accidents. Accordingly, many countries have made substantial investments in aviation infrastructure. Currently some 49,000 airports are operating in the world, with 3,500 of them providing scheduled passenger service. The United States has 19,000, or 40 percent of the world’s airports; of those, 663 provide scheduled passenger service. Radar-based air traffic control systems have been implemented to guide aircraft, especially in heavily used domestic and international air space, and some countries are planning to shift to satellite-based technology over the coming decades. Investments in aviation infrastructure have undoubtedly contributed to the long-run improvement in airline safety. During 2005 the world’s scheduled airlines experience only 0.02 passenger fatalities per 100 million passenger-kilometers. But if air travel safety is to continue to improve, aviation infrastructure must be able to accommodate the growing demand for air travel. In fact, this concern has motivated certain countries to begin development of a satellite-based air traffic control system, which is capable of safely handling more aircraft than radar-based systems can. At the same time, the continuing failure of policymakers to implement efficient pricing of and investment in airports and air traffic control has generated significant costs in those parts of the world where air transportation is heavily used and means that travelers and carriers can expect to incur longer and more irritating delays to prevent safety from deteriorating. An additional concern is that the benefits of global liberalization of airline ownership and economic regulation will not be fully realize if airline entry at major airports is impeded by a lack of available gates and takeoff and landing times. For example, in its recent negotiations with the European Union to liberalize the trans-Atlantic airline market, the U.S. government raised concerns about capacity constraints at the EU’s major hub airports.

### Air Power - Peace

#### Air power is key to security and peace

Pancake, USAF Lieutenant colonel, 12

(Frank R., Jan-Feb, Air & Space Power Journal, “The Strategic Striking Force,” <http://www.au.af.mil/au/cadre/aspj/digital/pdf/articles/Jan-Feb-2012/HH-Pancake.pdf>, p. 1-2, accessed 6/27/12, YGS)

Following a period of gradual disillusionment, during which time we began to understand these and other truths, we have come to the realization that if we are to have peace in our time it will have to be a Pax Americana. There has been further awakening to the fact that the instrument of Pax Americana must be Air Power, just as the instrument of Pax Britannica a century ago was sea power. We have come to understand that we will not be heard at the conference table, we will not be heeded in the halls of the United Nations, we will not acquire and maintain the respect of aggressor nations, and we will not be able to insure a reasonable degree of security unless we have a striking force of highly trained air units capable of immediately attacking vital targets in an enemy’s homeland. Thus, the main burden of preserving the security of the United States rests squarely on the strategic striking force of our air arm. It behooves us then to carefully study the requirements for this strategic striking force, so we may be certain that it is at all times capable of performing its mission with absolute precision and success. Its failure could well bring disaster and ruin. What, then, are the requirements, the fundamental necessities, which must be provided if the operations of the strategic air force are to be successful?

### Air Power – Rogue Nations

#### Air power solves conflict and is key to contain rogue nations

McKenzie, Defence Intelligences and Security Centre’s flight lieutenant, 12

(Sandy, Spring, Air Power Review, “The Renaissance of Air Power,” Volume 15, Number 1, <http://www.airpowerstudies.co.uk/APR%20Vol%2015%20No%201.pdf> p. 94, accessed 6/27/12, YGS)

Renaissance of Air Power As outlined above, the ‘New World Disorder’ that unfolded in the aftermath of the Cold War has provided numerous examples in which the utility of air power is evident across the spectrum of conflict. However, it is in the future that air power is likely to prosper most as postmodern governments shy away from expensive, inconclusive and arguably counterproductive counter insurgency campaigns. Air power will never succeed in delivering policy ends in isolation, but given the necessary preconditions, as illuminated in Libya, and hard headed objectives, it will offer politicians the opportunity to seize ‘relative advantage’ in crises that are too important to ignore, but too costly to fully resource. Change will be necessary in order that a true renaissance can flourish. Indeed ‘algorithmic warfare’ and data exploitation will become far more challenging than, for example, operating remotely piloted vehicles in high threat environments. Nonetheless, air power will remain the primary means of operating at range, in support of indigenous forces, interdicting a belligerent’s military capability, or containing rogue states. As events in Libya have proven, the renaissance may just be beginning. Recent analysis has concluded that, in Libya, ‘foreign air power comprised the rebels’ asymmetric advantage, without which their uprising would almost certainly have been quelled by Gaddafi’s forces. For proponents of air power, the outcome illustrated its judicious application, showing the way for foreign intervention in future local conflicts in spite of the general fatigue with the wars in Iraq and Afghanistan.’ 24 Indeed, the current Chief of the Air Staff appears to have been particularly prescient when arguing in early 2010 that: ‘Unfortunately, it’s only too easy for a foreign contingent to be portrayed as an alien and occupying force; it’s much better for the majority of ‘boots on the ground’ to be indigenous, supported and assisted by appropriate and highly trained specialists and Special Operations Forces with access to the higher-tech capabilities – including air and space power – that are difficult for local security forces to acquire and operate.’ 25 Ultimately, air power will never remove the requirement for complimentary land and maritime components; however to suggest it is in decline fails to grasp the new dawn of strategic calculation that confronts us. Alexander de Seversky famously argued that ‘air power speaks a strategic language’. 2 6 He could have had no idea how correct he would be.

### Air Power - China

#### Air power is key to check Chinese aggression over Taiwan, Russian and Iranian conflict

Slawson, USAF Lieutenant Colonel, 08

(Andrew T., 4/4, National Defense University, Joint Advanced Warfighting School, “Air Power’s First Among Equals: Why Air Superiority Still Matters,” <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ada487133>, p. 4-5, accessed 6/27/12, YGS

This may seem a blinding flash of the obvious, however, closer examination presents the US military with a series of challenges in executing these missions. Confronting China over an attack on Taiwan presents multiple challenges for U.S. forces. They are quickly modernizing their air defenses with advanced Russian weaponry. The tyranny of distance presents its own series of challenges for access and sustainment of combat power. In the case of Iran, a potential nuclear armed state, a modernizing air defense network, and a known sponsor of multiple terrorist organizations which will certainly threaten our theater basing is equally problematic. Chinese and Iranian air defenses pose a significant threat to our current aircraft. The Russian arms industry is alive and well, despite the decline in readiness of Russian conventional forces. The Russians continue to develop, field, and alarmingly, export advanced air defense systems capable of challenging the currently fielded 4 th generation aircraft like the USAF’s F-15, F-15E, F16, and the F-18s of the USN and USMC. Air Force Secretary, Michael Wynne recently commented why our 4 th generation fighters need replacing, stating “If we were to engage Iran or Venezuela in an air campaign no fourth generation fighters—including the F-15 Eagle, the F-16 Falcon and the Navy’s F/A-18 Hornet—would be able to participate.” 7 Advanced Russian air defense systems, if deployed, would render our current strike inventory at significant risk. Our 2005 National Defense Strategy lays out how we will accomplish our objectives in support of the National Security Strategy: 1) Assure allies and friends, 2) Dissuade potential adversaries, 3) Deter aggression and counter coercion, 4) Defeat adversaries. One of the assumptions listed as the underpinning of this strategy is that “we will have no global peer competitor and will remain unmatched in traditional military capability.” 8 Our current 4 th generation air superiority fighters, despite reigning undisputed for the last 30 years, are well past their intended service life and lack the stealthy requirements to defeat advanced surface to air systems. While this author does not doubt the bravery, superior doctrine, and training of our airman, I am extremely concerned that our commitment to the funding of future air superiority fighters, in the face of an enemy equipped with sophisticated fighters and surface to air systems, is insufficient. The real question is what the potential loss or even inability to achieve air superiority means for the JFC? If at all, how does it limit his ability to execute U.S. national objectives. “Air superiority is, however, merely a means towards the end; it is a state in which the exercise of air power becomes possible.” 9 In fact, air power, enables the exercise of all military power that the JFC can bring to bear. Let me make it clear that while this topic is written by an Air Force officer, this paper advocates a capability, not a platform, nor that the Air Force must be the only force equipped for this mission. George Washington’s words written in 1780 are still hauntingly true today: “There is nothing likely to produce peace as to be well prepared to meet an enemy.” 10

## Freight Rail

### **1AC Advantage - Grain**

#### Substantial investment is key to maintain the freight industry – it's the most efficient and environmentally friendly way to transport goods

Dovell, Council on Foreign Relations contributor, 12

(Elizabeth, Council on Foreign Relations, 3-7-12, "U.S. Rail Infrastructure," http://www.cfr.org/united-states/us-rail-infrastructure/p27585, accessed 6-27-12, CNM)

Compared to other modes of freight transport, rail also has a smaller environmental impact, better fuel efficiency, and lower costs over large distances. Steel wheel technology makes rail far more efficient than truck freight due to limited rolling resistance: railcars become more efficient as more weight is added. Trains can now move one ton of cargo approximately 484 miles on just one gallon of fuel, according to the American Association of Railroads. Lower freight rail costs save consumers money and help keep U.S. manufacturers globally competitive. According to Dr. Pasi Lautala, director of the Rail Transport Program at Michigan Technological University, "If you talk to industry experts, everyone has a positive outlook on the future of the freight rail industry, because it makes sense if you look at the world right now. You look at the economic advances, especially in fuel consumption compared to truck traffic and the limitations of marine transportation."

But challenges remain. Freight rail will need substantial investment in the future, despite its current success. Congestion is on the rise, and capacity must increase by approximately 90 percent to meet estimated demands by 2035, according to the U.S. Transportation Department. Re-regulation and the potential for track sharing with high-speed and express intercity rail could also put the freight industry under strain. President Obama has proposed a 110 mile-per-hour intercity passenger speed limit, which could create congestion problems for slower-running freight trains.

#### Railroads are key to grain shipment – ships multiple kinds of grain products

Association of American Railroads, railroad policy, research, and technology organization, 11

(Association of American Railroads, July 2011, "Railroads and Grain," http://www.aar.org/Economy/~/media/aar/Background-Papers/Railroads-and-Grain.ashx, accessed 6-27-12, CNM)

The grain logistical chain in the United States is complex — production, movement to storage, storage availability, and movement out of storage to domestic and export markets depend on a variety of interdependent factors. Railroads, along with barges and trucks, are a critical part of the chain.

In fact, grain — including barley, corn, oats, rice, rye, sorghum, soybeans, and wheat — is one of the most important commodities for U.S. freight railroads. In 2010, Class I (the largest) railroads originated 1.6 million carloads of grain (5.5 percent of total carloads) carrying 151.5 million tons (8.2 percent of total tons) and earning gross revenue of $4.84 billion (8.4 percent of total revenue). Grain is also a key commodity for scores of short line and regional freight railroads.

Railroads also haul large amounts of grain-related food products, including flour and other grain mill products; animal feed; corn syrup and corn starch; milled rice; soybean oil, cake, and meal; and dried distillers grain. In 2010, grain-related food products accounted for more than 806,000 carloads (2.8 percent of the total), 71.7 million tons (3.9 percent of the total), and $2.4 billion (4.2 percent of total gross revenue) for Class I railroads.

U.S. freight railroads carry more corn than any other type of grain. From 2006-2010, corn accounted, on average, for 73.0 million tons originated (51 percent of total rail grain) and $2.1 billion in gross revenue (48 percent of total grain revenue) each year, well ahead of wheat (38.8 million tons, $1.2 billion) and soybeans (21.9 million tons, $688 million). Over this period, Class I railroads also hauled an average of 18.5 million tons of soybean cake and meal per year, 11.2 million tons of corn syrup, 9.9 million tons of flour and related products, 6.9 million tons of soybean oil, 6.7 million tons of prepared animal feed, and 6.1 million tons of dried distillers grains (which is a rapidly growing commodity for railroads).

All told, in 2010, grain and grain-related food products accounted for 2.4 million carloads (8.3 percent of total carloads), 223 million tons (12.1 percent of the total), and $7.3 billion in gross revenue (12.7 percent of the total) for U.S. Class I railroads.

#### Grain exports are key to US-China trade relationship – one of the only bright spots in the trade relationship

Meyer and Hook, Financial Times, 10

(Gregory & Leslie, 7-12-10, Financial Times, "US farmers cash in on Chinese demand," <http://www.ft.com/intl/cms/s/0/5f2c9996-8de9-11df-9153-00144feab49a.html#axzz1z8GXka3N>, accessed 6-28-12, CNM)

The concrete silos of the first US grain export depot to be built in 25 years are rising 66 miles up river from the Pacific Ocean, two mountain ranges and more than 1,500 miles away from the nation’s midwestern breadbasket.

The location is easily explained: traders who historically barged most of the US grain surplus to the Gulf of Mexico now want to be closer to Asia. “China is the major driver,” says Larry Clarke, chief executive of the joint venture of commodity traders Bunge and Itochu and South Korean shipowner STX Pan Ocean that is developing the $200m (€159m, £133m) terminal in Washington state.

As US politicians lose sleep over the trade deficit with China and the dollar-renminbi exchange rate, American farmers are eyeing a record $14bn in exports there this year. The US had a $4bn trade surplus in agricultural products with China in the first four months of 2010, helping shave the total deficit to $71bn in the period. The relationship will be in focus on Tuesday when monthly trade balance data are released.

Agricultural exports to Asia are reshaping the US logistics landscape. The new Port of Longview grain terminal will handle 8m tonnes a year. At nearby Port of Grays Harbor a midwestern soyabean co-operative is adding storage for 50,000 tonnes of grain.

Down the coast, California has surpassed New Orleans as the top point of departure for US cotton shipments, “given the Asian orientation of exports”, according to a report prepared for the ICE Futures exchange. At the port of South Louisiana on the Gulf of Mexico, still North America’s leading grain export hub, China last year blew past Japan to become the top destination for outbound bulk tonnage.

Ken O’Hollaren, executive director at the Port of Longview, says the grain project there will employ 50 permanent workers. “Clearly, the growth market they had in mind to accommodate was the China market,” he said.

The US is the world’s largest exporter of soyabeans and cotton, commodities for which China is the world’s top importer. Exports “exploded” after China’s 2001 accession to the World Trade Organisation, says the US Department of Agriculture. Growing livestock and textile industries have stoked demand for animal feed and fibres. “It’s huge,” says Randy Mann, who cultivates corn, soyabeans and wheat on 2,500 acres (1,000 hectares) in Kentucky and chairs a trade and international affairs committee of the American Soyabean Association. “Probably a third of the price on the Chicago Board of Trade is related to the soyabean market in China. That’s the impact it can have.” Soyabean prices have doubled in a decade to $10 a bushel.

US agricultural exports to China are a relative bright spot in the trade relationship, despite some tensions over farm products. US beef is banned in China over BSE fears dating from 2003, for example, and US chicken imports face high antidumping and antisubsidy duties. Dairy is also an area of concern, with the countries currently negotiating over a new certification requirement for US dairy imports.

#### US-China economic cooperation solves Asian stability, terrorism, crime, prolif, and disease

Wenzhong, former Chinese ambassador to the US, 4

(Zhou, Chinese diplomat and fomer ambassador of the People's Republic of China, 2-7-04, Ministry of Foreign Affairs to the People's Republic of China, "Vigorously Pushing Forward the Constructive and Cooperative Relationship Between China and the United States --In commemoration of the 25th anniversary of China-US diplomatic relations ," <http://www.fmprc.gov.cn/eng/zxxx/t64286.htm>, accessed 6-29-12, CNM)

China's development needs a peaceful international environment, particularly in its periphery. We will continue to play a constructive role in global and regional affairs and sincerely look forward to amicable coexistence and friendly cooperation with all other countries, the United States included. We will continue to push for good-neighborliness, friendship and partnership and dedicate ourselves to peace, stability and prosperity in the region. Thus China's development will also mean stronger prospect of peace in the Asia-Pacific region and the world at large. China and the US should, and can, work together for peace, stability and prosperity in the region.

Given the highly complementary nature of the two economies, China's reform, opening up and rising economic size have opened broad horizon for sustained China-US trade and economic cooperation. By deepening our commercial partnership, which has already delivered tangible benefits to the two peoples, we can do still more and also make greater contribution to global economic stability and prosperity.

Terrorism, cross-boundary crime, proliferation of advanced weapons, and spread of deadly diseases pose a common threat to mankind. China and the US have extensive shared stake and common responsibility for meeting these challenges, maintaining world peace and security and addressing other major issues bearing on human survival and development. China is ready to keep up its coordination and cooperation in these areas with the US and the rest of the international community.

#### Nuclear Proliferation Causes Extinction

Utgoff, Deputy Director of the Strategy, Forces, and Resources Division of the Institute for Defense Analysis 2

(Victor, Survival, Fall,2002, p. 87-90)

In sum, widespread proliferation is likely to lead to an occasional shoot-out with nuclear weapons, and that such shoot-outs will have a substantial probability of escalating to the maximum destruction possible with the weapons at hand. Unless nuclear proliferation is stopped, we are headed toward a world that will mirror the American Wild West of the late 1800s. With most, if not all, nations wearing nuclear 'six-shooters' on their hips, the world may even be a more polite place than it is today, but every once in a while we will all gather on a hill to bury the bodies of dead cities or even whole nations.

### 1AC Advantage – Coal

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Dovell, Council on Foreign Relations contributor, 12

(Elizabeth, Council on Foreign Relations, 3-7-12, "U.S. Rail Infrastructure," http://www.cfr.org/united-states/us-rail-infrastructure/p27585, accessed 6-27-12, CNM)

Compared to other modes of freight transport, rail also has a smaller environmental impact, better fuel efficiency, and lower costs over large distances. Steel wheel technology makes rail far more efficient than truck freight due to limited rolling resistance: railcars become more efficient as more weight is added. Trains can now move one ton of cargo approximately 484 miles on just one gallon of fuel, according to the American Association of Railroads. Lower freight rail costs save consumers money and help keep U.S. manufacturers globally competitive. According to Dr. Pasi Lautala, director of the Rail Transport Program at Michigan Technological University, "If you talk to industry experts, everyone has a positive outlook on the future of the freight rail industry, because it makes sense if you look at the world right now. You look at the economic advances, especially in fuel consumption compared to truck traffic and the limitations of marine transportation."

But challenges remain. Freight rail will need substantial investment in the future, despite its current success. Congestion is on the rise, and capacity must increase by approximately 90 percent to meet estimated demands by 2035, according to the U.S. Transportation Department. Re-regulation and the potential for track sharing with high-speed and express intercity rail could also put the freight industry under strain. President Obama has proposed a 110 mile-per-hour intercity passenger speed limit, which could create congestion problems for slower-running freight trains.

#### Key to coal transportation

The Economist 10

(The Economist, July 22 2010, "High-speed railroading," http://www.economist.com/node/16636101, accessed 6-27-12, CNM)

Coal is the biggest single cargo, accounting for 45% by volume and 23% by value. More than 70% of coal transport is by rail. As demand grows for the lower-sulphur coal from the Powder River Basin in Wyoming, it has to travel farther. In response railroads have invested in more powerful locomotives to haul longer coal trains: since 1990 the average horsepower of their fleet has risen by 72%. Yet energy efficiency has also improved. Lighter, aluminium freight wagons, double-decker ones and more fuel-efficient locomotives have lifted the number of ton-miles per (American) gallon of fuel from 332 to 457—an improvement of 38%.

#### Coal boosts the economy – comparatively the best energy source

Rose, USC Research Professor, and Wei, USC School of Public Policy Research Assistant, 6

(Adam Z., Research Professor Acting Director, Energy Institute Coordinator for Economics, Center for Risk and Economic Analysis of Terrorism Events, and Dan, The Center for Energy and Economic Development, July 2006, "The Economic Impacts of Coal Utilization and Displacement in the Continental United States, 2015," <http://www.coalcandothat.com/images/content/PennState2006UpdateFinal072506.pdf>, p. 18, accessed 6-27-12, CNM)

Coal-based electricity generation provides a significant stimulus to the U.S. economy by increasing output, income, and employment in all sectors through direct and indirect (multiplier) effects. It also increases the purchasing power of the consumer, and enhances the competitiveness of U.S. exports, by avoiding increased reliance on higher-priced fuels and electricity-generating technologies. Even when we take into account the positive economic effects of capital investments and operation of alternative energy generation sources, the replacement of coal-based electricity by relatively more expensive fuels or generating technologies would have a net negative economic impact on every region and on nearly every state. In general, these results reflect the large economic benefits associated with coal’s favorable price differential effect relative to alternative fuels.

#### Solves the economy, fossil fuel dependence, and oil price shocks affecting the US

Crude Oil Brokers, private oil facilitators, 12

(Crude Oil Brokers, 3-29-12, "Coal Reduces Reliance On Foreign Oil," http://crudeoilbrokers.org/oil/coal-reduces-reliance-on-foreign-oil/, accessed 6-27-12, CNM)

Recently, the price of a barrel of oil rose to $40, the most expensive price in American history. With the rise in oil prices and constant instability in the Middle East, the United States seems headed for an energy crisis.

But there is an abundant, low-cost energy source located throughout the country. That energy source is coal.

After years of mine shutdowns, there is a renewed interest in coal in the United States. Companies such as Quest Minerals and Mining Corp. are now reopening mines and resuming coal production.

There are 274 billion tons of coal in mines across the country. That amount of coal could last the United States for about 250 years, considering that the average American uses 7,000 pounds of coal each year. Using this resource decreases dependence of foreign oil and stimulates the economy in several ways. Crude Oil Brokers website.

First, coal stimulates the American economy by maintaining and creating jobs for people that work in the mines and in coal transportation. For each of the four major freight rail lines, coal represents at least 40 percent of the total tonnage hauled each year. Many people are dependent on coal for their livelihood and will remain so if Americans increase their use of coal as an energy source.

Moreover, because coal is a domestic resource, the cost of transporting it is much lower than the cost of importing oil from other nations. Transportation costs of coal are also lower because there are more options for transporting coal from one place to another. Coal is carried by barge and by train.

Using coal is beneficial for more than just jobs and reducing transportation costs. The abundance of coal allows the price to remain stable, unlike oil prices in the volatile Middle East. Commodities like coal, whose costs remain stable or decrease, keep inflation low. Low inflation rates allow Americans to be confident that their savings and investments are safe.

Another major benefit of coal power is the cost of electricity generated by coal. Generation of coal power costs one-fourth that of natural gas power generation. Businesses using coal power keep their overhead costs low and maximize profitability. Furthermore, coal is used to generate electricity for telecommunications, computers and all other electric-based technologies that boost the American economy.

#### Economic collapse causes lots and lots and lots of nuclear wars.

Kemp, national security assistant to the president, ’10

[Geoffrey Kemp, Director of Regional Strategic Programs at The Nixon Center, served in the White House under Ronald Reagan, special assistant to the president for national security affairs and senior director for Near East and South Asian affairs on the National Security Council Staff, Former Director, Middle East Arms Control Project at the Carnegie Endowment for International Peace, 2010, Brookings Institution Press, “The East Moves West: India, China, and Asia’s Growing Presence in the Middle East,” p. 233-4]

The second scenario, called Mayhem and Chaos, is the opposite of the first scenario; everything that can go wrong does go wrong. The world economic situation weakens rather than strengthens, and India, China, and Japan suffer a major reduction in their growth rates, further weakening the global economy. As a result, energy demand falls and the price of fossil fuels plummets, leading to a financial crisis for the energy-producing states, which are forced to cut back dramatically on expansion programs and social welfare. That in turn leads to political unrest: and nurtures different radical groups, including, but not limited to, Islamic extremists. The internal stability of some countries is challenged, and there are more “failed states.” Most serious is the collapse of the democratic government in Pakistan and its takeover by Muslim extremists, who then take possession of a large number of nuclear weapons. The danger of war between India and Pakistan increases significantly. Iran, always worried about an extremist Pakistan, expands and weaponizes its nuclear program. That further enhances nuclear proliferation in the Middle East, with Saudi Arabia, Turkey, and Egypt joining Israel and Iran as nuclear states. Under these circumstances, the potential for nuclear terrorism increases, and the possibility of a nuclear terrorist attack in either the Western world or in the oil-producing states may lead to a further devastating collapse of the world economic market, with a tsunami-like impact on stability. In this scenario, major disruptions can be expected, with dire consequences for two-thirds of the planet’s population.

### Grain Scenario – US Key

#### US key to global grain production – two reasons

#### 1st. Largest producer

Association of American Railroads, railroad policy, research, and technology organization, 11

(Association of American Railroads, July 2011, "Railroads and Grain," http://www.aar.org/Economy/~/media/aar/Background-Papers/Railroads-and-Grain.ashx accessed 6-27-12, CNM)

The United States is the world’s top grain producer, but from year to year U.S. grain production can fluctuate widely in response to weather, government policies, fertilizer use and prices, crop prices, the financial condition of the farm sector, trends in markets overseas, and many other factors. From 2001 to 2010, average annual U.S. grain production was 497 million tons, but actual production ranged from 410 million tons to 563 million tons.

In a typical year, corn accounts for around 63 percent of U.S. grain production (measured in tons), followed by soybeans (18 percent) and wheat (13 percent).

#### 2nd – Largest exporter – but other countries are catching up – expansion of the rail system key

Association of American Railroads, railroad policy, research, and technology organization, 11

(Association of American Railroads, July 2011, "Railroads and Grain," http://www.aar.org/Economy/~/media/aar/Background-Papers/Railroads-and-Grain.ashx, accessed 6-27-12, CNM)

The United States is the world’s top grain producer and exporter, but it competes with many other countries for global grain markets. Advances in the agricultural practices and transportation infrastructure in countries that compete with U.S. grain put ever-increasing pressure on U.S. grain to remain competitive.

Like grain production, grain exports fluctuate because they are function of many factors including global grain production; economic conditions in importer and exporter countries like China, Argentina and Australia; exchange rates; grain prices; government policies; and ocean freight rates. All of these can change significantly from one year to the next, or even from month to month.

Total U.S. grain exports (the aggregate of corn, soybean, and wheat exports) averaged 129 million tons per year from 2006 through 2010, equivalent to 23 percent of U.S. grain production. Over the 5-year period, an average of 17 percent of U.S. corn production, 43 percent of U.S. soybean production, and 50 percent of U.S. wheat production was exported.

Export sales can bring additional strain and unpredictability to the transportation system because they may be unexpected large “rush” orders. Moreover, grain exports often must travel long distances from the Midwest and Great Plains to ports in the Pacific Northwest, requiring large amounts of rail assets to accomplish the move.

### Gran Scenario – General

#### Infrastructure failures cause massive delays in grain shipments – that kills our ability to effectively trade

Leonard & Tsai, Associated Press, 8

(Christopher and Catherine, The Seattle Times, 9-25-08, "U.S. grain exports limited by infrastructure bottlenecks," http://seattletimes.nwsource.com/html/nationworld/2008136169\_bottleneck25.html, accessed 6-27-12, CNM)

Rail delays are costly as well. In 2006, an estimated 1 billion bushels of Midwest grain was stored outside or in improvised shelters, adding an estimated $107 million to $160 million to the cost of transporting it, according to USDA figures. That's about 1 percent of the combined $13.8 billion value of corn and soybean exports in 2006. "We're way, way behind in our infrastructure investment, both in the private sector and publicly," said Peter Friedmann, executive director of the Agriculture Transportation Coalition, a trade group representing grain exporters. The problem is likely to persist, if not worsen, in years to come. Costly fix Fixing the bottlenecks will take billions of dollars in investment over several years. In the meantime, exports are forecast to increase, with corn shipments expected to grow every year over the next decade from 54 million metric tons to 77 million metric tons, according to the Food and Agricultural Policy Research Institute. Added costs from bigger bottlenecks will hurt U.S. farmers in a competitive global industry. "Price is still king in this business," said Larry Jansky, senior trader in agricultural commodities for North Pacific in Portland. "Two or three dollars a ton is the difference between getting a contract or not." Agricultural exports last year were worth almost $90 billion. If the U.S. loses just 1 or 2 percent of that market to fast-growing exporters like Argentina, it could drain between $900 million and $1.8 billion from the economy.

### Grain Scenario - Iran Impact

#### The US is a key grain exporter to Iran

Plume, Reuters, 12

(Karl, 3/16/12, Reuters, "Iran buys U.S. wheat again, trade set to grow," <http://www.reuters.com/article/2012/03/16/us-usa-wheat-iran-idUSBRE82F0S620120316>, accessed 6-28-12, CNM)

Wheat traders said they were not surprised that Iran was seeking grain from its arch rival, but were impressed by the size of Tehran's appetite for imported grain and urgency of that need.

"They seem to be taking hundreds of thousands of metric tonnes a week. If that's the case and we repeat 2008, if they buy 7 million metric tonnes of wheat, this is going to be a huge deal for the market," said another wheat trader, citing the last time when a drought-reduced wheat crop prompted Iran to book U.S. wheat.

He cited a recent Iranian purchase from another origin that was booked then began loading within a few days.

Global wheat stocks are hovering near record levels, but supplies in major exporting countries in position to be shipped quickly were far less abundant, traders said.

Iranian imports could top 5 million metric tonnes this year, with the majority of that by the end of May, they said.

"They are scaling up imports because of fears of poor crops due to severely dry weather in the region. Expectations for seasonal output have been reduced, and inventory levels have come off," said Shelley Goldberg, director of global resources and commodities strategy at research company Roubini Global Economics in New York.

#### Wheat is key to prevent Iranian food spikes

Pleven, Coker, and Faucon, The Wall Street Journal, 3-27

(Liam, Margaret, and Benoit, 3-27-12, The Wall Street Journal, "Iran Buying Wheat, Fearing More Curbs: Declining Currency a Factor; Sales Don't Violate Sanctions," http://online.wsj.com/article/SB10001424052702304177104577305951009015244.html, accessed 6-28-12, CNM)

Iran is ramping up imports of wheat, including rare purchases from the U.S., in a sign Tehran is building a strategic stockpile of grain in anticipation of harsher sanctions or even military conflict.

The country has bought wheat from the U.S., Australia, Brazil, and Kazakhstan in the past few months, and is in talks on what could be a major wheat buy from India, according to market watchers and official data.

Such a maneuver could bolster the Islamic regime at a time when the West is increasing pressure over Iran's disputed nuclear program, including curbing purchases of Iran's oil and freezing its government banks out of international networks. Current U.S. sanctions allow companies to sell food to Iran.

Access to wheat is crucial for the country, enabling it to prevent spikes in the cost of bread, a key staple among its 78 million citizens. Such spikes have in the past led to social unrest in Iran and elsewhere in the Middle East.

### Plan Solves – Investment Key

#### NIB can fund rail

Dovell, Council on Foreign Relations, Contributor, 12

(Elizabeth, 3-7-12, Council on Foreign Relations, “U.S. Rail Infrastructure,” <http://www.cfr.org/united-states/us-rail-infrastructure/p27585>, accessed 6-27-12, LH)

Some experts see a national infrastructure bank as a way to fund new transportation projects, including rail, and avoid these types of fights. Proponents claim that it would promote federal spending allocation based on merit as opposed to more traditional methods, such as earmarking. It would also provide credit assistance and low-interest loans to local and state government investment and encourage private investment. Several congressional bills, such as the [American Infrastructure Investment Fund Act of 2011](http://www.govtrack.us/congress/bill.xpd?bill=s112-936), would create an infrastructure bank-like entity.

#### Substantial investment key to continued strength of freight rail

Whitehead, Norfolk Southern’s Harrisburg Division superintendent, 11

(Pat, Patriot News Op-Ed, "Need for rail investment will continue to grow," http://www.pennlive.com/editorials/index.ssf/2011/07/need\_for\_rail\_investment\_will.html, accessed 6-27-12, CNM)

President Obama has urged businesses to get off the sidelines and begin hiring and spending private capital. Freight rail companies have been in the game investing and have a 30-year track record to prove it. In fact, since 1980, the freight rail industry has invested $480 billion to maintain and modernize the nation’s rail network so taxpayers don’t have to.

Looking ahead, these investments are not slowing down. In 2011, freight railroads plan to spend a record $12 billion in their own funds on capital expenditures — on items such as upgrading tracks, new fuel-efficient locomotives and new intermodal facilities.

Besides making investments in their infrastructure, railroads have been investing in people. As traffic continued to slowly return in 2010, they brought workers back and hired more to meet the growing needs of shippers. At the end of 2010, railroad employment was up roughly 5.2 percent, bringing total employment at the nation’s freight railroads to 175,000.

Railroads plan to hire more workers this year as rail traffic continues to recover. The major U.S. railroads estimate they will hire close to 10,000 workers in 2011 — some to address retirements and attrition and others to meet increased demand for transportation services.

As the economy returns to growth, pending retirements across the industry likely also will stoke a hiring wave during the next several years. According to the U.S. Railroad Retirement Board, more than 67,000 railroad employees or roughly 30 percent of the total workforce will be eligible to retire in the next five years.

All of this signals good news, as railroad employees are among America’s most highly compensated workers. According to the most recent U.S. government data, the average full-time rail worker in 2009 earned wages of $81,563 and benefits of $25,522 for a total average compensation of $107,085. That compares with the average U.S. employee who in 2009 saw average total compensation of $64,552.

The need for rail investment is going to grow. Today, each person in America requires the movement of 40 tons of freight each year. The Federal Railroad Administration says that in the next 25 years, as population levels increase, the rail network will be required to accommodate 400 million additional tons of freight, and 600 million more tons during the next 40 years.

What’s more, two of the administration’s policy goals are tied to a healthy freight rail industry continuing record investment. One is the goal to double American exports, which will require freight rail to transport even more goods to ports, efficiently and cost effectively. The other is improving intercity- and high-speed passenger rail service.

### Plan Solves – Grants, Loans, and Tax Expenditures Solve

#### National Infrastructure Bank solves – specific funding mechanisms

AASHTO, government transportation officials, 2

(American Association of State Highway and Transportation Officials, "Freight Rail: Bottom Line Report," http://www.camsys.com/pubs/FreightRailReport.pdf, pgs. 77-78, accessed 6-27-12, CNM)

The states and the federal government have three basic tools for investing in freight-rail improvements.

1. Grants from transportation programs. Existing programs such as the surface transportation program, the congestion management and air quality program, and state general transportation programs are heavily committed to the maintenance and preservation of the nation’s roadway systems; however, expanded state eligibility and flexibility in the use of these funds is appropriate where freight-rail improvements have significant highway and public benefits. The states and the federal government may wish to consider establishing a separately funded rail program. Grants give states and the federal government the best control over the use of funds. Funds can be targeted to specific projects that solve freight- and passenger-rail needs.

2. Loan and credit enhancement programs such as the Rail Revitalization and Improvement Funding program (RRIF) and Transportation Infrastructure Finance and Innovation Act (TIFIA) program.

 — RRIF is a credit program. Current requirements governing credit risk assessment have discouraged use of the program, but Congress is debating changes that would make it more accessible and expand significantly the size of the program for both Class I and short-line railroads.

— TIFIA provides loans, loan guarantees, and lines of credit for large projects. The program is modeled after a loan provided for the Alameda Corridor Transportation Project — truck and rail corridor project improving access to the ports of Los Angeles and Long Beach. To qualify for assistance under TIFIA, a project needs a source of revenue to cover debt service costs; the total project must be valued at over $100 million or 50 percent of the state’s annu-al federal-aid highway apportionments, whichever is less; the federal TIFIA loan cannot exceed one-third of the total project cost; and the project’s senior debt obligations must receive an investment-grade rating from at least one of the major credit rating agencies. These factors limit its applicability, and stand-alone rail projects are not eligible today; but TIFIA is an important tool that can be used for financing joint highway and rail projects that meet

the program guidelines.

3. Tax-expenditure financing programs, including accelerated depreciation, tax-exempt bond financing, and tax-credit bond financing. A tax-exempt bond is an obligation issued by a state or local government where the interest received by the investor is not taxable for federal income tax purposes. Tax-credit bond financing is a new form of federally subsidized debt financing, where the investor receives a federal tax credit in lieu of interest payments on the bonds. From the borrower’s perspective, it provides a zero-interest-cost loan. These programs can be used to provide targeted, income tax benefits for investments made to improve the efficiency or increase the capacity of the freight-rail system. They have the potential to elevate the rail system’s rate of return and simultaneously reduce its cost of capital.

### Plan Solves - Public Private Partnerships

#### Public-Private Partnerships are key to expansion of freight rail

Transportation Research Board of the National Academies, research statement, no date

("Public-Private Partnerships for Increasing Capacity in Rail Corridors," http://rns.trb.org/dproject.asp?n=15883 accessed 6-27-12, CNM)

Rail capacity in many parts of the U.S. is stretched to its limits. At the same time, the freight railroad industry is entering an era of new constraints on its financial performance. Intermodal traffic is the fastest growing component of rail freight traffic and has put considerable strain on the capacity of the existing infrastructure. Further projected growth in freight overall and intermodal in particular will cause more capacity constraints and issues.

Public agencies face a similar situation: highways are over capacity, freight traffic is exploding, and the financial resources to accommodate growth are limited. Adding rail capacity provides significant relief in the intermodal supply chain while relieving the need for enormous costs in highway construction and maintenance. The Freight Rail Bottom Line Report issued by the American Association of State Highway and Transportation Officials (AASHTO) indicates that at the current investment level, the freight rail system could carry the same volume of freight in 2020 that it does today, but little more. With more freight added to the highway system, AASHTO estimates that over a 20-year window, costs to shippers would equal $326 billion, costs to highway users would equal $492 billion, and additional highway costs would equal $21 billion (not counting additional maintenance and bridge costs).

As the demand for both freight and passenger transportation grows and the available land and funding resources dwindle, there is a need to maximize the use of all existing transportation facilities, including those privately owned. Today there are a few good examples of public-private partnerships (such as CSX in Virginia and the District of Columbia), but there is a need for more. The U.S. needs to analyze the benefits of public investment in rail infrastructure to benefit intermodal transportation commodity flow, including at major terminals, without diminishing private corporate activity and investments of the owning railroads.

#### Public Private cooperation is key to solve freight

Association of American Railroads, 11

(April 2011, "Working Together: Public-Private Partnerships," <http://www.aar.org/~/media/aar/Background-Papers/Working-Together.ashx>, p. 1, accessed 6-27-12, CNM)

Today more than ever, America needs safe, affordable, and environmentally sound transportation options. Public-private partnerships combine public and private resources for specific projects to help make this happen.

Without a partnership, many projects that promise substantial public benefits (such as reduced highway congestion by taking trucks off highways or increased capacity for passenger trains) in addition to private benefits (such as enabling faster and more reliable freight trains) are likely to be delayed or never started at all because neither side can justify the full investment needed to complete them. Cooperation makes these projects feasible.

With public-private partnerships, the public entity devotes public dollars to a project equivalent to the public benefits that will accrue. The private railroads contribute resources commensurate with the private gains expected to accrue. The result is a substantial expansion of the universe of projects that may be undertaken to the benefit of both parties. Since railroads contribute funding commensurate with the benefits they receive, public-private partnerships are not “subsidies” to railroads. In some partnerships, public entities and private railroads both contribute to a project’s initial investment, but the railroad alone is responsible for funding future maintenance to keep the project productive and in good repair.

#### Empirics prove

Association of American Railroads, 11

(April 2011, "Working Together: Public-Private Partnerships," <http://www.aar.org/~/media/aar/Background-Papers/Working-Together.ashx>, p. 2, accessed 6-27-12, CNM)

Examples of Rail Public-Private Partnerships That Work

One of the best known rail public-private partnerships is the Alameda Corridor, a 20- mile rail expressway connecting the Ports of Los Angeles and Long Beach to rail yards near downtown Los Angeles. Completed in 2002, the Corridor has made the ports more productive, reduced noise and congestion in the community, made streets in the region safer, reduced pollution, and allowed faster, more efficient movement of freight by rail.

The Heartland Corridor is a public-private partnership between a major eastern railroad, a number of states, and the federal government to create a shorter, faster route for double- stacked container trains moving between the Port of Virginia and the Midwest. The new routing, which is nearly 250 miles shorter than previous circuitous routings, will mean more economic development and more jobs throughout the region it serves.

The Chicago Region Environmental and Transportation Efficiency Program (CREATE) is a public-private partnership involving the state of Illinois, Chicago, and several freight and passenger railroads. A package of more than 70 distinct projects, CREATE is improving passenger rail service, reducing motorist delays, increasing safety, improving air quality, and creating jobs. Ultimately, public benefits will exceed $3.8 billion. Elements of CREATE will also enhance high-speed intercity passenger rail throughout the Midwest.

Other significant rail-related public-private partnerships include the National Gateway Project, which will enhance transportation options for shippers in the Midwest and along the Atlantic Coast by enabling trains to carry double-stacked containers, increasing freight capacity, and making corridors more marketable to major East Coast ports. In addition, the Crescent Corridor is strengthening freight distribution in the Southeast, Gulf Coast, and Mid-Atlantic by connecting a 2,500-mile network of existing rail lines with regional freight distribution centers.

### Solves Econ

#### Key to economic recovery – empirics prove

Booen, Supply Chain Digital Writer, 11

(Brett, 4/11/2011, Supply Chain Digital, "How Freight Rail is Getting the US Economy Back On Track," http://www.supplychaindigital.com/global\_logistics/how-freight-rail-is-getting-the-us-economy-back-on-track-1, accessed 6-27-12, CNM)

The freight rail industry supports over 180,000 US jobs, and by all accounts that number will rise in the coming years as the government and private investors pour millions of dollars into infrastructure improvements and make freight rail capital investments. It’s no surprise that Pennsylvania, an important corridor situated between Chicago and New York City has the most railroads with a whopping 58 tracks. Meanwhile, Hawaii has the least number of tracks with a whopping zero. If we’re going strictly by freight rail miles, then the state where everything is bigger is No. 1 as Texas sports a network of 10,743 freight rail miles. Texas hosts three signature railway companies namely Union Pacific, Kansas City Southern and Burlington Northern/Santa Fe. I don’t mean to insult your intelligence, but freight rail is an important economic driver because freight rate volumes often tell us exactly where the state of our economy is. Take 2008, for example, when the freight rail industry nearing all-time highs. Everyone was having a great time sending their stuff across America, but then it all came crashing down in 2009. I digress. A single train can carry the load of 280 or more trucks. In other words, a freight train essentially takes more than 1,100 cars off of American highways. The last thing anyone wants is more congestion on American highways. The Association of American Railroads (AAR) reports that congestion on highways costs $87 billion in wasted travel time and fuel each year. So not only is freight rail efficient and cost-effective, but it helps mitigate congestion from our nation’s roads, which was one of the more salient points Obama talked about in his State of the Union Address earlier this year. AAR President and CEO Edward R. Hamberger said, “The President has issued a clear call to American businesses, urging them to get off the sidelines and get back in the game by investing capital and hiring.” While President Obama and other leaders have called upon private companies to increase capital spending and rev up hiring, the nation’s freight railroads have been spending record sums of private capital on the rail network and bringing people back to work. Railroad hiring at the end of 2010 was up 5.2 percent over the year before, according to the report, and railroads are positioned to hire more workers in the coming years. Hamberger says, “Freight railroads have been in the game for the past 30 years, investing more than $480 billion to build and maintain America’s freight rail network with private capital, and supporting jobs all across the country. Freight railroads have a great track record and are ready to continue investing in the national rail network so U.S. taxpayers don’t have to. But, we must have a regulatory framework that supports, and does not hinder, private investment.”

### Freight Rail Solves Competitiveness

#### **Freight rail key to country’s prosperity – cheapest and most efficient form of transportation**

Dovell, Council on Foreign Relations Contributor, 12

(Elizabeth, 3-7-12, Council on Foreign Relations, “U.S. Rail Infrastructure,” <http://www.cfr.org/united-states/us-rail-infrastructure/p27585>, accessed 6-27-12, LH)

The U.S. freight rail industry continues to thrive today. "America's [freight railways](http://www.economist.com/node/16636101) are one of the unsung transport successes of the past thirty years," says the Economist. "They are universally recognized in the industry as the best in the world." Freight railroad is maintained with little taxpayer money, unlike alternative forms of freight transport such as trucks and barges, for which the government maintains the infrastructure. Over the last several decades, U.S. freight companies have made billion-dollar [investments](http://www.aar.org/NewsAndEvents/Press-Releases/2011/06/22-STB.aspx) in the national rail network. Warren Buffett highlighted this trend in 2009, increasing Berkshire Hathaway's holdings of [BNSF (USA Today)](http://www.usatoday.com/money/companies/management/2010-03-25-buffett23_CV_N.htm)--the nation's second largest railroad--by $26 billion. Remarking on the historic investment, which was the largest in the history of Berkshire, Buffett said, "Our country's prosperity depends on its having an efficient and well-maintained rail system."

#### **Rail helps keep U.S. companies competitive – lowers maintenance costs**

Dovell, Council on Foreign Relations Contributor, 12

(Elizabeth, 3-7-12, Council on Foreign Relations, “U.S. Rail Infrastructure,” <http://www.cfr.org/united-states/us-rail-infrastructure/p27585>, accessed 6-27-12, LH)

Compared to other modes of freight transport, rail also has a smaller [environmental impact](http://freightrailworks.org/#innovation/carbon), better fuel efficiency, and lower costs over large distances. Steel wheel technology makes rail far more efficient than truck freight due to limited rolling resistance: railcars become more efficient as more weight is added. Trains can now move one ton of cargo approximately 484 miles on just one [gallon of fuel](http://www.aar.org/~/media/aar/Background-Papers/Freight-RR-Help-Reduce-Emissions.ashx), according to the American Association of Railroads. Lower freight rail costs save consumers money and help keep U.S. manufacturers globally competitive. According to Dr. Pasi Lautala, director of the Rail Transport Program at Michigan Technological University, "If you talk to industry experts, everyone has a positive outlook on the future of the freight rail industry, because it makes sense if you look at the world right now. You look at the economic advances, especially in fuel consumption compared to truck traffic and the limitations of marine transportation."

### AT: Coal Industry Bias

#### No bias – Crude Oil Brokers work with foreign oil companies – they would have no incentive to say fossil fuel dependence is a bad thing

Crude Oil Brokers, no date

("About Crude Oil Brokers," http://crudeoilbrokers.org/about-us/, accessed 6-27-12, CNM)

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We have serious global buyers and sellers of a variety of light crude oil and diesel oil plus a process that both protects and speeds up the buying process of crude oil.

### Solves Warming

#### Freight rail is key to reducing congestion and carbon emissions

Association of American Railroads, railroad policy, research, and technology organization, 11

(Association of American Railroads, January 20 2011, "AAR Highlights Freight Rail’s Role in Easing Highway Gridlock," http://www.aar.org/NewsAndEvents/Press-Releases/2011/01/21-gridlock.aspx accessed 6-27-12 CNM)

“Relief for gridlock rides on our nation’s rail system,” said AAR President and CEO Edward R. Hamberger. “By moving more people and goods by rail, we can relieve congestion, reduce greenhouse gas emissions and help consumers save expensive fuel wasted in highway traffic.” Freight rail’s congestion curbing credentials are considerable: Today, one freight train can carry the load of more than 280 trucks, which is roughly equivalent to removing 1,100 cars from our congested highways. Thanks to constant efforts to improve fuel efficiency, a typical freight train can move a ton of goods 480 miles on a single gallon of fuel. That’s like driving from Washington, D.C. to Toledo, Ohio on just one gallon of gas.

#### Key to solving road congestion – causes a transition in the way businesses are run

The Economist 10

(The Economist, July 22 2010, "High-speed railroading," http://www.economist.com/node/16636101, accessed 6-27-12, CNM)

But the past ten years have seen another source of growth, as interstate highways have become clogged in places and have shown the effects of a lack of investment. Since one freight train can carry as much as 280 lorries can, railways can help to limit the rise in road congestion. Trucking companies such as J.B. Hunt have come to see the advantage of putting trailers on flat wagons for long-haul and using roads only for local pickup and delivery. This move was also spurred, according to Mr Phillips, by a shortage of lorry drivers. He says that tougher drink-driving rules and social changes have shrunk the numbers of “good ole boy” truckers inured to a life on the road. Most hauliers now suffer labour turnover of 100% a year.

#### Its key to the environment

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 09’

(James, Robert, Heidi, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 17, Accessed: 6/26/12, GJV)

By 2035, demand for freight rail transportation is expected to double (AAR, 2007). Maintaining adequate infrastructure is essential if freight rail is to continue to provide a more environmentally benign alternative to long-distance trucking. Intercity passenger rail, mostly on trains operated by Amtrak, currently links over 500 cities nationwide and provides a viable alternative to air and road transport (Department of Transportation, 2007). Insufficient capital investment in freight and intercity rail would compromise the future contributions of railroads to the U.S. economy. In turn, these investment gaps would slow down the transition to a clean-energy economy. Unlike road transportation, rail infrastructure is largely financed by private companies. Since the railroads were deregulated in the late 1970s, securing the funds for ongoing capital improvements has been a challenge. It is unclear to what extent railroad companies will be able to finance future fixed capital requirements from ongoing revenues (ASCE, 2005). If railroads cannot finance sufficient capital improvements, the growth in demand for rail services would shift onto the road system—increasing congestion, road maintenance costs, as well as increasing greenhouse gas emissions. A recent study by the Association of American Railroads projects that infrastructure investment of $148 billion is required in the next 28 years to be able to meet the projected level of demand (AAR, 2007). This translates into a capital investment need of $5.3 billion per year. The American Society of Civil Engineers estimates that investment needs of freight rail and intercity systems would total $12-13 billion a year over the next 20 years (ASCE, 2005). However, this estimate includes investments that would have taken place anyway, given historical trends. Therefore, we use the $5.3 billion figure as the best available estimate of the need for additional rail infrastructure in the future.

### Rail Solvency – Better Fuel Efficiency

#### Rail has better fuel efficiency compared to other transportation

Dovell, Council on Foreign Relations, 12
(Elizabeth, 3-7-12, Council on Foreign Relations, “U.S. Rail Infrastructure”, <http://www.cfr.org/united-states/us-rail-infrastructure/p27585>, accessed 6-29-12, LP)

Compared to other modes of freight transport, rail also has a smaller environmental impact, better fuel efficiency, and lower costs over large distances. Steel wheel technology makes rail far more efficient than truck freight due to limited rolling resistance: railcars become more efficient as more weight is added. Trains can now move one ton of cargo approximately 484 miles on just one gallon of fuel, according to the American Association of Railroads. Lower freight rail costs save consumers money and help keep U.S. manufacturers globally competitive. According to Dr. Pasi Lautala, director of the Rail Transport Program at Michigan Technological University, "If you talk to industry experts, everyone has a positive outlook on the future of the freight rail industry, because it makes sense if you look at the world right now. You look at the economic advances, especially in fuel consumption compared to truck traffic and the limitations of marine transportation."

### Freight Security – Vulnerable Now

#### Vulnerability now – terrorists could use chemicals from freights as weapons of mass destruction

Orum, Center for American Progress, consultant on chemical security, 7

(Paul, 4-10-07, Center for American Progress, "Toxic Trains by the Numbers: Chlorine Gas Railcars Vulnerable to Terrorism," <http://www.americanprogress.org/issues/2007/04/trains_numbers.html>, accessed 6-28-12, CNM)

Each year, thousands of tons of highly toxic chlorine gas are shipped by rail to drinking water and wastewater treatment facilities around the United States. These toxic trains travel over thousands of miles of rail and through populous areas, placing millions of Americans at risk. A rupture of one of these railcars could release a lethal plume of gas for miles downwind, potentially causing thousands of casualties.

Chlorine gas railcars represent a major national security vulnerability. The Department of Homeland Security has warned that terrorists could use industrial chemicals as improvised weapons of mass destruction. Yet the Bush administration and Congress have failed to eliminate unnecessary uses of chlorine gas railcars even where more affordable and practical water-treatment alternatives exist.

#### Current security standards don’t solve

Orum, Center for American Progress, consultant on chemical security, 7

(Paul, 4-10-07, Center for American Progress, "Toxic Trains by the Numbers: Chlorine Gas Railcars Vulnerable to Terrorism," <http://www.americanprogress.org/issues/2007/04/trains_numbers.html>, accessed 6-28-12, CNM)

Toxic trains are an immense threat to the nation’s railways and communities, and one that can be eliminated at a manageable cost. Meaningful federal security standards that go beyond the temporary and cosmetic chemical security legislation enacted last fall are necessary to prevent terrorists from taking advantage of this vulnerability.

## High Speed Rail

### Bank Invests in High Speed Rail

#### The plan provides certainty of the creation of high speed rail

Tyson, UC Berkeley Haas School of Business professor, 11

(Laura D’Andrea, is a professor at the Haas School of Business at the University of California, Berkeley, and served as chairwoman of the Council of Economic Advisers under President Clinton, June 03 2011, "The Virtues of Investing in Transportation," http://economix.blogs.nytimes.com/2011/06/03/the-virtues-of-investing-in-transportation/, accessed 6-25-12, CNM)

That’s also why both the administration and a bipartisan group — led by Senators John Kerry, Democrat of Massachusetts; Kay Bailey Hutchison, Republican of Texas; and Mark Warner, Democrat of Virginia — have proposed the creation of a national infrastructure bank. Such a bank would focus on transformative projects of national significance, like the creation of a high-speed rail system or the modernization of the air traffic control system. Such projects are neglected by the formula-driven processes now used to distribute federal infrastructure funds among states and regions. The bank would also provide greater certainty about the level of federal funds for multiyear projects by removing those decisions from the politically volatile annual appropriations process and would select projects based on transparent cost-benefit analysis by independent experts. The bank would be granted authority to create partnerships with private investors on individual projects, and these would increase the funds available and foster greater efficiency in project selection, operation and maintenance. Such partnerships — common in Europe and other parts of the world — often result in earlier completion of projects, lower costs and better maintenance of infrastructure compared with investments made solely by public entities. Despite rapid growth in the last decade, such partnerships are still rare in the United States. Why? Because infrastructure decisions are fragmented, with states, cities and municipalities owning their own assets and applying their own political and economic criteria to potential deals with private investors. Several states do not have legislation authorizing partnerships and no guidelines exist for how decisions will be made. One obstacle may be gone: Representative James Oberstar, Democrat of Minnesota and the previous chairman of the House Transportation and Infrastructure Committee, opposed these partnerships and urged state and local officials to avoid them. He lost his seat in 2010, and Representative John Mica, Republican of Florida, who now heads the committee, supports the partnership concept.

### Solves Carbon Emissions and Fossil Fuel Dependency

#### High speed rail drastically reduces carbon emissions

CER, group of infrastructure companies from the European Union, UIC, international union of railways, and UNIFE, Professional association for the railway supply industry, 11

(The Community of European Railway, International Union of Railways, the Association of the European Rail Industry, 12-9-11, "the Association of the European Rail Industry," http://www.uic.org/com/IMG/pdf/111208\_high\_speed\_rail\_study.pdf, accessed 6-26-12, CNM)

The carbon footprint of high speed rail can be up to 14 times less carbon intensive than car travel and up to 15 times less than aviation even when measured over the full life-cycle of planning, construction and operation.

The figures are outlined in two new research reports detailing the ways in which railways contribute to a more sustainable transport system. Using case studies and new data, the reports, carried out by consultancy Systra for the International Union of Railways (UIC), also demonstrates the benefits of high speed rail in terms of speed, reliability, comfort and safety.

The main report, “High Speed Rail and Sustainability” considers the social, economic and environmental aspects of high-speed rail performance, and makes a compelling case for why rail has major advantages in all three areas.

The accompanying background report, “Carbon Footprint of High Speed Rail Lines”, takes four case studies of high-speed rail lines (two in Europe and two in Asia) and carries out a transparent, robust assessment of carbon emissions for each route, including the planning, construction (track and rolling stocks) and operation phases.

For example, emissions on the high-speed Méditerranée line from Valence to Marseille average 11.0g CO2 per passenger km, compared to 151.6g CO2 per passenger km for car and 164.0g CO2 per passenger km for air. The environmental ‘pay back’ time for this route – the length of time it takes for the emissions saved by the impact of the new high-speed services to overtake the additional emissions produced through the line’s construction – was just 5.3 years.

New high-speed lines can lead to significant reductions in CO2 emissions by creating modal shift from air to rail. For example, 48,000 less tonnes of CO2 are now produced on the Madrid to Seville corridor following completion of the high-speed line - and have a lower direct land-take requirement than

roads (2.5ha/km v. 1.3ha/km).

HSR, which is only operated on the electrified network, can directly benefit from the “greening” of the energy supply network, which over time will reduce its carbon emissions even further.

#### HSR drastically reduces carbon emissions, fossil fuel dependency, sprawl, and increases jobs – California HSR alone would solve

Center for American Progress, think tank, 10

(The Center for American Progress is an independent nonpartisan educational institute, 3-24-10, "It's Easy Being Green: Rail Transport Picks Up Speed," http://www.americanprogress.org/issues/2010/03/ebg\_032310.html, accessed 6-26-12, CNM)

The United States uses 25 percent of the entire world’s oil supply despite having only 5 percent of the world’s population, and sprawling communities force people to drive even short distances. We need alternate modes of transportation to kick this oil dependence, and one alternative is high-speed rail, which offers tantalizing environmental and economic benefits. President Barack Obama, Vice President Joseph Biden, and Transportation Secretary Ray LaHood announced a strategic plan for high-speed rail last year that includes $8 billion in the American Recovery and Reinvestment Act and $1 billion a year for five years in the federal budget. Their goal is to jumpstart a potential world-class rail system in the United States.

These economic incentives for a mass U.S. network of high-speed rail trains, or HSR, along existing transportation corridors could create much-needed jobs, decrease our dependence on foreign oil and fossil fuels, and significantly reduce greenhouse gas emissions.

The national implementation of HSR would create jobs in the planning, design, and construction of track and station infrastructure as well as the management, design, and manufacturing of high-speed trains. A study by the California High-Speed Rail Authority found that building their proposed HSR system—which would run from Los Angeles to San Francisco and voters OK’d in 2008—will create 150,000 construction jobs and 450,000 permanent jobs.

Critics worry that HSR will encourage sprawl and have a significant impact on parks and wildlife refuges. Yet there have been no links established between existing HSR stations in France and Spain, for example, and an epidemic of suburban growth. In fact, sprawl could be a thing of the past if we take preventative measures to encourage urban density, enact antisprawl regulations, and make it convenient to travel to outlying HSR stations with plenty of garage parking.

HSR systems would take advantage of existing transportation corridors to minimize intrusion onto protected nature reserves, decrease air pollution generated by internal combustion engines in cars, and reduce greenhouse gas emissions. The California HSR, for example, will remove 12 billion pounds of carbon dioxide per year by 2030 because it uses electricity generated from wind, solar, and other renewable resources. In addition, California’s HSR will save 12.7 million barrels of oil by 2030.

Further, the Center for Clean Air Policy and the Center for Neighborhood Technology concluded in 2006 that a national HSR system could reduce the number of annual car trips by 29 million and annual plane flights by 500,000, saving 6 billion pounds of carbon dioxide emissions equal to removing 1 million cars from the road each year.

### Reducing Carbon Emissions Key to Global Warming

#### **Reducing GHG emissions is key to solving global warming**

Biello, Associate Editor at Scientific American, 07

(David, 11-26-07, Scientific American, “10 Solutions For Climate Change,” <http://www.scientificamerican.com/article.cfm?id=10-solutions-for-climate-change>, Accessed: 6/29/12, GJV)

The enormity of [global warming](http://www.scientificamerican.com/topic.cfm?id=global-warming-and-climate-change) can be daunting and dispiriting. What can one person, or even one nation, do on their own to slow and reverse [climate change](http://www.sciam.com/article.cfm?articleId=A1E03678-E7F2-99DF-349533FA77189693)? But just as ecologist Stephen Pacala and physicist Robert Socolow, both at Princeton University, came up with 15 so-called "[wedges](http://www.sciam.com/article.cfm?chanID=sa006&colID=1&articleID=0009E49D-D132-14E5-913283414B7F0000)" for nations to utilize toward this goal—each of which is challenging but feasible and, in some combination, could [reduce greenhouse gas emissions to safer levels](http://www.sciam.com/article.cfm?articleId=3E0F9160-E7F2-99DF-358998AA3C1A910F)—there are personal lifestyle changes that you can make too that, in some combination, can help reduce your carbon impact. Not all are right for everybody. Some you may already be doing or absolutely abhor. But implementing just a few of them could make a difference.

### Global Warming Causes Extinction

**Global warming will cause extinction**
Morgan, Professor of Current Affairs @ Hankuk University of Foreign Studies, South Korea 9
[Dennis Ray, December 2009, ScienceDirect, “World on fire: two scenarios of the destruction of human civilization and possible extinction of the human race”, http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CFAQFjAA&url=http%3A%2F%2Fwww.cgee.org.br%2Fatividades%2FredirKori%2F6255&ei=a9PwT\_zpK4bzrAGTy5yRAg&usg=AFQjCNHjbxWP4NLRvjdthmVe4m9m1QGdYA, Futures, Volume 41, Issue 10, Pages 683-693]

As horrifying as the scenario of human extinction by sudden, fast-burning nuclear fire may seem, the one consolation is that this future can be avoided within a relatively short period of time if responsible world leaders change Cold War thinking to move away from aggressive wars over natural resources and towards the eventual dismantlement of most if not all nuclear weapons. On the other hand, another scenario of human extinction by fire is one that may not so easily be reversed within a short period of time because it is not a fast-burning fire; rather, a slow burning fire is gradually heating up the planet as industrial civilization progresses and develops globally. This gradual process and course is long-lasting; thus it cannot easily be changed, even if responsible world leaders change their thinking about ‘‘progress’’ and industrial development based on the burning of fossil fuels. The way that global warming will impact humanity in the future has often been depicted through the analogy of the proverbial frog in a pot of water who does not realize that the temperature of the water is gradually rising. Instead of trying to escape, the frog tries to adjust to the gradual temperature change; finally, the heat of the water sneaks up on it until it is debilitated. Though it finally realizes its predicament and attempts to escape, it is too late; its feeble attempt is to no avail— and the frog dies. Whether this fable can actually be applied to frogs in heated water or not is irrelevant; it still serves as a comparable scenario of how the slow burning fire of global warming may eventually lead to a runaway condition and take humanity by surprise. Unfortunately, by the time the politicians finally all agree with the scientific consensus that global warming is indeed human caused, its development could be too advanced to arrest; the poor frog has become too weak and enfeebled to get himself out of hot water. The Intergovernmental Panel of Climate Change (IPCC) was established in 1988 by the WorldMeteorological Organization (WMO) and the United Nations Environmental Programme to ‘‘assess on a comprehensive, objective, open and transparent basis the scientific, technical and socio-economic information relevant to understanding the scientific basis of risk of humaninduced climate change, its potential impacts and options for adaptation and mitigation.’’[16]. Since then, it has given assessments and reports every six or seven years. Thus far, it has given four assessments.13 With all prior assessments came attacks fromsome parts of the scientific community, especially by industry scientists, to attempt to prove that the theory had no basis in planetary history and present-day reality; nevertheless, as more andmore research continually provided concrete and empirical evidence to confirm the global warming hypothesis, that it is indeed human-caused, mostly due to the burning of fossil fuels, the scientific consensus grew stronger that human induced global warming is verifiable. As a matter of fact, according to Bill McKibben [17], 12 years of ‘‘impressive scientific research’’ strongly confirms the 1995 report ‘‘that humans had grown so large in numbers and especially in appetite for energy that they were now damaging the most basic of the earth’s systems—the balance between incoming and outgoing solar energy’’; ‘‘. . . their findings have essentially been complementary to the 1995 report – a constant strengthening of the simple basic truth that humans were burning too much fossil fuel.’’ [17]. Indeed, 12 years later, the 2007 report not only confirms global warming, with a stronger scientific consensus that the slow burn is ‘‘very likely’’ human caused, but it also finds that the ‘‘amount of carbon in the atmosphere is now increasing at a faster rate even than before’’ and the temperature increases would be ‘‘considerably higher than they have been so far were it not for the blanket of soot and other pollution that is temporarily helping to cool the planet.’’ [17]. Furthermore, almost ‘‘everything frozen on earth is melting. Heavy rainfalls are becoming more common since the air is warmer and therefore holds more water than cold air, and ‘cold days, cold nights and frost have become less frequent, while hot days, hot nights, and heat waves have become more frequent.’’ [17]. Unless drastic action is taken soon, the average global temperature is predicted to rise about 5 degrees this century, but it could rise as much as 8 degrees. As has already been evidenced in recent years, the rise in global temperature is melting the Arctic sheets. This runaway polar melting will inflict great damage upon coastal areas, which could be much greater than what has been previously forecasted. However, what is missing in the IPCC report, as dire as it may seem, is sufficient emphasis on the less likely but still plausible **worst case scenarios**, which could prove to have the most **devastating, catastrophic consequences** for the **long-term future of human civilization**. In other words, the IPCC report places too much emphasis on a linear progression that does not take sufficient account of the dynamics of systems theory, which leads to a fundamentally different premise regarding the relationship between industrial civilization and nature. As a matter of fact, as early as the 1950s, Hannah Arendt [18] observed this radical shift of emphasis in the human-nature relationship, which starkly contrasts with previous times because the very distinction between nature and man as ‘‘Homo faber’’ has become blurred, as man no longer merely takes from nature what is needed for fabrication; instead, he now acts into nature to augment and transform natural processes, which are then directed into the evolution of human civilization itself such that we become a part of the very processes that we make. The more human civilization becomes an integral part of this dynamic system, the more difficult it becomes to extricate ourselves from it. As Arendt pointed out, this dynamism is dangerous because of its unpredictability. Acting into nature to transform natural processes brings about an . . . endless new change of happenings whose eventual outcome the actor is entirely incapable of knowing or controlling beforehand. The moment we started natural processes of our own - and the splitting of the atom is precisely such a man-made natural process -we not only increased our power over nature, or became more aggressive in our dealings with the given forces of the earth, but for the first time have taken nature into the human world as such and obliterated the defensive boundaries between natural elements and the human artifice by which all previous civilizations were hedged in’’ [18]. So, in as much as we act into nature, we carry our own unpredictability into our world; thus, Nature can no longer be thought of as having absolute or iron-clad laws. We no longer know what the laws of nature are because the unpredictability of Nature increases in proportion to the degree by which industrial civilization injects its own processes into it; through selfcreated, dynamic, transformative processes, we carry human unpredictability into the future with a precarious recklessness that may indeed end in human catastrophe or extinction, for elemental forces that we have yet to understand may be unleashed upon us by the very environment that we experiment with. Nature may yet have her revenge and the last word, as the Earth and its delicate ecosystems, environment, and atmosphere reach a tipping point, which could turn out to be a point of no return. This is exactly the conclusion reached by the scientist, inventor, and author, James Lovelock. The creator of the wellknown yet controversial Gaia Theory, Lovelock has recently written that it may be already too late for humanity to change course since climate centers around the world, . . . which are the equivalent of the pathology lab of a hospital, have reported the Earth’s physical condition, and the climate specialists see it as seriously ill, and soon to pass into a morbid fever that may last as long as 100,000 years. I have to tell you, as members of the Earth’s family and an intimate part of it, that you and especially civilisation are in grave danger. It was ill luck that we started polluting at a time when the sun is too hot for comfort. We have given Gaia a fever and soon her condition will worsen to a state like a coma. She has been there before and recovered, but it took more than 100,000 years. We are responsible and will suffer the consequences: as the century progresses, the temperature will rise 8 degrees centigrade in temperate regions and 5 degrees in the tropics. Much of the tropical land mass will become scrub and desert, and will no longer serve for regulation; this adds to the 40 per cent of the Earth’s surface we have depleted to feed ourselves. . . . Curiously, aerosol pollution of the northern hemisphere reduces global warming by reflecting sunlight back to space. This ‘global dimming’ is transient and could disappear in a few days like the smoke that it is, leaving us fully exposed to the heat of the global greenhouse. We are in a fool’s climate, accidentally kept cool by smoke, and before this century is over billions of us will die and the few breeding pairs of people that survive will be in the Arctic where the climate remains tolerable. [19] Moreover, Lovelock states that the task of trying to correct our course is hopelessly impossible, for we are not in charge. It is foolish and arrogant to think that we can regulate the atmosphere, oceans and land surface in order to maintain the conditions right for life. It is as impossible as trying to regulate your own temperature and the composition of your blood, for those with ‘‘failing kidneys know the never-ending daily difficulty of adjusting water, salt and protein intake. The technological fix of dialysis helps, but is no replacement for living healthy kidneys’’ [19]. Lovelock concludes his analysis on the fate of human civilization and Gaia by saying that we will do ‘‘our best to survive, but sadly I cannot see the United States or the emerging economies of China and India cutting back in time, and they are the main source of emissions. The **worst** will happen and survivors will have to adapt to a **hell of a climate’’** [19]. Lovelock’s forecast for climate change is based on a systems dynamics analysis of the interaction between humancreated processes and natural processes. It is a multidimensional model that appropriately reflects the dynamism of industrial civilization responsible for climate change. For one thing, it takes into account positive feedback loops that lead to ‘‘**runaway’’** conditions. This mode of analysis is consistent with recent research on how ecosystems suddenly disappear. A 2001 article in Nature, based on a scientific study by an international consortium, reported that changes in ecosystems are not just gradual but are often **sudden and catastrophic** [20]. Thus, a scientific consensus is emerging (after repeated studies of ecological change) that ‘‘stressed ecosystems, given the right nudge, are capable of slipping rapidly from a seemingly steady state to something entirely different,’’ according to Stephen Carpenter, a limnologist at the University of Wisconsin-Madison (who is also a co-author of the report). Carpenter continues, ‘‘We realize that there is a common pattern we’re seeing in ecosystems around the world, . . . Gradual changes in vulnerability accumulate and eventually you get a shock to the system - a flood or a drought - and, boom, you’re over into another regime. It becomes a self-sustaining collapse.’’ [20]. If ecosystems are in fact mini-models of the system of the Earth, as Lovelock maintains, then we can expect the same kind of behavior. As Jonathon Foley, a UW-Madison climatologist and another co-author of the Nature report, puts it, ‘‘Nature isn’t linear. Sometimes you can push on a system and push on a system and, finally, you have the **straw that breaks the camel’s back**.’’ Also, once the ‘‘flip’’ occurs, as Foley maintains, then the catastrophic change is ‘‘**irreversible**.’’ [20]. When we expand this analysis of ecosystems to the Earth itself, it’s frightening. What could be the final push on a stressed system that could ‘‘break the camel’s back?’’ Recently, another factor has been discovered in some areas of the arctic regions, which will surely compound the problem of global ‘‘heating’’ (as Lovelock calls it) in unpredictable and perhaps catastrophic ways. This disturbing development, also reported in Nature, concerns the permafrost that has locked up who knows how many **tons** of the greenhouse gasses, methane and carbon dioxide. Scientists are particularly worried about permafrost because, as it thaws, it releases these gases into the atmosphere, thus, contributing and accelerating global heating. It is a **vicious positive feedback loop** that compounds the prognosis of global warming in ways that could very well prove to be the **tipping point of no return.** Seth Borenstein of the Associated Press describes this disturbing positive feedback loop of permafrost greenhouse gasses, as when warming ‘‘. already under way thaws permafrost, soil that has been continuously frozen for thousands of years. Thawed permafrost releases methane and carbon dioxide. Those gases reach the atmosphere and help trap heat on Earth in the greenhouse effect. The trapped heat thaws more permafrost and so on.’’ [21]. The significance and severity of this problem cannot be understated since scientists have discovered that ‘‘the amount of carbon trapped in this type of permafrost called ‘‘yedoma’’ is much more prevalent than originally thought and may be 100 times [my emphasis] the amount of carbon released into the air each year by the burning of fossil fuels’’ [21]. Of course, it won’t come out all at once, at least by time as we commonly reckon it, but in terms of geological time, the ‘‘several decades’’ that scientists say it will probably take to come out can just as well be considered ‘‘all at once.’’ Surely, within the next 100 years, much of the world we live in will be quite hot and may be unlivable, as Lovelock has predicted. Professor Ted Schuur, a professor of ecosystem ecology at the University of Florida and co-author of the study that appeared in Science, describes it as a ‘‘slow motion time bomb.’’ [21]. Permafrost under lakes will be released as methane while that which is under dry ground will be released as carbon dioxide. Scientists aren’t sure which is worse. Whereas methane is a much more powerful agent to trap heat, it only lasts for about 10 years before it dissipates into carbon dioxide or other chemicals. The less powerful heat-trapping agent, carbon dioxide, lasts for 100 years [21]. Both of the greenhouse gasses present in permafrost represent a global dilemma and challenge that compounds the effects of global warming and runaway climate change. The scary thing about it, as one researcher put it, is that there are ‘‘lots of mechanisms that tend to be self-perpetuating and relatively few that tend to shut it off’’ [21].14 In an accompanying AP article, Katey Walters of the University of Alaska at Fairbanks describes the effects as ‘‘huge’’ and, unless we have a ‘‘major cooling,’’ - unstoppable [22]. Also, there’s so much more that has not even been discovered yet, she writes: ‘‘It’s coming out a lot and there’s a lot more to come out.’’ [22]. 4. Is it the end of human civilization and possible extinction of humankind? What Jonathon Schell wrote concerning death by the fire of nuclear holocaust also applies to the slow burning death of global warming: Once we learn that a holocaust might lead to extinction, **we have no right to gamble**, because if we lose, the game will be over, and **neither we nor anyone else will ever get another chance**. Therefore, although, scientifically speaking, there is all the difference in the world between the mere possibility that a holocaust will bring about extinction and the certainty of it, **morally they are the same**, and we have no choice but to address the issue of nuclear weapons as though we knew for a certainty that their use would put an end to our species [23].15 When we consider that beyond the horror of nuclear war, another horror is set into motion to interact with the subsequent nuclear winter to produce a poisonous and super heated planet, the chances of human survival seem even smaller. Who knows, even if some small remnant does manage to survive, what the poisonous environmental conditions would have on human evolution in the future. A remnant of mutated, sub-human creatures might survive such harsh conditions, but for all purposes, human civilization has been destroyed, and the question concerning human extinction becomes moot. Thus, we have no other choice but to consider the finality of it all, as Schell does: ‘‘Death lies at the core of each person’s private existence, but part of death’s meaning is to be found in the fact that it occurs in a biological and social world that survives.’’ [23].16 But what if the world itself were to perish, Schell asks. Would not it bring about a sort of ‘‘second death’’ – the death of the species – a possibility that the vast majority of the human race is in denial about? Talbot writes in the review of Schell’s book that it is not only the ‘‘death of the species, not just of the earth’s population on doomsday, but of countless unborn generations. They would be spared literal death but would nonetheless be victims . . .’’ [23]. That is the ‘‘second death’’ of humanity – the horrifying, unthinkable prospect that there are no prospects – that there will be no future. In the second chapter of Schell’s book, he writes that since we have not made a positive decision to exterminate ourselves but instead have ‘‘chosen to live on the edge of extinction, periodically lunging toward the abyss only to draw back at the last second, our situation is one of uncertainty and nervous insecurity rather than of absolute hopelessness.’’ [23].17 In other words, the fate of the Earth and its inhabitants has not yet been determined. Yet time is not on our side. Will we relinquish the fire and our use of it to dominate the Earth and each other, or will we continue to gamble with our future at this game of Russian roulette while time increasingly stacks the cards against our chances of survival?

### Warming Is Anthropogenic

#### Multiple warrants – Global Warming is real and anthropogenic

Romm, Editor of Climate Progress, Senior Fellow at the American Progress, former Acting Assistant Secretary of Energy for Energy Efficiency and Renewable Energy, Fellow of the American Association for the Advancement of Science, 10

(Jon, 6/16/10, ThinkProgress, “Disputing the “consensus” on global warming,” <http://climateprogress.org/2010/06/16/scientific-consensus-on-global-warming-climate-science/>, Accessed: 7/1/12, GJV)

**A good example of how scientific evidence drives our understanding concerns how we know that humans are the dominant cause of global warming**. This is, of course, the deniers’ favorite topic. Since it is increasingly obvious that the climate is changing and the planet is warming, the remaining deniers have coalesced to defend their Alamo — that human emissions aren’t the cause of recent climate change and therefore that reducing those emissions is pointless. Last year, longtime Nation columnist [Alexander Cockburn wrote](http://www.counterpunch.org/cockburn04282007.html), “There is still zero empirical evidence that anthropogenic production of CO2 is making any measurable contribution to the world’s present warming trend. The greenhouse fearmongers rely entirely on unverified, crudely oversimplified computer models to finger mankind’s sinful contribution.” In fact, the evidence is amazingly strong. Moreover, if the relatively complex climate models are oversimplified in any respect, it is by omitting amplifying feedbacks and other factors that suggest human-caused climate change will be worse than is widely realized. The [IPCC concluded](http://ipcc-wg1.ucar.edu/wg1/Report/AR4WG1_Print_Ch09.pdf) last year: “Greenhouse gas forcing has very likely (>90 percent) caused most of the observed global warming over the last 50 years. This conclusion takes into account … the possibility that the response to solar forcing could be underestimated by climate models.” Scientists have come to understand that “forcings” (natural and human-made) explain most of the changes in our climate and temperature both in recent decades and over the past millions of years. The primary human-made forcings are the heat-trapping greenhouse gases we generate, particularly carbon dioxide from burning coal, oil and natural gas. The natural forcings include fluctuations in the intensity of sunlight (which can increase or decrease warming), and major volcanoes that inject huge volumes of gases and aerosol particles into the stratosphere (which tend to block sunlight and cause cooling**)…. Over and over again, scientists have demonstrated that observed changes in the climate in recent decades can only be explained by taking into account the observed combination of human and natural forcings.** Natural forcings alone just don’t explain what is happening to this planet. For instance, in April 2005, one of the nation’s top climate scientists, NASA’s James Hansen, led a team of scientists that made “precise measurements of increasing ocean heat content over the past 10 years,” which revealed that the Earth is absorbing far more heat than it is emitting to space, confirming what earlier computer models had shown about warming. [Hansen called](http://www.columbia.edu/~jeh1/imbalance_release.pdf) this energy imbalance the “smoking gun” of climate change, and said, “There can no longer be genuine doubt that human-made gases are the dominant cause of observed warming.” Another 2005 study, led by the Scripps Institution of Oceanography, compared actual ocean temperature data from the surface down to hundreds of meters (in the Atlantic, Pacific and Indian oceans) with climate models and [concluded](http://www.sciencemag.org/cgi/content/abstract/1112418): A warming signal has penetrated into the world’s oceans over the past 40 years. The signal is complex, with a vertical structure that varies widely by ocean; it cannot be explained by natural internal climate variability or solar and volcanic forcing, but is well simulated by two anthropogenically [human-caused] forced climate models. We conclude that it is of human origin, a conclusion robust to observational sampling and model differences. Such studies are also done for many other observations: land-based temperature rise, atmospheric temperature rise, sea level rise, arctic ice melt, inland glacier melt, Greeland and Antarctic ice sheet melt, expansion of the tropics (desertification) and changes in precipitation. Studies compare every testable prediction from climate change theory and models (and suggested by paleoclimate research) to actual observations. How many studies? Well, the **IPCC’s definitive treatment of the subject, “Understanding and Attributing Climate Change,” has 11 full pages of references, some 500 peer-reviewed studies. This is not a consensus of opinion. It is what scientific research and actual observations reveal. And the science behind human attribution has gotten much stronger in the past 2 years** (see a recent literature review by the Met Office [here](http://www.metoffice.gov.uk/corporate/pressoffice/2010/pr20100305.html)). That brings us to another problem with the word “consensus.” It can mean “unanimity” or “the judgment arrived at by most of those concerned.” Many, if not most, people hear the second meaning: “consensus” as majority opinion. The scientific consensus most people are familiar with is the IPCC’s “Summary for Policymakers” reports. But those aren’t a majority opinion. Government representatives participate in a line-by-line review and revision of these summaries. So China, Saudi Arabia and that hotbed of denialism — the Bush administration — get to veto anything they don’t like. The deniers call this “politicized science,” suggesting the process turns the IPCC summaries into some sort of unscientific exaggeration. In fact, the reverse is true. The net result is unanimous agreement on a conservative or watered-down document. You could argue that rather than majority rules, this is “minority rules.” Last April, in an article titled “Conservative Climate,” [Scientific American](http://www.sciam.com/article.cfm?chanID=sa006&articleID=5B9E73AD-E7F2-99DF-3F71280BCE41ED77&colID=5) noted that objections by Saudi Arabia and China led the IPCC to remove a sentence stating that the impact of human greenhouse gas emissions on the Earth’s recent warming is five times greater than that of the sun. In fact, lead author Piers Forster of the University of Leeds in England said, “The difference is really a factor of 10.” Then I discuss the evidence we had even back in 2008 that the IPCC was underestimating key climate impacts, a point I [update here](http://climateprogress.org/2010/02/18/ipcc-lowballs-impacts-pachauri-disband/). The bottom line is that recent observations and research make clear the planet almost **certainly** faces a greater and more imminent threat than is laid out in the IPCC reports. That’s why climate scientists are so desperate. That’s why they keep begging for immediate action. And that’s why the “consensus on global warming” is a phrase that should be forever retired from the climate debate. The leading scientific organizations in this country and around the world, including all the major national academies of science, aren’t buying into some sort of consensus of opinion. They have analyzed the science and observations and expressed their understanding of climate science and the likely impacts we face on our current emissions path — an understanding that has grown increasingly dire in recent years (see “[An illustrated guide to the latest climate science](http://climateprogress.org/2010/02/17/an-illustrated-guide-to-the-latest-climate-science/)” and “[An introduction to global warming impacts: Hell and High Water](http://climateprogress.org/2009/03/22/an-introduction-to-global-warming-impacts-hell-and-high-water/)“).

### Empirical Solvency - Other Countries Investing in High Speed Rail Now

#### Other countries are investing in high speed rail systems now – proven it works well

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 5 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Guided by principles of improving economic efficiency and sustainability, other countries are devoting most of their attention and resources to building the high-tech and low-carbon networks for the 21st century. In particular, they are investing in intermodal freight facilities and strategic corridors, and they are building high-speed rail. A comparative look at high-speed rail networks around the world offers lessons about how to successfully build high-speed rail in strategic corridors—namely between Boston and Washington, between LA and San Francisco, and in a hub-and-spoke around Chicago— that will ease air travel congestion around the country and unlock potential economic growth in those regions.

### Solvency – Will Work

#### High speed rail will work in the US

Yaro, Co-Chair of America 2050, 11

(Robert, 2/28/11, America 2050, “Why High-Speed Rail is Right,” <http://www.america2050.org/2011/02/why-high-speed-rail-is-right.html>, Accessed: 7/1/12, GJV)

Across the water in Great Britain, the new conservative Prime Minister David Cameron has won great attention for his cost-cutting ways as he slashes funding for health care, police, prisons, housing, and even defense. But one area has remained immune to Cameron's sharp blade: the country's emerging high-speed rail system, including the line under development running from London to Birmingham. In fact, Cameron is expanding funding for the system. Cameron understands what apparently few of his conservative colleagues here do, which is that investing in high-speed rail is part of a sound investment in the country's future. And while Great Britain is a different country than the United States, its conditions and challenges are not as different as one might think. High-speed rail can work in the United States, as it will in Great Britain. Over the past month Americans have been offered two starkly divergent views on the role that high-speed rail (HSR) could play in underpinning the mobility system and competitiveness of the United States in the 21st century.

### Solvency – Not A Waste

#### High-Speed rail is not a waste; it creates thousands of new jobs

Clendaniel, Editor of Co.Exist. Formerly, 11

(Morgan, 4/8/11, Co.EXIST, “Forget the Environment, High-Speed Rail Is Good for Business,” <http://www.fastcoexist.com/1677878/forget-the-environment-high-speed-rail-is-good-for-business>, Accessed: 7/1/12, GJV)

Since the elections in November, newly elected Republican governors have been falling over themselves to return federal funding earmarked for high-speed rail. Their rationale is that once the rail project is built, the state will be the one bearing the operating cost while the trains lose money because no one is riding them. A new report says that this strategy is going to backfire: High-speed rail can be a huge driver of jobs and economic growth, and the government has already committed to at least $10 billion worth of spending, with plans for tens of billions more in the coming years. The report, "The Case for Business Investment in High-Speed and Intercity Passenger Rail" ([PDF](http://www.apta.com/resources/reportsandpublications/Documents/HSRPub_final.pdf)) by the [American Public Transportation Association](http://www.apta.com/Pages/default.aspx) finds that in addition to the obvious, but temporary, construction jobs, the benefits ripple out throughout an economy. Most importantly, for each $1 billion spent on train construction, 24,000 permanent jobs are created. That's a mere $41,667 per job, which looks downright cheap when you're staring down 9% unemployment. The California High-Speed Rail Authority estimates that building a high-speed rail link between L.A. and San Francisco would result in 600,000 construction jobs and 450,000 permanent new jobs. There are currently 2.2 million unemployed people in the state; high-speed rail would halve its unemployment rate. Here is how high-speed rail would affect some major American cities, to the tune of billions of dollars in economic growth and new wages:

### Sprawl DA – No Link

#### No relation between sprawl and high speed rail – France and Spain prove

Freemark, The Transport Politic contributor, 10

(Yonah, The Transport Politic, 3-18-10, “The Sprawling Effects of High-Speed Rail," http://www.thetransportpolitic.com/2010/03/18/the-sprawling-effects-of-high-speed-rail/ accessed 6-26-12, CNM)

Jason Kambitsis reviewed the issue this week on Wired, suggesting that U.S. land use patterns would likely mean the construction of huge, sprawling subdivisions in places like California’s Central Valley, which would suddenly be within striking distance of downtown Los Angeles thanks to a proposed high-speed rail system. Though stations themselves are planned to be in central cities, people might drive from elsewhere nearby to get onto the train.

For the most part, though, fears of rapid population shifts to the exurbs as a result of the construction of a high-speed line seem unnecessary. In France and Spain, despite seeing redevelopment around some stations, there has been no clear correlation between growth and fast trains. The French region that has benefited most from TGV service — arguably Nord-Pas de Calais, in the north of the country — has also had some of the country’s slowest growth rates (mostly because of the continued effects of deindustrialization).

In places like Avignon (pictured above), where high-speed stations have been constructed outside of city centers, some suburban growth has followed, but this is more likely a result of the preexisting economic dynamism of the area than the damaging effects of train service.

#### No incentive to commute

Freemark, The Transport Politic contributor, 10

(Yonah, The Transport Politic, 3-18-10, “The Sprawling Effects of High-Speed Rail," http://www.thetransportpolitic.com/2010/03/18/the-sprawling-effects-of-high-speed-rail/ accessed 6-26-12, CNM)

In fact, people who can afford so many train tickets have no real incentive to choose the same old suburban sprawl far away when they can get it close to their work as well. There just doesn’t seem much of a market for such commutes.

## Light Rail

### Obesity

#### Investment in transportation infrastructure substantially decreases obesity and health care costs

**Abraham**, member of the Council of Economic Advisors for the white House, **Krueger**, Chairman of the Council of Economic Advisors for the White House, and **Shapiro**, member of the Council of Economic Advisors for the white House, **12**

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, 6-23-12, p.24, JS)

If improved infrastructure changed the way Americans live and work, there would be significant benefits to health and wellness. For example, MacDonald et al. find that improving neighborhood environments and increasing the public’s use of light rail transit would benefit health to the extent it causes increased physical activity, a reduction in the incidence of obesity (body mass index greater than 30), and a reduction in the odds of becoming obese.44

Using data on individuals before (July 2006 to February 2007) and after (March 2008 to July 2008) the completion of a light rail system in Charlotte, North Carolina, they find that the use of light rail to commute to work is associated with a nearly 1.2 point reduction in body mass index as well as an 81 percent reduction in the odds of becoming obese. Moreover, improved perceptions of neighborhoods as a result of the availability of light rail were associated with 15 percent lower odds of obesity as well as higher odds of meeting weekly recommended physical activity levels for walking and vigorous exercise (9 percent and 11 percent, respectively).

In addition to all of the personal benefits associated with a healthier life style, overall costs on our health care system are substantially reduced when obesity rates are lowered, given that health care costs for the obese are almost twice the rate for normal weight individuals. Finkelstein et al. find that between 1998 and 2006, the prevalence of obesity in the United States increased by 37 percent, adding $40 billion dollars to health care costs. 45

#### Obesity kills millions – outweighs war and pandemics

**Lalasz, Population Reference Bureau senior editor, 5**

(Robert, May 2005, Population Reference Bureau, “Will Rising Childhood Obesity Decrease U.S. Life Expectancy?” <http://www.prb.org/Articles/2005/WillRisingChildhoodObesityDecreaseUSLifeExpectancy.aspx?p=1>, Date Accessed: 6/30/12, JS)

(May 2005) A new study contends that rising childhood obesity rates will cut average U.S. life expectancy from birth by two to five years in the coming decades—a magnitude of decline last seen in the United States during the Great Depression.

The study, published in the March 18 issue of the New England Journal of Medicine, contradicts recent government projections that U.S. life expectancy will reach at least the mid-80s by the year 2080.1 Such forecasts, write lead author S. Jay Olshansky and his nine co-authors, are a "simple but unrealistic extrapolation of past trends in life expectancy into the future."

In turn, other demographers have characterized the Olshansky team's analysis as largely unsupported by evidence, and the article has spotlighted a long-standing debate about whether there are biological limits to an individual human lifespan—all amidst a recent flurry of contradictory research about how obesity effects morbidity and mortality rates. One new study from the Centers of Disease Control and Prevention (CDC) even argues that being overweight has a positive effect on life expectancy.2

But Olshansky, a professor of epidemiology and biostatistics at the University of Illinois-Chicago, remains convinced by his team's conclusions. "If anything, we're being conservative in our estimates," he says. "We're assuming no change in obesity levels from 2000 levels, and actually, they've gotten worse."

Obesity and the Future of Medicine

Projecting life expectancy is more than an academic exercise. Many U.S. government agencies—including the Social Security Administration, Congress, and the military—use such forecasts to guide policymaking on issues from tax rates to the solvency of age-based entitlement programs.

And almost all these projections assume that U.S. life expectancy will continue to rise as steadily as it has since the 1930s, spurred by new medical approaches and technology as well as behavioral shifts towards healthier lifestyles. But Olshansky and his co-authors question whether medicine and public health interventions can counter the rapid increases in U.S. obesity rates over the last two decades, especially among children.

The incidence of obesity—which researchers have linked to an elevated risk of type-2 diabetes, coronary heart disease, cancer, and other health complications—rose approximately 50 percent in the United States in both the 1980s and 1990s. Two-thirds of all U.S. adults are now classified as overweight or obese, as are 20 percent to 30 percent of all children under age 15.

And Olshansky argues that this rapid rise in obesity rates will cause a "pulse event" of mortality in the United States—akin to the large number of deaths caused by an influenza pandemic or a war, but spread out over the next four or five decades.

"Any time there's an increase in early-age mortality [deaths before age 50], it has an effect on overall life expectancy," says Olshansky. "And when these children reach their 20s, 30s, 40s, and 50s, they'll face a higher risk of death. It's roughly equivalent to discovering that a large segment of our young people who never smoked suddenly decided to smoke."

The Surprising Impact of Obesity Today

To demonstrate the future effects of rising obesity levels, Olshansky and his co-authors first calculated how current rates of adult obesity are diminishing overall U.S. life expectancy. Using studies that argue being obese reduces your life expectancy by nearly 13 years, the researchers estimated by how much overall rates of death would fall if every obese person in the United States lost enough weight to reach the optimal Body Mass Index (BMI) of 24. (Obesity is generally defined as having a BMI of 30 or above.) "In other words, to find out the effects of obesity, we statistically wiped out obesity," says Olshansky.

They found that obesity now slices one-third to three-quarters of a year off overall life expectancy, depending on one's race and gender (see figure). These figures don't sound like much, says Olshansky, until you put them into context. "They are larger than the negative effect of all accidental deaths as well as homicides and suicides," he says. "If you wiped out cancer, that would only add 3.5 years to overall U.S. life expectancy."

And the effect of obesity will only grow, write Olshansky and his co-authors, as its prevalence further rises and children and young adults "carry and express obesity-related risks for more of their lifetime than previous generations have done." Even eliminating a major disease such as cancer, they conclude, would not counter the negative consequences for life expectancy caused by this wave of deaths. "They will overwhelm the positive influences of technology," says Olshansky.

## Passenger Rail

### Investment Solves Economy, Competitiveness, and Innovation

#### Rail investment solves manufacturing – that’s key to the economy, economic dominance, and innovation

Fitzgerald et al., Northeastern University professor of Law, Policy, and Society, 10

(Joan Fitzgerald is professor and director of the graduate program in Law, Policy and Society and a Senior Research Fellow at the Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University. Lisa Granquist is a Ph.D. student in the Law, Policy and Society Program in the School of Public Policy and Urban Affairs at Northeastern University. Ishwar Khatiwada is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Joseph McLaughlin is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Michael Renner is a Senior Researcher at the Worldwatch Institute. Andrew M. Sum is Professor of Economics and Director of the Center for Labor Market Studies at Northeast- ern University. World Watch Institute, September 2010, "Reviving the U.S. Rail and Transit Industry: Investments and Job Creation," p. 11-12, www.worldwatch.org/system/files/Reviving-the-US-Rail-and-Transit-Industry.pdf accessed 6-29-12, CNM)

With the federal transportation bill up for renewal, the United States has an opportunity to invest in pub- lic transportation and renew its manufacturing base. Manufacturing is essential to the U.S. economy. In 2008, it accounted for $1.6 trillion, or 12 percent, of gross domestic product (GDP)—more than real estate, finance and insurance, or health care. Manufacturing accounts for 60 percent of U.S. exports and 70 percent of private sector research and development (R&D) funding.3 Yet the U.S. goods deficit in 2008 exceeded $836 billion; the annual trade deficit with China alone that year was $266 billion, about 75 percent of the manufactured goods deficit.

The United States cannot prosper with ongoing large trade deficits. Nor can it prosper while losing millions of well-paying manufacturing jobs. In just the past two years, U.S. manufacturing lost 2.1 million jobs. Blue-collar workers accounted for 74 percent of ob losses between the onset of the economic recession in September 2008 and November 2009. For experi- enced production workers, the unemployment rate in 2009 was 14 percent.4

The United States needs to revitalize manufacturing to put people back to work, but also to stem the coun- try’s declining position in the world economic order. Conventional wisdom says that the nation has transi- tioned from a goods-producing economy to a knowl- edge- and innovation-based economy. But the two are intricately related. An innovation-based economy relies on R&D that is connected to manufacturing high- technology goods.5 Such goods are typically consid- ered to be products like computers, lithium-ion batteries, and jumbo jets; however, passenger rail cars and buses also rely on high-technology systems. There is significant innovation occurring in both the bus and rail production industries.

Other developed and industrializing countries have deliberate policies to link innovation to manufacturing advantage—commercializing the products resulting from R&D programs, investing in the education of skilled workers, and linking goals in other policy areas (such as transportation and energy) to develop export industries and create domestic jobs.6 Germany has invested heavily in wind and solar over the past 20 years and used demand-creation policies to gain technologi- cal leadership, employ skilled manufacturing workers, and become an export leader.7 France, Germany, Spain, and other countries have also built strong railcar man- ufacturing industries by aggressively expanding rail lines domestically and then moving into exports. Even rela- tively new entrants such as China are successfully fol- lowing this model. The United States can do so as well.

#### Rail investment boosts rail manufacturing and high tech manufacturing – incentives are key

Fitzgerald et al., Northeastern University professor of Law, Policy, and Society, 10

(Joan Fitzgerald is professor and director of the graduate program in Law, Policy and Society and a Senior Research Fellow at the Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University. Lisa Granquist is a Ph.D. student in the Law, Policy and Society Program in the School of Public Policy and Urban Affairs at Northeastern University. Ishwar Khatiwada is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Joseph McLaughlin is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Michael Renner is a Senior Researcher at the Worldwatch Institute. Andrew M. Sum is Professor of Economics and Director of the Center for Labor Market Studies at Northeast- ern University. World Watch Institute, September 2010, "Reviving the U.S. Rail and Transit Industry: Investments and Job Creation," p. 14-15, www.worldwatch.org/system/files/Reviving-the-US-Rail-and-Transit-Industry.pdf accessed 6-29-12, CNM)

Countries that have made significant investments in building their rail systems, such as France and Spain, have strong rail manufacturing industries as well.7 President Obama has cited Spain as an example of how to develop high-speed rail in the United States. The country’s high-speed AVE (Alta Velocidad Española) line between Barcelona and Madrid covers 324 miles in 150 minutes and has reduced air traffic between the two cities by half.\* Spain has been build- ing high-speed rail lines since 1992 and plans to add 6,000 more miles by 2020 to network the entire coun- try.8 Spain invested $130 billion in high-speed rail between 1992 and 2010 and plans to spend $100 bil- lion more over the next decade.9 (See Table 1.)

France’s government recently announced a trans- portation plan aimed at reducing greenhouse gas emis- sions 20 percent by 2020. Achieving this goal requires limiting the construction of new highways, expanding a well-developed passenger rail system (adding 1,429 miles of high-speed rail by 2020), and creating two new freight-rail corridors. The country will also dedi- cate an additional $73 billion to new public fixed- guideway transportation systems.10

Recognizing the link between developing rail lines and manufacturing, China has rapidly ramped up its spending on rail infrastructure projects. In 2001, it began a $132 billion project to build 1,062 miles of rail, to be completed in 2012.11 By comparison, the last two U.S. transportation bills appropriated only $19 billion for rail construction over approximately the same period.12 As part of its recession recovery package, China committed $88 billion in 2009 to railway infra- structure (doubling its 2008 investment), with the goal of establishing much-needed transportation links, cre- ating 6 million jobs, and generating demand for 20 million tons of domestic steel.13 China plans to spend $293 billion to meet its 2012 target of 1.1 million kilometers of railroad, of which 13,000 kilometers is to be high-speed rail.14

Several countries have used rail investment to sup- port other domestic industries as well. The European Union excludes procurement activity related to rail from World Trade Organization (WTO) rules, and Canada applies the same exclusions to both the WTO and NAFTA (the North American Free Trade Agree- ment) and also excludes the iron and steel used in rail projects. China requires the use of 70 percent domes- tic content in all public transit equipment, as well as the signing of technology-transfer agreements between for- eign-owned companies and domestic firms for all nationally funded transportation investments.15 Simi- larly, the United States will need to adopt stronger measures than the current Buy America provisions to support a domestic railcar production industry that is engaged in R&D on the latest train technologies.

As detailed in the Apollo Alliance report Make It In America: The Apollo Clean Transportation Manufactur- ing Action Plan, much could be done to strengthen existing U.S. domestic content standards. While the Buy America provisions have helped the United States retain a portion of its rail and bus manufacturing indus- tries, the country needs a strategy that links domestic transportation investments to greater industry growth by increasing the transparency and accountability of existing domestic content requirements. Among other steps, this means introducing incentives to go beyond minimally required domestic content and making tar-geted investments to expand the U.S. role in high- value-added research and manufacturing within the transit industry.

### Solves Congestion

#### **Rail solves existing problems with transportation**

Litman, Victoria Transport Policy Institute, executive director, 7

(Todd, 1-8-2007, Victoria Transport Policy Institute, “Evaluating Rail Transit Criticism,” <http://freepublictransit.org/vtp.pdf>, p. 6, accessed 6-29-12, LH)

Described differently, the major urban transportation problems facing cities are traffic and parking congestion, traffic accidents, vehicle pollution and inadequate mobility for non-drivers, exactly the problems that rail transit can help solve. Rail serves the most densely developed corridors, where the full costs of accommodating more vehicle traffic by building more road and parking capacity, and the social and environmental problems of increased vehicle traffic are greatest.

Economic analysis by Nelson, et al (2006) used a regional transport model to estimate transit service benefits users and the congestion-reduction benefits to motorists in Washington DC. They found that rail transit generates congestion-reduction benefits that exceed rail subsidies, the combined benefits of rail and bus transit significantly exceed local transit subsidies, and the lowest-income group receives a disproportionately low share of the transit benefits, both in absolute terms and as a share of total income. Their study overlooked some benefits, such as parking cost savings, crash and emission reduction benefits, and so understates total transit benefits.

#### **Rail transit reduces congestions- Balitmore, Sacramento, St. Louis prove**

Litman, Victoria Transport Policy Institute, executive director, 7

(Todd, 1-8-2007, Victoria Transport Policy Institute, “Evaluating Rail Transit Criticism,” <http://freepublictransit.org/vtp.pdf>, p. 9, accessed 6-29-12, LH)

Critics often argue that rail transit fails to reduce traffic congestion. Several recent studies indicate that taking into account factors such as city size, rail transit does reduce congestion (Lewis and Williams, 1999; Litman, 2004a; Litman, 2004b; Winston and Langer, 2004; Litman, 2006b). Winston and Langer (2004) found that both motorist and truck congestion costs decline in a city as rail transit mileage expands, but congestion costs increase as bus transit mileage expands. This appears to occur because buses attract fewer travelers from driving, contribute to traffic congestion themselves, and have less positive impact on land use accessibility. Garrett (2004) found that traffic congestion growth rates declined somewhat in some U.S. cities after light rail service began. In Baltimore the congestion index increased an average of 2.8% annually before light rail, but only 1.5% annually after. In Sacramento the index grew 4.5% annually before light rail, but only 2.2% after. In St. Louis the index grew an average of 0.89% before light rail, and 0.86% after. In Dallas, the growth rate did not change.

### Cheaper than Buses

#### **Rail is cheaper than buses**

Litman, Victoria Transport Policy Institute, executive director, 7

(Todd, 1-8-2007, Victoria Transport Policy Institute, “Evaluating Rail Transit Criticism,” <http://freepublictransit.org/vtp.pdf>, p. 10, accessed 6-29-12, LH)

Average operating costs per passenger-mile actually tend to be lower for rail than bus, as illustrated in Figure 6. In comparisons between rail and bus systems, Schumann (2005) and Henry and Litman (2006) find that operating costs are significantly lower of rail transit than for bus service. Although rail is costly per vehicle-mile it tends to have high load factors, while buses often maintain service in lower-density areas where demand is low in order to provide basic mobility. Unit costs for LRT systems tend to be high because these systems tend to be relatively short and new, and operate in congested areas.

### AT: Rails Too Slow

#### Doesn’t take into account traffic congestion

Litman, Victoria Transport Policy Institute, executive director, 7

(Todd, 1-8-2007, Victoria Transport Policy Institute, “Evaluating Rail Transit Criticism,” <http://freepublictransit.org/vtp.pdf>, p. 12, accessed 6-29-12, LH)

Although average rail speeds are low compared with average automobile speeds, this is a false comparison (Litman, 2004a). On the congested urban corridors served by rail, automobile travel speeds tend to be much lower, so rail trips tend to be more competitive. In addition, many consumers tend to consider time spent traveling by quality transit (passengers have a seat, vehicles are comfortable, safe and quiet) to have less cost than the same amount of time spent driving in congested conditions (Litman, 2004b).

### AT: Rail Transit Inequitable

#### **Rail transit isn’t inequitable**

Litman, Victoria Transport Policy Institute, executive director, 7

(Todd, 1-8-2007, Victoria Transport Policy Institute, “Evaluating Rail Transit Criticism,” <http://freepublictransit.org/vtp.pdf>, p. 14, accessed 6-29-12, LH)

Critics make various claims that rail transit is inequitable. They argue that, since rail transit riders tend to be higher income than bus riders, devoting resources to rail reduces transit service quality for the poor. This is not always true. Many rail systems are heavily used by middle and lower-income travelers. This criticism assumes that money spent on rail would otherwise be spent on bus transit, but rail expenditures often substitute for highway expenditures. Many middle- and higher-income citizens are willing to support additional taxes to fund rail transit improvements, but are less willing to support such funding for bus projects. Once the rail system is built more citizens are willing to support bus expansion. By creating more accessible, multi-modal communities, rail transit tends to reduce consumer transportation costs and improve accessibility for non-drivers and low-income travelers (Litman, 2004a).

### Increases Congestion

#### Buses increase congestion

Litman, Victoria Transport Policy Institute, executive director, 2007

(Todd, 1-8-2007, Victoria Transport Policy Institute, “Evaluating Rail Transit Criticism,” <http://freepublictransit.org/vtp.pdf>, p. 9, accessed 6-29-12, LH)

Critics often argue that rail transit fails to reduce traffic congestion. Several recent studies indicate that taking into account factors such as city size, rail transit does reduce congestion (Lewis and Williams, 1999; Litman, 2004a; Litman, 2004b; Winston and Langer, 2004; Litman, 2006b). Winston and Langer (2004) found that both motorist and truck congestion costs decline in a city as rail transit mileage expands, but congestion costs increase as bus transit mileage expands. This appears to occur because buses attract fewer travelers from driving, contribute to traffic congestion themselves, and have less positive impact on land use accessibility. Garrett (2004) found that traffic congestion growth rates declined somewhat in some U.S. cities after light rail service began. In Baltimore the congestion index increased an average of 2.8% annually before light rail, but only 1.5% annually after. In Sacramento the index grew 4.5% annually before light rail, but only 2.2% after. In St. Louis the index grew an average of 0.89% before light rail, and 0.86% after. In Dallas, the growth rate did not change.

## Ports

### AT: Plan Wouldn’t Funds Ports

#### Direct benefits in security for Ports via NIB

Building America’s Future 12

(Building America’s Future. “National Infrastructure Bank”. [http://www.bafuture.org/key-topics/national-infrastructure-bank. 6/27/12](http://www.bafuture.org/key-topics/national-infrastructure-bank.%206/27/12). KR)

BAF believes that if we create a National Infrastructure Bank we can tap into billions of private-sector dollars that could be invested in our needs. The Highway Trust Fund has served as an effective tool for providing states and cities with basic funding to repair and, to some extent, complete major road and transit projects. President Obama has announced his intention to move a transportation reauthorization bill in 2010-11. In 2011, Congress will consider the reauthorization of SAFETEA-LU and the primary obstacle of completing the legislation – the identification of significant increases in the investment levels to better meet the roughly $200 billion in annual transportation needs necessary to keep our nation competitive and grow our economy. We must improve the state-of-repair of our transportation, water and wastewater systems, levees, dams, airports, and other critical infrastructure. President Obama announced a need to provide a frontloaded infusion of $50 billion to stand up a National Infrastructure Bank while Congress works to complete legislation to reauthorize SAFETEALU. The Bank would have the authority to employ a range of finance and funding tools including: grants, credit assistance, low interest loans and tax incentives. In this way, the Bank would not just be another financing program, as project sponsors would be encouraged to identify new revenue streams to leverage costs, promote more efficient governance and spur further innovation. In transportation alone, the average American loses 60 hours a year stuck in traffic which costs us $87.2 billion in lost productivity and 2.8 billion gallons in wasted fuel each year. A National Infrastructure Bank could be successful if these basic concepts are considered: • Establish the Bank as an independent entity with the greatest flexibility to finance and fund only projects of regional and national significance. o The Bank should not follow the GSE model nor be housed at the U.S. Department of Transportation • Allow the Bank to fund projects beyond just transportation such as ports, drinking and waste water, electrical grid, levees, dams, broadband and other critical infrastructure. • Enable merit-based selection of projects by experts so that the most critical and feasible projects proceed by employing benefit-cost analysis methods. • Ensure federal assistance at a significant enough scale to make these major projects financially viable but with some limitations to leverage federal dollars further. • Ensure that the Bank has the authority to employ a range of finance and funding tools including, but not limited to: grants, credit assistance, low interest loans, tax incentives, Build America Bonds, Private Activity Bonds, enhanced TIFIA authority, and others to be determined. • Create a method for leveraging public investments with private capital while ensuring adequate protection of taxpayer dollars. • Establish clear performance measurement standards such as completing projects on time and within budget, reducing traffic delays for passengers and goods movement, reducing carbon emissions, and improving safety. • Provide project expediting capability by eliminating redundancies to speed completion of projects while still ensuring the environment remains protected. • Ensure rigorous oversight and audit authority by establishing Inspector General position, require regular reports to Congress, and publish all data on website and available to the public. The Bank could initially be funded through the General Fund of at least $25-50 billion with other potential sources of funding that could include: • General Fund payment of $25-50 billion. • Re-appropriated funds of earmarks that have not been expended. • Re-appropriated funds realized from elimination of wasteful or redundant programs. • Interest accrued from repayments of TARP funds. • Reallocation of unused ARRA funding. • A six-year, reformed transportation bill. • Private investments through financing mechanisms • Revenue saved due to expiring tax subsidies Rural and urban areas will benefit because the Bank will look at projects on a regional and national basis. Improvements at major U.S. ports will benefit all parts of the country in expediting exports and imports so that costs of shipping are reduced and delays are avoided. Further, the stress on existing grant programs that fund large-scale projects could be eased if future larger-scale projects are funded through the Bank therefore keeping more funds in the program for smaller projects.

### AT: Ports not Revenue generating

#### Bank could fund PierPASS which solves port congestion, security, and air quality.

Cook, Fordham Law School, ’10

(Christopher T., “Funding Port-Related Infrastructure and Development; The Current Debate and Proposed Reform,” Fordham Urban Law Journal, 38.5, 2010, http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=2380&context=ulj&sei-redir=1&referer=http%3A%2F%2Fscholar.google.com%2Fscholar%3Fq%3D%2522national%2Binfrastructure%2Bbank%2522%26btnG%3D%26hl%3Den%26as\_sdt%3D0%252C11%26as\_ylo%3D2008#search=%22national%20infrastructure%20bank%22)

In 2005, PierPASS was created. 202 “PierPASS is a not-for-profit company created by marine terminal operators at the ports of Los Angeles and Long Beach to address multi-terminal issues such as congestion, security and air quality.” 203 PierPASS charges beneficial cargo owners fifty dollars per TEU204 for most cargo moved during peak hours. 205 The fees collected by PierPASS are then used to operate and maintain points of entry during off-peak hours. 206 There is no charge for off-peak hour access. 207 By 2006, PierPASS shifted to offpeak hours forty percent of the containers transported by truck through the ports of Los Angeles and Long Beach. 208

PierPASS would withstand challenge under the Tonnage Clause because it is assessed on the beneficial cargo owner, rather than a shipper entering, remaining in, or departing from a port. 209 The fee would also likely be upheld as a reasonable practice under the Shipping Act because each user receives a tangible benefit, and the fee assessed is a fair match to the benefit enjoyed by the user. 210 First, any truck paying the fee is granted peak-hour gate access. 211 Second, the fee paid by beneficial cargo owners for peak-hour entry funds twentyfour-hour gate access at the ports. 212 This benefit structure, in turn, incentivizes truckers to utilize off-peak hour access, which reduces peak-hour congestion, results in quicker peak-hour cargo pick-up and delivery, and reduces fuel consumption. Thus, the fifty-dollar charge assessed on the beneficial cargo owner for peak-hour gate access is accompanied by a reasonably proportionate benefit. 213

### AT: Ports Maintained Now

#### Lack of Maintenance effecting ports now

Hanson, writer, Oakland North, 12

(Amna. April 20, 2012. Oakland North. “Port Still waiting on Federal Funds for Dredging”. <http://oaklandnorth.net/2012/04/20/port-still-waiting-on-federal-funds-for-dredging/> 6/27/12. KR)

September 2009, after a hard battle to secure federal funds, Port of Oakland officials and local politicians celebrated completion of a 10-year, $432 million project to deepen the port channels to 50 feet. The dredging project was meant to allow the port to host massive cargo ships and usher in an era of booming business. Less than three years later, those business dreams have run aground over funding delays that hamper maintenance dredging. As of a few months ago, up to four feet of silt and sediment still clogged the channel floor, forcing the port to limit the weight of entering vessels and cramping its business. The Port of Oakland is the heart of Oakland’s economy, generating $6.8 billion in revenue and $462.7 million in taxes in a year, and generating around 73,600 jobs in the area. But ports are subject to the constant effects of time and tide, with bay waters constantly threatening to remodel channel floors with sand and silt deposits. The Port of Oakland was allocated $18 million in FY 2011 and $17.2 million in FY 2012 by the federal government for a dredging project that would clear the channels by the end of April. Currently, the US Army Corps of Engineers is evaluating the work the contractors have done to gauge whether it has been successful. But if the port is to run at full capacity throughout the year, the regular build-up along the channels’ floors needs to be addressed as soon as it occurs. The federal government has been collecting the Harbor Maintenance Tax from port customers for years with the specific purpose of port maintenance and dredging. When the government increased the tax in 1990, it did so with the explicit promise that all dredging needs would be met with funds collected from the tax, according to Port of Oakland’s spokesperson Marilyn Sandifur. Today, in the long, drawn-out battle over port funds, Port of Oakland officials claim the government has not released sufficient funds for maintenance over the years, and the proof is in the channels’ depths. The funds for dredging all federal channels or waterways come directly from the Harbor Maintenance Trust Fund (HMTF), and releasing these funds requires convincing government officials that a port needs them. The Army Corps of Engineers makes the initial budget request through its headquarters, based on its in-house labor expenses and project costs. The Federal Office of Management and Budget then develops the president’s budget. “Their proposal is often not the full amount that we are capable of executing in a given year,” says Jessica Burton Evans, the Navigation Program Manager for the US Army Corps of Engineers in San Francisco. “But they have to consider other federal expenses.” The final allocation is made based on the president’s request to Congress. Once Congress approves the request, the money is released by the Federal Office of Management and Budget to the U.S. Army Corps of Engineers, and the Corps in turn prioritizes project-level funding, such as the need for dredging in Oakland. “Just because the president has made the request doesn’t mean that is what Congress is going to fund,” says Jim Haussener, Executive Director of the California Marine Affairs and Navigation Conference. “We had a continuing resolution for FY 2011 which allowed the Corps of Engineers to move the money around,” Haussener says. The continuing resolution allows the Corps to fund projects at a previous level, if a bill dictating the distribution has not been enacted that year. “The President’s budget request for 2011 was $7.5 million. Because there was a continuing resolution, the allocation that finally came out for the Corps was $18 million,”says Haussener. Because the amount of money a port receives to clear the mud and silt from its channels can change, that leaves port authorities dependent on each year’s allocation process and on yearly surveys by the Corps to gauge the depth of all federal navigation channels. These survey results are also used by the San Francisco Bar Pilots to determine the weight limit for a container ship entering ports in the Bay Area. These are the pilots who meet the container ships in little tugboats, sometimes as far as 11 miles offshore, climb aboard the foreign vessels and help navigate them into the waters of the port. The higher the humps of silt deposited in the channel, the lighter a ship has to be. So far, no accidents have occurred in the channel’s murky depths, according to John Coleman, executive Director of the Bay Planning Coalition.. But the incessant lowering of the weight limit for container ships is still bad for business, port officials say. Advances in nautical technologies have allowed ever-larger ships to traverse the oceans, and history has favored Oakland over its neighboring city to the West in terms of increasing traffic. Two hundred years ago, Oakland was a marshland lying east of the main port city of San Francisco. When the transcontinental railroad was laid out, channels were deepened in the East Bay to allow boats to take small cargo and passengers to the big city. But with the advent of container ships, Oakland eclipsed San Francisco, which had neither the capacity to dock the ships, nor the rail connections to transfer goods inland. From 1960 to today, channel depth has increased from 35 to 50 feet to accommodate larger and heftier modern cargo vessels. The expense of keeping channels clear and open presages a constant battle for funds. “Your expectation is that tax is there essentially to make sure that that depth is maintained. Now we’re looking at a channel that’s 46 feet deep,” said Mike Jacob, Vice President of the Pacific Merchant Shipping Association. The channel is supposed to be 50 feet deep. “Even though money is there to maintain it, it isn’t being spent.” “We do not specifically earmark funding – we work off of the President’s budget request,” a congressional staffer said, adding there’s concern about any underfunding of the Corps of Engineers. Coleman says part of the problem is that Congress has been late in approving budgets, which has an impact on the Corps’ operations. Despite this, he says the Port of Oakland has fared well compared to other local ports. Ports like those in Redwood City and Stockton have received far fewer resources for dredging, and have channels that are deeply clogged. “Ships are being light-loaded, and that’s driving up the cost of moving commodities in and out of these ports,” Coleman said. “Businesses are going to see which port is the most competitive, and competitiveness is derived from being able to fill all the containers on a ship.” In September, California State Senators Mark De Saulnier and Jean Fuller jointly authored Senate Joint Resolution 15, asking that the government release the $5.6 billion sitting in the HMTF for ports across the country. Oakland port officials and stakeholders allege the federal government has an incentive for maintaining the surplus – it allows it to decrease the deficit in its annual budget. Meanwhile U.S. Rep. Charles Boustany [the Republican representative from Louisiana] sponsored H.R. 104, also known as the RAMP Act (Realize America’s Maritime Potential), which also seeks to ensure that the funds are used for port maintenance by tying future HMTF appropriations to HMTF revenues. It would not address the current balance of already-collected tax money in the fund. The bill has 174 co-sponsors and has been referred to committee. However, neither one of these bills has been passed yet. Meanwhile ports like Oakland across the country will continue to have to limit the cargo coming in through their channels at the risk of losing business to Canadian ports. On April 17, the House Appropriations Committee released the Energy and Water Appropriations Bill, allocating around $4.8 billion to the Corps of Engineers. Of this, almost $1 billion comes from the HMTF, an increase of $102 million from $898 million last year. But groups such as the Harbor Maintenance Trust Fund Fairness Coalition maintain the government still needs to pass the RAMP Act, in order to ensure that future revenues and appropriations are tied together, and funds released immediately for port maintenance. “Right now $5 billion has been collected, and is earning interest to the tune of millions of dollars a year, and is not being redirected to the Corps of Engineers,” Coleman said. “H.R. 104 and the Senate Bill would require that that money be allocated back to the Corps to do the job that they are supposed to be doing.”

### Time Frame – Must Invest Now

#### Must invest now, 1 year threshold.

Conway, Commercial Real Estate Subject Matter Expert at Federal Reserve Bank of Atlanta, 11

(KC Conway, Colliers International, “COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES

U.S. PORT ANALYSIS,” <http://www.icsc.org/2012WF/2011%2012%20Dec%2029%20-%20Colliers%20US%20Port%20Spotlight.vFinalKC.pdf> accessed 6-27-12 BC)

Recovery in global trade activity to pre-2007 levels is benefitting the top U.S. ports located along the California, Gulf and SouthAtlantic coasts, but new threats pose challenges to these U.S. ports. These threats range from the economic uncertainty emanating from Europe’s debt crisis (our largest trading partner) to growth in the use of Post-Panamax containerships (capacity greater than 5,000 TEU containers). These larger ships are being deployed in response to the expansion of the Panama Canal - to be completed by 2014. Ports competing for the traffic from these larger containerships will require deeper channels and upgrades to crane equipment and IT systems. These upgrades come at a time when most coastal states (CA and FL in particular) have budget deficits and lack the financial capacity to undertake large capital projects, like port expansions and equipment and computer IT upgrades. In CY 2011, both Georgia and Florida legislatures struggled with this challenge (port improvement projects with state deficits) regarding the Savannah and Jacksonville ports. The U.S. Maritime Administration’s 2010 “Vessel Calls” report (www.marad.dot.gov/documents/Vessel\_ Calls\_at\_US\_Ports.pdf), issued in June of 2011 highlights how important it will be for U.S. ports to upgrade. Over the last five years, for example, calls by containerships of 5,000 TEUs or greater, which are largely Post-Panamax class, increased by 124%. And, in 2010, 5,000+ TEU containerships accounted for 26% of containership calls at U.S. ports - up from just 12% five years before. In other words, U.S. ports are seeing more of these Post-Panamax vessels now. Ports waiting until 2012 or 2013 to invest in upgrades to their ports may lose out on this opportunity as manufacturers, distributors, and exporters are making decisions today on where to invest in facilities and warehouses.

### Uniqueness Booster

#### Port infrastructure inadequate now.

Conway, Commercial Real Estate Subject Matter Expert at Federal Reserve Bank of Atlanta, 11

(KC Conway, Colliers International, “COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES

U.S. PORT ANALYSIS,” <http://www.icsc.org/2012WF/2011%2012%20Dec%2029%20-%20Colliers%20US%20Port%20Spotlight.vFinalKC.pdf> accessed 6-27-12 BC)

As a result of this economic impact, states compete vigorously to attract private industry’s vital distribution, warehousing, manufacturing, and processing facilities through the development and expansion of port facilities and intermodal transportation networks (rail, bridges, roads, etc.). This competition for economic activity has resulted in states creating port redundancies along U.S. coasts and river channels. Florida, for example, has 17 ports vying for the third-least volume of container cargo traffic measured in Twenty-foot Equivalent container Units (TEUs) among the top ten TEU container states (California, Florida, Georgia, Louisiana, New York/New Jersey, South Carolina, Texas, Virginia, and Washington). What Florida lacks in container volume, it makes up for in cruise ship traffic (1st in the world) and bulk cargo exports (1st in fertilizer). In other words, U.S. ports are a vital economic engine for states, but also have resulted in some excess port capacity. Not all ports will be able to keep up with the capital requirements to upgrade channel depths, crane equipment, intermodal transportation systems or IT networks.

### 2AC Ports Add On: Heg

#### Bank investment uniquely improves port infrastructure

Lemov, Senior Editor Governing Magazine, 12

(Penelope Lemov, MARCH 1, 2012 “A Bank for Infrastructure Funding: Legislation moving through Congress could help states and localities finance public works projects.” [http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html Accessed 6-28-12](http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html%20Accessed%206-28-12) BC)

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#### Ports key to Heg – Security, Competiveness, Economy

Martin, American Association of Port Authorities, 12

(Meredith Martin, March 7, 2012 American Association of Port Authorities, “Environmental Stewardship: Ports are Good Environmental Stewards,” <http://www.aapa-ports.org/industry/content.cfm?ItemNumber=1026&navItemNumber=1030> accessed 6-27-12)

At two separate Congressional hearings today, AAPA representatives emphasized the need for federal support for seaport security and maintenance and improvements to federal navigation channels. Port industry leaders illustrated the challenges that underfunding security and dredging pose for national security and US international competitiveness. As the House Appropriations Committee begins work on the Fiscal Year 2013 budget, AAPA executives reminded Congressional leaders of the critical role that ports play for the nation – serving as a front line of defense on international borders and facilitating overseas trade, 99 percent of which moves by water. Captain John Holmes, Deputy Executive Director of Operations at the Port of Los Angeles, testified before the Homeland Security Subcommittee regarding Port Security Grants within the Federal Emergency Management Agency. “The FY 2012 funding level represents a 59 percent cut from the prior year and 75 percent less than the authorized level,” Holmes stated. “This will harm our ability to expand protection of our maritime assets, carry out Port-Wide Risk Management Plans and fund federal mandates such as installation of TWIC readers.” AAPA President and CEO Kurt Nagle submitted testimony to the Energy and Water Subcommittee on the budget for the U.S. Army Corps of Engineers’ Civil Works program. The testimony focused on the need for full use of the Harbor Maintenance Tax annual revenue for maintenance dredging and the need to adequately fund needed channel deepening projects. Nagle wrote, “The federal government has a unique Constitutional responsibility to maintain and improve the infrastructure that enables the flow of commerce, and much of that infrastructure in and around seaports have been neglected for too long, particularly the capacity of the federal channels which affects the ports’ ability to move cargo efficiently into and out of the U.S. This hurts U.S. business, hurts U.S. workers and hurts our national economy.”

#### Hegemony solves all the impacts – Economy, Free Trade, Great Power, Nuclear, Regional and Smaller Wars. A transition away from US hegemony from that would lead to all the impacts

Kagan, Carnegie Endowment for International Peace Senior Associate, 11

(Robert, 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 Institution, No. 144, August/September, <http://www.hoover.org/publications/policy-review/article/6136>, Accessed 6/27/12, THW)

Others have. For decades “realist” analysts have called for a strategy of “offshore balancing.” Instead of the United States providing security in East Asia and the Persian Gulf, it would withdraw its forces from Japan, South Korea, and the Middle East and let the nations in those regions balance one another. If the balance broke down and war erupted, the United States would then intervene militarily until balance was restored. In the Middle East and Persian Gulf, for instance, Christopher Layne has long proposed “passing the mantle of regional stabilizer” to a consortium of “Russia, China, Iran, and India.” In East Asia offshore balancing would mean letting China, Japan, South Korea, Australia, and others manage their own problems, without U.S. involvement—again, until the balance broke down and war erupted, at which point the United States would provide assistance to restore the balance and then, if necessary, intervene with its own forces to restore peace and stability.

Before examining whether this would be a wise strategy, it is important to understand that this really is the only genuine alternative to the one the United States has pursued for the past 65 years. To their credit, Layne and others who support the concept of offshore balancing have eschewed halfway measures and airy assurances that we can do more with less, which are likely recipes for disaster. They recognize that either the United States is actively involved in providing security and stability in regions beyond the Western Hemisphere, which means maintaining a robust presence in those regions, or it is not. Layne and others are frank in calling for an end to the global security strategy developed in the aftermath of World War II, perpetuated through the Cold War, and continued by four successive post-Cold War administrations.

At the same time, it is not surprising that none of those administrations embraced offshore balancing as a strategy. The idea of relying on Russia, China, and Iran to jointly “stabilize” the Middle East and Persian Gulf will not strike many as an attractive proposition. Nor is U.S. withdrawal from East Asia and the Pacific likely to have a stabilizing effect on that region. The prospects of a war on the Korean Peninsula would increase. Japan and other nations in the region would face the choice of succumbing to Chinese hegemony or taking unilateral steps for self-defense, which in Japan’s case would mean the rapid creation of a formidable nuclear arsenal.

Layne and other offshore balancing enthusiasts, like John Mearsheimer, point to two notable occasions when the United States allegedly practiced this strategy. One was the Iran-Iraq war, where the United States supported Iraq for years against Iran in the hope that the two would balance and weaken each other. The other was American policy in the 1920s and 1930s, when the United States allowed the great European powers to balance one another, occasionally providing economic aid, or military aid, as in the Lend-Lease program of assistance to Great Britain once war broke out. Whether this was really American strategy in that era is open for debate—most would argue the United States in this era was trying to stay out of war not as part of a considered strategic judgment but as an end in itself. Even if the United States had been pursuing offshore balancing in the first decades of the 20th century, however, would we really call that strategy a success? The United States wound up intervening with millions of troops, first in Europe, and then in Asia and Europe simultaneously, in the two most dreadful wars in human history.

It was with the memory of those two wars in mind, and in the belief that American strategy in those interwar years had been mistaken, that American statesmen during and after World War II determined on the new global strategy that the United States has pursued ever since. Under Franklin Roosevelt, and then under the leadership of Harry Truman and Dean Acheson, American leaders determined that the safest course was to build “situations of strength” (Acheson’s phrase) in strategic locations around the world, to build a “preponderance of power,” and to create an international system with American power at its center. They left substantial numbers of troops in East Asia and in Europe and built a globe-girdling system of naval and air bases to enable the rapid projection of force to strategically important parts of the world. They did not do this on a lark or out of a yearning for global dominion. They simply rejected the offshore balancing strategy, and they did so because they believed it had led to great, destructive wars in the past and would likely do so again. They believed their new global strategy was more likely to deter major war and therefore be less destructive and less expensive in the long run. Subsequent administrations, from both parties and with often differing perspectives on the proper course in many areas of foreign policy, have all agreed on this core strategic approach.

From the beginning this strategy was assailed as too ambitious and too expensive. At the dawn of the Cold War, Walter Lippmann railed against Truman’s containment strategy as suffering from an unsustainable gap between ends and means that would bankrupt the United States and exhaust its power. Decades later, in the waning years of the Cold War, Paul Kennedy warned of “imperial overstretch,” arguing that American decline was inevitable “if the trends in national indebtedness, low productivity increases, [etc.]” were allowed to continue at the same time as “massive American commitments of men, money and materials are made in different parts of the globe.” Today, we are once again being told that this global strategy needs to give way to a more restrained and modest approach, even though the indebtedness crisis that we face in coming years is not caused by the present, largely successful global strategy.

Of course it is precisely the success of that strategy that is taken for granted. The enormous benefits that this strategy has provided, including the financial benefits, somehow never appear on the ledger. They should. We might begin by asking about the global security order that the United States has sustained since Word War II—the prevention of major war, the support of an open trading system, and promotion of the liberal principles of free markets and free government. How much is that order worth? What would be the cost of its collapse or transformation into another type of order?

Whatever the nature of the current economic difficulties, the past six decades have seen a greater increase in global prosperity than any time in human history. Hundreds of millions have been lifted out of poverty. Once-backward nations have become economic dynamos. And the American economy, though suffering ups and downs throughout this period, has on the whole benefited immensely from this international order. One price of this success has been maintaining a sufficient military capacity to provide the essential security underpinnings of this order. But has the price not been worth it? In the first half of the 20th century, the United States found itself engaged in two world wars. In the second half, this global American strategy helped produce a peaceful end to the great-power struggle of the Cold War and then 20 more years of great-power peace. Looked at coldly, simply in terms of dollars and cents, the benefits of that strategy far outweigh the costs.

The danger, as always, is that we don’t even realize the benefits our strategic choices have provided. Many assume that the world has simply become more peaceful, that great-power conflict has become impossible, that nations have learned that military force has little utility, that economic power is what counts. This belief in progress and the perfectibility of humankind and the institutions of international order is always alluring to Americans and Europeans and other children of the Enlightenment. It was the prevalent belief in the decade before World War I, in the first years after World War II, and in those heady days after the Cold War when people spoke of the “end of history.” It is always tempting to believe that the international order the United States built and sustained with its power can exist in the absence of that power, or at least with much less of it. This is the hidden assumption of those who call for a change in American strategy: that the United States can stop playing its role and yet all the benefits that came from that role will keep pouring in. This is a great if recurring illusion, the idea that you can pull a leg out from under a table and the table will not fall over.

### 2AC Ports Add On: Jobs

#### Bank investment uniquely improves port infrastructure

Lemov, Senior Editor Governing Magazine, 12

(Penelope Lemov, MARCH 1, 2012 “A Bank for Infrastructure Funding: Legislation moving through Congress could help states and localities finance public works projects.” [http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html Accessed 6-28-12](http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html%20Accessed%206-28-12) BC)

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#### Port sector investment creates jobs

Conway Commercial Real Estate Subject Matter Expert at Federal Reserve Bank of Atlanta 11

(KC Conway, Colliers International, “COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES

U.S. PORT ANALYSIS,” <http://www.icsc.org/2012WF/2011%2012%20Dec%2029%20-%20Colliers%20US%20Port%20Spotlight.vFinalKC.pdf> accessed 6-27-12 BC)

According to the American Association of Port Authorities (www.aapa-ports.org), the U.S. has 126 public seaport agencies with jurisdiction over 185 public ports. In addition, there are another one-dozen island ports under U.S. jurisdiction located in Hawaii, Guam, Puerto Rico and the Virgin Islands. These public port authorities exist primarily as catalysts for economic development through the enactment of state law. And, their economic impact is noteworthy. These ports support in excess of 13.2 million U.S. jobs (approximately the same number of unemployed Americans in the November 2011 BLS jobs report – 13.3 million or 8.6% of U.S. labor force), and in CY 2010 they handled 2 billion tons of cargo via 7,500 ocean-going vessels making 62,750 calls ([www.marad.dot.gov](http://www.marad.dot.gov)).

#### Jobs solve the economy – it generates revenue, promotes businesses, and reduces the deficit.

Levin, Lobbyist at the American Federation of State, County, and Municipal Employees, ’11

[Becky, Senior Government Affairs Strategist at National Gay and Lesbian Task Force and

Advisor to the Leader at Democratic Leader Nancy Pelosi, Fall 2011, AFSCME, “Economic Recovery Relies on Jobs,” http://www.afscme.org/news/publications/newsletters/works/fall-2011/economic-recovery-relies-on-jobs, accessed 7/1/2012, JTF]

The picture is grim. Nearly one in six Americans lives in poverty. More than 14 million American construction workers, engineers, maintenance staff, electrical workers, school employees and others are out of work. The nation’s roads, bridges and schools are crumbling. And our nation’s economy is stagnant.

There is a way forward: job creation.

President Obama’s American Jobs Act would put people back to work, put more money in the pockets of working Americans, provide more customers for businesses and reduce the deficit. The plan focuses spending on areas of the economy that will produce jobs immediately and level the playing field.

#### Economic collapse causes lots and lots and lots of nuclear wars.

Kemp, national security assistant to the president, ’10

[Geoffrey Kemp, Director of Regional Strategic Programs at The Nixon Center, served in the White House under Ronald Reagan, special assistant to the president for national security affairs and senior director for Near East and South Asian affairs on the National Security Council Staff, Former Director, Middle East Arms Control Project at the Carnegie Endowment for International Peace, 2010, Brookings Institution Press, “The East Moves West: India, China, and Asia’s Growing Presence in the Middle East,” p. 233-4]

The second scenario, called Mayhem and Chaos, is the opposite of the first scenario; everything that can go wrong does go wrong. The world economic situation weakens rather than strengthens, and India, China, and Japan suffer a major reduction in their growth rates, further weakening the global economy. As a result, energy demand falls and the price of fossil fuels plummets, leading to a financial crisis for the energy-producing states, which are forced to cut back dramatically on expansion programs and social welfare. That in turn leads to political unrest: and nurtures different radical groups, including, but not limited to, Islamic extremists. The internal stability of some countries is challenged, and there are more “failed states.” Most serious is the collapse of the democratic government in Pakistan and its takeover by Muslim extremists, who then take possession of a large number of nuclear weapons. The danger of war between India and Pakistan increases significantly. Iran, always worried about an extremist Pakistan, expands and weaponizes its nuclear program. That further enhances nuclear proliferation in the Middle East, with Saudi Arabia, Turkey, and Egypt joining Israel and Iran as nuclear states. Under these circumstances, the potential for nuclear terrorism increases, and the possibility of a nuclear terrorist attack in either the Western world or in the oil-producing states may lead to a further devastating collapse of the world economic market, with a tsunami-like impact on stability. In this scenario, major disruptions can be expected, with dire consequences for two-thirds of the planet’s population.

### 2AC Ports Add On: Coast Guard

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Lemov, Senior Editor Governing Magazine, 12

(Penelope Lemov, MARCH 1, 2012 “A Bank for Infrastructure Funding: Legislation moving through Congress could help states and localities finance public works projects.” [http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html Accessed 6-28-12](http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html%20Accessed%206-28-12) BC)

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#### Investment in port infrastructure k2 Coast Guard readiness

Poulin, Commander United States Coast Guard, 5

(Steven D. Poulin, March 18, 2005 USAWC STRATEGY RESEARCH PROJECT “Realigning Coast Guard Enhanced Maritime Capabilities: A Lesson Learned from the U.S. Special Operations Command,” [http://www.dtic.mil/dtic/tr/fulltext/u2/a434653.pdf, p.26-7, accessed 6-28-12](http://www.dtic.mil/dtic/tr/fulltext/u2/a434653.pdf%2C%20p.26-7%2C%20accessed%206-28-12) BC)

Many view the Coast Guard as primarily a means for ensuring homeland coastal security and defense for domestic ports, while asserting its regulatory authority to enforce international security standards. International engagement and expeditionary efforts by the Coast Guard in support of DOD would be limited under this view, as funding and other Coast Guard mission 27 obligations permit. For example, some have challenged the Bush Administration for projecting military force around the world in the GWOT instead of funding infrastructure improvements for domestic ports.165 Moreover, the vast majority of first responders at the Federal, state and local level suffer from a lack of preparation and coordination, especially for catastrophic incidents involving weapons of mass destruction.166 Advocates of this status quo would prefer that resources be spent ensuring the preparation and readiness of these domestic capabilities, including the readiness of Coast Guard enhanced maritime capability teams to support domestic maritime security.167 While many of the teams deploy in support of the geographic combatant commanders or focus primarily on international activities, they at all times remain available to support and augment regular Coast Guard forces and domestic homeland security operations under DHS and Coast Guard operational control. Transforming Coast Guard enhanced maritime capabilities into a SOF effectively results in their use primarily outside the continental U.S. to support geographic combatant commanders, relegating domestic security and maritime law enforcement almost exclusively to regular Coast Guard forces that may not have the special training and skills for higher tempo operations. While expanding the units and retaining a portion of the capability under Coast Guard operational control for homeland security may mitigate the impact of Coast Guard SOF integration, such an expansion would be untenable because of the perceived duplication of effort and cost.

#### Readiness is key to prevent nuclear maritime terrorism

Collins, U.S. Coast Guard Admiral, 2

(Thomas H., December 23, 2002, The U.S. Coast Guard, “Maritime Strategy for Homeland Security,” [http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf, p. 15, accessed 6-29-12](http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf%2C%20p.%2015%2C%20accessed%206-29-12), BC)

The Coast Guard equally values emergency preparedness and the response needed to minimize damage and recover from any future terrorist attacks that may occur, despite its best efforts at prevention and deterrence. The Coast Guard faces not only the possibility of terrorist attacks against the Nation’s chemical and energy facilities, but also the threat that military-type CBRNE weapons may be used against our citizens. To meet this new threat increased levels of preparedness and response capabilities are required, including additional personnel specially trained and equipped to mitigate the impacts of a terrorist incident. Coast Guard efforts in preparing to respond to terrorism will strengthen our capability to respond to other, lesser incidents.

#### Nuclear Terrorism causes extinction

Mohamad Sid-Ahmed political analyst at Al-Ahram newspaper 04

(August 26, Political Analyst, Reporter with Al-Ahram newspaper, "Extinction!", <http://weekly.ahram.org.eg/2004/705/op5.htm>, KR)

What would be the consequences of a nuclear attack by terrorists? Even if it fails, it would further exacerbate the negative features of the new and frightening world in which we are now living. Societies would close in on themselves, police measures would be stepped up at the expense of human rights, tensions between civilisations and religions would rise and ethnic conflicts would proliferate. It would also speed up the arms race and develop the awareness that a different type of world order is imperative if humankind is to survive. But the still more critical scenario is if the attack succeeds. This could lead to a third world war, from which no one will emerge victorious. Unlike a conventional war which ends when one side triumphs over another, this war will be without winners and losers. When nuclear pollution infects the whole planet, we will all be losers.

### Economy Impact

#### Effects on the Economy when ports attacked

Meade, Senior scientist at RAND and Molander Senior Policy Researcher 6

(Charles Meade, Roger C. Molander. 2006. RAND. “Considering the Effects of a Catastrophic Terrorist Attack” [http://www.rand.org/pubs/technical\_reports/2006/RAND\_TR391.pdf page 29. 6/27/12](http://www.rand.org/pubs/technical_reports/2006/RAND_TR391.pdf%20page%2029.%206/27/12) KR)

From a business perspective, the problems revolve around the vital economic role of U.S. ports and the global shipping supply chain.25 Taken together, the Ports of Long Beach and Los Angeles are the largest port of entry to America, and the third largest in the world, handling 30 percent of U.S. shipping imports by value in 2003. If all U.S. ports were closed, it would have large economic implications for almost all domestic business operations, and it would lead to severe disruptions in the availability of basic goods and petroleum in the United States. That is, there is a high probability that the Long Beach scenario would have large economic consequences at great distances from the initial nuclear explosion. It would also have important repercussions for global business activity because the value of imports and exports from all U.S. ports represents 7.5 percent of world trade activity.26 In the wake of these economic effects, it seems reasonable to assume that there would be large declines in world stock markets, in contrast to the relatively limited financial losses that followed the 9/11 attacks.27 While those attacks were unprecedented, they had only minor consequences for the economic infrastructure of the United States.

#### Terrorist attacks kill the economy

Richardson, USC School of Public Policy urban and regional planning professor, et al., 8

(Harry W., Peter, Gordon, USC School of Public Policy & Economics professor, and James E. Moore, II USC Department of Industrial and Systems Engineering professor and chair, “The Economic Costs and Consequences of Terrorism,” p. 7, <http://books.google.com/books?hl=en&lr=&id=4QeOrQ2Lk6sC&oi=fnd&pg=PR7&dq=aviation+infrastructure+U.S.+economy&ots=s4tO5smID9&sig=QKhni4kpsFXJ4pHqgjVxgvIJ6O0#v=onepage&q=economy&f=false>, Google Books, accessed 6/28/12, YGS)

The long-term impacts of a terrorist attack on the economy as a whole may be much larger than the direct losses associated with an attack. A modest slowdown in national consumer spending, a slight increase in interest rates, a brief slump in the stock market, and a small increase in the value of the dollar will all slow the US economy only slightly in the short run. But even a small, temporary decline in the growth rate in an $11 trillion economy is likely to dwarf the direct losses caused by a terrorist act. For example, in the long run, any future terrorist attack will require many firms to increase the resources they devote to security. Productivity losses will by very costly, even after appropriately discounting future reductions in output to present values, because the amounts lost will not be recovered over a few years but will continue to grow, uninterrupted, into the future.

#### Terrorism affects everyone

Cutts, Coast Guard Force Readiness Command, Chief, 9

(Mathew E., June 2009, Naval Postgraduate School, “Improving the Coast Guard Ports, Waterways and Coastal Security Outcome Measure,” [www.hsdl.org/?view&did=35545](http://www.hsdl.org/?view&did=35545), p. 3, accessed 6-29-12, BC)

This research will be of interest to those working in and around all of the nation’s 361 seaports. Since 95 percent of all commerce arrives in the United States through those ports, successful prevention of maritime terrorism affects every single person in this country. It is critical to optimize the application of limited resources to the problem of maritime terrorism, and this can only occur through accurate measures of mission effectiveness in preventing terrorism. Homeland security practitioners and national leaders will find this study applicable to the improved assessment of terrorism risk reduction efforts, especially in the maritime environment.

### Natural Gas Impact

#### Terrorist target natural gas resources

Parfomak, Specialist in Science and Technology, and Frittelli, Congressional Research Service, Resources, Science, and Industry Division, 7

(Paul W., John, 5-14-07, Federation of American Scientists, “Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, p. 20, accessed 6-29-12, BC)

Potential terrorist attacks on LNG tankers in U.S. waters have been a key concern of policy makers in ports with LNG facilities because such attacks could cause catastrophic fires in port and nearby populated areas. The Coast Guard’s FY2006 budget specifically requested funding for “additional boat crews and screening personnel at key LNG hubs.”97 To date, no LNG tanker or land-based LNG facility in the world has been attacked by terrorists. However, similar natural gas and oil assets have been favored terror targets internationally. The attack on the Limburg, although an oil tanker, is often cited as an indication of LNG tanker vulnerability. The Department of Homeland Security (DHS) specifically included LNG tankers among a list of potential terrorist targets in a security alert late in 2003.98 The DHS also reported that “in early 2001 there was some suspicion of possible associations between stowaways on Algerian flagged LNG tankers arriving in Boston and persons connected with the so-called ‘Millennium Plot’” to bomb targets in the United States. While these suspicions could not be proved, DHS stated that “the risks associated with LNG shipments are real, and they can never be entirely eliminated.”99 A 2004 report by Sandia National Laboratories concluded that potential terrorist attacks on LNG tankers, could be considered “credible and possible.”100 The Sandia report identified LNG tankers as vulnerable to ramming, pre-placed explosives, insider takeover, hijacking, or external terrorist actions (such as a Limburg-type, missile or airplane attack).101 Former Bush Administration counter-terrorism advisor Richard Clarke has asserted that terrorists have both the desire and capability to attack LNG shipping with the intention of harming the general population.102

### Dirty Bomb Impact

#### Dirty bomb attack cripples world economy – highest probability

Parfomak, Specialist in Science and Technology, and Frittelli, Congressional Research Service, Resources, Science, and Industry Division, 7

(Paul W., John, 5-14-07, Federation of American Scientists, “Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, p. 17, accessed 6-29-12, BC)

Terrorist attacks on U.S. ports with radiological dispersion devices (“dirty” bombs) is also considered among the gravest maritime terrorism scenarios.77 A 2003 simulation of a series of such attacks concluded that they “could cripple global trade and have a devastating impact on the nation’s economy.”78 Many terrorism analysts view such a dirty bomb attack as relatively likely. In a 2005 survey, for example, nuclear non-proliferation experts expressed their beliefs (on average) that there was a 25% chance of a dirty bomb attack in the United States by 2010 and a 40% chance of such an attack by 2015.79 Studies suggest that the materials required to make a dirty bomb may be widely available and poorly controlled internationally.80 According to some press reports, U.S. and British intelligence agencies have reportedly concluded that Al Qaeda has succeeded in making such a bomb.81 Port operators have testified before Congress that they believe “it is just a question of time” before terrorists with dirty bombs successfully attack a U.S. port.82

### Death Impact

#### Nuclear maritime attack causes widespread death

Parfomak, Specialist in Science and Technology, and Frittelli, Congressional Research Service, Resources, Science, and Industry Division, 7

(Paul W., John, 5-14-07, Federation of American Scientists, “Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, p. 19-20, accessed 6-29-12, BC)

The Government Accountability Office (GAO) investigated the potential for maritime terrorists to use weapons of mass destruction (WMDs) in 2005. In its report, the GAO states that:

An extensive body of work on this subject by the Federal Bureau of Investigation and academic, think tank, and business organizations concluded that while the likelihood of such use of containers is considered low, the movement of oceangoing containerized cargo is vulnerable to some form of terrorist action. Such action, including attempts to smuggle either fully assembled weapons of mass destruction or their individual components, could lead to widespread death and damage.96

### AT: Ports don’t effect Coast Guard

#### Ports are the Jurisdiction of the coast guard

Allen, U.S. Coast Guard Admiral, 9

(Thad W., 5-1-09, Coast Guard Publication, “U.S. Coast Guard: America’s Maritime Guardian Coast Guard Publication,” [http://www.uscg.mil/doctrine/CGPub/Pub\_1.pdf, p. 10, accessed 6-29-12](http://www.uscg.mil/doctrine/CGPub/Pub_1.pdf%2C%20p.%2010%2C%20accessed%206-29-12), BC)

The Coast Guard has been responsible for the security of the ports and waterways of the United States during times of war since the enactment of the Espionage Act of 1917. After World War II, the Magnuson Act of 1950 assigned the Coast Guard an ongoing mission to safeguard U.S. ports, harbors, vessels, and waterfront facilities from accidents, sabotage, or other subversive acts.

### Ports Targeted – Terror Attacks

#### Probability of terror attack on ports increasing

Cutts, Coast Guard Force Readiness Command, Chief, 9

(Mathew E., June 2009, Naval Postgraduate School, “Improving the Coast Guard Ports, Waterways and Coastal Security Outcome Measure,” [www.hsdl.org/?view&did=35545](http://www.hsdl.org/?view&did=35545), p. 37-38, accessed 6-29-12, BC)

Mr. Gary Ackerman, Research Director of the National Consortium for the Study of Terrorism and Responses to Terrorism (START) recently conducted a survey of 20 experts concerning the potential for a WMD attack. On the question of the probability of an attack within the next 10 years, the mean probability was 53 percent and the median was 50 percent. There was a large standard deviation because of the large amount of uncertainty associated with this issue: no consensus formed among the experts. One expert estimated the probability at less than 5 percent while others estimated the probability at over 90 percent. The responses to successive survey questions indicated that “most experts expect the probability of a jihadist WMD attack to rise dramatically between 10 and 25 years’ time.”62 While the Ackerman results are not restricted to transfer of WMD within U.S. ports, as is the preceding Coast Guard estimate, these two estimates of the probability of terrorist activity associated with WMD seem to be of the same order of magnitude. This is an area that deserves further examination and update if it is to reflect the latest available information.

#### Terrorist attacks on maritime and ports inevitable.

Parfomak and Fritelli, from the resources, science and industry division at the Congressional Research Service, 07

(Paul W. Parfomak and John Frittelli. May 14th, 2007. CRS Report for Congress. “Maritime Security, Potential Terrorist attacks and protection priorities.” [http://www.fas.org/sgp/crs/homesec/RL33787.pdf. 6/27/2012](http://www.fas.org/sgp/crs/homesec/RL33787.pdf.%206/27/2012). KR)

The prior discussion illustrates the uncertainty surrounding some of the maritime terrorism scenarios of greatest concern to U.S. maritime security officials. Questions about the likelihood of these specific, high priority scenarios beg the larger question of how likely is any maritime terrorism attack against the United States. Some experts suggest that some such attack, in one form or another, is almost inevitable. For example, one senior U.S. military officer has reportedly asserted that “it’s just a matter of time until the terrorists try to use a ... maritime attack against us.”117 Security analysts also point to known terrorist plots to attack U.S. maritime targets, such as those passing the Straits of Gibraltar, as evidence that global terrorist groups continue to plan maritime terrorism activities. Information from captured Al Qaeda member Abd al Rahman al Nashiri reportedly included plans for attacks on a wide range of Western maritime targets, including military vessels, oil tankers, and cruise ships.118

#### U.S. vulnerable to maritime terror attcks at ports

Collins, U.S. Coast Guard Admiral, 2

(Thomas H., December 23, 2002, The U.S. Coast Guard, “Maritime Strategy for Homeland Security,” [http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf, p. i, accessed 6-29-12](http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf%2C%20p.%20i%2C%20accessed%206-29-12), BC)

The United States is engaged in a multi-front war against global terrorism both at home and abroad. For the foreseeable future, our homeland is vulnerable to attack by terrorists who seek to take advantage of weaknesses in our defenses and our preparedness, including exploitation of the access offered by the oceans and maritime transportation systems.

### Port Investment Increases Coast Guard Readiness

#### Infrastructure investment key to Coast Guard readiness

Department of Homeland Security 8

(February 2008 “U.S. Coast Guard Posture Statement With 2009 Budget in Brief,” [http://www.dtic.mil/dtic/tr/fulltext/u2/a492420.pdf accessed 6-28-12](http://www.dtic.mil/dtic/tr/fulltext/u2/a492420.pdf%20accessed%206-28-12) BC)

The Coast Guard needs to replace aging vessels, aircraft, and shore infrastructure. The cost of maintaining and operating out-dated assets is continually increasing, as are major unplanned maintenance evolutions and reductions in readiness. Vital shore infrastructure required to maintain our front line assets is also in critical need of renovation and repair. Ultimately, the future operational success of the Coast Guard is dependent upon a comprehensive recapitalization of front line assets and shore and support infrastructure.

### Internal Link Booster: Readiness

#### Readiness key to effectiveness

Allen, U.S. Coast Guard Admiral, 9

(Thad W. Allen, May 1, 2009 “U.S. Coast Guard: America’s Maritime Guardian Coast Guard Publication,” [http://www.uscg.mil/doctrine/CGPub/Pub\_1.pdf, p.59 accessed 6-28-12](http://www.uscg.mil/doctrine/CGPub/Pub_1.pdf%2C%20p.59%20accessed%206-28-12) BC)

As the country’s maritime “jack of all trades,” the Coast Guard has always needed to maintain a high degree of flexibility and operational readiness. Now, in the early years of a new century, the Coast Guard’s broad and evolving charter is particularly appropriate for the range of maritime challenges ahead. An integral and essential component of the Department of Homeland Security—but retaining its distinctive identity as a separate “military service and a branch of the Armed Forces of the United States at all times”48—the Coast Guard remains Semper Paratus—“Always Ready”—to do the Nation’s bidding

#### Coast Guard protects the U.S. from terror attacks

Collins, U.S. Coast Guard Admiral, 2

(Thomas H., December 23, 2002, The U.S. Coast Guard, “Maritime Strategy for Homeland Security,” [http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf, p. 3, accessed 6-29-12](http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf%2C%20p.%203%2C%20accessed%206-29-12), BC)

The Coast Guard’s homeland security mission is to protect the U.S. Maritime Domain and the U.S. Marine Transportation System and deny their use and exploitation by terrorists as a means for attacks on U.S. territory, population, and critical infrastructure. Additionally, the U.S. Coast Guard (USCG) will prepare for and, in the event of attack, conduct emergency response operations. And, when directed, as the supported or supporting commander, the Coast Guard will conduct military homeland defense operations in its traditional role as a military service.

#### Coast Guard mitigates terrorism impacts

Collins, U.S. Coast Guard Admiral, 2

(Thomas H., December 23, 2002, The U.S. Coast Guard, “Maritime Strategy for Homeland Security,” [http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf, p. 2, accessed 6-29-12](http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf%2C%20p.%202%2C%20accessed%206-29-12), BC)

Maritime Homeland Security is one of the highest priority missions of the U.S. Coast Guard. Deriving both from this imperative and from other national level policy documents, seven Guiding Principles serve as the base upon which the Maritime Strategy for Homeland Security is built: (1) the Coast Guard is the lead federal agency (LFA) for Maritime Homeland Security; (2) the Department of Defense acts primarily as a supporting agency to the Coast Guard for Maritime Homeland Security; (3) the Department of Defense acts as the LFA for Maritime Homeland Defense, employing traditional military missions, with the Coast Guard acting as a supported or supporting commander; (4) securing the homeland requires the sharing of responsibilities among agencies; (5) securing the homeland also requires unprecedented information sharing by all agencies; (6) maritime security operations will be focused to meet essential threat-based requirements and conducted within the rule of law; and (7) forces for implementing this Strategy will be derived by leveraging the Coast Guard’s multi-mission assets, by acquiring new resources, and through partnering with both public and private stakeholders. The fight against terrorism is a relentless struggle that will prove neither easy nor quick to conclude. The challenge is made more difficult because terrorism can be classified as either a criminal act or an act of war. However, since the Coast Guard is simultaneously and at all times both an armed force of the United States (14 U.S.C. 1), and a law enforcement agency (14 U.S.C. 89), its capabilities are extremely relevant, valuable, and needed for Maritime Homeland Security (MHLS) whether the threat is termed a military or terrorist attack. The Coast Guard’s strategic objectives for homeland security, as derived from the National Strategy for Homeland Security—and in order of priority—are to: Prevent terrorist attacks within, and terrorist exploitation of, the U.S. Maritime Domain Reduce America’s vulnerability to terrorism within the U.S. Maritime Domain. Protect U.S. population centers, critical infra structure, maritime borders, ports, coastal approaches, and the boundaries and seams between them Protect the U.S. Marine Transportation System while preserving the freedom of the U.S. Maritime Domain for legitimate pursuits Minimize the damage and recover from attacks that may occur within the U.S. Maritime Domain as either the lead federal agency or a supporting agency.

#### Coast guard key to prevent existential risk from terrorism

Collins, U.S. Coast Guard Admiral, 2

(Thomas H., December 23, 2002, The U.S. Coast Guard, “Maritime Strategy for Homeland Security,” [http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf, p. 5, accessed 6-29-12](http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf%2C%20p.%205%2C%20accessed%206-29-12), BC)

The Maritime Strategy addresses the Coast Guard’s responsibility as the lead federal agency for the Maritime Homeland Security mission to prevent terrorist attacks, reduce America’s vulnerability, and minimize the damage from attacks that do occur in the U.S. Maritime Domain. America also faces an extensive array of other dangerous threats––drug smuggling, illegal migration, international organized crime, resource exploitation, infectious diseases, and environmental degradation. Like terrorism, these threats recognize no borders and could originate from organized groups and individuals operating within or outside the United States as well as from the activities of nation-states. At the same time, this Maritime Strategy balances the Coast Guard’s responsibility with the imperatives of preserving our fundamental liberties and economic well-being. The Coast Guard recognizes that: (1) the United States must always remain a free, open, and democratic society; and (2) the economic and strategic importance of major American ports and waterways precludes delays in the supply chain, and frequent or long closures except for the most extraordinary circumstances. The Coast Guard’s approach places a premium on intercepting threats before they reach U.S. shores by conducting layered, multi-agency, maritime security operations and by strengthening the port-security posture of strategic economic and military ports. For the foreseeable future, anti-American terrorists have the means and the opportunity to target U.S. citizens and property on a global scale, with significant potential for using the access offered by the oceans and the U.S. Marine Transportation System (MTS) as a vehicle. Terrorists have demonstrated the technical capability and the intent to conduct lethal and catastrophic attacks on Americans, as well as on U.S. allies and friends, using weapons of mass destruction and mass disruption. Their strategy has been to focus their efforts on creating mass casualties and destroying symbols of national power, while undermining the U.S. economy and our national will through second and third order effects. The worldwide economic and societal disarray caused by the September 11, 2001 attacks will inspire terrorists to attempt additional strikes. This persistent and ubiquitous terrorist threat has made homeland security a paramount national concern.

#### Readiness is key to prevent nuclear maritime terrorism

Collins, U.S. Coast Guard Admiral, 2

(Thomas H., December 23, 2002, The U.S. Coast Guard, “Maritime Strategy for Homeland Security,” [http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf, p. 15, accessed 6-29-12](http://www.uscg.mil/history/articles/uscgmaritimestrategy2002.pdf%2C%20p.%2015%2C%20accessed%206-29-12), BC)

The Coast Guard equally values emergency preparedness and the response needed to minimize damage and recover from any future terrorist attacks that may occur, despite its best efforts at prevention and deterrence. The Coast Guard faces not only the possibility of terrorist attacks against the Nation’s chemical and energy facilities, but also the threat that military-type CBRNE weapons may be used against our citizens. To meet this new threat increased levels of preparedness and response capabilities are required, including additional personnel specially trained and equipped to mitigate the impacts of a terrorist incident. Coast Guard efforts in preparing to respond to terrorism will strengthen our capability to respond to other, lesser incidents.

### Readiness Decreases Risk

#### Increasing readiness decreases risk

Allen, U.S. Coast Guard Admiral, 9

(Thad W. Allen, May 1, 2009 “U.S. Coast Guard: America’s Maritime Guardian Coast Guard Publication,” [http://www.uscg.mil/doctrine/CGPub/Pub\_1.pdf, p.86-7 accessed 6-28-12](http://www.uscg.mil/doctrine/CGPub/Pub_1.pdf%2C%20p.86-7%20accessed%206-28-12) BC)

Successful mission execution begins with a thorough understanding of the environment in which we operate. Based on that understanding, we develop operational concepts, acquire appropriate equipment, and put our people through rigor-ous formal preparation. We build on that foundation by continuous training and drills, by improving our personal operational and support skills, and by maintaining our equipment at the highest state of readiness. The Coast Guard’s entire system of operations and support ensures our organizational readiness to carry out our missions; and as our readiness increases, our risks decrease. In short, consistently successful performance requires thorough preparation.

### AT: Low Risk Dirt Bombs

#### Dirty bomb attack extremely likely - very easy to ship

Parfomak, Specialist in Science and Technology, and Frittelli, Congressional Research Service, Resources, Science, and Industry Division, 7

(Paul W., John, 5-14-07, Federation of American Scientists, “Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, p. 18-19, accessed 6-29-12, BC)

The potential smuggling and detonation of a nuclear or dirty bomb device in a shipping container at a U.S. port is one of the threats most specifically and frequently mentioned by legislators in the context of maritime security.89 Shipping containers may be particularly vulnerable to terrorist infiltration compared to other types of cargo for three reasons. First, shipping containers are relatively large. They come in standard sizes from 20 to 53 feet long, although the most common are 40 feet or longer—about the size of a truck semi-trailer. Second, the containers on any given ship are packed at the factories or warehouses of many different companies that can be dispersed far and wide from the loading port, making it impossible for government authorities to ensure that only legitimate cargo has been packed. Third, the containers are typically trucked to the port of loading, during which the integrity of the shipments rests entirely on the trustworthiness or due diligence of the truck drivers. A maritime security expert at the Council on Foreign Relations, who is a former Commandant of the U.S. Coast Guard, outlines a scenario that most concerns him:

Let me share with you the terrorist scenario that most keeps me awake at night.... A container of athletic foot wear for a name brand company is loaded at a manufacturing plant in Surabaya, Indonesia. The container doors are shut and a mechanical seal is put into the door pad-eyes. These designer sneakers are destined for retail stores in malls across America. The container and seal numbers are recorded at the factory. A local truck driver, sympathetic to al Qaeda picks up the container. On the way to the port, he turns into an alleyway and backs up the truck at a nondescript warehouse where a small team of operatives pry loose one of the door hinges to open the container so that they can gain access to the shipment. Some of the sneakers are removed and in their place, the operatives load a dirty bomb wrapped in lead shielding, and they then refasten the door.

### AT: Low Risk Terror Attack

Maritime terrorist attack coming – Highest probability evidence proves

Parfomak, Specialist in Science and Technology, and Frittelli, Congressional Research Service, Resources, Science, and Industry Division, 7

(Paul W., John, 5-14-07, Federation of American Scientists, “Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, p. 23, accessed 6-29-12, BC)

The prior discussion illustrates the uncertainty surrounding some of the maritime terrorism scenarios of greatest concern to U.S. maritime security officials. Questions about the likelihood of these specific, high priority scenarios beg the larger question of how likely is any maritime terrorism attack against the United States. Some experts suggest that some such attack, in one form or another, is almost inevitable. For example, one senior U.S. military officer has reportedly asserted that “it’s just a matter of time until the terrorists try to use a ... maritime attack against us.”117 Security analysts also point to known terrorist plots to attack U.S. maritime targets, such as those passing the Straits of Gibraltar, as evidence that global terrorist groups continue to plan maritime terrorism activities. Information from captured Al Qaeda member Abd al Rahman al Nashiri reportedly included plans for attacks on a wide range of Western maritime targets, including military vessels, oil tankers, and cruise ships.118

### Mag O/W Prob

#### Threat so devastating magnitude out ways probability

Parfomak, Specialist in Science and Technology, and Frittelli, Congressional Research Service, Resources, Science, and Industry Division, 7

(Paul W., John, 5-14-07, Federation of American Scientists, “Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, p. 16, accessed 6-29-12, BC)

Other experts concede that evaluating the likelihood of nuclear terrorism is inherently uncertain, but that such potential attacks warrant attention even if they are unlikely.

The probability of a terrorist attack with an actual nuclear weapon cannot be reliably estimated, and it is surely lower than the probability of virtually any other type of terrorist attack. But the devastation from such an attack would be so overwhelming that, based on expected damages — the probability multiplied by the consequences — this threat must be considered one of the greatest dangers America faces....76

### 2AC Ports Add On: Bio-D

#### Bank investment uniquely improves port infrastructure

Lemov, Senior Editor Governing Magazine, 12

(Penelope Lemov, MARCH 1, 2012 “A Bank for Infrastructure Funding: Legislation moving through Congress could help states and localities finance public works projects.” [http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html Accessed 6-28-12](http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html%20Accessed%206-28-12) BC)

The $5.25 billion Panama Canal expansion could be a gold mine for U.S. ports along the Gulf and the East Coast. But first, they have a few upgrades to make if they expect to compete for the anticipated surge in trade traffic. So where will the money come from to ready these ports? And what about money to finance other major infrastructure needs? Michael Likosky, director of the Center on Law and Public Finance at New York University, sees a national infrastructure bank as one answer. As bipartisan legislation to create such a bank inches its way through Congress, I tuned into a briefing via telephone by Likosky, sponsored by RBC Capital Markets, on how such a bank might work. What follows is an edited transcript of his remarks.

#### Ports key to biodiversity

American Association of Port Authorities 2009

(“Environmental Stewardship: Ports are Good Environmental Stewards,” <http://www.aapa-ports.org/industry/content.cfm?ItemNumber=1026&navItemNumber=1030> accessed 6-27-12)

When developing new land for tenants, ports are required to mitigate any negative effects that the development may have on the environment. Many create new wetland habitat areas that serve as homes to endangered species such as the California Least Tern and the Brown Pelican. Others use dredged material for landfill or beach nourishment, covering eroded beaches with new, clean sand for the enjoyment of the general public. Ports also protect the environment and endangered species through public awareness programs. One Pacific Northwest port authority developed a boaters' guide to help clean up a local marina. Another port in South Florida has on-going campaigns to protect endangered species such as the Manatee and Northern Right Whale. Not only are ports investing in the future through wise environmental practices, they recognize the need to keep up with technological advances. Technology has moved shipping during this century from sailing vessels and word-of-mouth communication to huge ships with on-board Global Positioning Systems for navigation and electronic cargo tracking. Just-in-time delivery of inventory, moving goods from ship to factory floor on a precise, as-needed schedule, has become the industry standard. Improved access to information through use of the Internet and technology allows more seamless transfer of cargo.

#### Biodiversity loss will lead to extinction

Zimmerer, Penn State University, Head of Geography Department, et al., 12

(Karl; Petra Tschakert, Assistant Professor of Geography; Brian King, Assistant Professor of Geography; Seth Baum, Graduate Assistant and Ph.D. student in Geography; Chongming Wang, Geography Teaching Assistant; 2012, Penn State College of Earth and Mineral Sciences, “Module 10 – Biodiversity: Human Extinction,” <https://www.e-education.psu.edu/geog030/node/398>, accessed 7/2/2012, bs)

Recall from Module 8 that a hazard is a possibility of an event that causes harm. A human extinction hazard is thus a possibility of an event that causes human extinction. For better or worse, there exist quite a few human extinction hazards. Here are some important ones: Climate change. We already know that the climate is changing, and that these changes are harming humanity. What we don't know is exactly how harmful climate change will be. We can hope that climate change will be relatively mild and easy to adapt to. However, it might not be. Worst-case scenarios for climate change are frightening, including the possibility that large portions of Earth's land mass will become too warm for mammals to survive. Many species would go extinct under these worst-case scenarios. Humans could be one of them. But it is important to understand that such scenarios would unfold over time scales of decades or centuries. Exactly what the impacts end up being could depend heavily on what else is going on in society during this time. This means that we should view climate change as being part of the human society system. That said, the worst-case scenarios for climate change really are so severe that they could cause human extinction. Biodiversity loss. Earlier in this module, we used the house of cards (or Jenga) metaphor for ecosystem resilience. As more species go extinct, it becomes more likely for ecosystems to collapse. Given how many species are endangered, it is difficult to put an upper limit on how severe the ecosystem collapses could be. The collapses could be so severe that human extinction is threatened. The current honey bee colony collapse situation illustrates this. Without honey bees, humans would struggle - and perhaps fail - to grow many important crops. As more biodiversity is lost, we may find ourselves learning the hard way how important it is to our civilization and indeed our very survival.

### Ports K2 environment

#### Ports key to overall environment

American Association of Port Authorities 2009

(“Environmental Stewardship: Ports are Good Environmental Stewards,” <http://www.aapa-ports.org/industry/content.cfm?ItemNumber=1026&navItemNumber=1030> accessed 6-27-12)

Because ports are naturally located on coasts and inland waterways, they are caretakers for coastal resources. Public ports spend millions of dollars each year developing wetland sites; creating, restoring or enhancing habitat sites; monitoring water quality projects; and recycling materials like paper, oil, paint, glass and aluminum. Ports have undertaken hundreds of projects to increase the public’s ability to reach, see and enjoy the water or shoreline. These projects have included reducing emissions from oceangoing vessels, waste management programs, rebuilding a natural forest ridge, and developing a coastal ecosystem education center. One such project is Manatee County Port Authority’s “Seagrass Mitigation and Management Area,” a winner of AAPA’s 2006 Environmental Awards. The purpose of the Seagrass Mitigation and Management Area is to improve the local ecosystem by protecting manatees, transplanting and protecting seagrasses, and enhancing local environmental points. Manatee County Port Authority protects manatees and seagrasses in and around Port Manatee on Tampa Bay by prohibiting operation of internal combustion engines within a 480-acre area of surrounding waters. The port has also restored more than five acres of seagrass and added more than 20 new acres to the mitigation area. Through this project, Manatee County Port Authority also shows that ports can achieve great environmental benefits while saving on costs. The cost savings on this type of program are much greater than the potential cost of the creation of new environmental resources. Another example of a port’s environmental progress is AAPA’s 2005 Environmental Enhancement Award winner, the Port of Seattle, and its “Shilshole Bay Marina Clean and ‘Green’ Best Management Practices” project. This Shilshole Bay project demonstrates how to operate a marina to prevent pollution and reduce hazardous waste. To accomplish this, Shilshole Bay Marina updated its Best Management Practices (BMPs) in 2003 with the goal of achieving zero discharge to the environment. The Port of Seattle’s primary BMPs to prevent pollution at the marina include: 1) Initiation of new pollution prevention practices; 2) Expansion of solid and hazardous material reduction and recycling efforts; 3) Education campaign for port staff, customers, tenants, and the general public; and 4) Enforcement of policies and regulations. Implementation of new BMPs consisted of offering biodiesel as an alternative fuel source, the addition of compost bins and pet waste scoop stations, and expanding materials that can be recycled. Still another excellent example of a port’s environmental work is the “Marine Park Beach Access and Habitat Restoration Project,” submitted for AAPA’s 2005 Environmental Awards competition by the Port of Bellingham, Wash. This purpose of this project is to improve public access to the water and restore critical near-shore habitat. In order to protect the property from erosion and to provide improved surroundings for marine wildlife, the Bellingham port removed 5,600 tons of concrete and rock from the shoreline of a popular waterfront park and replaced it with a sloping cobble and sand beach. In addition to improving marine wildlife habitation, this new beach also provides recreation and scenic enjoyment for the local community.

### Bio-D K2 Economy

#### Biodiversity key to the economy

Freese, Director of World Wildlife Fund; and Trauger, Virginia Tech, Director of Natural Resources Programs; 2k

(Curtis H. and David L., Spring 2000, Wildlife Society Bulletin, “Wildline Markets and Biodiversity Conservation in North America,” vol. 28, p. 42, accessed 7/2/2012, JSTOR, bs)

Conservation of biological diversity is emerging as a major societal goal (Trauger and Hall 1992, Trauger 1999). Progress toward that goal in North America is strongly influenced by the fact that commercial markets based on wildlife and other biodiversity values are large, growing, and diversifying. The commercial value of the Canadian fisheries catch in 1997 was nearly $1.7 billion Canadian (approximately $1.2 billion U.S.), a 2- to 5-fold increase over values of the late 1970s (Canadian Department of Fisheries and Oceans, unpublished report, 1999). Recreational fishers in Canada spent $5.9 billion Canadian (approximately $4.1 billion U.S.) on products and services directly associated with their sport in 1990 (Canadian Department of Fisheries and Oceans, unpublished report, 1999). In the United States, commercial fisheries landings in 1995 were valued at a record $3.8 billion U.S. (National Oceanic and Atmospheric Administration, unpublished report, 1999). Expenditures associated with wildlife-related recreation totaled $101 billion U.S. in the United States in 1996, up from $63 billion in 1991 (United States Department of the Interior 1996). In addition to these markets, millions of dollars are contributed by citizens of Canada and the United States to nonprofit organizations to support a diversity of use and non-use values of biodiversity (Rasker and Freese 1995, Freese 1998, Howe et al. 1997).

## Public/Mass Transit

### Uniqueness – Lack of Funds

#### More funding needed for mass transit now

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 38 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Investing more in mass transit. Two-thirds of the U.S. population lives in our largest metropolitan areas, and this number is expected to grow—a recent survey shows that 77% of Americans under 30 intend to live in an urban core for most of their lives. Yet only 30 of the largest 100 metropolitan regions in the U.S. have light rail or subway systems. Only half of Americans have access to mass transit, and surveys show that most Americans want more local transport options. But cities and states need more federal support to build the mass transit alternatives our metropolitan regions need. The federal government should shift more attention and funding toward building more mass transit alternatives. Spurring investment in mass transit is a smart use of federal dollars: new light rail or commuter rail lines can accommodate 8 or 9 times the number of passengers as a new lane of highway, and they can be built at a fraction of the cost.

#### **Status quo funding fails – money spread too thin to meet mass transportation needs**

McNamara, Blueprint America, 9

(Tom, Blueprint America- PBS project focusing on America’s decaying infrastructure, 5-19-2009, Blueprint America, “Analysis: The Bank Not Built,” <http://www.pbs.org/wnet/blueprintamerica/reports/building-the-national-infrastructure-bank/analysis-the-bank-not-built/553/>, accessed 6-27-12, LH)

The problem: It is not yet clear how a National Infrastructure Bank would function. Moreover, the complexities of such a novel financing mechanism would be too slow in acting for a stimulus plan intended to make an immediate economic impact. But without it, or like-provisions, each state – [under the existing funding formulas and Congressional earmarkings](http://www.nga.org/Files/pdf/0901TRANSPORTATIONFUNDING.PDF) – will receive stimulus money for infrastructure regardless of its needs or the merits of its projects.

For example, of the [$8.4 billion dedicated to mass transit](http://www.pbs.org/wnet/blueprintamerica/reports/transit-in-trouble/infrastructure-of-the-stimulus-plan-84-billion-in-mass-transit-spending/411/) in the recovery package, the majority – $6.9 billion – will be invested in transit capital assistance projects – from planning to purchasing equipment to construction. Of the $6.9 billion, 80 percent will be dispersed according to the Federal Transit Administration’s (FTA) Urbanized Formula. Presumably, as the formula is based primarily on population and population density, the larger the city is would mean the more federal funding that area would receive. Yet, funding for the country’s largest cities is deemphasized as a result of these formulas – in terms of federal allocation, the money is spread too thin. Simply, no matter if a city is large, small, or growing, funding comes up short.

#### **Mass transit agencies in trouble now- funding key**

Tomer et al., Brookings Institution, Senior Research Analyst, 2011

(Adie, Elizabeth Kneebone, senior research associate at the Brookings Institution, Robert Puentes, senior fellow at the Brookings Institution, Alan Berube, senior fellow and research director at the Brookings Institution, May 2011, Metropolitan Policy Program at Brookings, “Missed Opportunity: Transit and Jobs in Metropolitan America,” <http://www.brookings.edu/~/media/research/files/reports/2011/5/12%20jobs%20and%20transit/0512_jobs_transit.pdf>, p. 22, accessed 6-29-12, LH)

Now, however, severe budget constraints and rapidly fluctuating energy prices and transportation costs complicate the route to broader economic recovery. In the short run, transit agencies face real threats of service cuts, delayed investments in both new capital projects and vehicles, and deferred maintenance. Revenue declines are widespread and many agencies are already planning fare increases and operating cuts to close yawning budget gaps. In some cases, these go along with numerous other cuts made in recent years. Only one of 64 transit agencies surveyed recently reported that it has not had to reduce service or increase fares in response to larger fiscal challenges. 66 Belt tightening at the state level further exacerbates these agency-level challenges.

### Sustained Investment Key

#### Continued investment is key to manufacturing – previous stimulus cannot maintain demand

Fitzgerald et al., Northeastern University professor of Law, Policy, and Society, 10

(Joan Fitzgerald is professor and director of the graduate program in Law, Policy and Society and a Senior Research Fellow at the Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University. Lisa Granquist is a Ph.D. student in the Law, Policy and Society Program in the School of Public Policy and Urban Affairs at Northeastern University. Ishwar Khatiwada is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Joseph McLaughlin is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Michael Renner is a Senior Researcher at the Worldwatch Institute. Andrew M. Sum is Professor of Economics and Director of the Center for Labor Market Studies at Northeast- ern University. World Watch Institute, September 2010, "Reviving the U.S. Rail and Transit Industry: Investments and Job Creation," p. 16, www.worldwatch.org/system/files/Reviving-the-US-Rail-and-Transit-Industry.pdf accessed 6-29-12, CNM)

Substantial and sustained investment is needed to support safe transit and manufacturing jobs in the United States. Although bus and railcar manufacturers have welcomed the uptick in orders created by eco- nomic stimulus funds, company representatives empha- size that short-term funding will not maintain enough demand to support the industry.24 The same is true for suppliers. The Duke University analysis notes that although bus manufacturers depend heavily on suppliers of key components such as engines and transmissions, the bus industry is of low importance to many suppli- ers because most of their orders come from other indus- tries. If the increased demand from bus manufacturers is viewed as temporary, suppliers will not increase their capacity to meet it. Similar patterns are evident in the rail industry supply chain.

#### Mass transit solves – political and economic commitment is key

Shapiro et al, Fellow at the Brookings Institution and the Progressive Policy Institute, 2

(Dr. Robert J. Shapiro is Managing Director of Sonecon, LLC, a non-resident Fellow of the Brookings Institution and the Progressive Policy Institute, Economic Counselor to the U.S. Conference Board, and a director of the Axson-Johnson Foundation in Sweden and the Center for International Political Economy in New York. Dr. Kevin A. Hassett is a Resident Scholar of the American Enterprise Institute. Dr. Frank S. Arnold is President of Applied Microeconomics, Inc. He is also a columnist for The Environmental Forum, published by the Environmental Law Institute, and a consulting economist to ICF Incorporated. July 2002, American Public Transportation Association, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," p. 29-30, CNM)

Greater reliance on more fuel-efficient means of travel, especially use of public transportation is the key to the United States achieving greater energy independence and environmental progress.

The facts are clear and indisputable. For every passenger mile traveled by Americans, public transportation consumes about one-half the fuel and energy of private automobiles, SUVs and light trucks. For every passenger mile traveled by Americans, public transportation produces only five percent as much carbon monoxide, less than ten percent as much volatile organic compounds, and little more than half as much carbon dioxide and nitrogen oxides. Greater use of public transportation offers the most effective strategy available for achieving significant energy savings and environmental gains without imposing new taxes, government mandates or regulations.

At our current levels of use, every year public transportation saves close to one billion gallons of gasoline and reduces harmful emissions by millions of tons. Increasing Americans’ use of public transit would produce even greater benefits for our nation’s economy, security and environment.

This is an achievable goal – and one that Americans had formerly attained. In the early 20th century, America led the world in mass transit development and use. Today, there are signs of a transit renaissance. Since 1995, use of public transportation has grown faster than the use of private vehicles. Passenger miles ridden on public buses and rail systems have grown faster than the passenger miles ridden in private automobiles, sports utility vehicles (SUVs) and light trucks. As ridership increases, so will the energy savings and environmental benefits.

Both pragmatism and patriotism can become catalysts for much greater use of public transportation. As a practical matter, increasing transit use may be one of the most feasible -- and desirable -- strategies for sharply reducing our dependence on foreign oil and making historic strides in environmental quality. As a act of civic commitment, many Americans may view riding public transportation, even on a limited basis, as a small but important contribution to our country’s well being. As this study demonstrates, if one out of ten people shifted his or her daily transportation from private vehicle to transit, or if the general public used transit for only 10 percent of its daily transportation needs or used public transportation for three days every month, the energy savings and environmental benefits would be enormous: the United States would no longer need to import oil from Saudi Arabia, every metropolitan area in the country would meet EPA air quality standards for smog and carbon monoxide, and America would achieve more than one-fourth of the reductions in global-warming emissions directed under the Kyoto Agreement.

Realizing these benefits does not depend on technology or new regulatory schemes, but rather on a political and economic commitment. By making public transit a key element of our nation’s long-term transportation, energy and environmental policies, we can attain conservation and clear air goals that strengthen America.

### Solves Warming and Conflict

#### Transit investments that reduce greenhouse gas emissions is key to prevent violent conflict

Pemberton, Institute for Policy Studies Research Fellow, 09

(Miriam, Foreign Policy in Focus, 7-16-09, "Mass Transit Helps Cut Global Warming and War," http://www.fpif.org/articles/mass\_transit\_helps\_cut\_global\_warming\_and\_war accessed 6-29-12, CNM)

The Metro disaster has security implications that extend beyond the safety of subway passengers like me. Developing clean mass transit is a key piece of the solution to the most serious security challenge of our time.

World leaders will gather in Copenhagen in December to try to agree on a plan to stop climate change. If they fail, the consequences will include large land masses around the world rendered uninhabitable by drought in some areas and by flooding in others. The U.S. military has begun to see these consequences as not merely a massive human and planetary tragedy, but a major potential cause of increased violent conflict.

Climate change, in other words, is a security challenge as well as an environmental problem. Developing transportation systems that reduce greenhouse gas emissions is part of the solution.

Doing so is an expensive proposition. As the subway wreck suggests, the money hasn't been there to do it.

The money has been there, though, for military security. Since 2001, U.S. military spending has ballooned by 70 percent, to nearly $700 billion a year. Although the Obama administration has proposed the most ambitious set of spending cuts in unnecessary weapons programs since the early 1990s, it also proposed an even larger military budget overall than any of the previous Bush administration models. And while the wreckage of the subway crash was being cleared away, a congressional committee was voting to add more money to this budget, to build advanced fighter jets that the military itself says we don't need.

Unlike its predecessor, the Obama administration takes the threat of climate change seriously. At the heart of its vision of economic reform is the construction of a sustainable economy, with green technology — renewable energy, energy efficiency and clean transport — as one of its principal drivers. Though the climate change bill working its way through Congress is seriously flawed, the administration has made a down-payment on a green economy through its spending plans so far.

In the last fiscal year, the Bush administration spent $88 on security by military force for every $1 it spent on climate security. The Obama administration's spending plans would narrow that gap to $9 for the military for every $1 spent on climate — a huge improvement.

But there's a catch. Of the $79 billion it budgeted for green investment, the great majority — 87 percent — comes from the stimulus package Congress passed in February. The regular budget includes only about $3 billion more in green investment than the Bush administration spent in 2008. This barely narrows the gap at all: taking the military's environment ratio from 88:1 to 85:1.

You can't build a low-emissions economy with a one-time investment. The security of my fellow subway riders depends on changing our long-term investment strategy. The Earth's security depends on that too. We need to take money from weapons systems we don't need and use it to build the green economy we do. This economy must be viewed as, among other things, a conflict-prevention device, because it can prevent the climate-change-driven violence that our military forces will be powerless to stop.

#### Its key to energy conservation

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 09’

(James, Robert, Heidi, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 18, Accessed: 6/26/12, GJV)

Increased usage of public transportation is one of the most efficient ways to promote energy conservation in the United States. It is therefore a positive development that public transportation has been growing steadily in recent years. The increase in demand for public transportation accelerated sharply over 2007-08, as gas prices at the pump rose as high as $4.00 a gallon. But more generally, over the decade 1996-2005, passenger miles traveled with various forms of public transportation increased by over 20 percent (Department of Transportation, 2007) and usage is expected to rise faster in the future. Capital investments in transit have increased in recent years, particularly at the state and local level (Department of Transportation, 2006). Despite these improvements, public investment must increase further if the transit system is to be maintained, and beyond this, if public transportation is to become an increasingly significant means of promoting energy conservation. According to the 2006 Status of the Nation’s Highways, Bridges, and Transit, transit investments must total $15.8 billion a year just to maintain the current operating system. This would represent an increase of $3.2 billion a year over current levels. But to meet government operational and performance targets by 2024, annual investments must grow to $21.8 billion, requiring an additional $9.2 billion.

### **Mass Transit Lowers Emissions**

#### **Public transit reduces GHG emissions- emits less than a car**

Lowe et al., Center on Globalization, Governance, and Competitiveness, research associate, 9

(Marcy, Bengu Aytekin, Sanford School of Public Policy at Duke University, Gary Gereffi, Director of the Center on Globalization, Governance, and Competiveness, 10-26-2009, Center on Globalization, Governance, and Competitiveness, “Public Transit Buses: A Green Choice Gets Greener,” p. 3, <http://www.cggc.duke.edu/environment/climatesolutions/greeneconomy_Ch12_TransitBus.pdf>, accessed 6-27-12, LH)

Public transit substantially reduces fuel use and greenhouse gas emissions, making it a wise public investment in a new, carbon-constrained economy. A typical passenger car carrying one person gets 25 passenger miles per gallon, while a conventional bus at its capacity of 70 (seated and standing) gets 163 passenger miles per gallon. These fuel savings yield commensurate cuts in CO2 emissions. A passenger car carrying one person emits 89 pounds of CO2 per 100 passenger miles, while a full bus emits only 14 pounds. In addition, these benefits of conventional transit buses are further enhanced by a growing number of alternative options known as “green buses,” including electric hybrid, all-electric, and other advanced technologies.

#### Public transportation solves best

Shapiro et al, Fellow at the Brookings Institution and the Progressive Policy Institute, 2

(Dr. Robert J. Shapiro is Managing Director of Sonecon, LLC, a non-resident Fellow of the Brookings Institution and the Progressive Policy Institute, Economic Counselor to the U.S. Conference Board, and a director of the Axson-Johnson Foundation in Sweden and the Center for International Political Economy in New York. Dr. Kevin A. Hassett is a Resident Scholar of the American Enterprise Institute. Dr. Frank S. Arnold is President of Applied Microeconomics, Inc. He is also a columnist for The Environmental Forum, published by the Environmental Law Institute, and a consulting economist to ICF Incorporated. July 2002, American Public Transportation Association, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," p. 6, CNM)

Energy and environmental costs are built into all forms of mobility by mechanical means, but personal and political choices can reduce the fuel and pollution “overhead” associated with a given level of mobility. The primary approach for lowering these costs involves developing and using technologies that reduce either the fuel required to move people and goods, or the amount of pollution associated with burning that fuel. The most prominent regulatory strategies developed to advance this approach are the Corporate Average Fuel Efficiency (CAFÉ) and auto-emission standards for private automobiles. The non-regulatory strategy with the greatest potential for achieving the same results is greater use of public transportation, because on a per- person, per-mile basis, public transportation is much more energy efficient and much less polluting than private automobiles.

#### Cuts emissions in half – it’s the most efficient way to get off of fossil fuels

Shapiro et al, Fellow at the Brookings Institution and the Progressive Policy Institute, 2

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The most recent data show that the current use of public transportation is a major source of energy savings.

Moving a person over a given distance by public transportation consumes, on average, about half the energy of moving a person the same distance by private automobile, sports-utility vehicle (SUV), or light truck.

Over the 42.5 billion passenger miles traveled on public transportation in 1998, the energy benefits add up to nearly than 107 trillion British thermal units (Btus).2 As we will show, these energy benefits are comparable to the energy consumed by various manufacturing industries. For example, the energy saved through the use of public transportation is equivalent to half of the energy used to manufacture computers and electronic equipment in America. These energy savings are also equal to 99 percent of the energy used by the beverage and tobacco industries, and more than four times all the energy used to manufacture apparel. Finally, these energy benefits are equivalent to about one-fourth of the energy used to heat American homes in 1997 (the most recent data).3

These savings carry clear significance for our national and economic security. The United States is increasingly dependent on oil from the Middle East, at a time when dangers from Saddam Hussein, the war against terrorism, and the Israeli-Palestinian conflict all threaten to interrupt the supply of OPEC oil or sharply increase its price. Greater use of public transportation can offer a powerful conservation strategy that could substantially reduce our dependence on imported oil. There is no other technology or approach other than increased use of public transportation that, for every trip it is used, has the energy impact of nearly doubling the fuel efficiency of automobiles.

#### Public transportation investment causes a massive reduction in emissions. It’s the cheapest way to solve

Shapiro et al, Fellow at the Brookings Institution and the Progressive Policy Institute, 2

(Dr. Robert J. Shapiro is Managing Director of Sonecon, LLC, a non-resident Fellow of the Brookings Institution and the Progressive Policy Institute, Economic Counselor to the U.S. Conference Board, and a director of the Axson-Johnson Foundation in Sweden and the Center for International Political Economy in New York. Dr. Kevin A. Hassett is a Resident Scholar of the American Enterprise Institute. Dr. Frank S. Arnold is President of Applied Microeconomics, Inc. He is also a columnist for The Environmental Forum, published by the Environmental Law Institute, and a consulting economist to ICF Incorporated. July 2002, American Public Transportation Association, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," p. 11-13, CNM)

Given its high energy efficiency and low polluting, public transportation offers the single largest untapped source of energy savings and environmental gains available to the United States. Throughout much of Europe, people use public transportation for about 10 percent of their daily travel needs.14 There, governments have long used tax, planning, and regulatory policies to encourage the use of public transportation and protect their urban centers from automobile congestion. Virtually all European governments have also long provided extensive capital and operating assistance to their bus and rail systems. We will see that if Americans used public transportation at the same rate as Europeans – if a little more than ten percent of those who currently use private automobiles shifted to public transportation, or everyone used public transit for about ten percent of their daily travel needs -- the United States could be virtually energy independent from Saudi Arabia. The energy savings at that level of public-transit use would be equal to one-quarter of all energy use in the commercial sector in 2000.15

This report shows that if just five percent of Americans left their cars at home and used public transportation, or if everyone used public transit five percent of the time, it would reduce CO pollution by more than all of the CO emitted by the chemical manufacturing sector and all metal processing plants.16 If ten percent of Americans switched to public transit or everyone used public transit for ten percent of their daily travel needs, the United States would achieve more than one-quarter of the CO2 reductions mandated by the Kyoto Treaty, without increasing gas taxes or imposing regulatory restrictions on business. It would also reduce NOx pollution by more than the NOx produced by all industrial uses of coal, and produce environmental benefits equivalent to more than all the VOCs emitted by the chemical manufacturers and all oil and gas production.17

At one time, such levels of transit use, or even greater, were common. In 1920, the average person in an American city used public transportation about 250 times a year.18 This widespread reliance on public transport declined with the rapid increase in automobile ownership in the 1940s and 1950s. With growing use of faster and more flexible means of private transportation, residential and commercial development spread farther from the established transit lines along which center cities and many early suburbs had formed. Today, with local land use planning generally uncoordinated with regional transportation planning, development continues to unfold even farther from existing public transportation corridors.19

Achieving much greater energy savings and environmental benefits by significantly increasing the passenger loads of existing public transportation systems would require modest new investments, at a much lower cost than would be required to produce comparable energy and environmental benefits by other means. Achieving a genuine measure of energy independence and markedly cleaner air by raising our public transportation use to European levels would require significant financial commitments, as well as changes in other areas such as land-use planning and the way many public transportation systems operate. The long-term price tag for substantially expanding the country’s public transportation infrastructure, especially rail systems, would be less than the cost of continuing to expand the country’s fleet of private vehicles, build and maintain more roads and highways to accommodate them, and absorb the rising energy, environmental, and congestion costs of this approach. Given the limits and risks to our energy supply and the threats to the environment, relying for the long-term on private cars, SUVs, and light trucks for 99 percent of all daily transportation needs will be unsustainable.

Buses reduce GHG emissions, solve congestion

Lowe et al., Center on Globalization, Governance, and Competitiveness, research associate, 9

(Marcy, Bengu Aytekin, Sanford School of Public Policy at Duke University, Gary Gereffi, Director of the Center on Globalization, Governance, and Competiveness, 10-26-2009, Center on Globalization, Governance, and Competitiveness, “Public Transit Buses: A Green Choice Gets Greener,” p. 6, <http://www.cggc.duke.edu/environment/climatesolutions/greeneconomy_Ch12_TransitBus.pdf>, accessed 6-27-12, LH)

Bus transit is an increasingly important strategy in developing countries for providing mobility and solving congestion in urban areas. Especially in emerging economies with large populations such as China, India, Brazil, Russia, Indonesia and Mexico, bus transit is growing rapidly. In addition, European countries and Japan have long invested heavily in bus and rail transit to reduce energy use and air pollution, resulting in heavy transit use (Ealey & Gross, 2008)

#### **Buses reduce CO2 emissions**

Walsh, TIME Magazine, Senior Editor, 7

(Bryan, 5-3-07, TIME Magazine, “14. Ride the Bus,” [http://www.time.com/time/specials/2007/environment/article/0,28804,1602354\_1603074\_1603122,00.html](http://www.time.com/time/specials/2007/environment/article/0%2C28804%2C1602354_1603074_1603122%2C00.html), accessed 6-28-12, LH)

With transport accounting for more than 30% of U.S. carbon dioxide emissions, one of the best ways to reduce them is by riding something many of us haven't tried since the ninth grade: a bus. Public transit saves an estimated 1.4 billion gal. of gas annually, which translates into about 14 million tons of CO2, according to the American Public Transportation Association.

Unfortunately, 88% of all trips in the U.S. are by car. Partly, that's because public transportation is more readily available in big urban areas. One promising alternative is bus rapid transit (BRT), which features extra-long carriers running in dedicated lanes. Buses emit more carbon than trains, but that can be minimized by using hybrid or compressed-natural-gas engines. A study last year by the Breakthrough Technologies Institute found that a BRT system in a medium-size U.S. city could cut emissions by as much as 654,000 tons over 20 years.

Thanks to high gas prices, miles driven per motorist dropped in 2005 for the first time since 1980, according to the Pew Research Center. The U.S. is ready to change. We're just waiting for the bus.

#### **Public transportation reduces CO2 emissions**

Hodges, Federal Transit Administration, 2010

(Tina, 1-1-10, Federal Transit Administration, “Public Transportation’s Role in Responding to Climate Change,” <http://www.fta.dot.gov/documents/PublicTransportationsRoleInRespondingToClimateChange.pdf>, p. 4-5, accessed 6-29-12, LH)

Public transportation reduces emissions by facilitating higher density development, which conserves land and decreases the distances people need to travel to reach destinations. In many cases, higher density development would be more difficult without the existence of public transportation because more land would need to be devoted to parking and travel lanes. By facilitating higher density development, public transportation can shrink the footprint of an urban area and reduce overall trip lengths. In addition, public transportation supports increased foot traffic, street-level retail, and mixed land uses that enable a shift from driving to walking and biking. Public transportation can also facilitate trip chaining, such as combining dry-cleaning pick-up, shopping, and other errands on the way home from a station. Finally, households living close to public transportation tend to own fewer cars on average, as they may not need a car for commuting and other trips. A reduced number of cars per household tends to lead to reduced car use, and driving may cease to be the habitual choice for every trip.

Multiple studies have quantified this relationship between public transportation, land use, and reduction in travel. The studies show that for every additional passenger mile traveled on public transportation, auto travel declines by 1.4 to 9 miles. 6 In other words, in areas served by public transportation, even non-transit users drive less because destinations are closer together. A recent study used modeling to isolate just the effect of public transportation on driving patterns (rather than that effect combined with denser land use creating a need for improved public transportation). That study, con­ ducted by consulting firm ICF and funded through the Transit Cooperative Research Program, found that each mile traveled on U.S. public transportation reduced driving by 1.9 miles. It concluded that public transportation reduces U.S. travel by an estimated 102.2 billion vehicle miles traveled (VMT) each year, or 3.4% of annual U.S. VMT. A study published by the Urban Land institute found that within areas of compact development, driving is reduced 20% to 40% compared to average U.S. development patterns.

Moreover, by reducing congestion, transit reduces emissions from cars stuck in traffic. The Texas Transportation Institute’s 2007 Mobility Report estimates that by reducing congestion, transit saved an estimated 340 million gallons of fuel in 2005.

Combining the emissions savings from passengers taking transit rather than driving, with VMT reduction due to transit’s impact on the build environment, and savings from reduced congestion due to transit, the ICF report finds that public transportation reduces carbon dioxide emissions by 37 million metric tons annually.

#### **Mass transit reduces CO2 emissions**

Rasmussen, Federal Highway Administration, 2008

(Ben, May 2008, Federal Highway Administration, “Carbon Dioxide, Climate Change, and the Boston Region MPO: A Discussion Paper,” <http://www.fhwa.dot.gov/planning/processes/metropolitan/mpo/boston_mpo/index.cfm>, accessed 6-29-12, LH)

One American person using mass transit for an entire year, instead of driving to work, can keep an average of over 5,000 pounds of CO2 from being discharged into the air, and one full, 40-foot bus takes 58 cars off the road.[44](http://www.fhwa.dot.gov/planning/processes/metropolitan/mpo/boston_mpo/index.cfm%22%20%5Cl%20%22edn44) A 10 percent nationwide increase in transit ridership would save 135 million gallons of gasoline a year and prevent 2.7 billion pounds of CO2 being added to the atmosphere (one gallon of gasoline creates 20 pounds of CO2).

#### **Mass transit boosts economy, decreases carbon emissions, and solves congestion**

Tomer et al., Brookings Institution, Senior Research Analyst, 2011

(Adie, Elizabeth Kneebone, senior research associate at the Brookings Institution, Robert Puentes, senior fellow at the Brookings Institution, Alan Berube, senior fellow and research director at the Brookings Institution, May 2011, Metropolitan Policy Program at Brookings, “Missed Opportunity: Transit and Jobs in Metropolitan America,” <http://www.brookings.edu/~/media/research/files/reports/2011/5/12%20jobs%20and%20transit/0512_jobs_transit.pdf>, p. 3, accessed 6-29-12, LH)

A high quality public transit network can allow employers to benefit from the clustering and agglomeration of people and businesses, and thereby raise productivity in metro areas. One recent analysis recommends using access to jobs and labor as a measure of the economic benefit of transportation to metropolitan areas. 8 Transit also supplies travel choices for workers, and is thus especially important to populations who depend on such service because they are too old or poor, or otherwise choose not to own a car. Metro areas with a high number of transit commuters, such as Los Angeles, Honolulu, and Philadelphia, also stand out for having small per capita carbon emissions due to transportation compared with more car-dependent areas such as Nashville and Oklahoma City. 9 In some metropolitan areas, transit can help workers avoid severe rush hour traffic congestion, and reduce the costs of their commutes relative to driving a car. Moreover, as gasoline prices continue to rise, transit use is predicted to increase as well. 10

### Lower Emissions address warming

#### **Reducing GHG emissions is key to global warming**

Biello, Associate Editor at Scientific American, 07

(David, 11-26-07, Scientific American, “10 Solutions For Climate Change,” <http://www.scientificamerican.com/article.cfm?id=10-solutions-for-climate-change>, Accessed: 6/29/12, GJV)

The enormity of [global warming](http://www.scientificamerican.com/topic.cfm?id=global-warming-and-climate-change) can be daunting and dispiriting. What can one person, or even one nation, do on their own to slow and reverse [climate change](http://www.sciam.com/article.cfm?articleId=A1E03678-E7F2-99DF-349533FA77189693)? But just as ecologist Stephen Pacala and physicist Robert Socolow, both at Princeton University, came up with 15 so-called "[wedges](http://www.sciam.com/article.cfm?chanID=sa006&colID=1&articleID=0009E49D-D132-14E5-913283414B7F0000)" for nations to utilize toward this goal—each of which is challenging but feasible and, in some combination, could [reduce greenhouse gas emissions to safer levels](http://www.sciam.com/article.cfm?articleId=3E0F9160-E7F2-99DF-358998AA3C1A910F)—there are personal lifestyle changes that you can make too that, in some combination, can help reduce your carbon impact. Not all are right for everybody. Some you may already be doing or absolutely abhor. But implementing just a few of them could make a difference.

### Location

#### **B**uilding public transit systems in areas with long commutes key

Silver, Five Thirty Eight, Political Analyst, 11

(Nate, 5-20-11, Five Thirty Eight, “On the Economics of Mass Transit and the Value of Common Sense,” <http://fivethirtyeight.blogs.nytimes.com/2011/05/20/thinktanks-gone-wild-on-the-economics-of-mass-transit-and-the-value-of-common-sense/>, accessed 6-28-12, LH)

Cities that have roads that are relatively free of congestion — and the midsize cities of the western United States that top the Brookings list qualify since they were designed with cars in mind — will provide for fast commutes by bus in an absolute sense. But the routes will nevertheless be slower than they would be by private automobile, so not very many people will use them. A study that evaluated public transit through the paradigm of access to public transit, like the Brookings study did, would not catch the distinction, but one that instead focused on the choices available to commuters would. You could spend billions of dollars expanding the light rail system in Buffalo and build something completely state-of-the-art — but because Buffalo already offers extremely short commute times (because of its population loss), it would be a waste of resources and nobody would use it.

So why draw this relatively obscure study to your attention? There are three reasons.

First, it gets at an important public policy question. I’m a big “fan” of mass transit — but I also assume that the taxpayer’s tolerance for financing new projects is going to be limited, and the money should be concentrated in areas where driving is a bad alternative and there would be significant improvement in commuter welfare by building new mass transit lines. This would include cities like Atlanta, Dallas, Houston and Los Angeles, which have high average commute times but very little public transit use.

### AT: Alt Causes to Warming – Transportation Sector Key

#### Transportation is the largest internal link to warming

Shapiro et al, Fellow at the Brookings Institution and the Progressive Policy Institute, 2

(Dr. Robert J. Shapiro is Managing Director of Sonecon, LLC, a non-resident Fellow of the Brookings Institution and the Progressive Policy Institute, Economic Counselor to the U.S. Conference Board, and a director of the Axson-Johnson Foundation in Sweden and the Center for International Political Economy in New York. Dr. Kevin A. Hassett is a Resident Scholar of the American Enterprise Institute. Dr. Frank S. Arnold is President of Applied Microeconomics, Inc. He is also a columnist for The Environmental Forum, published by the Environmental Law Institute, and a consulting economist to ICF Incorporated. July 2002, American Public Transportation Association, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," p.5, CNM)

As the United States strives to achieve greater energy efficiency and independence and to improve the environment, the role of transportation has become paramount. America consumes more energy and produces more pollution in mobility and travel than in any other activity. It follows that any serious effort to reduce our dependence on foreign oil and make significant additional progress on the environment must address the way Americans travel. This study examines the role of public transportation in conserving energy and reducing pollution. The data show that traveling by public transportation, per person and per mile, uses significantly less energy and produces substantially less pollution than comparable travel by private vehicles. We find that increasing the role of public transportation can provide the most effective strategy available for reducing energy consumption and improving the environment without imposing new taxes and government regulations on the economy or consumers.

Americans highly value their mobility and with good reason. Our communities, the economy and much of our lives are organized around our ability to travel easily and efficiently from home to work or school, to shop or play, to receive medical care or just for the sheer pleasure of traveling. This freedom has certain costs that accompany its many benefits. Vehicles, public and private, have to be purchased and operated; roads must be built and maintained; laws must be enforced so many people can travel at the same time; and hundreds of thousands of accidents inevitably occur.

The most fundamental costs of mobility, however, involve the energy required to move people and goods over any distance, and the pollution released as this energy is burned. As shown in Table 1, in 2000 Americans consumed more energy moving from place to place than industry used to produce all of its goods. All forms of transportation also consumed almost four times the energy of all residential uses and more than six times the energy of all commercial uses. Moreover, petroleum products provide virtually all of the fuel used for transportation, while other sectors use more diverse, efficient, and environmentally friendly sources of energy.

### AT: Transit Increases Emissions

#### Public transportation is energy efficient – does not require increased energy to transport more people and use efficient electricity

Shapiro et al, Fellow at the Brookings Institution and the Progressive Policy Institute, 2

(Dr. Robert J. Shapiro is Managing Director of Sonecon, LLC, a non-resident Fellow of the Brookings Institution and the Progressive Policy Institute, Economic Counselor to the U.S. Conference Board, and a director of the Axson-Johnson Foundation in Sweden and the Center for International Political Economy in New York. Dr. Kevin A. Hassett is a Resident Scholar of the American Enterprise Institute. Dr. Frank S. Arnold is President of Applied Microeconomics, Inc. He is also a columnist for The Environmental Forum, published by the Environmental Law Institute, and a consulting economist to ICF Incorporated. July 2002, American Public Transportation Association, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," p. 16, CNM)

Increasing the average passenger loads of buses, trains or private vehicles would directly raise energy efficiency, because carrying additional passengers would increase the energy consumed only marginally, if at all. One difference which points to public transportation’s greater potential for energy savings, compared to private vehicles, is that shifting passengers from private vehicles to public transportation would not require additional trips by public transit, while shifts in the other direction often would mean more automobile trips.

Another reason public transportation is nearly twice as energy efficient as private automobiles is that about half of the public transportation vehicle miles are traveled using trains, which not only carry many people, but also use more efficiently provided electricity for power. As shown in Table 10, the average energy use for public transportation is 2,740.8 Btus per passenger mile, which about half the some 6,348.2 Btus per passenger mile used by automobiles. The most energy-efficient mode of public transportation, electrically powered trains, requires only about 1,000 Btus per passenger mile.

### Mass Transit – Investment Solves Econ, Competitiveness, and Innovation

#### Public transportation investment solves manufacturing – that’s key to the economy, economic dominance, and innovation

Fitzgerald et al., Northeastern University professor of Law, Policy, and Society, 10

(Joan Fitzgerald is professor and director of the graduate program in Law, Policy and Society and a Senior Research Fellow at the Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University. Lisa Granquist is a Ph.D. student in the Law, Policy and Society Program in the School of Public Policy and Urban Affairs at Northeastern University. Ishwar Khatiwada is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Joseph McLaughlin is a Senior Research Associate at the Center for Labor Market Studies at Northeastern Uni- versity. Michael Renner is a Senior Researcher at the Worldwatch Institute. Andrew M. Sum is Professor of Economics and Director of the Center for Labor Market Studies at Northeast- ern University. World Watch Institute, September 2010, "Reviving the U.S. Rail and Transit Industry: Investments and Job Creation," p. 11-12, www.worldwatch.org/system/files/Reviving-the-US-Rail-and-Transit-Industry.pdf accessed 6-29-12, CNM)

With the federal transportation bill up for renewal, the United States has an opportunity to invest in pub- lic transportation and renew its manufacturing base. Manufacturing is essential to the U.S. economy. In 2008, it accounted for $1.6 trillion, or 12 percent, of gross domestic product (GDP)—more than real estate, finance and insurance, or health care. Manufacturing accounts for 60 percent of U.S. exports and 70 percent of private sector research and development (R&D) funding.3 Yet the U.S. goods deficit in 2008 exceeded $836 billion; the annual trade deficit with China alone that year was $266 billion, about 75 percent of the manufactured goods deficit.

The United States cannot prosper with ongoing large trade deficits. Nor can it prosper while losing millions of well-paying manufacturing jobs. In just the past two years, U.S. manufacturing lost 2.1 million jobs. Blue-collar workers accounted for 74 percent of ob losses between the onset of the economic recession in September 2008 and November 2009. For experi- enced production workers, the unemployment rate in 2009 was 14 percent.4

The United States needs to revitalize manufacturing to put people back to work, but also to stem the coun- try’s declining position in the world economic order. Conventional wisdom says that the nation has transi- tioned from a goods-producing economy to a knowl- edge- and innovation-based economy. But the two are intricately related. An innovation-based economy relies on R&D that is connected to manufacturing high- technology goods.5 Such goods are typically consid- ered to be products like computers, lithium-ion batteries, and jumbo jets; however, passenger rail cars and buses also rely on high-technology systems. There is significant innovation occurring in both the bus and rail production industries.

Other developed and industrializing countries have deliberate policies to link innovation to manufacturing advantage—commercializing the products resulting from R&D programs, investing in the education of skilled workers, and linking goals in other policy areas (such as transportation and energy) to develop export industries and create domestic jobs.6 Germany has invested heavily in wind and solar over the past 20 years and used demand-creation policies to gain technologi- cal leadership, employ skilled manufacturing workers, and become an export leader.7 France, Germany, Spain, and other countries have also built strong railcar man- ufacturing industries by aggressively expanding rail lines domestically and then moving into exports. Even rela- tively new entrants such as China are successfully fol- lowing this model. The United States can do so as well.

### Improves Economy

#### Increasing public transportation would be beneficial to the middle class and save them money

Department of the Treasury with the council of Economic Advisers 12

 (Department of the Treasury with the council of Economic Advisers, “A New Economic Analysis of Infrastructure Investment”, 3-23-2012, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p. 19, accessed 6/24/12 FFF)

Providing high-speed rail and improved public transportation would provide middle-class families with more options to save time and money, so that they can retain more of their income for other purposes and spend more time doing what they want, rather than spending time getting there. One study concluded that individuals in a two-person household who ride public transportation and eliminate one car save, on average, almost $10,000 annually.34 Improved accessibility to public transportation systems will also help protect household budgets against the impact of rising fuel costs over time. For example, research has estimated that between 2000 and 2009, median income households living in neighborhoods with diverse transportation choices and regional accessibility experienced a $200 per month savings in average transport costs, compared to similar households in less location efficient areas.35 Moreover, improving our nation’s transportation system can save middle-class families money by reducing the costs associated with congestion and the additional automobile maintenance caused by poor road conditions. One study found that poor conditions of roads cost the average motorist who drives in cities on a regular basis over $400 a year.36,37 Another study by the Department of Transportation finds that $85 billion in total investment per year over the next twenty years would be required in order to bring existing highways and bridges into a state of good repair.38 As Gramlich and others have found, these fix-it-first investments will save money for most American families.

#### **Mass transit key to economy- creates jobs**

Denvir, The Guardian, 2012

(Daniel, 6-21-12, The Guardian, “Public Transportation: ‘Don’t like the cuts? Take a hike’,” <http://www.guardian.co.uk/commentisfree/2012/jun/21/public-transportation-cuts-hike>, accessed 6-28-12, LH)

Shifting to mass transit is not only critical to staving off an ecological crisis, it is also key to getting out of our economic one: the [expansion of rail and bus lines drives development](http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdf), creating jobs while making it easier for the rest of us to get to our existing ones. The reverse is also true. The dismantling of mass transit has, like cuts to other public services, erected a massive roadblock on the path to economic recovery: 706,000 public sector jobs have been eliminated since the stimulus topped out in April 2009, according to a [Wednesday report in the New York Times](http://www.nytimes.com/2012/06/20/business/public-workers-face-continued-layoffs-and-recovery-is-hurt.html?pagewanted=all). While the private sector adds jobs, public sector austerity is driving the American economy off the tracks.

#### Its key to saving improved transit which saves money for the economy

Cambridge Systematics Inc. with an Economic Development Research Team, 99’

( October, “Public Transportation And The Nation’s Economy,” <http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf>, Accessed: 6/26/12, Pg. 9, GJV)

Increased transit services affect travel patterns in a variety of ways. Changes in travel patterns, in turn, have consequences for the economy. A vehicle removed from the traffic stream through transit use produces travel time savings for both transit and highway users. Savings in fuel cost may be realized as well. These savings have value in dollar or economic terms. These impacts reflect real improvements in mobility and access at a personal, neighborhood and community level. Intuitively, the fact that businesses and workers have a limited budget of time and dollars is the driving fact behind understanding the economic impacts of transit investment. A well-functioning transit system whose operations are well maintained or improved, and in a fully functioning state, saves time and reduces costs related to travel for the millions of transit and highway users daily. Businesses benefit by devoting less of their resources to logistic costs and having access to a relatively larger work force. Lower costs mean these businesses can offer more competitive products and services in the long run and grow to benefit themselves and supporting businesses. Figure E.2 presents the flow of travel benefits to transportation system users resulting from transit capital investment.

#### Its key to transit which boosts small and large city economies

Cambridge Systematics Inc. with an Economic Development Research Team, 99’

( October, “Public Transportation And The Nation’s Economy,” <http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf>, Accessed: 6/26/12, Pg. 12, GJV)

Public transit systems are expected or required to pursue missions and goals that are often contradictory. Financial constraints force managers to live within limited budgets, while strategic goals call for service expansion and initiatives to increase ridership and market share. Similarly, communities of varying size have different expectations and goals for transit. In larger communities, transit represents one of the few acceptable options available to add capacity to the regional transportation system during rush hours – when the street and highway system is at or over capacity. In serving this function, transit is playing a fundamental role in the provision of transportation capacity essential to sustain economic growth and expansion. The economic benefits of transit in this scenario are substantial and relatively easy to estimate. In smaller urban and rural communities, the role of transit may be fundamentally different. Transit may play a smaller role in preserving or adding to highway capacity, but a large role in guaranteeing mobility and access for individuals and households that have no transportation options. In providing a transportation option, there are clearly economic benefits accruing to individuals, the community, and local governments as well as business and industry, but these remain difficult to measure in quantitative terms. Measurable economic benefits may also be less important in these settings than the more intangible quality of life benefits afforded by transit. The economic benefit in traditional terms in small urban and rural areas does not suggest however, that the transit services are of less importance than in areas where economic benefits are substantial and can be easily measured.

#### **Its key to improve transit**

Cambridge Systematics Inc. with an Economic Development Research Team, 99’

( October, “Public Transportation And The Nation’s Economy,” <http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf>, Accessed: 6/26/12, Pg. 21, GJV)

Though the framework for analysis in this study is broader and more inclusive than prior analytical approaches have allowed, the results are still conservative, since many important economic impacts of transit investment and use are not incorporated into the model. In some cases, quantifying these impacts is very difficult and the subject of continued research. In others, the effort involved would be beyond the scope of this analysis. Other research efforts have attempted to enumerate many of these added economic benefits, including: · Added benefits which accrue only to the transit-dependent population, including lowincome, elderly and disabled populations. These are examples of social welfare benefits whose monetization is the subject of continued study. · Changes in land values due to the increased accessibility afforded by high-quality transit services. Numerous studies in large metropolitan areas have shown a positive correlation between proximity to rail service and property values, although the magnitude of the increase varies from study to study. Land values are generally not considered in studies of this type, as any travel time savings from transit investment presumably capture the accessibility benefits. Adding travel time savings and land value increases together would likely double-count benefits. · “Quality of life” benefits, including amenities such as recreational and cultural opportunities, absence of crime or quality of education that make an area an attractive one to live in. Attempts to quantify and measure these impacts have occurred at the regional level. The aggregate nature of the analysis did not permit for such a variable to be considered here. · Benefits from increased reliability in the transit system due to system rehabilitation and modernization. A reliable system experiences fewer breakdowns and malfunctions, and instills confidence that a trip can be made within the time budgeted by travelers. Some studies have indicated that travelers are willing to pay 1.3 times the hourly wage rate for increased reliability in their work commutes, as measured by the variability of travel time for their trip. · The effect of transit investment and use in reducing the cost of other public sector functions, such as education, healthcare, welfare or public safety.

### Economy - Creates Jobs

#### **Investment in public creates jobs in both the short and long term**

Weisbrod, Economic Development Research Group, President of Transportation, and Reno, Cambridge Systematics, Senior Vice President, 2009

(Glen, Arlee, October 2009, American Public Transportation Association, “Economic Impact of Public Transportation Investment,” <http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdf>, p. 9, accessed 6-28-12, LH)

Definition. Capital investment in public transportation supports purchases of equipment and facilities (including rolling stock, tracks, other guideways, rightsof-way, control equipment, and construction of terminals, stations, parking lots, maintenance facilities and power generating facilities). Operations of public transportation services supports associated jobs (drivers, maintenance workers, administrative and other transportation agency workers) as well as purchases of supplies needed for continuing operations (including motor fuel, electric power, maintenance parts and materials, etc.) Thus, investment in public transportation projects and services can directly support short-term construction jobs and longerterm operations jobs, as well as purchases of products that lead to further indirect impacts on industry activity and jobs.

#### **Transportation infrastructure investment spurs jobs in other sectors**

Weisbrod, Economic Development Research Group, President of Transportation, and Reno, Cambridge Systematics, Senior Vice President, 2009

(Glen, Arlee, October 2009, American Public Transportation Association, “Economic Impact of Public Transportation Investment,” <http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdf>, p. 26, accessed 6-28-12, LH)

These economic “effects” can be viewed as indicators of the broader role of public transportation on a regional or national economy, as they show how investment in public transportation also helps support jobs and income in other industries. They can also show how increases in public transportation spending can increase jobs in the economy, as long as there are sufficient workers to fill the public transportation-generated jobs without the displacement of other existing jobs. When there is relatively high unemployment, as currently exists in the year 2009, then an increase in public transportation spending can have very real “multiplier” effects, as it leads to more jobs not only in the construction and transportation industries, but also in other industries that benefit from indirect and induced impacts.

#### Transportation infrastructure creates 29, 236 jobs for every billion invested

Weisbrod, Economic Development Research Group, President of Transportation, and Reno, Cambridge Systematics, Senior Vice President, 2009

(Glen, Arlee, October 2009, American Public Transportation Association, “Economic Impact of Public Transportation Investment,” <http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdf>, p. 29, accessed 6-28-12, LH)

Federal Investment Impact on Jobs. The preceding estimates reflect jobs supported per billion dollars of investment in public transportation in the US, including that funded by rider-paid fares, local/state revenue sources, federal funding and other sources. To assess the number of jobs supported by federal investment in public transportation, it is necessary to recalculate the job figures using the specific spending mix that is applicable for federal funding. As previously noted, federal funding is focused on capital investment and preventative maintenance, but using the federal standard accounting system that would translate to 68.6% actually going for capital expenses and 31.4% going for operating expenses. That mix supports an estimated 29,236 jobs per billion dollars of federal spending on public transportation. If expenditures on right-ofway are excluded from the analysis, then the figure rises to an estimated 29,833. 2

### Competitiveness

#### The current state of transportation infrastructure is severely inadequate to modern needs

American Public Transit Association, 99

(Cambridge Systematics, Inc., October 1999, American Public Transit Association, “Public Transportation And The Nation’s Economy,” <http://www.apta.com/resources/reportsandpublications/Documents/vary.pdf> Pg. 49, accessed 7/2/2012, GJV)

Transportation is critical to business and personal economic security. Transportation accounts for approximately 17 percent of our Gross Domestic Product, and for American families transportation represents 18 percent of household spending, the second largest household expenditure after housing. · Travel demand and congestion is increasing dramatically. From 1973 to 1993 our nation’s population grew 22 percent. In contrast, registered vehicles increased 49 percent and vehicle-miles of travel rose 83 percent. Over this same period, street and roadway mileage increased less than 28 percent. · The cost of congestion is enormous. Time and money lost to households and businesses from congestion and delay on our highway system are estimated at $40 billion to $100 billion per year and are projected to grow, increasing costs and reducing business profitability and economic competitiveness. · Environmental and quality of life concerns related to transportation are on the rise. The environmental consequences of accommodating increased motor vehicle use are imposing increasingly unacceptable costs and constraints on economic growth and development. · Economic opportunities are being lost for a growing segment of Americans. The high cost and poor quality of transportation links between willing workers, jobs, training and human services reduces individual economic opportunities and access to labor for business and industry. · Global economic competitors are investing in transit. European and Asian countries are investing billions to provide high-capacity passenger transportation systems and services using state- of-the-art technologies as part of aggressive global economic growth strategies.

### Air Pollution

#### **Public transportation improves air quality**

Weisbrod, Economic Development Research Group, President of Transportation, and Reno, Cambridge Systematics, Senior Vice President, 2009

(Glen, Arlee, October 2009, American Public Transportation Association, “Economic Impact of Public Transportation Investment,” <http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdf>, p. 22-23, accessed 6-28-12, LH)

The most often cited environmental benefit due to increased public transportation and reduced automobile miles is air quality, which can have regionwide benefits. Pollution from auto emissions contributes to a wide variety of negative health problems such as respiratory illness and lung damage. Increased ozone levels can damage plants, trees, and crops. Improving the environmental quality of a region may help to attract workers and business that support transportation systems that improve the environment. Recent attention has also been focused on greenhouse gases such as carbon dioxide in addition to the Clean Air Act criteria pollutants (e.g, SOX, NOX, CO, and particulates).

#### Solves multiple pollutants

Shapiro et al, Fellow at the Brookings Institution and the Progressive Policy Institute, 2

(Dr. Robert J. Shapiro is Managing Director of Sonecon, LLC, a non-resident Fellow of the Brookings Institution and the Progressive Policy Institute, Economic Counselor to the U.S. Conference Board, and a director of the Axson-Johnson Foundation in Sweden and the Center for International Political Economy in New York. Dr. Kevin A. Hassett is a Resident Scholar of the American Enterprise Institute. Dr. Frank S. Arnold is President of Applied Microeconomics, Inc. He is also a columnist for The Environmental Forum, published by the Environmental Law Institute, and a consulting economist to ICF Incorporated. July 2002, American Public Transportation Association, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," p. 8-9, CNM)

The environmental benefits from using public transportation, compared to private automobiles (including SUVs and light trucks), are also highly significant. Here, we will examine the impact of public transportation, versus private automobiles, on emissions of four major air pollutants.4 The first two are volatile organic compounds (VOCs) and nitrogen oxides (NOx), which combine with sunlight to form ozone, or smog. Smog is a serious irritant that can cause coughing, choking, and stinging eyes, damage lung tissues, and exacerbate respiratory illnesses. Children are especially susceptible to the harmful effects of VOCs and NOx in smog, and even healthy adults usually feel its effects over time. Another important pollutant examined here is carbon monoxide (CO), a poisonous gas that reduces the body’s ability to transport oxygen to organs and tissues, and interferes with learning. Elderly people, children and adults with respiratory conditions are particularly vulnerable to the effects of CO exposure. These three pollutants pose the greatest risks to people living in urban and close-in suburban areas, where smog and CO concentrations are highest and public transportation systems are most highly developed. Greater use of public transportation, therefore, would reduce hazardous pollution in precisely those areas where it now presents the greatest risks. In addition to these three pollutants, the analysis also covers the impact of public transportation on emissions of carbon dioxide (CO2), a major greenhouse gas that contributes to climate change.

The data in Table 3 show that travel on public transportation produces much less dangerous pollution than comparable travel by private automobile, SUV, and light truck.

Moving a person a given distance by public transportation produces, on average, only about five percent as much carbon monoxide, less than ten percent as much volatile organic compounds, and nearly half as much carbon dioxide and nitrogen oxides, as moving a person the same distance by private automobile, SUV, or light truck. Put another way, travel by public transportation produces, on average, 95 percent less carbon monoxide, 90 percent less volatile organic compounds, and about 45 percent less carbon dioxide and nitrogen oxide, per passenger mile, as travel by private vehicles.

**Air pollution disproportionately affects minority populations—East St. Louis proves**

**Gammon, Environmental Health News Researcher, 12**

(Crystal, June 20, 2012, Scientific American, “Pollution, Poverty and People of Color: Asthma and the Inner City,” <http://www.scientificamerican.com/article.cfm?id=pollution-poverty-people-color-asthma-inner-city&page=2>, Page 1-2, Date accessed: 6/30/12, JS)

Being overweight is not simply a matter of aesthetics. The growing girth of Americans is a major health catastrophe. Overweight people are three times more likely to have coronary artery disease.[5] two to six times more likely to develop high blood pressure, [6] more than three times as likely to develop type 2 diabetes, [7] and twice as likely to develop gallstones than normal weight people.[8] Obesity, of course, is more serious, causing an estimated 50 to 100 percent increase in premature deaths (estimated to be 300,000 deaths per year).[9]

This wasn’t the first — or the last — near-deadly attack Crisp and her staff have witnessed at the daycare center. When it comes to asthma, the children of their community are at high risk. Nearly all are African American and living in poverty. Incinerators, metal producers, power plants, chemical manufacturers and other industries ring the city. Exhaust from cars and trucks on nearby highways blankets the area, as well. This socioeconomic profile and long history of environmental hazards have left East St. Louis with what experts suspect is one of the highest asthma rates in the nation. Seven million American children -- nearly one out of every ten -- have asthma, and the rate has been climbing for the past few decades, reaching epidemic proportions. For black children, it’s even worse -- one out of every six -- and the reported rate has risen 50 percent between 2001 and 2010, according to data from the Centers for Disease Control and Prevention. “We are seeing higher asthma numbers in emergency departments, and we’re realizing it's on the rise,” said Anna Hardy, a public health nurse at the East Side Health District in East St. Louis. What is it about this city – and other poor, African American cities across the nation -- that leaves children with a disproportionate burden of respiratory disease? Is it the factories? The traffic exhaust? The substandard housing? For two decades, medical experts have struggled to unravel the mysterious connections between inner-city life and asthma, and while they have reached no conclusions yet, they suspect they know the answer: All of the above. Crippling poverty Located across the Mississippi River from St. Louis, Mo., East St. Louis is on the wrong side of the tracks, so to speak. Of its 27,000 residents, 15 percent are unemployed, almost 44 percent are below the poverty line and the median family income is around $22,000, according to census reports. Its violent crime and murder rates are consistently among the nation’s highest. Eighty-two percent of East St. Louis children depend on food stamps, 28 percent of births are to teen mothers and 22 percent of mothers receive no or inadequate prenatal care, according to the nonprofit group Vision for Children at Risk. Housing in the city ranges from, at best, small homes that often house multiple families to crowded, low-income apartment complexes. Some people live in burned-out buildings and tents. There are few grocery stores, so residents buy most of their food at convenience marts. A quart of milk costs around $6 and a bottle of children’s Tylenol is $15 at one such store, according to nurses at a local clinic run by Community Nursing Services of Southern Illinois University-Edwardsville. Raw sewage backs up into homes, businesses and schools whenever the volume overwhelms the city’s decaying 150-year-old pipes. Garbage collection, which halted completely from 1987 to 1992, now is only available to households that pay out-of-pocket for the service. Most trash is burned in back yards, adding to the polluted air, or dumped in vacant lots. A survey by the Southern Illinois University nursing group counted 2,200 dumped tires and 27 registered strip clubs within a 10-block radius of the clinic. In fact, for all appearances, strip clubs are the city’s dominant industry. That wasn’t always the case. At the turn of the 20th century, East St. Louis was a booming industrial center with abundant employment opportunities. A Monsanto chemical plant, an aluminum refinery and the St. Louis National Stockyards Company, among others, set up shop there. But most industrial facilities had split off from East St. Louis by the early 1900s, forming their own company towns to avoid the city’s regulations and taxes. The Monsanto chemical plant, now Solutia, is in one of those towns, in the village of Sauget, on East St. Louis’ southern edge. Sauget also is home to many other chemical plants, a hazardous waste incinerator, a copper smelter and a wastewater treatment plant. The Aluminum Ore Company established the town of Alorton, also along East St. Louis’ southern border, and the St. Louis National Stockyards Company, now defunct, incorporated National City in 1907. Plummeting city revenue combined with job losses, a corrupt city government and increasing racial tensions. Most upper- and middle-class white residents moved out of East St. Louis by the 1960s. The poor, largely African American population that remained was left with a city that couldn’t afford to take care of itself. The city receives no revenue from the neighboring companies. But unlike the tax dollars, the pollutants don’t stop at city limits. Whichever way the wind blows “East St. Louis gets the pollution, but none of the funds,” said Kathy Andria, president of the American Bottom Conservancy and conservation chair of the Kaskaskia group of the Illinois Sierra Club. “Whichever way the wind blows, the city gets industrial emissions.” To the city’s north, U.S. Steel-Granite City Works is a major source of carbon monoxide – more than 13,000 tons – as well as 3,500 tons of particulates in 2010. Its coke facility emitted another 1,900 tons of sulfur dioxide and 500 tons of particulates. The Dynegy Midwest Generation plant, a coal-burning power plant, had nearly 10,000 tons of sulfur dioxide emissions in 2010. The ConocoPhillips Wood River refinery also released nearly 5,000 tons of sulfur dioxide, 4,000 tons of nitrogen oxides and 2,000 tons of volatile organic matter, according to data from the U.S. Environmental Protection Agency. To the east, CenterPoint Energy, a natural gas compression facility, contributed 54 tons of nitrogen oxides. South of East St. Louis, the industrial plants in Sauget release hundreds of tons of volatile organic matter, sulfur dioxide and nitrogen oxides each year. Seven of those facilities each emit at least 10 annual tons of hazardous air pollutants, including the carcinogens benzene and formaldehyde. Dozens of additional polluters are scattered throughout the metro area, too. Traffic is also a significant pollution source for East St. Louis residents, as the city sits at the intersection of three interstate highways and U.S. Highway 40. Westbound traffic is often funneled into a single lane across the Mississippi River, which means traffic is constantly jammed and engines idle on the highways throughout the day. Also, because it’s a low-income area, local traffic consists of older and more polluting cars and buses.

### Equity/Race

#### **Transportation has imposed burdens on communities of color**

Bullard et al., Texas Southern University, Dean of School of Public Affairs, 2000

(Robert D., Glenn S. Johnson, Clark Atlanta University, Associate Professor, Angel O. Torres, Clark Atlanta University, Geographic Information Systems Training Specialist, 2000, Environmental Justice Resource Center, “Race, Equity, and Smart Growth: Why People of Color Must Speak for Themselves,” <http://www.ejrc.cau.edu/raceequitysmartgrowth.htm>, accessed 6-28-12, LH)

Today, transportation is no less a civil rights, social justice, and equity issue. Groups only need to follow the transportation dollars to see clear racial and spatial allocation patterns. Federal tax dollars built or subsidized many of the roads, freeways, and rail transit systems that have divided, isolated, disrupted, and imposed different economic, environmental, and health burdens on low-income people and communities of color (Bullard and Johnson, 1997). For millions of inner city residents, public transportation is the primary means of travel, but recent cutbacks in mass transit subsidies along with fare hikes have reduced access to essential social services and economic activities. In many of the nation's job-rich suburbs, public transportation is either nonexistent or is inadequate.

### Disasters

#### **Public transit mitigates the impact of disasters**

Nelson, Oakland Tribune, Transportation Writer, 2006

(Erik. N, 10-16-06, Homeland1, “Public transit useful in disasters,” <http://www.homeland1.com/homeland-security-news/336870-public-transit-useful-in-disasters/>, accessed 6-29-12, LH)

SACRAMENTO, Calif. — In many disaster scenarios, public transit is in the middle: Terrorists blow up buses and trains. An earthquake shakes loose BARTs Transbay Tube. But bus, subway and ferry operators are learning that buses, subways and ferries can be invaluable tools in dealing with the aftermath of terror attacks or natural disasters. As Bay Area residents witnessed after the 1989 Loma Prieta earthquake, a rail system like BART — which survived when the Bay Bridge failed — can become a vital emergency link when others fail.

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Buses, key to evacuating New Orleans after Hurricane Katrina, also can be used as ambulances or even shelter. Mississippi was so adamant about mobilizing public transit after Katrina that transportation authorities commandeered gasoline tankers that were deemed off-limits by the Federal Emergency Management Agency. Although he coyly deflected questions about his involvement in the gas-tanker incident, Charles Carr, the manager of the Mississippi transportation departments transit division, had an important lesson for rep-resentatives of BART, AC Transit and other California agencies gathered for disaster training Tuesday. Besides local public transit systems, school systems, public service agencies, all those systems have rolling stock, and whether the need is evacuating people from the path of wildfires or bringing injured to medical care, those vehicles can and should be pressed into service. In the aftermath of Hurricane Katrina, federal emergency managers in Mississippi, which suffered the worst direct storm damage, gave little consideration to this resource and instead hired contractors to bring vehicles from the Midwest and East. It did not dawn on them that they should use the existing resources, Carr said, adding that after power outages idled, gasoline pumps and tanker trucks were seized by federal authorities. The transit community was not given priority. This prompted state authorities to take the law, and gasoline, into their own hands in order to help evacuate the battered Gulf Coast. Carr and other officials and experts in disaster planning and transportation shared their knowledge in Rancho Cordova on Monday and Tuesday at the Caltrans Response & Recovery Conference for police, fire and rescue and transportation managers. The event, which was also held for Southern California agencies in Diamond Bar last week, is part of a statewide effort to standardize disaster planning and preparation among hundreds of local, state and federal agencies. Rather than make haphazard use of transit as was done during Hurricane Katrina, state and federal emergency management officials are including transit agencies in their disaster planning, said Gary Gleason, a former FEMA spokesman whose Colorado-based company, Communique USA, was contracted to run the conference. What we get out of this is working and meeting with other agencies, said Roy Aguilera, who runs BARTs Control Center and attended the conference. We dont want to go into an incident not knowing what other agencies are capable of doing. Transit agencies will need to coordinate plans with local rescue and police agencies, explained Scott Vail, deputy chief of administration for the Fire and Rescue Branch of the Governors Office of Emergency Services. What are you going to do when theres a dirty bomb? What are you going to do when theres an avian flu outbreak? Smallpox outbreak? Chemical release? You are going to want to move people out of the area. If residents all jump into their cars, as Vail witnessed during 2003 wildfires in San Diego County, it can lead to gridlock. When people are fleeing their neighborhood, (getting stuck in traffic) and parking their cars and running away, the people behind them cant get out and the fire trucks cant get in, a nightmare scenario that a well-coordinated, quick response by transit might head off, Vail said. Another role that transit operators can play is not just as a first responder,like police, fire and rescue services, but also as a first preventer. Buses are constantly on patrol in populated areas, and bus drivers and other transit operators often notice suspicious activity or when something is out of place, Gleason said. A bus driver in Colorado once saw a column holding up a roadway before a fatal collapse, but with no coordination between the transit agency and authorities, no warning was ever communicated.

## Intermodal

### Economy

#### **Connection between Ports and Roads Failing. IBank Solves**

Doble, Secretary at FDIC, 12.

(John Doble. Policymic.com. “For U.S. to get out of Economic Slump, Simply build better roads and ports”. [http://www.policymic.com/articles/7680/for-u-s-to-get-out-of-economic-slump-simply-build-better-roads-and-ports. 5/29/12](http://www.policymic.com/articles/7680/for-u-s-to-get-out-of-economic-slump-simply-build-better-roads-and-ports.%205/29/12). KR.)

America is losing the global economic race. While the media focuses on issues like education and immigration, crucial systems like our nation’s transportation infrastructure get the short shrift. We often see the semi-truck on the road and the cargo ship in the harbor, and occasionally we think about how both vehicles transport products worth billions from warehouses, stores, and eventually to our homes. We do not see how this system is teetering on the brink of obsolescence. Only three years ago the American Society of Civil Engineers gave the country’s infrastructure an overall grade of “D,” requesting that the nation invest $255 billion a year to fix the problem. We currently invest only 40% of that amount, and it seldom invested well. Even though the challenge is complex, a national freight policy with a number of components – including the passage of the Realizing America’s Maritime Promise (RAMP) Act; an increase taxes or redirection of funds to transportation infrastructure; or the creation of a national infrastructure bank – would resolve many of our difficulties. Given the need to boost exports due to the economic crisis, and the fact that 90% of all goods measured by weight or volume are transported by cargo ship, Congress has amazingly only just realized that most of our ports are too shallow. Only 35% of our nation’s ports, the majority on the West coast, will be able to handle international shipping once the Panama Canal expansion is completed in 2014 because we’ve failed to dredge their harbors deep enough for post-panamax ships. The country instituted a Harbor Maintenance Tax (HMT) in 1986 to deal with this issue, which taxes $1.25 on every $1,000 of goods that moves through ports and equals about $1.4 billion annually, but only half of this money has been spent in recent years. The problem would be quickly and cheaply resolved if Congress were to pass the RAMP Act, which requires that the Harbor Maintenance Trust Fund to spend all of the money it receives on dredging. America’s roads and highways are also in terrible shape. The total vehicle miles traveled on our roads have grown by 100% over the last 30 years, and the total tonnage of freight has increased by 30% over the last 20 years. As a result, our roads have been worn down so much that a solid third are ranked poor or middling. These conditions cause accidents and congestion, especially around ports. Whenever money does come through, it almost never covers port areas – the “first mile” and “last mile” of a product’s journey – creating chronic bottlenecks that decrease the efficiency of our logistic system. Financing and the changing nature of transportation are a large part of the problem. Few of the taxes and fees imposed on automotive use scale to traffic system needs, and the one that do – taxes on motor fuels and heavy truck-usage – have not been increased in decades, causing inflation to eat away at the Highway Transportation Fund’s purchasing power. Among many options, this shortfall could be made up by either redirecting customs dues from the General Fund of the Treasury to infrastructure; increasing the tax on heavy vehicles for the extra wear they put on our road systems; or by creating a National Infrastructure Bank to provide loan guarantees to attract private sector investment in infrastructure. The tax on incoming freight containers from Canada and Mexico could also be increased, as Asian exporters frequently ship goods there, only to later transport them to the U.S. by land, in order to escape the HMT. A national freight policy that touches upon our ports and roads would resolve 90% of our international and 70% of our domestic freight transportation needs. It does not need to touch upon air transportation, which mainly carries people, or rail transportation, an issue mired in concerns over eminent domain and regional politics. Our infrastructure problem is consequently relatively easy to fix. As it stands, we cannot continue with infrastructure developed in the 1950’s and poorly maintained after that. Without these policies, the U.S. will be stuck with aging, second-rate infrastructure and will lack the resources needed to maintain America’s commercial strength in an age of growing international competition. Write to your congressmen about this problem today.

### NIB Solves – Freight

#### NIB solves freight and states fail – our evidence is comparative.

I-95 Corridor Coalition, 9

(partnership of state departments of transportation, regional and local transportation agencies, toll authorities, and related organizations, including public safety, port, transit and rail organizations, from Maine to Florida, with affiliate members in Canada, “Federal Support for Freight Infrastructure: Policy Issues & Program Design,” I-95 Corridor Coalition, January 2009, pgs. 11-2, http://i95coalition.org/i95/Portals/0/Public\_Files/pm/reports/I-95%20Freight%20Infra%20Financing%20Paper%202009\_01.pdf, A.D 6/27/12, JTF)

The federal government can play a leadership role in helping states stimulate capital formation for freight infrastructure. Establishing a special purpose entity would bring an institutional focus to what has been, to date, a loosely-related series of federal programs nested within several federal agencies of USDOT. But should the federal policy approach be to create some form of a single national-level funder—a national infrastructure bank--or rather to foster the development of various regional infrastructure banks by groups of states, such as the I-95 Corridor Coalition?

Although a regional organization sponsored by the members of the I-95 Corridor Coalition would focus on critical projects along the Eastern Seaboard, creating a federal-level, nationwide entity would offer several important advantages. First, certain regional freight investments may have nationwide implications for efficient goods movement, national security and other priorities and merit federal support. A national entity would have a wider constituency and be more likely to enjoy broad Congressional support for federal funding. Second, a national organization would achieve greater diversification and economies of scale in operations than would a series of smaller entities with a multi-state regional scope. It likely could become operational more rapidly as well. And finally, while individual states technically could use their own resources to capitalize a regional entity, it would lack access to the favorable financing provisions available to federal agencies and government corporations through the U.S. Treasury. As the State Infrastructure Bank program has demonstrated, even when an institutional vehicle is authorized, its success will depend upon the willingness of states to commit financial and staff resources to its operations.

Because freight infrastructure encompasses a wide array of modes and project types (hubs, connectors and corridors), each project will have its own set of public and private stakeholders and its own distribution of public and private benefits affecting specific geographic areas. Given current funding limitations, it may be unrealistic to expect states to make significant monetary contributions to capitalize a regional “bank” on a blind pool basis to support major freight projects that may be hundreds or thousands of miles away.

Every project will have its own set of stakeholders and beneficiaries, and its own project-specific arrangement for allocating funding responsibility. Accordingly, while each project may have a bespoke regional project sponsor, a singular national assistance provider would be more efficient and practical—and likely more politically feasible.

### Terrorism - Supply Chains Vulnerability

#### **Supply chains are vulnerable – attack would disrupt the network**

Brown et al, Professor of Operations Research National Academy of Engineering Ph.D., University of California at Los Angeles, 6

(Gerald G., with Matthew Carlyle, Professor of Operations Research Ph.D. at Stanford University and R. Kevin Wood, professor of Operations Research Ph.D. at University of California at Berkeley, and Javier Salmerón, associate professor at the Naval Postgraduate School, “Defending Critical Infrastructure”, Operations Research Department at Naval Postgraduate School, Vol 36, No.6, November-December 06, http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CFkQFjAA&url=http%3A%2F%2Ffaculty.nps.edu%2Fkwood%2Fdocs%2Fdefending\_critical\_infrastructure.pdf&ei=xt7tT4q2NaTF6gGPg-WbCg&usg=AFQjCNEffAxmYyi\_lN2ALZszNKCffv828g, P. 541-542, accessed 6-29-12, FFF)

Supply chains, i.e., physical-distribution systems, are a key infrastructure of companies that manufacture or distribute goods. Supply chains are critical to our nation’s well-being despite their omission from the Department of Homeland Security (2002) list of critical infrastructure. For example, Wein and Liu (2005) describe how thousands of people could be killed by the introduction of botulinum toxin at various points in a milk production, transportation, and processing chain.

Strategic supply chain design for reducing costs and improving service levels has a long and successful record in the United States. Unfortunately, efficient supply chains are highly vulnerable to attack. In fact, after scrupulously investing exactly the right amount of money in a supply chain, on exactly the right bottlenecks, the resulting product-flow channels resemble one or more spanning trees. However, a spanning tree is maximally fragile: Breaking any link disconnects the network.

## Highways

### Investment Solves Accidents

#### Investment in highways reduces traffic accidents

International Road Transport Union, 00

(5/18/2000, IRU Resolution adopted by the Council of Direction at its meeting in Brussels on 18 May 2000, “Improving road infrastructure and traffic flows,” <http://www.iru.org/cms-filesystem-action?file=en_Resolutions_Mobility/00_infrastructure_e.pdf>, accessed 7/2/2012, bs)

The mobility of people and goods is dependent on the efficient use of existing traffic infrastructure, and the modernisation and expansion of traffic infrastructure to meet the future demand for transport services efficiently and cost-effectively. This applies in particular to roads, since road transport accounts for more than 90% of all passenger transport and more than 80% of all goods transport in most countries in terms of passengers and tonnes carried. Impediments to mobility such as traffic restrictions, road blockades, closures of certain road infrastructure sections, or congestion due to bottlenecks in road infrastructure ignore the fact that • road infrastructure investments are a vital prerequisite for improving road safety, (see annex 1) • revenues from the transport of goods by road (fuel taxes, vehicle ownership taxes, road user charges) more than cover expenditure on road building and maintenance, as do revenues from the transport by bus and coach (see annex 2) • congested traffic leads to a significant increase of fuel consumption by a factor of up to 3, (see annex 3) • on average, only 0.5% of total land surface in most countries is used for road infrastructure, (see annex 4) • the economic benefits of road infrastructure investments are 29 times its investment costs, and thus the highest of all infrastructure sectors, including other transport modes, (see annex 5) • the economic cost of impediments to road transport (congestion, border delays, traffic bans, blockades etc.) amounts to 0.5% of GDP, i.e. for the European Union approximately € 40 bn per year, (see annex 6) • the permanent closure of a main traffic artery such as the Mont Blanc tunnel would not improve the air quality in the region, nor reduce the risk for accidents, but would lead to significant increases of transport volumes at other crossing points and would increase the cost of transport for shippers by 25% (which corresponds to extra costs for the Italian economy alone of over 500 million Euro per year), (see annexes 7 to 10). In view of the negative impacts inefficient use or insufficient provision of road infrastructure has on the sustainable - i.e. the economic, social and environmental - development of societies, the IRU calls upon governments to maintain the free choice of transport modes and to take all measures necessary to improve mobility of people and goods, and in particular, to • increase funds for road infrastructure investments both at national and multinational level, • allocate revenues raised from road transport to the necessary maintenance and expansion of road infrastructure, • take all necessary measures to promote the harmonisation, simplification and acceleration of border crossing procedures, and to improve the quality and increase the capacity of border crossing related infrastructure, • take preventive measures to avoid road blockades by protesters, • equip tunnels with modern safety devices and monitoring techniques, in particular, and for strategic reasons, with two separate tubes, one for each direction.

#### Improving highways are key to increasing road safety

RTD Info, 2000

(RTD Info, February, 2000, magazine on European Research, The European Commission, “Reducing traffic jams, pollution and accidents,” <http://ec.europa.eu/research/rtdinfo/en/25/05.html>, accessed 7/2/2012, bs)

And road safety? Between 1991 and 1997 there was a 22% decrease in the number of deaths and a 9% fall in the number of those injured on European roads. Major differences in national road safety levels,[(2)](http://ec.europa.eu/research/rtdinfo/en/25/05.html#notes)calculated per number of inhabitants or vehicles, provide clear proof that progress is possible - and at several levels. In the field of passive vehicle safety, the Dutch national research institute, TNO, possesses advanced equipment and know-how for the simulation of the effects of accidents on bio-authentic models. TNO coordinated the Adra project which was designed to improve the safety standards of systems such as airbags in the event of head-on collisions. But safety depends - perhaps above all else - on driver behaviour. Excessive speed is a major component of the danger on our roads. The Master project made an in-depth study of the impact and (non) observance of European speed limits, and the acceptability of new measures by users - in particular the introduction of automatic speed limiters (possibly remote-controlled) on vehicles. With the same goal, the Escape project studied the effectiveness of policies to increase police speed-checks and fines. Finally, the quality of the road infrastructure is a key element in road safety. The Dumas and Promising projects are active in urban environments analysing strategies to protect other road users - motor cyclists, cyclists and pedestrians. An essential factor in passive safety on motorways is the state of the roads which, in turn, is linked to road design and the wear resistance of surfacing materials. The various projects working in this area also take into account the need to cut the cost of infrastructure investments and maintenance, as well as to reduce their impact on the environment.

## Inland Waterways

### Bank Funds Inland Waterways

#### A national infrastructure bank would provide funding for inland waterways

Barnes, FOX Business Network senior Washington correspondent, 11

(Peter, 9/12/2011, Fox Business, “Infrastructure Bank May Boost Size of Obama Jobs Bill,” <http://www.foxbusiness.com/industries/2011/09/12/infrastructure-bank-may-boost-cost-obama-jobs-bill/>, accessed 7/2/2012, bs)

The White House said Monday that the President Obama’s proposed national infrastructure bank could back $100 billion to $200 billion in new state and local road, bridge, mass transit and other projects over the next decade--it hopes in more public-privatepartnerships with funding from private investors. That could increase the effective size of the Presidents $450 billion jobs bill to the range of $550 billion to $650 billion, including new infrastructure spending from non-federal sources over the next 10 years. Administration officials claimed that potential greater impact would come at a minimal cost and risk to taxpayers. According to the jobs legislation the White House released Monday, the bank would guarantee infrastructure project loans, putting taxpayers on the hook for losses. But a senior administration official said any losses in the program would be minimized because federal support would be targeted to economically viable projects with dedicated revenue sources for loan repayments; direct loans and loan guarantees would be limited in size, and taxpayer subsidies would be conservatively estimated and structured, starting with just a $10 billion federal investment. Supporters have said Washington guarantees through the bank would assist cash-strapped state and municipal governments by allowing project financing at lower interest rates. In his jobs plan, the President would spend $10 billion to establish an infrastructure bank, which would help pay for new public construction projects over 10 years with the objective of raising much of the funding for them from pension funds, hedge funds and other private investors. Gene Sperling, the director of the White House National Economic Council, said in an interview Friday that the Administration expects at least $10 of non-federal funding for every $1 of federal funding or guarantees in bank-supported projects, but that the figure could be closer to $20 in other funding sources for every $1 of federal backing. I think 10-1 is actually conservative, Sperling said. I think many people think-- including some on our jobs council, some of our business leaders believe--that you could get 20-1 bang for your buck. A White House spokesperson confirmed Monday that formula could generate about $100 billion to $200 billion in total new financing for state and local infrastructure projects. According to a summary of the jobs legislation, the bank will provide direct loans and loan guarantees to facilitate investment in economically-viable infrastructure projects of regional or national significance. Government infrastructure banks exist in other countries. In the U.S., supporters have been lobbying Congress for years to create one. They have pressed their case as state and municipal budgets, like the federal, have tightened, and as the nations infrastructure has crumbled and rebuilding it has lagged. Earlier this year, the U.S. Chamber of Commerce joined forces with the AFL-CIO to win backing for a bank. But critics have attacked infrastructure banks, like similar government-backed financing entities, as potentially costly to taxpayers housing insurance giants Fannie Mae and Freddie Mac have required about a $150 billion bailout as well as of questionable value in jumpstarting job creation. An infrastructure bank would do little to spur the economic recoveryand nothing to create new jobs, Ronald Utt, a senior economics research fellow at the Heritage Foundation, wrote in August. Utt said the time-consuming nature of creating such a bank would mean more than a year or two will pass before the first dollar of a grant or loan is dispersed to finance a project.He also criticized the billions in direct federal infrastructure spending in the Presidents 2009 stimulus plan as ineffective. The bank proposal faces an uphill fight in Congress, were some top Republicans oppose it. On Monday, House Republican Leader Eric Cantor (R-VA) called it a Fannie and Freddie for roads and bridges." But after previously pushing its own type of bank--with up to $30 billion in federal capital over six years--the White House has embraced more restrictive bank start-up legislation in the Senate that has won some bi-partisan support. Sponsors of that proposal have said it could help finance up to $600 billion in projects. Mirroring the Senate proposal, the Administrations legislation would limit financing to projects with loans that would be repaid (in whole or part) from tolls, user fees, or other dedicated revenue sources that secure the senior payment obligations, according to the White House summary--funding could not be provided for any project whose purpose is private and for which no public benefit is created.The bank also could not provide or guarantee more than 50% of a projects financing. And like Fannie, Freddie and other government financing entities, it could charge a credit fee to help cover its costs, including any loan losses. That was just another chance for the President to reach out and say here's something bipartisan we can do, Sperling said of the Administrations new support for the Senate bill. The cost to the federal government is $10 billion. But what you're really doing is helping just cover some of the risk. According to the White House jobs bill summary, the bank could finance public transportation, water and energy projects, including highways, roads, bridges, mass transit, inland waterways, commercial ports, airports, air traffic control systems, passenger rail, freight rail, water-waste treatment facilities, storm-water management systems, dams, solid-waste disposal facilities, levees, open-space management systems, pollution-reduced energy generation, transmission and distribution of energy, storage of energy and energy-efficiency enhancements for buildings.Along with the infrastructure bank, the President's jobs plan includes another $95 billion for infrastructure spending, including for school and vacant housing renovation.

### Reduces Emissions

#### Use of inland waterways reduces emissions

Bronzini, George Mason University, professor of Civil, Environmental, and Infrastructure Engineering, 97

(Michael S., September 1997, “Inland Waterways: Still or Turbulent Waters Ahead?” Annals of the American Academy of Political and Social Science, Volume: 553, p. 72-73, JSTOR, bs)

In general, inland waterway vessels use less energy per unit of traffic and have lower emissions and better safety records than the other freight modes. Hence, their impact on the environment tends to be rather small. This is largely due to the comparatively greater carrying capacity per vehicle. A well-known freight transport capacity comparison chart produced by the Iowa Department of Transportation shows that a single jumbo hopper barge that carries 1500 tons of cargo is equivalent to 15 jumbo hopper rail cars or 60 truck semi-trailers.4 A single 15-barge tow, then, is equivalent in carrying capacity to 2.25 unit trains of 100 cars, or 900 semi-trailers. In 1991, the Minnesota Department of Transportation published a study of the environmental impacts of moving water traffic to either truck or rail. Looking at actual waterborne moves in four corridors, the study showed that shifting the traffic to the other modes would cause increases in fuel use, exhaust emissions, and accidents ranging from 290 percent to over 1900 percent.

# Sprawl Advantage

### Uniqueness: No Sustainable City Growth Now

#### Cities are being ignored in the status quo – causes ecologically unsustainable neighborhoods and creates economic disparities

Ouroussoff, New York Times architecture critic, 9

(Nicolai, 3-29-09, "Reinventing America’s Cities: The Time Is Now," p. 1 http://www.nytimes.com/2009/03/29/arts/design/29ouro.html, accessed 6-25-12, CNM)

THE country has fallen on hard times, but those of us who love cities know we have been living in the dark ages for a while now. We know that turning things around will take more than just pouring money into shovel-ready projects, regardless of how they might boost the economy. Windmills won’t do it either. We long for a bold urban vision.

With their crowded neighborhoods and web of public services, cities are not only invaluable cultural incubators; they are also vastly more efficient than suburbs. But for years they have been neglected, and in many cases forcibly harmed, by policies that favored sprawl over density and conformity over difference.

Such policies have caused many of our urban centers to devolve into generic theme parks and others, like Detroit, to decay into ghost towns. They have also sparked the rise of ecologically unsustainable gated communities and reinforced economic disparities by building walls between racial, ethnic and class groups.

### Link: Modernize Cities Sprawl

#### National Infrastructure Bank solves – changing cities would create larger density and prevent urban sprawl

Ouroussoff, New York Times architecture critic, 9

(Nicolai, 3-29-09, "Reinventing America’s Cities: The Time Is Now," p. 6 http://www.nytimes.com/2009/03/29/arts/design/29ouro.html, accessed 6-25-12, CNM)

Given that the administration has already made sustainability a priority, that money could be redirected to other projects, like efforts that reinforce density rather than encourage urban sprawl. It could be used to replace crumbling expressways with the kind of local roads and parks that bind communities together rather than tear them apart.

I am also a fan of a National Infrastructure Bank, an idea that was first proposed by the financiers Felix Rohatyn and Everett Ehrlich.

The bank would function something like a domestic World Bank, financing large-scale undertakings like subways, airports and harbor improvements. Presumably it would be able to funnel money into the more sustainable, forward- looking projects. It could also establish a review process similar to the one created by the government’s General Services Administration in the mid-1990s, which attracted some of the country’s best talents to design federal courthouses and office buildings. Lavishing similar attention on bridges, pump stations, trains, public housing and schools would not only be a significant step in rebuilding a sense of civic pride; it would also prove that our society values the public infrastructure that binds us together as much as it values, say, sheltering the rich.

A half-century ago American engineering was the envy of the rest of the world. Cities like New York, Los Angeles and New Orleans were considered models for a brilliant new future. Europe, with its suffocating traditions and historical baggage, was dismissed as a decadent, aging culture.

It is no small paradox that many people in the world now see us in similar terms.

President Obama has a rare opportunity to build a new, more enlightened version of this country, one rooted in his own egalitarian ideals. It is an opportunity that may not come around again.

#### The plan jumpstarts adaptation efforts – builds resiliency

Hyman, Cambridge Systematics, 9

(Rob Hyman, Cambridge Systematics, June 17, 2009, Federal Highway Administration, "Talking Freight," <http://www.fhwa.dot.gov/planning/freight_planning/talking_freight/june1709tscript.cfm>)

We really need to focus on **adaptation**. What we can do now to prepare for the climate changes that we know are going to come, and the ones that we suspect we'll be seeing in the next 50 to 100 years? This could vary by region and could include higher sea levels for our coastal areas. Some examples include: increased storm surges from hurricanes, more intense varied precipitation, increased temperature, increases in the number of hot days, stronger winds, and changes in freeze/frost cycles. Some of these impacts might mean: a permanent inundation of roads, bridge approaches, weakening of the land substructure, temporary flooding of roads, increased stream flow and bridge scour, and pavement cracking. All of these are impacts that we need to think about, review, and prepare for when we think about the climate change issue. These are a couple of maps of why this is important and what we need to look at. This map shows the top 20 water ports vulnerable to sea level rise. We need to begin to prepare for the impact of climate change. Even the interior ports need to be concerned about changes in stream flow, changes in precipitation, changes in temperature that are expected due to climate change. Rob Hyman is going to talk about the Gulf Coast in his presentation. In this slide, in the blue, are areas that are vulnerable to two and four feet of sea level rise. All of which are impacted by the range of sea level rise, which, if we don't reduce greenhouse gases will be inundated by climate change. Federal Highway has tried to get a sense of what's happening - the state of the practice. I'm going to talk about what we found when we surveyed state DOTs to try and understand what kinds of adaptation activities are underway. Significant inconsistencies exist across states and regions, including MPOs, on their goals and action plans on the climate change. Certainly greenhouse gas emissions and climate change impacts don't understand those boundaries. In terms of climate change action plans which many states, if not all states, have in place; the DOTs are sometimes not a part of the state level action plans strategies and developments. This means that they don't know what the goals are necessarily that are in those plans. They don't have an opportunity to discuss what the goals should be. In some cases, some of those goals that are set are extremely difficult to achieve in terms of the contributions that the transportation sector could make to the overall greenhouse gas emissions. It is important to be part of the debates that are going on right now. Most of the focus of the states right now is on greenhouse gas mitigation with **little focus on adaptation**. We did survey specifically about adaptation in 2008 and found there are only about 13 states that have actions taking place and another 15 with actions or activities under discussion. We are trying to move those numbers and promote the discussion of adaptation discussions to take place in terms of preparing for climate change. What are some of those adaptation options that need to be discussed? They generally fall into four categories. One thing we can do is what we've been doing so far : continue to try to maintain and manage our existing infrastructure. Higher maintenance costs will result and in some cases there are going to be **significant challenge** to maintain what we've got. Another option is to **protect and strengthen**. A lot of that has happened already. Sea walls, buffers, design changes that might make for bigger storm water pipes, higher bridges that would better withstand changes that will occur. Another option is relocation. You can see a map on which California proposed moving US 1. We need to understand our **key facilities** so that if one portion of the system goes down for a period of time, there are options that we can offer to continue to reach people, continue to provide the access and the **economic development that the transportation system provides for our country.** Alaska is a leader in adaptation activities partly by default. They have to be; they've been subject to an awful lot of climate change. They've seen a loss of shore sea ice as well as melting permafrost, and these pose major threats to the infrastructure. Shore sea ice off the coast in a particular storm can break away over about an hour or two. The governor established a state level adaptation advisory group including a focus on public infrastructure which includes shoreline protection programs and evacuation route planning. Discussions going on in Alaska and Louisiana and some other states about whether or not we really need to pick up communities and move them from where they are now because there's simply no way to protect them from what's going to happen. Permafrost protection as well as the expanded data collection and collaboration is also being discussed.

### Impact: Sprawl Causes Warming

#### **Urban Sprawl destroys freshwater, food supplies, and increases greenhouse gas emissions**

Chong, Halton Herald Ministry Post, 9

(Michael, 11-4-09, Halton Herald, “Chong's Arguments Against Urban Sprawl,” <http://www.thehaltonherald.ca/pdf/208-01.pdf>, p.1, Accessed 7-1-12, CAS)

In addition, there are signs that the Great Lakes - containing almost 20% of the world’s freshwater - are under threat from urban sprawl. The water levels in all five Great Lakes are below long-term averages and some are at record lows. Lake Ontario alone is nearly seven inches below levels of a year ago. All this growth is draining our aquifers and destroying our watersheds. Indeed, the biggest threat to the Great Lakes may come not from pressures to divert water to the dry American Southwest, but rather from explosive urban growth in Ontario.

Perhaps the strongest environmental argument against sprawl is the global threat presented by rising greenhouse gas emissions. In destroying this farmland, in creating this sprawl, we are constructing a high-carbon infrastructure system of highways and sprawling communities that will not only prevent us from reducing our greenhouse gasses, but will in fact ensure we only increase them.

Urban sprawl also represents a serious threat to our food supply. We are destroying much of the prime farmland needed to grow our own food. While much of the food eaten today is imported and while much of farming is unprofitable, we cannot let the short-term economic problems in agriculture cloud our judgment about the long-term. Nothing is more vital to our long-term national interest than the ability to produce our own basic food supply. Good farmland, good soil, good climate and consistent rainfall are needed to do that, precisely what we have in southern Ontario.

#### Warming causes extinction

Tickell, Environmental Researcher, 8

 (Oliver, Environmental Researcher, The Guardian, August 11, <http://www.guardian.co.uk/commentisfree/2008/aug/11/climatechange>, JMB, accessed 6-23-11)

We need to get prepared for four degrees of global warming, Bob Watson told the Guardian last week. At first sight this looks like wise counsel from the climate science adviser to Defra. But the idea that we could adapt to a 4C rise is absurd and dangerous. Global warming on this scale would be a catastrophe that would mean, in the immortal words that Chief Seattle probably never spoke, "the end of living and the beginning of survival" for humankind. Or perhaps the beginning of our extinction. The collapse of the polar ice caps would become inevitable, bringing long-term sea level rises of 70-80 metres. All the world's coastal plains would be lost, complete with ports, cities, transport and industrial infrastructure, and much of the world's most productive farmland. The world's geography would be transformed much as it was at the end of the last ice age, when sea levels rose by about 120 metres to create the Channel, the North Sea and Cardigan Bay out of dry land. Weather would become extreme and unpredictable, with more frequent and severe droughts, floods and hurricanes. The Earth's carrying capacity would be hugely reduced. Billions would undoubtedly die. Watson's call was supported by the government's former chief scientific adviser, Sir David King, who warned that "if we get to a four-degree rise it is quite possible that we would begin to see a runaway increase". This is a remarkable understatement. The climate system is already experiencing significant feedbacks, notably the summer melting of the Arctic sea ice. The more the ice melts, the more sunshine is absorbed by the sea, and the more the Arctic warms. And as the Arctic warms, the release of billions of tonnes of methane – a greenhouse gas 70 times stronger than carbon dioxide over 20 years – captured under melting permafrost is already under way. To see how far this process could go, look 55.5m years to the Palaeocene-Eocene Thermal Maximum, when a global temperature increase of 6C coincided with the release of about 5,000 gigatonnes of carbon into the atmosphere, both as CO2 and as methane from bogs and seabed sediments. Lush subtropical forests grew in polar regions, and sea levels rose to 100m higher than today. It appears that an initial warming pulse triggered other warming processes. Many scientists warn that this historical event may be analogous to the present: the warming caused by human emissions could propel us towards a similar hothouse Earth

### Impact Extensions – Warming

#### Sprawl destroys the environment and increases emissions

**EPA 3**

(August 2003, “Urban Sprawl,” Posted on <http://www.policyalmanac.org/environment/archive/urban_sprawl.shtml>, Accessed 6/29/12, THW)

In its path, sprawl consumes thousands of acres of forests and farmland, woodlands and wetlands. It requires government to spend millions extra to build new schools, streets and water and sewer lines. In its wake, sprawl leaves boarded up houses, vacant storefronts, closed businesses, abandoned and often contaminated industrial sites, and traffic congestion stretching miles from urban centers. There are over 700,000 kilometers of roads connecting urban areas within the Mid-Atlantic region! As a result, we suffer from increased traffic congestion, longer commutes, increased dependence on fossil fuels, crowded schools, worsening air and water pollution, threatened surface and ground water supplies, lost open space and wetlands, increased flooding, destroyed wildlife habitat, higher taxes, and dying city centers. Moreover, sprawl is creating a hidden debt of unfunded infrastructure and services, social dysfunction, urban decay and environmental degradation. Despite the fact that Prince William County, Va., in metropolitan Washington, DC, has the highest property tax rate in the state of Virginia, the cost of providing services to new developments is so high, the county is experiencing a $1,688 shortfall for every new house built. Perhaps more important is the loss of community: People visiting with one another on front porches; neighbors helping neighbors; everyone keeping an eye on each other's children. This simply cannot happen on 5 acre lots where people live for years without ever knowing their neighbors! Now we are running out of greener pastures and many Americans consider urban sprawl to be the fastest growing threat to their local environment and quality of life. They are starting to question the wisdom of growing faster than infrastructures can support or service. They are starting to recognize that decades of road building have yet to and may never alleviate traffic congestion. Some communities that once welcomed development with open arms now consider the cost of lost farm land not worth the benefits of a new strip mall.

### Impacts

#### Warming causes extinction and comparatively outweighs other impacts

Deibel, National War College international relations professor, 7

(Terry L. Deibel, professor of IR @ National War College, July 2007 “Foreign Affairs Strategy: Logic for American Statecraft,” Book, Cambridge University Press)

Finally, there is one major existential threat to American security (as well as prosperity) of a nonviolent nature, which, though far in the future, demands urgent action. It is the threat of global warming to the stability of the climate upon which all earthly life depends. Scientists worldwide have been observing the gathering of this threat for three decades now, and what was once a mere possibility has passed through probability **to near certainty.** Indeed not one of more than 900 articles on climate change published in refereedscientific journals from 1993 to 2003 doubted that anthropogenic warming is occurring. “In legitimate scientific circles,” writes Elizabeth Kolbert, “it is virtually impossible to find evidence of disagreement over the fundamentals of global warming.” Evidence from a vast international scientific monitoring effort accumulates almost weekly, as this sample of newspaper reports shows: an international panel predicts “brutal droughts, floods and violent storms across the planet over the next century”; climate change could “literally alter ocean currents, wipe away huge portions of Alpine Snowcaps and aid the spread of cholera and malaria”; “glaciers in the Antarctic and in Greenland are melting much faster than expected, and…worldwide, plants are blooming several days earlier than a decade ago”; “rising sea temperatures have been accompanied by a significant global increase in the most destructive hurricanes”; “NASA scientists have concluded from direct temperature measurements that 2005 was the hottest year on record, with 1998 a close second”; “Earth’s warming climate is estimated to contribute to more than 150,000 deaths and 5 million illnesses each year” as disease spreads; “widespread bleaching from Texas to Trinidad…killed broad swaths of corals” due to a 2-degree rise in sea temperatures. “The world is slowly disintegrating,” concluded Inuit hunter Noah Metuq, who lives 30 miles from the Arctic Circle. “They call it climate change…but we just call it breaking up.” From the founding of the first cities some 6,000 years ago until the beginning of the industrial revolution, carbon dioxide levels in the atmosphere remained relatively constant at about 280 parts per million (ppm). At present they are accelerating toward 400 ppm, and by 2050 they will reach 500 ppm, about double pre-industrial levels.Unfortunately, atmospheric CO2 lasts about a century, so there is no way immediately to reduce levels, only to slow their increase, we are thus in for significant global warming; the only debate is how much and how serous the effects will be. As the newspaper stories quoted above show, we are already experiencing the effects of 1-2 degree warming in more violent storms, spread of disease, mass die offs of plants and animals, species extinction, and threatened inundation of low-lying countries like the Pacific nation of Kiribati and the Netherlands at a warming of 5 degrees or less the Greenland and West Antarctic ice sheets could disintegrate, leading to a sea level of rise of 20 feet that would cover North Carolina’s outer banks, swamp the southern third of Florida, and inundate Manhattan up to the middle of Greenwich Village. Another catastrophic effect would be the collapse of the Atlantic thermohaline circulation that keeps the winter weather in Europe far warmer than its latitude would otherwise allow. Economist William Cline once estimated the damage to the United States alone from moderate levels of warming at 1-6 percent of GDP annually; severe warming could cost 13-26 percent of GDP. But the most frightening scenario is runaway greenhouse warming, based on positive feedback from the buildup of water vapor in the atmosphere that is both caused by and causes hotter surface temperatures. Past ice age transitions, associated with only 5-10 degree changes in average global temperatures, **took place in just decades**, even though no one was then pouring ever-increasing amounts of carbon into the atmosphere. Faced with this specter, the best one can conclude is that “humankind’s continuing enhancement of the natural greenhouse effect is akin to playing **Russian roulette** with the earth’s climate and humanity’s life support system. At worst, says physics professor Marty Hoffert of New York University, “we’re just going to burn everything up; we’re going to heat the atmosphere to the temperature it was in the Cretaceous when there were crocodiles at the poles, and then everything will collapse.” During the Cold War, astronomer Carl Sagan popularized a theory of nuclear winter to describe how a thermonuclear war between the Untied States and the Soviet Union would not only destroy both countries but possibly end life on this planet. Global warming is the post-Cold War era’s **equivalent of nuclear winter** **at least** as serious and **considerably better supported scientifically**. Over the long run it puts dangers form terrorism and traditional military challenges to shame. It is a threat not only to the security and prosperity to the United States, but potentially to the **continued existence of life on this planet**.

#### Warming is a conflict multiplier – makes all their impacts worse

**Knickerbocker, Citing US Generals, 7**

(Brad Knickerbocker, Staff writer at the Christian Science Monitor, April 19, 2007, http://www.csmonitor.com/2007/0419/p02s01-usgn.html , *Christian Science Monitor*)

For years, the debate over global warming has focused on the three big "E's": environment, energy, and economic impact. This week it officially entered the realm of national security threats and avoiding wars as well. A platoon of retired US generals and admirals warned that global warming "presents significant national security challenges to the United States." The United Nations Security Council held its first ever debate on the impact of climate change on conflicts. And in Congress, a bipartisan bill would require a National Intelligence Estimate by all federal intelligence agencies to assess the security threats posed by global climate change. Many experts view climate change as a "threat multiplier" that intensifies instability around the world by worsening water shortages, food insecurity, disease, and flooding that lead to forced migration. That's the thrust of a 35-page report (PDF) by 11 admirals and generals this week issued by the Alexandria, Va.-based national security think tank The CNA Corporation. The study, titled National Security and the Threat of Climate Change, predicts: "Projected climate change will seriously exacerbate already marginal living standards in many Asian, African, and Middle Eastern nations, causing widespread political instability and the likelihood of failed states.... The chaos that results can be an incubator of civil strife, genocide, and the growth of terrorism. "The U.S. may be drawn more frequently into these situations, either alone or with allies, to help provide stability before conditions worsen and are exploited by extremists. The U.S. may also be called upon to undertake stability and reconstruction efforts once a conflict has begun, to avert further disaster and reconstitute a stable environment." "We will pay for this one way or another," retired Marine Gen. Anthony Zinni, former commander of American forces in the Middle East and one of the report's authors, told the Los Angeles Times. "We will pay to reduce greenhouse gas emissions today … or we'll pay the price later in military terms. And that will involve human lives." As quoted in the Associated Press, British Foreign Secretary Margaret Beckett, who presided over the UN meeting in New York April 17, posed the question "What makes wars start?" The answer: "Fights over water. Changing patterns of rainfall. Fights over food production, land use. There are few greater potential threats to our economies ... but also to peace and security itself." This is the concern behind a recently introduced bipartisan bill by Sens. Richard Durbin (D) of Illinois and Chuck Hagel (R) of Nebraska. It would require all US intelligence agencies – the CIA, the NSA, the Pentagon, and the FBI – to conduct a comprehensive review of potential security threats related to climate change around the world.

### Impact: Sprawl Causes Food Shortages

#### Sprawl destroys agriculture land – leads to food shortages

**Lamer, attorney, 4**

(Chad, Masters of Urban Planning (MUP) and Juris Doctor (JD) degrees from the University of Kansas, practicing lawyer with King Hershey, P.C. in Kansas City, Spring 2004, Kansas Journal of Law & Public Policy, 13 Kan. J.L. & Pub. Pol'y 391, “Why Government Policies Encourage Urban Sprawl and The Alternatives Offered by New Urbanism”, <http://www.spencerfane.com/Why-Government-Policies-Encourage-Urban-Sprawl-and-the-Alternatives-Offered-09-01-2004/>, Accessed 6/29/12, THW)

Sprawl consumes not only valuable agricultural land but also wetlands, forests, and open space. 137 In New Jersey between 1950 and 1980 nearly 50 percent of its agricultural land was lost to development. 138 The U.S. Department of Agriculture estimates that between 1982 and 1992 there was more than a 25 percent increase of urban land in the United States. 139 It is estimated that sprawl destroys 50 acres of agricultural land during “every hour of every day.” 140 This trend could lead to a situation in the very distant future in which the United States becomes forced to import agricultural products. 141

#### Global food shortage causes global resource wars and famine

**Calvin, American Physiological Society, 98**

(William H., Elected member of American Physiological Society\*, Biophysical Society\*, International Association for the Study of Pain\*, International Brain Research Organization, Society for Neuroscience, International Society for Human Ethology, AAAS, IEEE\*, American Association of Physical Anthropologists, International Astronomical Union, American Psychological Society, American Geophysical Union, Society for American Archaeology\*. [\*=former elected member] Board of Advisors & Kistler Prize Advisory Panel, Foundation for the Future. Professor at University of Washington. 1998, “A Brain for All Seasons: Human Evolution and Abrupt Climate Change” On Google Books, Accessed 6/29/12, THW)

The population-crash scenario is surely the most appalling. Plummeting crop yields would cause some powerful countries to try to take over their neighbors or distant lands-if only because their armies, unpaid and lacking food, would go marauding, both at home and across the borders. The better-organized countries would attempt to use their armies, before they fell apart entirely, to take over countries with significant remaining resources, driving out or starving their inhabitants if not using modern weapons to accomplish the same end: eliminating competitors for the remaining food. This would be a worldwide problem-and could lead to a Third World War-but Europe's vulnerability is particularly easy to analyze. The last abrupt cooling, the Younger Dryas, drastically altered Europe's climate as far east as Ukraine. Present-day Europe has more than 650 million people. It has excellent soils, and largely grows its own food. It could no longer do so if it lost the extra warming from the North Atlantic. There is another part of the world with the same good soil, within the same latitudinal band, which we can use for a quick comparison. Canada lacks Europe's winter warmth and rainfall, because it has no equivalent of the North Atlantic Current to preheat its eastbound weather systems. Canada's agriculture supports about 28 million people. If Europe had weather like Canada's, it could feed only one out of twenty-three present-day Europeans. Any abrupt switch in climate would also disrupt food supply routes. The only reason that two percent of our population can feed the other 98 percent is that we have a well-developed system of transportation and middlemen but it is not very robust. The system allows for large urban populations in the best of times, but not in the case of widespread disruptions.

### Impact Extension – Food Shortages

#### Sprawl in the US causes global food shortage

**Imhoff, NASA Goddard Space Flight Center Biospheric Sciences Branch, et al., 3**

(Marc L. Imhoff, William T. Lawrence, Bowie State University Department of Natural Science, David Stutzer, NASA Goddard Space Flight Center Biospheric Sciences Branch, Christopher Elvidge, NOAA National Geophysical Data Center, 11/20/03, “Assessing the Impact of Urban Sprawl on Soil Resources in the United States Using Nighttime ‘City Lights’ Satellite Images and Digital Soils Maps” <http://biology.usgs.gov/luhna/chap3.html>, Accessed 6/29/12, THW)

At the continental scale the trend in land use conversion indicates that development is favoring the soils with fewer agricultural limiting factors. While preservation of the very best soils does seem to take place in some cases, it is occurring at the expense of the next best soils, which are often located nearby. This pattern is evident in the four most economically important farm states, except that in some states the very best soils do not appear to be preserved at all (e.g., California). Our data tend to lend credence to the theory that development is associated with soil resources with higher production potential. Since many of the very same physical properties that make soils good for agriculture are also good for construction, the relationship is logical. Economic incentives, then, are negatively synergistic: "good" soils bring economic wealth, thereby encouraging development, but are also themselves attractive soils on which to build. Short-term economic forces may tend to undervalue agricultural use relative to urban development, especially when agricultural production can be economically shifted to distant areas due to inexpensive transportation. That the top four agricultural states are experiencing this trend, however, bodes ill for sustained productivity in the United States. While the overall agricultural potential of the United States may not be seriously diminished at present, if the trend is allowed to continue, the country may soon experience a decline in agricultural production. Currently, there is less and less reliance on local agricultural products in the United States. Many grocery stores are stocked mainly with produce generated in a few primary agricultural zones in the United States and abroad. As the local soils are converted to nonagricultural uses, those localities will be even more reliant on their access to national or international markets. As such they will be vulnerable to changes in those markets and will be in direct competition with a very broad and, in some cases, wealthy customer base for the products. If the need arises to revitalize local agriculture to support growing populations nearby, only the poorer soils will be available for use. These soils will require more fertilizer and other inputs since more limiting factors will have to be overcome to make the soil produce a crop. The need to farm poorer soils will tend to increase the cost of production and the price of food. An example of this potential can be found in the state of Pennsylvania. Traditionally rich in farmlands, university experts estimate that Pennsylvania is losing 1% of its prime agricultural land to development each year, according to recent estimates (G.W. Petersen, Pennsylvania State University, personal communication). If the trend continues, in 100 years there will be no more prime agricultural land in the entire state. At that time, the human population will be much larger, suggesting that Pennsylvania will become increasingly dependent on outside agricultural resources. In a future world of large human populations, where will those critically needed soil resources be found? Many countries are all depending upon the surplus production of the United States and other productive regions of the world to help carry their growing populations through the next 50 years. However, the United States, too, is depending on its current surplus capacity to feed its growing population. In fact, the U.S. agricultural production capability as it is now may be overcommitted by a factor of three by 2050 since a large percentage of the world's population expects that the surplus production will be available to them. Given this possibility, it would be prudent to protect the best agricultural soils from development. Not only should the best soils be protected, but it is vitally important that the farmland conservation effort take place at the local level and not simply at the national level. Consideration should be made for sustainable development at the local level, so that there is not the forced reliance of local populations on the interstate transportation systems that consume huge amounts of fossil fuels and are deteriorating under heavy use. While more detailed local analyses are needed to shed light on how each region of the country will be affected by the loss of soil resources, one certain outcome is that depletion of productive soil will bring with it a dependence on more distant resources and require ever higher yields per remaining acre on poorer soils.

### Impact – Sprawl Causes Biodiversity Loss

#### Urban sprawl kills biodiversity

Associated Press ’05

(Associated Press, 1/11/05, MSNBC, “Groups: Urban sprawl threatens species,

“ <http://www.msnbc.msn.com/id/6814251/#.T-3wHhfy-So>, Accessed 6/29/12, THW)

WASHINGTON — Urban sprawl is gobbling up open spaces in fast-growing metropolitan areas so quickly that it could spell extinction for nearly 1,200 species of plants and animals, environmental groups say. The National Wildlife Federation, Smart Growth America and NatureServe projected that over the next 25 years, more than 22,000 acres of natural resources and habitat will be lost to development in 35 of the largest and most rapidly growing metropolitan areas. According to the groups, as many as 553 of the nearly 1,200 at-risk species are found only in those areas. “The bottom line is that these species are at risk of extinction due to habitat destruction,” said John Kostyack, a National Wildlife Federation attorney and report co-author. “And in these metro areas, the leading cause of habitat destruction is sprawl — development of homes and office buildings and roads in outlying forests and farm fields.”

#### Biodiversity loss will lead to extinction – it’s the domino effect

**Zimmerer, Penn State University Geography chair, et al. 12**

 (Karl Zimmerer, Department Head of Geography at Penn State University, Petra Tschakert, Assistant Professor of Geography; Brian King, Assistant Professor of Geography; Seth Baum, Graduate Assistant and Ph.D. student in Geography; Chongming Wang, Geography Teaching Assistant; 2012, Penn State online course, Geography 030, “Module 10 – Biodiversity: Human Extinction,” <https://www.e-education.psu.edu/geog030/node/398>, accessed 7/2/2012, THW)

Recall from Module 8 that a hazard is a possibility of an event that causes harm. A human extinction hazard is thus a possibility of an event that causes human extinction. For better or worse, there exist quite a few human extinction hazards. Here are some important ones: Climate change. We already know that the climate is changing, and that these changes are harming humanity**.** What we don't know is exactly how harmful climate change will be. We can hope that climate change will be relatively mild and easy to adapt to. However, it might not be.Worst-case scenarios for climate change are frightening, including the possibility that large portions of Earth's land mass will become too warm for mammals to survive. Many species would go extinct under these worst-case scenarios. Humans could be one of them. But it is important to understand that such scenarios would unfold over time scales of decades or centuries. Exactly what the impacts end up being could depend heavily on what else is going on in society during this time. This means that we should view climate change as being part of the human society system. That said, the worst-case scenarios for climate change really are so severe that they could cause human extinction. Biodiversity loss. Earlier in this module, we used the house of cards (or Jenga) metaphor for ecosystem resilience. As more species go extinct, it becomes more likely for ecosystems to collapse. Given how many species are endangered, it is difficult to put an upper limit on how severe the ecosystem collapses could be. The collapses could be so severe that human extinction is threatened. The current honey bee colony collapse situation illustrates this. Without honey bees, humans would struggle - and perhaps fail - to grow many important crops. As more biodiversity is lost, we may find ourselves learning the hard way how important it is to our civilization and indeed our very survival.

### Impact Extension – Biodiversity Loss Causes Extinction

#### Biodiversity loss destroys ecosystems – causes extinction

Dr. Young, Costal Marine Ecology PhD, 10

 [Ruth Young, PhD coastal marine ecology, 2/9/10, Talking Nature, “Biodiversity: what it is and why it’s important”, <http://www.talkingnature.com/2010/02/biodiversity/biodiversity-what-and-why/>, Accessed 6/29/12, THW]

Different species within ecosystems fill particular roles, they all have a function, they all have a niche. They interact with each other and the physical environment to provide ecosystem services that are vital for our survival. For example plant species convert carbon dioxide (CO2) from the atmosphere and energy from the sun into useful things such as food, medicines and timber. Pollination carried out by insects such as bees enables the production of ⅓ of our food crops. Diverse mangrove and coral reef ecosystems provide a wide variety of habitats that are essential for many fishery species. To make it simpler for economists to comprehend the magnitude of services offered by biodiversity, a team of researchers estimated their value – it amounted to $US33 trillion per year. “By protecting biodiversity we maintain ecosystem services” Certain species play a “keystone” role in maintaining ecosystem services. Similar to the removal of a keystone from an arch, the removal of these species can result in the collapse of an ecosystem and the subsequent removal of ecosystem services. The most well-known example of this occurred during the 19th century when sea otters were almost hunted to extinction by fur traders along the west coast of the USA. This led to a population explosion in the sea otters’ main source of prey, sea urchins. Because the urchins graze on kelp their booming population decimated the underwater kelp forests. This loss of habitat led to declines in local fish populations. Sea otters are a keystone species once hunted for their fur (Image: Mike Baird) Eventually a treaty protecting sea otters allowed the numbers of otters to increase which inturn controlled the urchin population, leading to the recovery of the kelp forests and fish stocks. In other cases, ecosystem services are maintained by entire functional groups, such as apex predators (See Jeremy Hance’s post at Mongabay). During the last 35 years, over fishing of large shark species along the US Atlantic coast has led to a population explosion of skates and rays. These skates and rays eat bay scallops and their out of control population has led to the closure of a century long scallop fishery. These are just two examples demonstrating how biodiversity can maintain the services that ecosystems provide for us, such as fisheries. One could argue that to maintain ecosystem services we don’t need to protect biodiversity but rather, we only need to protect the species and functional groups that fill the keystone roles. However, there are a couple of problems with this idea. First of all, for most ecosystems we don’t know which species are the keystones! Ecosystems are so complex that we are still discovering which species play vital roles in maintaining them. In some cases its groups of species not just one species that are vital for the ecosystem. Second, even if we did complete the enormous task of identifying and protecting all keystone species, what back-up plan would we have if an unforseen event (e.g. pollution or disease) led to the demise of these ‘keystone’ species? Would there be another species to save the day and take over this role? Classifying some species as ‘keystone’ implies that the others are not important. This may lead to the non-keystone species being considered ecologically worthless and subsequently over-exploited. Sometimes we may not even know which species are likely to fill the keystone roles. An example of this was discovered on Australia’s Great Barrier Reef. This research examined what would happen to a coral reef if it were over-fished. The “over-fishing” was simulated by fencing off coral bommies thereby excluding and removing fish from them for three years. By the end of the experiment, the reefs had changed from a coral to an algae dominated ecosystem – the coral became overgrown with algae. When the time came to remove the fences the researchers expected herbivorous species of fish like the parrot fish (Scarus spp.) to eat the algae and enable the reef to switch back to a coral dominated ecosystem. But, surprisingly, the shift back to coral was driven by a supposed ‘unimportant’ species – the bat fish (Platax pinnatus). The bat fish was previously thought to feed on invertebrates – small crabs and shrimp, but when offered a big patch of algae it turned into a hungry herbivore – a cow of the sea – grazing the algae in no time. So a fish previously thought to be ‘unimportant’ is actually a keystone species in the recovery of coral reefs overgrown by algae! Who knows how many other species are out there with unknown ecosystem roles! In some cases it’s easy to see who the keystone species are but in many ecosystems seemingly unimportant or redundant species are also capable of changing niches and maintaining ecosystems. The more biodiverse an ecosystem is, the more likely these species will be present and the more resilient an ecosystem is to future impacts. Presently we’re only scratching the surface of understanding the full importance of biodiversity and how it helps maintain ecosystem function. The scope of this task is immense. In the meantime, a wise insurance policy for maintaining ecosystem services would be to conserve biodiversity. In doing so, we increase the chance of maintaining our ecosystem services in the event of future impacts such as disease, invasive species and of course, climate change. This is the international year of biodiversity – a time to recognize that biodiversity makes our survival on this planet possible and that our protection of biodiversity maintains this service.

# Oil Dependence Advantage

## 1AC Advantage – Oil

#### Reliance on cars is increasing oil dependence, distorting trade and weakening national security

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, 2011, Transportation Infrastructure Report 2011, “Building America’s Future, Falling Apart and Falling Behind,” http://www.bafuture.com/sites/default/files/Report\_0.pdf, p. 19, accessed 6/25/12, MLF)

Our continued dependence on imported fuel is one of the leading culprits of our trade imbalance: More than half of the U.S. trade deficit can be attributed to petroleum imports. 12 In 2009, Americans wasted 4.8 billion hours sitting in traffic, at a cost of $115 billion and 3.9 billion wasted gallons of fuel 13 —more than one-sixth the amount of oil imported annually from the Persian Gulf. 14 Thus, our heavy reliance on cars— and the oil they run on—has grave implications for our national security.

#### Investments in efficient infrastructure reduce oil dependence

US Treasury 3/23/12

(US Department of the Treasury, 3/23/2012. “A New Economic Analysis of Infrastructure Investment: A Report Prepared by the Department of the Treasury with the Council of Economic Advisors,” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p. 3, accessed 6/23/2012, BS)

A more efficient transportation infrastructure system will reduce our dependence on oil, saving families time and money. Traffic congestion on our roads results in 1.9 billion gallons of gas wasted per year, and costs drivers over $100 billion in wasted fuel and lost time. More efficient air traffic control systems would save three billion gallons of jet fuel a year, translating into lower costs for consumers. Finally, new research indicates that Americans who were able to live in “location efficient” housing were able to save $200 per month in lower costs, including paying less at the pump, over the past decade.

#### There will be extinction in the status quo. Shifting away from oil dependence is key to a sustainable human existence.

Beddor et al, Center for American Progress National Security Intern, ’09

(Christopher, Winny Chen is a Policy Analyst at the Center for American Progress, Rudy deLeon is the Senior Vice President of National Security and International Policy at Center for American Progress, Shiyong Park is an intern with the National Security team at the Center for American Progress Action Fund, Daniel J. Weiss is a Senior Fellow and the Director of Climate Strategy at American Progress, Center for American Progress, August 2009, Center for American Progress, “Securing America’s Future: Enhancing Our National Security by Reducing Oil Dependence and Environmental Damage,” http://www.americanprogress.org/issues/2009/08/pdf/energy\_security.pdf, p. 16, accessed 6-29-12, CNM)

For more than three decades the United States has repeatedly erred on the side of inaction. Policymakers, rather than pursuing long-term sustainable goals, were swayed by the prospect of immediate benefits or political risks. And the public was too focused on falling prices at the pump after successive energy crises to see the bigger picture of ever- escalating oil imports.

We stand at a similar crossroads today, but this time it is no longer a matter of financial inconvenience. It is a matter of national security, global economy, and sustainable human existence.

### Cars Increase Oil Dependence

#### Reliance on cars increases oil dependence, distorting trade and weakening national security

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, 2011, Transportation Infrastructure Report 2011, “Building America’s Future, Falling Apart and Falling Behind,” http://www.bafuture.com/sites/default/files/Report\_0.pdf, p. 19, accessed 6/25/12, MLF)

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### Efficient Infrastructure Investment Decreases Dependence

#### Investments in efficient infrastructure reduce oil dependence

US Treasury 3/23/12

(US Department of the Treasury, 3/23/2012. “A New Economic Analysis of Infrastructure Investment: A Report Prepared by the Department of the Treasury with the Council of Economic Advisors,” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p. 3, accessed 6/23/2012, BS)

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### Mass Transit – Solves Oil Dependence

#### Public transportation helps the shift away from fossil fuel dependency

American Public Transportation Association, transportation lobby, ’06

(American Public Transportation Association press release, 2-3-06, "Public Transportation Promotes Energy Independence," http://www.apta.com/mediacenter/pressreleases/2006/Pages/060203\_energy\_independence.aspx, accessed 6-29-12, CNM)

The value of public transportation in regard to energy savings was highlighted by noted economists Dr. Robert Shapiro and Dr. Kevin Hassett in the report Conserving Energy and Preserving the Environment: The Role of Public Transportation. Among the findings of this report were:

Public transportation saves more than 855 million gallons of gasoline a year, or 45 million barrels of oil. These savings equal about one month's oil imports from Saudi Arabia. In 2004, 9.6 billion trips were taken on public transportation.

If Americans used public transportation at the same rate as Europeans - for roughly 10 percent of their daily travel needs - the United States would reduce its dependence on imported oil by more than 40 percent or nearly the amount of oil we import from Saudi Arabia each year.

President Bush also highlighted the importance in investing in technology. U.S. transit agencies are increasingly investing in alternative fuel buses to reduce dependence on oil. About 17% of fixed route buses currently use alternative fuels and 20% of buses on order will use alternative fuels. According to the preliminary numbers for 2006, there are 7,948 buses that use compressed natural gas (CNG) or a blend of CNG, equaling 13.5% of all available buses (56,036). In addition, there are 1,044 liquified natural gas (LNG) buses comprising 1.8% of all available buses. Preliminary 2006 numbers also show that there are 654 hybrid electric buses (1.1%); 310 propane buses (0.5%); 222 biodiesel buses (0.4%), and 120 electric buses (0.2%). Bio or soy fuel buses and hydrogen buses come to less than 0.1% each of the national transit fleet. Public transportation is clearly doing its part to reduce our country's addiction to oil through alternative technologies.

### Dependence Bad – Extinction!

#### Shifting away from oil dependence is key to sustainable human existence

Beddor et al, Center for American Progress National Security Intern, ’09

(Christopher, Winny Chen is a Policy Analyst at the Center for American Progress, Rudy deLeon is the Senior Vice President of National Security and International Policy at Center for American Progress, Shiyong Park is an intern with the National Security team at the Center for American Progress Action Fund, Daniel J. Weiss is a Senior Fellow and the Director of Climate Strategy at American Progress, Center for American Progress, August 2009, Center for American Progress, “Securing America’s Future: Enhancing Our National Security by Reducing Oil Dependence and Environmental Damage,” http://www.americanprogress.org/issues/2009/08/pdf/energy\_security.pdf, p. 16, accessed 6-29-12, CNM)

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We stand at a similar crossroads today, but this time it is no longer a matter of financial inconvenience. It is a matter of national security, global economy, and sustainable human existence.

### Dependence Hurts the Economy – Trade Deficits

#### Oil dependence is the largest factor in our trade deficit

Fitzsimmons, Seeking Alpha contributor, 10

(Michael, Seeking Alpha is a stock market news and opinion source, 11-28-10, "Foreign Oil Dependency: The Root Cause of America's Economic Pain," http://seekingalpha.com/article/238920-foreign-oil-dependency-the-root-cause-of-america-s-economic-pain, accessed 6-29-12, CNM)

The U.S. Commerce Department reported September 2010's trade deficit to be $44 billion dollars. During that month, crude oil averaged around $75/barrel and the U.S. imported about 12,000,000 barrels/day. This means the September 2010 monthly bill for oil imports was roughly $27 billion dollars.

The point is this: out of a $44 billion dollar monthly trade deficit, $27 billion of that was for one commodity alone. Unfortunately for the U.S., it happens to be the most strategic commodity of all: OIL. Put another way, imported oil made up 62% of the U.S. monthly trade deficit. This is not an aberration - it goes on month after month, year after year. And as the price of oil goes up, so too does this problem. It is quite simply draining away the wealth of America. We are burning it up in our cars and trucks.

### Risks Oil Shortages

#### US dependence causes aggression from hostile nations – infrastructure changes are key

Beddor et al, Center for American Progress National Security Intern, ’09

(Christopher, Winny Chen is a Policy Analyst at the Center for American Progress, Rudy deLeon is the Senior Vice President of National Security and International Policy at Center for American Progress, Shiyong Park is an intern with the National Security team at the Center for American Progress Action Fund, Daniel J. Weiss is a Senior Fellow and the Director of Climate Strategy at American Progress, Center for American Progress, August 2009, Center for American Progress, “Securing America’s Future: Enhancing Our National Security by Reducing Oil Dependence and Environmental Damage,” http://www.americanprogress.org/issues/2009/08/pdf/energy\_security.pdf, pgs. 5-6, accessed 6-29-12, CNM)

The member nations of the Organization of Petroleum Exporting Countries, or OPEC, produce approximately half of America’s oil supply. At times this cartel has driven up prices or reduced supplies, which caused economic upheaval in the United States. The

1973 oil embargo by OPEC—then known as OAPEC and including Egypt and Syria— triggered high inflation and required states to divert valuable attention and resources to address the crisis. Most recently, OPEC refused to increase output in 2008 when oil hit $147 per barrel, driving gasoline prices up to $4 or more nationwide just as the United States began to feel the effects of a broader economic recession.

America’s significant dependence on imported oil also comes at a time when Great Britain and Mexico face even more looming supply issues. Oil production in Britain’s North Sea oil fields—the primary source of the country’s oil—is expected to fall 66 percent by 2020 from its peak production level in 1999.19 And because Mexico‘s crude oil production has fallen and its sources will soon be depleted, the country will have to begin importing oil to meet domestic demands within five years. This will pit it against the United States for foreign reserves.20

Without any infrastructure changes the United States will be forced to rely more on Venezuela, Russia, and Middle Eastern and African nations for fuel as “friendly” foreign oil disappears. This would place our national security at a much higher risk since many of these nations are unstable, harbor hostility toward the United States, and often use their energy reserves to pursue aggressive political agendas.

#### Specifically, Venezuela is pretty feisty

Beddor et al, Center for American Progress National Security Intern, ’09

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The fact that Venezuela—a country without ambassadorial ties to the United States—is one of the top five oil exporters to the United States should be a cause for concern. Venezuelan President Hugo Chávez has made clear his antipathy toward America on vari- ous occasions, stating that Washington should “go to hell,”21 alleging that the CIA is plot- ting to assassinate him,22 and threatening to cut off oil sales to the United States. Chávez stated in a radio interview, ““If you end up freezing [Venezuelan assets] and it harms us, we’re going to harm you.”23

### Price Increases Cause Economic Collapse

#### Oil dependency makes economic collapse inevitable – any increase in prices causes decline

Fitzsimmons, Seeking Alpha contributor, 10

(Michael, Seeking Alpha is a stock market news and opinion source, 11-28-10, "Foreign Oil Dependency: The Root Cause of America's Economic Pain," http://seekingalpha.com/article/238920-foreign-oil-dependency-the-root-cause-of-america-s-economic-pain, accessed 6-29-12, CNM)

So while I have spent the last 5 years trying to convince Americans and American policymakers that natural gas transportation was the solution to the problem, I realize now the real problem is that the American Congress, as well as its economists and financial media, are in complete denial about the imported oil crisis. Everyone knows the first step to solving a problem is to understand the problem. And this is why the Federal Reserve and American economists will fail in their attempts to revitalize the U.S. economy. They simply refuse to own up to the blatantly obvious fact that the American economy is built on a very badly constructed foundation: it is at the mercy of foreign oil to power it.

Further, the problem is going to get much worse before it gets better. I am a firm believer that worldwide oil production will not keep pace with worldwide oil demand given a functioning worldwide economy. What we will see in the future is not very hard to predict:

- the American economy will begin to strengthen and gather steam

- oil prices will rise as oil demand increases with the strengthening economy

- the American economy will peter out as high gasoline prices pummel the consumer

- inflation, higher unemployment, higher fiscal and trade debts will follow

- the currency will, over the long haul, continue to weaken

In other words, the American economy is now completely dependent on the price of the most strategic commodity of all (oil) and the fact that it must import 65% of its consumption.

#### Dependence is unsustainable

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The United States’ oil habit is no longer affordable. It imported 66 percent of the oil it consumed in 2008,24 which accounted for 16 percent of all import spending that year.25 This widens the U.S. annual trade deficit, weakens the American economy, and means that our credit bill could interfere with our political interests.

### AT: Domestic Oil Solves

#### Domestic oil can’t keep up with demand – we’d run out in 4 years

Beddor et al, Center for American Progress National Security Intern, ’09

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Even with a slowdown in U.S. consumption over the last several months, domestic oil pro- duction cannot keep up with demand. U.S. oil production has steadily declined since the mid-1980s, and today the United States has a consumption rate of over 5 billion barrels per year, while production hovers at only 1.8 billion barrels.6

The “drill, baby, drill” crowd believes that the United States can reduce its use of imported oil by vigorously developing domestic oil reserves. Unfortunately, this sloganeering doesn’t hold up to the facts. The amount of oil in proven U.S. reserves—reserves that the United States is fairly certain it can extract oil from in the future—has steadily deceased since the late 1970s from 31.8 billion barrels in 1977 to 21 billion barrels in 2007.7 This means even if we drilled and produced all the U.S. oil reserves it would be exhausted in only about four years if consumption remains constant.

### AT: Friendly Countries

#### Exports from reliable neighbors is unsustainable

Beddor et al, Center for American Progress National Security Intern, ’09

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Increasing oil exports from reliable neighbors is a good development, but it will not continue for much longer. Canada appears to have sufficient reserves to last over 100 years if it continues at its current level of production, but the majority of Canada’s oil is in oil sand reserves—an extremely dirty fuel that is expensive to refine. Strip mining, water pollution, and toxic hydrogen sulfide production hinder the extraction of oil sands, 15 and the process is the lead- ing cause of greenhouse gases in Canada, emitting 40 million tons of carbon dioxide per year. 16 These harmful environmental consequences make oil sands unsustainable,17 and Canada’s oil production will likely diminish in the near future as a result. Meanwhile, Mexico’s crude oil produc- tion has fallen 17.3 percent just since 2004,18 and its primary oil fields will be depleted within a decade.

### Dependency Funds Terrorism

#### Dependency on foreign oil funds terrorism

Harder, National Journal Energy and Environment Correspondent, 10

(Amy, 6/12/2010, “Are We Funding Iranian Terrorists?,” National Journal, Academic Search Complete, Accessed 6/29/12, bs)

As long as Congress continues to defer action on comprehensive climate and energy legislation, the United States is funding -- by way of importing oil from the Middle East -- terrorist activities in Iran and other unstable countries in the region. So goes the argument made by Senate Foreign Relations Committee Chairman John Kerry, D-Mass., chief architect of the proposed American Power Act, as well as by progressive groups supporting the bill, including the Center for American Progress, the Natural Resources Defense Council, and the Truman National Security Project. "We're paying the Ahmadinejad Iran tax every single day," Kerry told reporters recently, referring to Iranian President Mahmoud Ahmadinejad, whose defense of his country's nuclear ambitions has been unstinting. "We send $100 million a day to Iran. Does that make sense? Does it make sense nine years after 9/11 to be more dependent on foreign oil and sending $365 billion-plus a year to countries who don't like us very much? Some of which funds the wars against us?" Kerry asked. Kerry's rhetoric on the climate-change bill -- and the legislation's potential impact on terrorism and on U.S. dependence on foreign oil -- has become more heated in the weeks since he and Sen. Joe Lieberman, ID-Conn., unveiled the legislation on May 12 without their Republican negotiating partner, Lindsey Graham of South Carolina. In conversations with National Journal, experts wasted no time poking holes in the specific connection between Iranian oil profits and the climate bill. But many of them support the general notion that Middle Eastern oil money does, at least in part, fund terrorism. A U.S. climate bill's effect on that link remains unclear and may only be realized decades after the measure's passage. In a nutshell, this is how Kerry and the progressive groups reached the conclusion that Tehran benefits from inaction on a climate-change bill, even though the U.S. does not import any oil directly from Iran: The Massachusetts Institute of Technology did research in 2007 that showed that a firm cap on carbon emissions at both the domestic and global levels would eventually reduce world oil prices. The Center for American Progress analyzed the MIT report and concluded that Tehran would lose $100 million a day in oil revenue if the U.S. were to pass a bill that priced carbon and if (and this is a big if) a global climate-change policy were put into place. The worldwide decline in oil consumption would trigger a price drop that would sap profits from Iran's oil exports, the center's analysis shows. Advocacy groups -- including the Truman Project's Operation Free, a coalition of Iraq and Afghanistan war veterans and national security organizations that support climate legislation, and the American Values Network, a faith-based coalition that seeks action on climate change -- have turned those reports into an ad campaign suggesting that the American Power Act "would cut Iran's oil profits by up to $100 million -- every day." At an event in his office in April, Kerry stood with several members of Operation Free as the group unveiled its "Iran Oil Profits Counter," a digital clock-like device that tallies the oil profits that the Kerry-Lieberman bill would deny to Tehran. Next to the rising number is a large photo of a smirking Ahmadinejad.

### Dependence Destroys Leadership

#### Oil dependency destroys leadership – gives other countries power and decreases US’s leverage in key strategic regions

Beddor et al, Center for American Progress National Security Intern, 9

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The United States will remain vulnerable to volatile oil prices and supply shortages as long as it heavily depends on other nations for fuel and energy. Its need for steady supplies of oil means it must adjust its behavior and strategies in order to maintain relations with less- than-savory regimes including Venezuela, Nigeria, and Russia. These countries, as well as smaller nations such as Angola, will therefore hold an increasingly disproportional amount of bilateral and regional power, while the United States has diminished leverage and con- strained policy options in strategic regions such as the Middle East and Central Asia.

This trend will be exacerbated as continued depletion of oil production and exports from friendly regimes forces the United States to import more from antagonistic countries in the future in order to offset the tapering supply.

Former military officials are speaking out on this issue. The CNA Military Advisory Board, a group of distinguished retired military leaders, issued a report in May 2009 arguing that

America’s reliance on foreign oil poses a serious threat to U.S. national security. The report, entitled “Powering America’s Defense: Energy and the Risks to National Security,” con- cluded that “U.S. dependence on oil weakens international leverage, undermines foreign policy objectives, and entangles America with unstable or hostile regimes.”29

### Reducing Dependence Reduces risk Iran/China

#### American oil dependence drives global demand – causing other countries to fund Iran which allows Ahmadinejad to stay afloat

Beddor et al, Center for American Progress National Security Intern 9

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America’s oil dependence has other indirect but no less serious impacts on U.S. interests. For example, high rates of American consumption drive up global demand for oil, which fuels lofty prices and helps to fund and to sustain undemocratic and corrupt regimes. Because of this anti-Western nations such as Iran—with whom the United States by law cannot trade or buy oil—benefit regardless of who the end buyer of the fuel is.

Last year, record oil prices driven by global demand and speculators flooded Iran’s treasury with oil money, which helped keep Mahmoud Ahmadinejad afloat. Prior to Iran’s presi- dential election The Economist noted, “The president’s open-handed economic policies, based on a windfall of $250 billion in oil sales during his four-year term and intended to redistribute wealth, have won friends among the poor.”30

Reducing U.S. oil demand in the world market would be a big financial hit to Iran and other unfriendly petrostates. And it would have the added benefit of making more fuel from stable nations available to countries such as China, which currently purchases from Iran and Sudan because U.S. demand dominates oil trade with friendly sources.

### Dependence Bad – Democracy Promotion

#### Oil dependence prevents democracy promotion – it funds oppressive regimes

Beddor et al, Center for American Progress National Security Intern ,09

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The revenues and power from oil exports also undermine American interests in rule of law, good governance, development, and democracy promotion around the world. Funds from oil exports are rarely distributed among the people of oil-exporting countries. They often stay concentrated in the hands of a small group of ruling elites who exploit oil revenues to preserve their hold on power.

In some cases oil revenues skew political processes and hinder good governance. As a Council on Foreign Relations report noted, “States that are politically unstable and poorly governed often struggle with the task of responsibly managing the large revenues that come from their oil and gas exports ... Production in fragile democracies, such as Nigeria, can be undermined when politicians or local warlords focus on ways to seize oil and gas rents rather than on the longer-term task of governance.”31

In another example, Angola—the sixth largest exporter of oil to the United States— remains one of the poorest nations with the highest mortality rate in the world, and its corrupt ruling regime continues to reject International Monetary Fund assistance.

### Dependence Causes Environmental Destruction

#### Oil consumption causes multiple scenarios for environmental destruction – fossil fuels are the largest internal link to global warming and destroys biodiversity

Beddor et al, Center for American Progress National Security Intern, 9

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Oil consumption has had a devastating and wide- spread effect on the environment, too. Its produc- tion, transport, and combustion lead to wilderness destruction, pollution, and global warming. Seismic wave testing for feasibility studies for oil production in the Outer Continental Shelf disorients marine wildlife and has led to mass beaching of whales, while construction of major infrastructure on land— such as roads, jet landing strips, repair shops, homes, and industrial complexes—has destroyed natural habitats and been linked with cancer in wildlife.27

A related concern is oil spills, which have resulted in mass mortality and contamination of wildlife, fish, and other food species in the ocean. The most recent spill occurred in July 2009, when a cracked underwater pipeline 33 miles off the Louisiana shore spilled 63,000 barrels of oil into the surrounding Gulf of Mexico. Mammals, reptiles, amphibians, and birds that live in or near the ocean are poisoned by oil waste from these spills. It damages the delicate ecosystem of our oceans and disrupts the food chain on which fish and sea creatures depend, and on which their reproduction is based.

Burning fossil fuels such as coal and oil constitute the greatest source of greenhouse gas emissions that cause global warming. The EIA found that “energy-related carbon dioxide emissions, resulting from the combustion of petroleum, coal, and natural gas, represented 82 percent of total U.S. anthropogenic greenhouse gas emissions in 2006.”28

### Dependence Causes Warming

#### Oil dependence driven warming causes multiple scenarios for conflict, kills readiness, and prevents quick disaster response capabilities

Beddor et al, Center for American Progress National Security Intern, 9

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The significant contribution of oil combustion to global warming leads to serious national security concerns as well. As mentioned earlier, oil consumption results in far-spanning and acute environmental damage, including global warming. In 2007, the CNA Military

Advisory Board published a study on the effect of climate change on American security interests. Their study found that “climate change poses a serious threat to America’s national security ... [It] acts as a threat multiplier for instability in some of the most vola- tile regions of the world.”

It will:

• Create destabilizing conditions, including reduced access to fresh water, impaired food production, health catastrophes, and loss of land, which will place additional strains on weak governments.

• Exacerbate marginal living standards in developing countries in Asia, Africa, and the Middle East, creating widespread instability and increasing the likelihood of conflict, mass migrations, and failed states.

Make Defense Department operations more vulnerable because extreme environmental conditions will considerably increase operation and maintenance costs, compromise seal-level military bases, complicate ship and aircraft operations, and expose the national power grid upon which DoD is heavily reliant. 32

These findings were backed up by a 2007 Center for American Progress report, “The Security Challenges of Climate Change,” which in addition to these findings identified other effects on national security. These included “increased U.S. border stress due to the severe effects of climate change in parts of Mexico and the Caribbean” and a “strain on the capacity of the United States—and in particular the U.S. military—to act as a ‘first responder’ to international disasters and humanitarian crises due to their increased fre- quency, complexity, and danger.”33

### AT: Friendly Countries

#### Exports from reliable neighbors is unsustainable

Beddor et al, Center for American Progress National Security Intern ,9

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Increasing oil exports from reliable neighbors is a good development, but it will not continue for much longer. Canada appears to have sufficient reserves to last over 100 years if it continues at its current level of production, but the majority of Canada’s oil is in oil sand reserves—an extremely dirty fuel that is expensive to refine. Strip mining, water pollution, and toxic hydrogen sulfide production hinder the extraction of oil sands, 15 and the process is the lead- ing cause of greenhouse gases in Canada, emitting 40 million tons of carbon dioxide per year. 16 These harmful environmental consequences make oil sands unsustainable,17 and Canada’s oil production will likely diminish in the near future as a result. Meanwhile, Mexico’s crude oil produc- tion has fallen 17.3 percent just since 2004,18 and its primary oil fields will be depleted within a decade.

## Nuclear Terrorism

### Nuclear Terrorism is Real

#### Nuclear terrorism is a real threat – it’s only a matter of time

ElBaradei, International Atomic Energy Agency Director General, 4

(Dr. Mohamed, 11/8/2004, International Atomic Energy Agency, “Nuclear Proliferation and the Potential Threat of Nuclear Terrorism,” <http://www.iaea.org/newscenter/statements/2004/ebsp2004n013.html>, accessed 7/2/2012, bs)

The IAEA has categorized four potential nuclear security threats (or, more accurately, nuclear security risks): the acquisition of nuclear weapons by theft; the creation of nuclear explosive devices using stolen nuclear materials; the use of radioactive sources in radiological dispersal devices (RDDs); and the radiological hazards caused by an attack on, or sabotage of, a facility or a transport vehicle. The threat of nuclear terrorism is real and current. Some experts share the view of the Director General of the United Kingdom Security Service, who said in August 2003: "It will only be a matter of time before a crude version of a [chemical, biological, radiological or nuclear] attack is launched at a major Western city." To date, the IAEA’s own database on illicit trafficking has recorded, since 1993, approximately 630 confirmed incidents of trafficking in nuclear or other radioactive material. Sixty incidents were reported in 2003, and it is clear that the total for this year will be even higher. While the majority of trafficking incidents do not involve nuclear material, and while most of the radioactive sources involved are of limited radiological concern, the number of incidents shows that the measures to control and secure nuclear and other radioactive materials need to be improved. They also show that measures to detect and respond to illicit trafficking are essential.

### Nuclear Terrorism Causes Super Power War

#### Nuclear terrorist attack causes super power war

Ayson, Victoria University of Wellington Professor of Strategic Studies, 10

(Robert, July 2010, Studies in Conflict & Terrorism, “After a Terrorist Nuclear Attack: Envisaging Catalytic Effects,” Taylor & Francis, Volume: 33, p.582, Informaworld, bs)

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

### Nuclear War Causes Extinction

#### Nuclear war causes a massive human die off.

Nissani, Wayne State University, Department of Biological Sciences, 92

(Moti, 1992, Wayne State University, “Lives in the Balance: the Cold War and American Politics, 1945-1991,” <http://www.is.wayne.edu/mnissani/PAGEPUB/CH2.html>, accessed 7/2/2012, bs)

VI. Human Populations. The direct effects of war on human populations have already been discussed. **Here I shall only superimpose the war's indirect effects on projection IV above,** a projection which entailed one billion deaths in targeted countries as a result of near-term effects of nuclear bombs: blast, heat, initial radiation, and local fallout **(the effects of the other three projections would be correspondingly lighter).** The death toll will continue to climb for years after the war, as a consequence of widespread famine in targeted nations, famine in numerous non-targeted Third World countries whose people partly depend for survival on food or food-related imports from targeted nations, general deterioration of the health care and disease prevention system, lingering radioactivity, paucity of shelters, temporary but severe climatic changes, and the likelihood that some grief-stricken survivors will prefer death to a prolonged struggle for sheer physical survival. **Several years after the war, the world's population may go down by another billion people.** The longer-term impact of total war on human populations depends in part on whether social conditions resembling our own are re-established. If not, human populations could keep declining for decades. But even if such conditions are re-created,further reductions seem likely during the first few decades because young children, infants, and fetuses are more vulnerable to the stresses of a post-nuclear world (radiation, starvation, death of parents, etc.),and so proportionately more individuals in these age brackets will die. **In addition, many people may refrain for years after from having children, so the death rate is likely to be higher than the birth rate.** (I have confined the discussion here to dry statistics not because they are the most interesting, but because books like this one cannot possibly convey the countless individual tragedies these numbers imply.) **It must be admitted that all this will be a nasty Malthusian solution to overpopulation and rapid population growth. Consequently, for at least half a century after the war, overpopulation and rapid population growth will no longer make appreciable contributions to such ills as environmental deterioration, species extinction, nationalism, and over-organization.**

#### Nuclear wars lead to extinction- most important impact in the round

Sagan, physicist, 83

(Carl, December 1983, Cooperative Individualism, “Nuclear Winter,” <http://www.cooperativeindividualism.org/sagan_nuclear_winter.html>, accessed 7/2/2012, bs)

There are some who think that a nuclear war can be "contained," bottled up before it runs away to involve much of the world's arsenals. But a number of detailed analyses, war games run by the U.S. Department of Defense, and official Soviet pronouncements all indicate that this containment may be too much to hope for:Once the bombs begin exploding, communications failures, disorganization, fear, the necessity of making in minutes decisions affecting the fates of millions, and the immense psychological burden of knowing that your own loved ones may already have been destroyed are likely to result in a nuclear paroxysm**. Many investigations,** including a number of studies for the U.S. government**,** envision the explosion of 5,000 to 10,000 megatons **- the detonation of tens of thousands of nuclear weapons that now sit quietly, inconspicuously, in missile silos, submarines and long-range bombers, faithful servants awaiting orders. The World Health Organization, in a recent detailed study chaired by Sune K. Bergstrom** (the 1982 Nobel laureate in physiology and medicine), **concludes that** 1.1 billion people would be killed outright in such a nuclear war, mainly in the United States, the Soviet Union, Europe, China and Japan. An additional 1.1 billion people would suffer serious injuries and radiation sickness, for which medical help would be unavailable. **It thus seems possible that more than 2 billion people - almost half of all the humans on Earth - would be destroyed in the immediate aftermath of a global thermonuclear war.** This would represent by far the greatest disaster in the history of the human species and, with no other adverse effects, would probably be enough to reduce at least the Northern Hemisphere to a state of prolonged agony and barbarism.Unfortunately, the real situation would be much worse**.** In technical studies of the consequences of nuclear weapons explosions**, there has been a dangerous tendency to underestimate the results.** This is partly due to a tradition of conservatism which generally works well in science but which is of more dubious applicability when the lives of billions of people are at stake. In the Bravo test of March 1, 1954, a 15-megaton thermonuclear bomb was exploded on Bikini Atoll. (below image) It had about double the yield expected, and there was an unanticipated last-minute shift in the wind direction. As a result, deadly radioactive fallout came down on Rongelap in the Marshall Islands, more than 200 kilometers away. Most all the children on Rongelap subsequently developed thyroid nodules and lesions, and other long-term medical problems, due to the radioactive fallout**. Likewise, in 1973, it was discovered that high-yield airbursts will chemically burn the nitrogen in the upper air, converting it into oxides of nitrogen; these, in turn, combine with and destroy the protective ozone in the Earth's stratosphere.** The surface of the Earth is shielded from deadly solar ultraviolet radiation by a layer of ozone so tenuous that, were it brought down to sea level, it would be only 3 millimeters thick. Partial destruction of this ozone layer can have serious consequences for the biology of the entire planet**.** These discoveries, and others like them, were made by chance. They were largely unexpected. And now another consequence - by far the most dire - has been uncovered, again more or less by accident**. The U.S. Mariner 9 spacecraft, the first vehicle to orbit another planet, arrived at Mars in late 1971.** The planet was enveloped in a global dust storm. As the fine particles slowly fell out, we were able to measure temperature changes in the atmosphere and on the surface. Soon it became clear what had happened: The dust, lofted by high winds off the desert into the upper Martian atmosphere, had absorbed the incoming sunlight and prevented much of it from reaching the ground**.** Heated by the sunlight, the dust warmed the adjacent air. But the surface, enveloped in partial darkness, became much chillier than usual**. Months later, after the dust fell out of the atmosphere, the upper air cooled and the surface warmed, both returning to their normal conditions.** We were able to calculate accurately, from how much dust there was in the atmosphere, how cool the Martian surface ought to have been. Afterwards, I and my colleagues, James B. Pollack and Brian Toon of NASA's Ames Research Center, were eager to apply these insights to the Earth.In a volcanic explosion, dust aerosols are lofted into the high atmosphere. We calculated by how much the Earth's global temperature should decline after a major volcanic explosion and found that our results (generally a fraction of a degree) were in good accor4 with actual measurements**. Joining forces with Richard Turco, who has studied the effects of nuclear weapons for many years, we then began to turn our attention to the climatic effects of nuclear war. [The scientific paper, "Global Atmospheric Consequences of Nuclear War," was written by R. P. Turco, 0. B. Toon, T. P. Ackerman, J. B. Pollack and Carl Sagan. From the last names of the authors, this work is generally referred to as "TTAPS."] We knew that nuclear explosions, particularly ground-bursts, would lift an enormous quantity of fine soil particles into the atmosphere (more than 100,000 tons of fine dust for every megaton exploded in a surface burst).** Our work was further spurred by Paul Crutzen of the Max Planck Institute for Chemistry in Mainz, West Germany, and by John Birks of the University of Colorado, who pointed out that huge quantities of smoke would be generated in the burning of cities and forests following a nuclear war. Groundburst - at hardened missile silos, for example - generate fine dust**. Airbursts - over cities and unhardened military installations - make fires and therefore smoke.**

# Climate Adv.

### Transition to Clean Energy Economy

#### Its key to the environment

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 09’

(James, Robert, Heidi, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 43-44, Accessed: 6/26/12, GJV)

The infrastructure investment program we have outlined here builds from the assessments of infrastructure needs developed by a range of public and private-sector agencies. These needs assessments, in turn, are targeted primarily at raising productivity throughout the economy and also, of course, improving our standards of public safety. These needs assessments are not specifically focused on addressing the challenges for economic policy posed by global warming and other serious environmental problems. At the same time, strong connections do exist between the infrastructure program we have sketched and an investment program targeted at building a clean energy economy.24 Of course, not all categories of public investments are aimed at producing direct environmental benefits. Road construction projects are an obvious case in point. By the same token, not all green investments will promote either private productivity or employment. Moreover, some categories of green investments will be focused on public purposes other than energy conservation and clean energy sources. For example, cleaning up brownfield sites will have strong environmental benefits, and will also create new private investment opportunities. But such investments do not directly create clean energy alternatives. Reforestation/afforestation will expand the overall supply of carbon sinks, thereby counteracting global warming. But such investments will not enhance private sector productivity. The major infrastructure projects that do aim both to raise productivity and promote a clean energy economy include: 􀂃 public transportation; 􀂃 freight rail; 􀂃 smart grid electrical transmission systems; and 􀂃 dams for hydroelectric power. Thus, to the extent that these initiatives are priorities within a broader public infrastructure framework, we are thereby also strengthening the links between an infrastructure program and a clean energy agenda. Beyond this, an effective infrastructure investment program can promote a clean energy economy simply through its beneficial effects on productively. Simply put, to raise the economy’s level of productivity means to produce more goods and services while consuming fewer supplies in the process of production. Energy is a major supply that is needed across industrial sectors. Thus, raising productivity, in many cases, can entail reducing overall energy consumption.

### Reduces GHG Emissions

#### Good transportation infrastructure solves GHG emissions.

Department of the Treasury and the Council of Economic Advisors, ’12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 10, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

Finally, a well-maintained and robust network of transportation infrastructure, which allows individuals to access multiple modes of transportation, results in significant efficiency benefits for Americans. One study found that in 2009, households at the national median level of income residing in “location efficient” neighborhoods with diverse transportation choices realized over $600 in transportation cost savings, compared to similar households living in less efficient areas. 21 Further, well-maintained roads with adequate capacity, coupled with access to public transit and other driving alternatives, can lower traffic congestion and accident rates which not only saves Americans time and money but also saves lives. Congestion is not limited only to our nation’s roads but also to our rails. Freight rail systems can play a vital role in relieving road traffic and in moving goods in a more fuel efficient manner. One study estimated that on average, freight railroads are four times more fuel efficient than trucks. 22 These benefits can also reduce dependence on foreign oil, improve energy efficiency, and reduce air pollution. For example, one study in the Los Angeles area found that traffic congestion has a significant effect on CO2 emissions, and that reducing stop-and-go traffic conditions could potentially reduce emissions by up to 12 percent. 23 Another study estimates that America’s public transportation system reduces gasoline consumption by 4.2 billion gallons annually. 24

# Solvency

## General Solvency

### Plan Mechanism FYIs

#### Obama’s plan costs $10 billion to start up and funds through private investment projects worth at least $100 million and provide a clear public benefit

Plumer, Washington Post, 11

(Brad, 9-19-11, The Washington Post, "How Obama’s plan for infrastructure bank would work," http://www.washingtonpost.com/business/economy/how-obamas-plan-for-infrastructure-bank-would-work/2011/09/19/gIQAfDgUgK\_story.html, accessed 6-26-12, CNM)

One of the key aspects of President Obama’s jobs plan is an idea that’s been knocking around Washington for some time: a national infrastructure bank that would leverage private investment to fund new roads, bridges, mass transit and other public-works endeavors. Here’s how it would work.

The proposal, modeled after a bipartisan bill in the Senate, would take $10 billion in start-up money and identify transportation, water or energy projects that lack funding. Eligible projects would need to be worth at least $100 million and provide “a clear public benefit.” The bank would then work with private investors to finance the project through cheap long-term loans or loan guarantees, with the government picking up no more than half the tab — ideally, much less — for any given project.

#### Infrastructure Bank gives out loans, loan guarantees and lines of credit rather than grants

Abraham, member of the Council of Economic Advisors for the White House, et al., 12

(Katharine; Alan Krueger, Chairman of the Council of Economic Advisors for the White House; Carl Shapiro, member of the Council of Economic Advisors for the White House; 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, Accessed 6-23-12, p. 4, LPS)

Conceptually, an infrastructure bank is a government-established entity that unlike government departments that mainly fund infrastructure through grants, an infrastructure bank would be expected mainly to provide credit assistance, typically loans, loan guarantees, and lines of credit.3 As with a traditional commercial bank, infrastructure bank borrowers would be expected to repay their loans with interest, and may have to pay other fees associated with the bank’s credit instruments. But unlike a commercial bank, an infrastructure bank takes no deposits and conducts no other “over-the-counter” transactions. Examples of existing infrastructure banks are the European Investment Bank (EIB) and, in the United States, state infrastructure banks, and possibly the Export-Import Bank.4

### American Infrastructure Investment Act Mechanism

#### “American Infrastructure Investment Fund Act of 2011” would be an augmentation of current systems, rather than a whole new International infrastructure Bank institution

Abraham, member of the Council of Economic Advisors for the White House, et al., 12

(Katharine; Alan Krueger, Chairman of the Council of Economic Advisors for the White House; Carl Shapiro, member of the Council of Economic Advisors for the White House; 3-23-2012, Department of the Treasury, “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”, Department of the Treasury, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, Accessed 6-23-12, p.11, LPS)

**Introduced on May 10, 2011, by Senator Rockefeller and cosponsored by Senator Lautenberg, S. 936 would create a special fund housed and managed as part of the Department of Transportation. A fund within the Department of Transportation would not be a typical infrastructure bank as described previously. The legislation would establish the American Infrastructure Investment Fund (AIIF) as a part of the Department of Transportation.** This contrasts with S. 652, which would organize a mostly independent government corporation. Thus, **the structure proposed in S. 936 is intended to be an augmentation of existing transportation financing programs rather than a stand-alone “infrastructure bank.”** AIIF’s primary objective would be to invest in transportation infrastructure projects.

#### AIIF Project Selection Criteria would include federal budgetary, investment plans, and grant investment plans

Abraham, member of the Council of Economic Advisors for the white House, et al., 12

(Katharine; Alan Krueger, Chairman of the Council of Economic Advisors for the White House; Carl Shapiro, member of the Council of Economic Advisors for the White House; 3-23-2012, Department of the Treasury, “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”, Department of the Treasury, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, Accessed 6-23-12, p.12, LPS)

**AIIF would be required to consider the following when evaluating projects: (1) federal budgetary resources included, (2) percentage of federal grants included in the investment plan, (3) the level of uncertainty in the project benefits, and (4) the percentage of eligible project cost to be funded through nonfederal resources pledged by the applicant. A qualification score would be required to equal the ratio between the present value of benefits to the present value of costs reasonably expected to result from the funding of the project or projects proposed in the application.** The*National Infrastructure Bank: Overview and Current Legislation Congressional Research Service 9* ratio should include probabilistic bands of both benefits and costs when determining the qualification score. Projects would be subject to the Davis-Bacon Act (40 U.S.C. 3141).26 The Davis-Bacon Act requires that projects pay the prevailing local area wage. The DOT would lead the environmental review process for each proposed project. .

### National Infrastructure Bank Solvency Mechanism

#### National Infrastructure Development Bank that would issue Public Benefit Bond’s that would not be subject to any nonfederal taxation

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 12

(Katharine; Alan Krueger, Chairman of the Council of Economic Advisors for the White House; Carl Shapiro, member of the Council of Economic Advisors for the White House; 3-23-2012, Department of the Treasury, “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”, Department of the Treasury, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, Accessed 6-23-12, p.13, LPS)

“**On January 24, 2011, Representative DeLauro, along with many other cosponsors, introduced H.R. 402. The legislation would create a wholly owned government corporation that would issue public benefit bonds (PBBs) to help finance infrastructure through grants, loans, and loan guarantees**. **The legislation would establish the National Infrastructure Development Bank (NIDB),** which would be subject to the Government Corporation Control Act (GCCA; 31 U.S.C. 9101-9110).30 **The bank would issue PBBs, subject to the approval of the Secretary of the Treasury. These bonds would not be subject to any nonfederal governmental taxation. The PBBs would not be guaranteed by the full faith and credit of the U.S government.** The PBBs, however, could be bought and sold by the Federal Reserve (the Fed) as if they were U.S. obligations.

### General Solvency

#### Three major advantages to an NIB

Schwartz, industrialist and progressive public policy advocate, 9

(Bernard L., January 2009, “Should Congress Pass the National Infrastructure Bank Act?” Congression Digest, vol: 172, p. 25, bs)

First, the proposed NIB and NIDC would give us the capacity at the Federal level to issue long-term general purpose and specific-project infrastructure bonds, enabling us to tap more easily the private capital markets for financing public infrastructure. The bonds could be as long as 30 to 50 years in maturity, thereby providing an attractive financing vehicle for infrastructure improvements that have a useful life of several decades. Second, the proposed National Infrastructure Bank (NIB) and NIDC would lower the borrowing costs for State and local governments by offering Federal guarantees for State and local projects as well as by providing direct grants and start-up financing. A Federal guarantee for State and local projects would lower the interest rates State and local governments need to pay in the municipal bond market by 50 to 100 basis points, saving State and local taxpayers millions of dollars each year. Third, the NIB and NIDC would help remove politics from the funding equation, thus eliminating the standard political objections to public infrastructure projects as just "pork-barrel" politics. They would do so by providing a professional, nonpartisan justification for needed infrastructure spending.

### Solves Status Quo Funding Issues

#### Bank solves five major shortfalls of current funding mechanisms

President’s Economic Recovery Advisory Board 9

(The President’s Economic Recovery Advisory Board, 12/4/2009, “Infrastructure Investment and the Creation of a National Infrastructure Bank,” <http://www.whitehouse.gov/sites/default/files/microsites/091204-PERAB-Infrastructure-Memo.pdf>, accessed 6/26/2012, p. 2, bs)

The President’s FY 2010 budget includes funding of $25 billion over the next five years to capitalize a National Infrastructure Bank to invest in large infrastructure projects that promise significant national or regional economic benefits. The PERAB supports the NIB idea, and recommends a higher initial capital base. We believe that an appropriately designed, governed and funded NIB would address several shortcomings and gaps in current federal, state and local government processes for funding infrastructure investment. Addressing these shortcomings and gaps would both improve the efficiency with which public infrastructure funds are allocated and increase available infrastructure funding by enabling public infrastructure projects to tap a broad pool of capital in a cost-effective manner for projects that would not otherwise be funded. 1. Despite the efforts of Congressional leaders committed to addressing the infrastructure gap, federal infrastructure funding is subject to volatility based on legislative timetables and shifting fiscal priorities. A multi-year commitment of funds to capitalize the NIB would provide greater certainty to the selection, planning and funding of large, long-term projects that often involve the deployment of complex technologies. 2. Existing federal infrastructure programs are not well-suited to funding regional or cross-state projects of national significance. The NIB would play an important coordinating role among the various state, local, Congressional and private sector actors that participate in such projects. 3. Infrastructure projects are typically long-lived public goods with significant positive externalities, but current federal programs and project selection processes sometimes overlook the effects of infrastructure decisions on broader policy goals. The NIB would consider related policy goals in its assessment and selection of projects. Allocation of infrastructure funds should strive for the maximum impact both on the nation’s infrastructure needs and on the nation’s need for middle class jobs. In this context, it is essential that the financing of infrastructure projects be designed to tap the highest-value capital available for a given project. 4. The NIB would choose projects based on transparent and fact-based selection processes supported by consistent cost/benefit analyses. These analyses would account for the range of externalities associated with transformative projects—including requirements for quality construction and maintenance, and the larger economic benefits that flow from well-designed infrastructure projects. 5. The NIB should consider a range of funding and project delivery alternatives—including private sector co-investment—and select the alternative that delivers the highest-value financing available to meet the NIB’s objectives. A goal would be to leverage private lending with public financing on a project-level basis. Where this is not possible, the NIB board could consider private sector co-investment in public infrastructure where it could convincingly increase the overall availability of capital for a given project, improve the quality of services delivered, and appropriately share the returns and risks between the public and private sectors.

#### Plan solves status quo inefficiencies

Anderson, president and CEO of CG/LA Infrastructure, 11

(Norman, Progressive Policy Institute, 3-25-11, "The Case For The Kerry-Hutchison Infrastructure Bank," http://progressivepolicy.org/the-case-for-the-kerry-hutchison-infrastructure-bank, accessed 6-26-12, CNM)

Second, the function of the infrastructure bank is to guide and energize the private sector. An infrastructure bank goes into the guts of the process — project selection — and gets at the frightening issue of cost. Our costs are often twice that of our European brothers for urban mass transit projects, 10 times those of China.

The bank’s day-to-day business will be to invest in ventures and networks of ventures that serve for 20, 30, 40 even 50 years, providing a competitive return throughout that period. In this sense the bank will be a welcome, violent change agent, smashing open three areas in the infrastructure project-creation process that are costing this country a fortune:

– It takes more than 10 years on average for a project to move through the approval process, a period that would need to be reduced to three years for projects to be bankable.

– At least 50 percent of large U.S. projects suffer cost overruns in the 30 percent-or-greater range. This would be eliminated through bank leadership.

– The selection of projects tends to be willy-nilly, based on political interests. A bank ideally would be a model of focus, restricting its attention to projects that generate competitiveness.

#### NIB resolves current issues with investment in transportation infrastructure

Vey, Brookings Institution fellow, et al., 2010

(Jennifer S.; John C. Austin, Brookings Institution, Senior Fellow and director of the Great lakes Economic Initiative; Jennifer Bradley, Brookings institution, Senior Fellow; September 2010, Metropolitan Policy Program at Brookings, “The Next Economy: Economic Recovery and Transformation in the Great Lakes Region,” <http://www.commonslearningalliance.org/sites/default/files/Economic%20Recovery%20and%20Transformation.pdf>, p. 41, accessed 6-24-12, LH)

New Infrastructure Banks: Investments in the nation’s transportation systems are critical for fueling exports growth (e.g., through multi-modal facilities at major air, rail and water hubs) as well as accelerating the transition to a low-carbon economy (e.g., through green infrastructure, such as an electric vehicle fueling network). The current system of transportation investments is uncoordinated at all levels, however, and is largely based on archaic funding and equity formulas that work against many metropolitans areas’ efforts to maintain modern and integrated transportation networks.

The creation of a national infrastructure bank would help remedy these issues by using merit-based criteria to choose large, multi-modal and multi-jurisdictional infrastructure projects to finance. The bank would evaluate projects using cost-benefit analysis, which include both the regional or national significance of the project and, and whether or not the project reduces greenhouse gas emissions. Projects that pass this rigorous screening process would receive a loan or grant from the bank. Electrical grid and broadband development could also be funded and financed through the bank, thereby breaking the traditional silos through which the federal government currently funds infrastructure development. The national or metropolitan impact criteria and analysis would be the most critical parts of the bank, because it would require project evaluators to keep their attention on the benefits of a specific project. Right now, projects in different modes and sectors are evaluated by specific standards, making cross-mode comparisons difficult. A national infrastructure bank could be capitalized with appropriations amounting to a total of $25 billion over five years (this is the amount put forth in the administration’s 2010 budget proposal, and a recent House bill).

### Solvency - Return on Investment

#### Maintenance guarantees returns on investments.

Department of the Treasury and the Council of Economic Advisors, ’12

(3/23/12, “A New Economic Analysis of Infrastructure Investment,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, pg. 8, A.D. 6/24/12, JTF)

Edward Gramlich argues that the greatest return on investment can be garnered from spending on the maintenance of existing highways.10 Citing data from the Congressional Budget Office, he finds an extremely high rate of return from bringing road conditions up to their minimum state of good repair. Interestingly, he also finds that improvements beyond the state of good repair are not associated with positive returns. Allocating maintenance dollars to where they are most needed is likely to generate high rates of return and improve safety, suggesting that our spending on infrastructure should prioritize funding maintenance where roads are in disrepair. This is consistent with the Administration’s “fix-it-first” proposal which emphasizes repairing existing infrastructure.

### Solvency - Revenue Generation

#### Creation of a national infrastructure bank would be the best way to pay for future infrastructure

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” [http://www.bafuture.com/sites/default/files/Report\_0.pdf, p. 5 accessed 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%2C%20p.%205%20accessed%206/25/12) MLF)

Be both innovative and realistic about how to pay. America needs a National Infrastructure Bank that can leverage private dollars and invest in the best big projects, including those that span state boundaries or encompass multiple modes of transportation. Once the U.S. economy improves, we should consider raising the nearly 20-year old federal gas tax and indexing it to inflation. Washington also needs to look at all long-term revenue generating options such as congestion pricing, carbon auctions, fees based on miles traveled, or reserves built into capital budgets.

#### NIB best to fund infrastructure projects – it takes little US investment and has bipartisan support

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” [http://www.bafuture.com/sites/default/files/Report\_0.pdf, p. 40 accessed 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%2C%20p.%2040%20accessed%206/25/12) MLF)

Establish a National Infrastructure Bank. A National Infrastructure Bank would allow the U.S. to tap into the billions of private sector dollars that could be invested in the large-scale capital projects that our transportation network so desperately needs. With a relatively small down payment from the federal government, a National Infrastructure Bank could employ a range of finance and funding tools—including, but not limited to, grants, credit assistance, low interest loans, and tax incentives—to leverage federal investments with private capital. It is because of the European Investment Bank, a similar institution in operation since 1957, that European countries have been able to build highspeed rail and modernize their ports and motorways. There is already bipartisan support in Congress for establishing such an institution in the U.S., and it should be part of the next transportation bill.

#### NIB is necessary to fund infrastructure projects

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” [http://www.bafuture.com/sites/default/files/Report\_0.pdf, p. 43 accessed 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%2C%20p.%2043%20accessed%206/25/12) MLF)

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### Solvency - Improves Efficiency & Effectiveness

#### Current funding methods bad, plan solves

Puentes, director of the Metropolitan Infrastructure Initiative, 10

(Robert, 5/13/2010, Brookings Institute, “Hearing on Infrastructure Banks,” <http://waysandmeans.house.gov/media/pdf/111/2010May13_Puentes_Testimony.pdf>, p. 1, bs)

While most of the attention has been on increasing funding for projects, there are also renewed calls to improve the way the federal government invests in infrastructure. Today, the federal government generally does not select projects on a merit basis, is biased against maintenance, and involves little long term planning. In this context, there is interest in a new federal entity for funding and financing infrastructure projects through a national infrastructure bank. Mr. Chairman, I believe that while a national infrastructure bank is not a panacea, if appropriately designed and with sufficient political autonomy, it could improve both the efficiency and effectiveness of future federal infrastructure projects of national and regional importance.

### Solvency - Accountability

#### Accountability solves cost escalation and project delays.

McConaghy, Deputy Director, Economic Program at Third Way, and Kessler, Senior Vice President for Policy and a co-founder of Third Way, ‘11

(Ryan and Jim, January 2011, The Third Way, “A National Infrastructure Bank,” http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, p.5, A.D. 6/24/12, JTF)

As a bank, the NIB would inject accountability into the infrastructure investment process. Since the bank would offer loans and loan guarantees using a combination of public and private capital, it would have the opportunity to move away from the traditional design-bid-build model and toward project delivery mechanisms that would deliver better value to taxpayers and investors. 35 By operating on principles more closely tied to return on investment and financial discipline, the NIB would help to prevent the types cost escalation and project delays that have foiled the ARC Tunnel.

#### National infrastructure bank holds recipients accountable

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 15, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

Keeping the recipients accountable. An NIB would have more control over the selection and execu- tion of projects than the current transportation grants within broad program structures. It would be able to enforce its selection criteria, make sure that the projects are more in line with its objectives and have oversight of the outcomes of the projects. The new infrastructure entity should require repayment of principal and interest from applicants. This would bring more fiscal discipline and commitment from the recipients to the outcomes of the project. The extensive use of loans by an NIB contributes to the distinction between a bank and another federal agency. The interest rates charged to the state and local recipients of NIB loans might be set to repay slowly the initial injections of federal capital, while still maintaining a sufficient capital base.103 Some experts argue that an NIB would be able to be sustainable and effective only if it is truly a “bank”.104

### Solvency - Empirical - Europe and California Prove

#### European Investment Bank and California’s infrastructure bank demonstrate solvency

Congresswoman DeLauro, ranking member on the Labor, Health, Human Services, and Education Appropriations Subcommittee, 2010

(Rosa, January 2010, “Investing for America’s Future,” Institutional Investing in Infrastructure, Volume: 3, pg. 6-7, JSTOR, LH)

We have seen infrastructure banks work. The European Investment Bank has been helping to fund infrastructure projects for a half-century. And with a team of investment experts working on financing a wide range of projects, California’s Infrastructure and Economic Development Bank has appropriated less than $180 million from the General Fund and has loaned, issued bonds for or otherwise directed nearly $30 billion toward various public projects.

#### Banks are successful in other nations and allow the use of billions of private dollars

Schwarzenegger, former California governor, et al, 11

(Arnold; Michael R. Bloomberg, mayor of New York; and Edward G. Rendell, former Pennsylvania governor; 8/8/2011, Building America’s Future, “Transportation Infrastructure Report of 2011,” <http://www.bafuture.com/sites/default/files/Report_0.pdf>, p. 29, accessed 6/26/12, bs)

Most of our other global competitors also have access to Infrastructure Banks that finance large-scale transportation projects and leverage private capital. The most established and successful of these is the European Investment Bank (EIB), which since 1957 has served as the infrastructure financing institution for the EU. The EIB provides long-term financing for infrastructure investment projects, and it funds its operations by accessing capital markets. The EIB finances infrastructure projects on a case-by-case basis, reviewing their merit in a financially disciplined manner and financing only those with compelling national benefits. It is because of the EIB that European countries have been able to build highspeed rail and modernize their ports and motorways. In 2009, the EIB lent ¤79.1 billion ($116.7 billion) to infrastructure projects, about ¤15.7 billion ($23 billion) of which went to transport projects, both to EU members and to partner countries in the developing world.13 Development banks around the world take similar approaches to financing infrastructure projects and harnessing the potential of additional private capital. The Brazilian National Development Bank (BNDES), for example, drives the financing opportunities for Brazil’s recent infrastructure development. Between October 2009 and October 2010, BNDES provided $31.8 billion in financing to infrastructure projects. A National Infrastructure Bank in the United States would allow us to tap into the billions of private-sector dollars that could be invested in our transportation needs. By employing a range of finance and funding tools—including, but not limited to, grants, credit assistance, low interest loans, and tax incentives—the bank could leverage federal investments with private capital. And if we establish the bank as an independent entity that can fund only merit-based projects of regional and national significance, the bank could make smarter, more cost-efficient investments in all forms of our infrastructure.

#### Europe proves – the plan spurs private investment

Cooper, Center for American Progress Senior Fellow, 12

(Donna, February 16 2012, Center for American Progress, "Meeting the Infrastructure Imperative," http://www.americanprogress.org/issues/2012/02/infrastructure.html, pg. 51, accessed 6/25/12, CNM)

Policymakers are increasingly looking to the private sector to help finance large-scale infrastructure projects. The formation of a National Infrastructure Bank is essential to making a rational, efficient, and more transparent environment for private inves- tors to participate in rebuilding our public assets. Large infrastructure investors are putting their capital to work in other countries where regional, publicly chartered investment banks such as the European Investment Bank make the process of identi- fying and investing large-scale financially viable projects routinized, predictable, and clearer than in the United States. For instance, in 2010 the European Investment Bank invested more than $5 billion in high-speed rail projects; $3 billion in road and bridge improvements; $12 billion in sustainable urban transit including light rail, buses, and subways; and $134 mil- lion in inland waterway improvements. It’s a major investor in energy infrastructure lending more than $13 billion for alternative energy generation and transmission projects. These European Investment Bank investments are on top of the invest- ments made individually by the individual nation states in the European Union.110 President Obama; Sens. John Kerry (D-MA), Kay Hutchinson (R-TX), and Mark Warner (D-VA); and Rep. Rosa DeLauro (D-CT) are champions for dif- ferent approaches to forming a National Infrastructure Bank.111 The key attribute of the Kerry/Hutchinson/Warner Bill is that it provides the largest pool of financing capital, proposing to enable $30 billion in federal loans or loan guar- antees over 10 years. These funds are expected to leverage $130 billion in private or nonfederal investment. Their proposal requires that 95 percent of the value of projects financed must be made in the form of loans with 5 percent reserved for subsidizing projects that are important but not able to fully repay their loan obligation without some modest federal assistance. Rep. DeLauro’s proposal has the broadest scope permitting investments in water, energy transportation, and telecommunication infrastructure.

### Solvency – Reprioritization

#### NIB will preserve major infrastructure investment projects

McMahon, Council on Foreign Relations, 9

(Robert, 2-4-09, Council on Foreign Relations, “Transportation Infrastructure: Moving America”, <http://www.cfr.org/economic-development/transportation-infrastructure-moving-america/p18611>, accessed 6-29-12, LP)

As a presidential candidate, Obama expressed support for a National Infrastructure Reinvestment Bank that would invest $60 billion over ten years for improvements to "maximize our safety and homeland security." The notion of a national bank for infrastructure has gained a number of prominent adherents in recent years, including governors and mayors. A 2007 report commissioned by the Center for Strategic and International Studies called for a bank that would draw together U.S. infrastructure proposals and collect a portfolio of investments to fund them. As described by Ehrlich and a co-chair of the CSIS commission that produced that think tank's report, Felix G. Rohatyn, the National Infrastructure Bank would preserve the system in which state and local governments propose major infrastructure investments, but "would change dramatically the way priorities are set and projects funded" by eliminating the separate programs for highways, airports, and mass transit.

### Solvency – Political Independence

#### NIB would have political independence- laundry list of benefits- access to both public and private revenues

Anand, Mott Haven Herald, 11

(Anika Anand Contributor at [Mott Haven Herald](http://www.linkedin.com/company/mott-haven-herald?trk=ppro_cprof) Business Intern at [msnbc.com](http://www.linkedin.com/company/msnbc.com?trk=ppro_cprof) , July 6, 2011, Eye on the Economy on msnbc.com, “Bank Plan Would Help Boost Bridges, Create Jobs,” <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/>, Accessed: 6/29/12, LPS)

**Advocates offer a laundry list of benefits for an “Ibank.” At the top of the list, they tout the bank’s political independence. The bank would be an independent government entity but would have strong congressional oversight.** Bank board members and the CEO would be appointed by the president and confirmed by the Senate. Kerry says this structure would help eliminate pork-barrel earmark projects. If, for example, private investors wanted to invest in a project, under the BUILD Act they could partner with regional governments and present a proposal to the bank. The bank would assess the worthiness of the project based on factors like the public’s demand and support, and the project's ability to generate enough revenue to pay back public and private investors.

### Solvency – Funds Other Projects

#### NIB key to solve other projects through private and public investments

Anand, Mott Haven Herald, 11

(Anika Anand Contributor at [Mott Haven Herald](http://www.linkedin.com/company/mott-haven-herald?trk=ppro_cprof) Business Intern at [msnbc.com](http://www.linkedin.com/company/msnbc.com?trk=ppro_cprof) , July 6, 2011, Eye on the Economy on msnbc.com, “Bank Plan Would Help Boost Bridges, Create Jobs,” <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/>, Accessed: 6/29/12, LPS)

**If the Ibank funded something like the high-speed rail project, it would become another investor alongside a state government, a private equity firm or another bank. The project sponsors' loans would be repaid by generating revenue from sources such as passenger tickets, freight shipments, state dedicated taxes.**

### Solvency – Jump-Starts Projects

#### NIB though stable loans helps fund and jump-start transportation infrastructure projects- key to jump-start the market

Anand, Mott Haven Herald, 11

(Anika Anand Contributor at [Mott Haven Herald](http://www.linkedin.com/company/mott-haven-herald?trk=ppro_cprof) Business Intern at [msnbc.com](http://www.linkedin.com/company/msnbc.com?trk=ppro_cprof) , July 6, 2011, Eye on the Economy on msnbc.com, “Bank Plan Would Help Boost Bridges, Create Jobs,” <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/>, Accessed: 6/29/12, LPS)

Under previous proposals, which never have gained much momentum, an infrastructure bank would have offered grants, which would be more costly to taxpayers. **The BUILD Act relies on loans instead, and project borrowers would be required to put up a reserve against potential bad debt. The bank would make money by charging borrowers upfront fees as well as interest rate premiums**. The bill’s supporters say this type of public-private partnership model has been successfully applied to the Export-Import Bank of the United States, which has generated $3.4 billion for the Treasury over the past five years. The Export-Import bank finances and insures foreign purchases. **It’s important to note that the infrastructure bank is only meant to jump-start infrastructure investment, not fund every project,** said Michael Likosky, a senior fellow at NYU's Institute for Public Knowledge and a long-time proponent of a national infrastructure bank. Supporters hope **the bank also would jump-start the job market.**

### Solvency – Job Creation

#### Transportation investment creates thousands of middle-class jobs and increases economic growth and prosperity and overall infrastructure quality

Anand, Mott Haven Herald, 11

(Anika Anand Contributor at [Mott Haven Herald](http://www.linkedin.com/company/mott-haven-herald?trk=ppro_cprof) Business Intern at [msnbc.com](http://www.linkedin.com/company/msnbc.com?trk=ppro_cprof) , July 6, 2011, Eye on the Economy on msnbc.com, “Bank Plan Would Help Boost Bridges, Create Jobs,” <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/>, Accessed: 6/29/12, LPS)

**According to the Department of Transportation's** 2008 numbers, **every $1 billion invested in transportation infrastructure creates between 27,800 and 34,800 jobs. And they tend to be well-paying, middle-class jobs construction jobs that cannot be outsourced offshore**, said Scott Thomasson with the Progressive Policy Institute Likosky said the support the BUILD Act has garnered so far has surprised almost everyone involved**. “This infrastructure bank is the first thing on the table where we can start to talk about growing the economic pie, an approach toward moving toward prosperity," he said. Advocates say a national infrastructure bank could be the way to take on major projects, such as upgrading America’s power grid, repairing damaged roads and bridges and building high-speed rail lines,** an idea that has been discussed for more than 40 years.

## Sector Advantages

#### Current spending on infrastructure is insufficient and NIBs solve

President’s Economic Recovery Advisory Board, 9

(The President’s Economic Recovery Advisory Board, 12/4/2009, “Infrastructure Investment and the Creation of a National Infrastructure Bank,” <http://www.whitehouse.gov/sites/default/files/microsites/091204-PERAB-Infrastructure-Memo.pdf>, accessed 6/26/2012, p. 2, bs)

Expert assessments differ on the size of the shortfall in spending on physical infrastructure, but there is widespread agreement that the current level of spending is far below what is necessary to meet the nation’s long-term needs. The ASCE estimates that infrastructure investment has to double to $2.2 trillion over the next five years to bring the quality of the nation’s infrastructure to good condition. Even a 2008 CBO study based on conservative economic assumptions identifies about $185 billion a year of real government spending on transportation infrastructure alone that is justifiable on economic grounds—a 75% increase over current spending levels. Finally, the nation would benefit from more rigorous, transparent and consistent project selection methods than those currently used by both state and local governments and the federal government. The PERAB believes that the current level of infrastructure spending is insufficient to meet the nation’s growing infrastructure needs and supports a sustained and significant increase in infrastructure spending to boost future economic growth and competitiveness. For the reasons discussed below, the PERAB believes that the creation of a National Infrastructure Bank would help achieve important efficiency and funding objectives. The goal of the Bank is not to displace existing infrastructure spending. It is to help garner additional funding for worthy projects that would not otherwise be undertaken. We recognize that a NIB will not be able to fully close this country's infrastructure spending gap. Other initiatives will still be necessary to complete this important task.

#### Bank solves major transportation infrastructure needs

Corson, deputy policy director of the Office of the Manhattan Borough; and Saltonstall, policy director of the same; 11

(Stephen, David, 3/14/2011, Steven L. Newman Real Estate Institute, “Banking on the Future: A New Paradigm for Rebuilding Our Nation’s Infrastructure,” <http://www.baruch.cuny.edu/realestate/pdf/H7656_BaruchBankingFutureWhtPaper.pdf>, accessed 7/2/2012, p. 1, bs)

One promising solution to address these looming infrastructure needs – and to assure a more prosperous future -- is the establishment of a national, regional or state infrastructure bank. Infrastructure banks use government dollars in the form of loans, tax credits, insurance, guarantees, bonds or direct subsidies to leverage much larger sums of private capital to invest in public works. The results are carefully structured public private partnerships (P3’s) that harness a combination of private lending and public financing to produce public goods that are national or regional priorities. The infrastructure bank model offers several key advantages. In particular, it enables a merit-based system of project selection. Projects are judged based on their ability to do the greatest good for the greatest number of people, regardless of geographical or political boundaries. A national, regional or state infrastructure bank would supplement the current system of Congressional funding streams for infrastructure mega-projects, not replace it. But by insulating certain projects from the ebb and flow of politics, an infrastructure bank could provide a stable investment environment for the private sector and guard against fluctuations in funding due to political factors. The decision by New Jersey Governor Chris Christie to cancel the proposed ARC tunnel under the Hudson River – and forgo more than $3 billion in federal transportation funding – is a recent example of a major infrastructure project that was undone by a change in administrations. This approach to infrastructure – using small amounts of government money to leverage substantial sums of private sector money to achieve important social objectives – has worked successfully internationally for decades. But the idea has never gained any real traction in the White House – until now.

#### Only Bank solves infrastructure – sheer costs.

Rohatyn, investment banker, 10

(Felix G., 9/15/10, American investment banker known for his role in preventing the bankruptcy of New York City in the 1970s, former U.S. ambassador to France, The Wall Street Journal, “The Case for an Infrastructure Bank,” http://online.wsj.com/article/SB10001424052748703376504575491643198373362.html, A.D. 6/26/12, JTF)

The American Society of Civil Engineers periodically estimates the cost of bringing our infrastructure to an acceptable level – it now exceeds $2 trillion. This is a staggering sum, but the infrastructure bank could make strides to meet it by issuing its own bonds of up to 50 years maturity and, with a conservative gearing, could initially raise $200 billion to $300 billion and become self-financing over time

### Freight Solvency

#### NIB solves freight and states fail – our evidence is comparative.

I-95 Corridor Coalition, 9

(partnership of state departments of transportation, regional and local transportation agencies, toll authorities, and related organizations, including public safety, port, transit and rail organizations, from Maine to Florida, with affiliate members in Canada, “Federal Support for Freight Infrastructure: Policy Issues & Program Design,” I-95 Corridor Coalition, January 2009, pgs. 11-2, http://i95coalition.org/i95/Portals/0/Public\_Files/pm/reports/I-95%20Freight%20Infra%20Financing%20Paper%202009\_01.pdf, A.D 6/27/12, JTF)

The federal government can play a leadership role in helping states stimulate capital formation for freight infrastructure. Establishing a special purpose entity would bring an institutional focus to what has been, to date, a loosely-related series of federal programs nested within several federal agencies of USDOT. But should the federal policy approach be to create some form of a single national-level funder—a national infrastructure bank--or rather to foster the development of various regional infrastructure banks by groups of states, such as the I-95 Corridor Coalition?

Although a regional organization sponsored by the members of the I-95 Corridor Coalition would focus on critical projects along the Eastern Seaboard, creating a federal-level, nationwide entity would offer several important advantages. First, certain regional freight investments may have nationwide implications for efficient goods movement, national security and other priorities and merit federal support. A national entity would have a wider constituency and be more likely to enjoy broad Congressional support for federal funding. Second, a national organization would achieve greater diversification and economies of scale in operations than would a series of smaller entities with a multi-state regional scope. It likely could become operational more rapidly as well. And finally, while individual states technically could use their own resources to capitalize a regional entity, it would lack access to the favorable financing provisions available to federal agencies and government corporations through the U.S. Treasury. As the State Infrastructure Bank program has demonstrated, even when an institutional vehicle is authorized, its success will depend upon the willingness of states to commit financial and staff resources to its operations.

Because freight infrastructure encompasses a wide array of modes and project types (hubs, connectors and corridors), each project will have its own set of public and private stakeholders and its own distribution of public and private benefits affecting specific geographic areas. Given current funding limitations, it may be unrealistic to expect states to make significant monetary contributions to capitalize a regional “bank” on a blind pool basis to support major freight projects that may be hundreds or thousands of miles away.

Every project will have its own set of stakeholders and beneficiaries, and its own project-specific arrangement for allocating funding responsibility. Accordingly, while each project may have a bespoke regional project sponsor, a singular national assistance provider would be more efficient and practical—and likely more politically feasible.

### Public-Private Partnerships - Key to Infrastructure

#### Public-private partnerships are key to solve infrastructure.

Sachs, economist, 9

(Jeffrey D., American economist and Director of The Earth Institute at Columbia University, Ph.D. in economics from Harvard, “Rethinking Macroeconomics,” Capitalism and Society, volume: 4, pg. 4, http://relooney.fatcow.com/0\_New\_6304.pdf, A.D. 6/27/12, JTF)

Second, the narrow policy focus on three short-term goals – price stability, low unemployment, and high economic growth – is woefully insufficient. By focusing relentlessly on three headline numbers – the CPI, the unemployment rate, and the GNP – policymakers and politicians allowed the US economy to become profoundly imbalanced in several ways. Poverty is now deeply entrenched. Much of the young workforce lacks the skills needed for good jobs. The infrastructure has been allowed to crumble during thirty years of neglect, and will need new public-private partnerships to revive and upgrade. Energy and climate insecurity similarly cloud the future. The next generation of large-scale investments – in renewable and nuclear energy, electric vehicles, sustainable buildings and urban design – are held hostage to the lack of clear public policies in these areas.

### Solves Maintenance Bias

#### Maintenance requirement solves the bias against maintenance

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, December 2009, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, p. 15, accessed 6-25-12, CNM)

Correcting the maintenance bias. The mere establishment of an NIB would not correct for the problem of deferred maintenance.105 However, through the selection process, the bank could address the current maintenance bias in the federal investment process. For example, the bank could impose maintenance requirements to recipients including adequately funded maintenance reserve accounts and periodic inspections of asset integrity.

## Answers to Neg Solvency Arguments

### AT: No Private Funding

#### **Private investment ready & waiting for national infrastructure bank**

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, “Americas Future Falling Apart and Falling Behind,” <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 28 Accessed 6/28, GJV)

Private sector investors are ready and able to invest in infrastructure. Over $180 billion in private equity and pension fund capital focused on infrastructure equity invest­ments is available around the world, waiting for worthy public works projects to get off the ground. Elsewhere, infrastructure projects generate dependable, low-risk revenue for private investors through tolls and ticket fees. But the U.S. has not fostered an environment in which the private sector will step in to help finance the large-scale infrastructure projects we need. The U.S. is now one of the only leading nations without either a national plan for public-private partnerships (PPPs or P3s) for infrastructure projects or a national infra­structure bank to finance large-scale projects and harness private capital. Many states have passed laws allowing local public-private partnerships, but the U.S. does not have a national policy that would facilitate them for large-scale, multi-jurisdic­tional projects. While we fail to leverage government dollars to attract private investors, billions of dollars of private capital are flowing to infrastructure projects in other countries. Public-private partnerships in other coun­tries cover a range of agreements between government entities and private companies or investors who share in the risk and rewards of public works projects. Although these partnerships are not a panacea, they are imperative to raising necessary funds in these budget-strapped times. We can learn from other countries how to attract private capital to bolster government investments and ensure that private investments further national goals.

#### **Infrastructure is feasible, billions of dollars in the privately held funds**

Crebo-Rediker, the founding Co-Director of the Global Strategic Finance Initiative, Rediker, a member of the Executive Board of the International Monetary Fund representing the United States 08’

(Heidi and Douglas, 7/8/8, “Financing America’s Infrastructure: Putting Global Capital To Work,” http://newamerica.net/files/Financing\_America\_Infrastructure.PDF, Pg. 3, accessed 6/26/12 FFF)

It would likely come as a surprise to many that the major impediment to rebuilding our infrastructure is not a lack of funds. In fact, there is no shortage of privately held funds to help pay for infrastructure reconstruction and development if it is undertaken in a market-sensitive manner. According to one estimate, over the past two years the world’s 20 largest global infrastructure funds have raised nearly $130 billion, with 77 percent of the total raised in 2006 and 2007.14 As Transportation Secretary Mary Peters recently noted, “There is upwards of 400 billion dollars available in the private sector right now for infrastructure investment.”15 Likewise, even with today’s bank credit and liquidity problems, there are literally trillions of dollars available for high-quality debt investments through both domestic and international markets.

#### NIB would get higher capital investment private capital and other actors to pay for new projects- doesn’t hurt tax payers

Mallet, Specialist in Transportation Policy, and Maguire, Specialist in Public Finance, and Kosar, Analyst in American National Government, ’11

(William J., and Steven, and Kevin R., 12/14/11, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” pg. 14, http://www.fas.org/sgp/crs/misc/R42115.pdf, A.D. 6/24/12, LS)

**The NIB will harness private capital to help government pay for new projects. The NIB would magnify the impact of federal funds by leveraging them through partnerships with private entities and other actors,** **providing taxpayers with more infrastructure bang for their public buck.** Estimates have placed the amount of private capital readily available for infrastructure development at $400 billion,40 and as of 2007, sovereign wealth funds—another potential source of capital—were estimated to control over $3 trillion in assets with the potential to control $12 trillion by 2012.41 While these and other institutional funds have experienced declines as a result of the economic downturn, they will continue to be important sources of large, long-term investment resources. **By offering loan guarantees to induce larger private investments or issuing debt instruments and securities,** the NIB could tap these vast pools of private capital to generate investments much larger than its initial capitalization**.** In doing so, it could also lower the cost of borrowing for municipalities by lowering interest on municipal bonds for state and local governments by 50 to 100 basis points.42 **The NIB would also be poised to help taxpayers take full advantage of historically low borrowing costs.** In 2010, the yield on 10-year U.S. Treasuries reached a historic low of 3.22%, as compared to a rate of 6.03% in 2000 and a peak rate of 13.92% in 1981. Prior to the Great Recession, this rate had not dipped below 4% since 1962.43 **By allowing government and private actors to access financing at historically low rates, the NIB would help to capitalize on a once-in-a-lifetime window to make enduring infrastructure investments**.

### AT: Status Quo Programs Solve

#### Bank would provide key funding for large infrastructure projects for less money – fills gap in current programs

Freemark, founder and writer at The Transport Politic, 12

(Yonah, 3/8/2010, The Transport Politic, “Benefits and Pitfalls of a National Infrastructure Bank,” <http://www.thetransportpolitic.com/2010/03/08/benefits-and-pitfalls-of-a-national-infrastructure-bank/>, accessed 7/2/2012, bs).

Nonetheless, everyone involved in the process seems to want more funds for transportation — just not from the deficit-laden treasury. That’s why the Administration has been harping again and again on an idea it’s been fantasizing about since before Mr. Obama even won the Presidency: a national infrastructure bank. According to its proponents, such a bank would provide a new funding source to the nation’s essential infrastructure projects, allowing cities, states, and even regions as a whole to build new rail lines or electricity grids. Theoretically, this independently-run institution would finance only meritorious projects and it would do so by leveraging the government’s guaranteed and virtually infinite bonding capabilities. In turn, voilà: the U.S. gets a renewed physical plant, and taxpayers are asked to foot less of the bill. The usefulness of this concept is relatively easy to understand when put in context. Take the example of Los Angeles: under the leadership of Mayor Antonio Villaraigosa, the local Metro transportation agency wants to speed up spending on 12 major transit projects — from a planned thirty years to just ten. But sales tax revenue to pay for those projects will take decades to come in, meaning that the proposal is dead in the water. That is, unless the federal government steps in, lending Los Angeles the equivalent of two-thirds of total tax revenue, using as collateral twenty years of taxes that the region will eventually pay back to Washington. The end result: L.A. gets a big new transit network much more quickly than planned, all at the same price as initially assumed. A national infrastructure bank could provide these loans, unlike the current executive departments that have no mandate to do so. So there’s a gap to fill.

### AT: Won’t Fund Best Programs

#### **Projects are evaluated based on their benefits**

Landers, Civil Engineering Contributing Editor, 7

(Jay, September 2007, Civil Engineering, “National Infrastructure Bank Legislation Introduced in Congress,” Volume: 77, p. 10, Ebsco, LH)

All projects would be evaluated to assess the extent to which they would promote economic growth and confer environmental benefits. The board would also rate applications on the basis of certain factors for different types of infrastructure projects. For example, mass transit, road, and bridge projects would be judged on the extent to which they would reduce traffic congestion and improve mobility. Drinking water and wastewater treatment projects would be evaluated on the basis of their anticipated health benefits, “including health care cost reduction due to removal of pollutants,” according to S. 1926.

### AT: Bureaucracy

#### No bureaucracy issues

Anderson, president and CEO of CG/LA Infrastructure, 11

(Norman, 3/25/11, Progressive Policy Institute, "The Case For The Kerry-Hutchison Infrastructure Bank," http://progressivepolicy.org/the-case-for-the-kerry-hutchison-infrastructure-bank, accessed 6-26-12, CNM)

First, the role of the infrastructure bank is catalytic rather than managerial. Rather than creating a large bureaucracy, the bank would assemble a corps of focused professionals: engineers, financiers, economists and what I term strategic leaders — people who get things done, driven by a vision to make this country more competitive.

Their job will be to set projects in motion, then to make sure that those projects meet or exceed guidelines. Monitor, not manage; act strategically, not operationally. Move fast, don’t get bogged down, get the job done.

The result will be an elite, rapid, infinitely smaller and infinitely more qualified leadership team than what we have today, an instructive model for other infrastructure related agencies at every level of government.

# Answers to Disadvantages

## Economy/Spending

### No Link – Revenue Streams

#### NIB only invests in projects that get revenue

Plumer, The Washington Post, 11

(Brad, 9-19-11, The Washington Post, "How Obama’s plan for infrastructure bank would work," http://www.washingtonpost.com/business/economy/how-obamas-plan-for-infrastructure-bank-would-work/2011/09/19/gIQAfDgUgK\_story.html, accessed 6-26-12, CNM)

Administration officials have, in turn, tried to allay fears about taxpayer losses by noting that the loans would only go toward projects that have “a dedicated revenue stream,” such as toll roads, to repay the loans. The bank would be managed by an independent seven-member board, with no more than four members from either party.

#### Yes revenue – it REQUIRES a revenue stream

Mitchell, Wall Street Journal, 11

(Josh, Wall Street Journal, 9-15-11, "Plan for Highway Bank Faces Uphill Battle: White House Wants Extra Money for Transportation Projects, While GOP Questions How Funds Will Be Allocated, Spent," http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html, accessed 6-26-11, CNM)

The proposal also requires that projects have a dedicated revenue stream—tolls—to ensure the money is paid back. And by limiting funding assistance to 50% of a project's costs, proponents say, the risk to taxpayers would be limited.

#### **Bank is self-supporting- uses revenue stream from projects**

Dellinger, author of Interstate 69: The Unfinished History of the Last Great American Highway, 2010

(Matt, 12-8-10, Transportation Nation, “So You’re Thinking of Starting An Infrastructure Bank…,” <http://transportationnation.org/2010/12/08/so-youre-thinking-of-starting-an-infrastructure-bank/>, accessed 6-26-12, LH)

Rational project selection is only half of what the NIB has the potential to do. Roy Kienitz, the Under Secretary for Policy at the DOT, made the case for a National Infrastructure Bank to a senate committee in September, saying: “we need a financing institution that can provide a range of financing options—grants for projects that by their nature cannot generate revenue, and loans and loan guarantees for projects that can pay for their construction costs or part of their construction costs out of a revenue stream.”

The most common form of “revenue stream,” of course, would be tolls, an idea from which the Obama Administration has [not shied away](http://transportationnation.org/2010/05/19/lahood-tolls-can-pay-for-transportation-bill/). Others might include congestion pricing schemes, or dedicated tax revenue such as half-cent sales taxes for transit, or the much-anticipated [Vehicle Miles Traveled tax](http://articles.cnn.com/2009-02-20/politics/driving.tax_1_gas-tax-highway-trust-fund-roads-and-bridges?_s=PM:POLITICS). By supporting projects with solid revenue potential, the “foundation” would become a real, self-supporting bank, and private investors would have something in which to invest. In DeLauro’s bill, this is a central goal, not just a side benefit, of the NIB, which would be compelled to “maximize level of private investment… while providing a public benefit.” Among potential sources of investment DeLauro mentioned in the hearing were “pension funds, sovereign wealth funds, and insurance companies.”

#### Bank uses private investment and structural changes and avoids your spending link.

McConaghy, Deputy Director, Economic Program at Third Way, and Kessler, Senior Vice President for Policy and a co-founder of Third Way, ‘11

(Ryan and Jim, The Third Way, A National Infrastructure Bank, January, pg. 6, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, A.D. 6/24/12, JTF)

Financing the infrastructure upgrades needed to support America’s economy and meet its new challenges won’t be cheap, but there are billions in efficiencies that can be wrung out of the system with real structural changes, and the economic costs of inaction will be higher. By leveraging private resources, the NIB will ensure that future spending on infrastructure will get the utmost bang for the taxpayer buck. It will also cut down on waste by supporting only projects that serve demonstrated regional or national needs and satisfy goal-based criteria.

### No Link – Costs Higher to Neglect

#### **Infrastructure costs more to neglect than maintain**

Ferry, Summer Associate at America 2050, 11

(Daniel, currently a graduate student in City & Regional Planning and Real Estate Development at Cornell, Before Daniel worked in the Office of Planning for the Massachusetts Department of Transportation, 8/2/11, “Infrastructure Costs Americans More to Neglect than Maintain,” <http://www.america2050.org/2011/08/infrastructure-costs-americans-more-to-neglect-than-maintain.html>, Accessed: 6/29/12, GJV)

The American Society of Civil Engineers has released a report, [Failure to Act: The Economic Impact of Current Investment Trends in Surface Transportation Infrastructure](http://www.asce.org/economicstudy/), finding that deficiencies in transportation infrastructure cost Americans billions of dollars per year and hundreds of thousands of jobs. In 2010 alone, the poor condition of our highways, railroads, bridges, and transit systems cost $130 billion. This sum represents the higher operating costs of running vehicles on poor facilities, the expense of damages to vehicles inflicted by crumbling infrastructure, the value of the time wasted by travelers, and the added cost of repairing or replacing facilities after they have deteriorated or collapsed, rather than maintaining them in good condition. As our investment in infrastructure fails to keep pace with our maintenance needs, the mounting cost of our transportation deficiencies is projected to rise dramatically, to nearly $3 trillion by 2040. For comparison, to bring our infrastructure back up to minimum standards and avoid this harm to the economy, the United States would need to invest only $846 billion over 9 years, or $94 billion per year.

### Link Turn

#### **NIB’s save money – prevents cost overruns**

Marshall, Progressive Policy Institute President, and Thomasson, Progressive Policy Institute, director of Domestic Policy, 11

(Will, Scott, 10-7-11, Progressive Policy Institute, “Sperling on ‘Deferred Maintenance’,” <http://progressivepolicy.org/tag/national-infrastructure-bank>, accessed 6-27-12, LH)

Second, the function of the infrastructure bank is to guide and energize the private sector. An infrastructure bank goes into the guts of the process — project selection — and gets at the frightening issue of cost. Our costs are often twice that of our European brothers for urban mass transit projects, 10 times those of China.

The bank’s day-to-day business will be to invest in ventures and networks of ventures that serve for 20, 30, 40 even 50 years, providing a competitive return throughout that period. In this sense the bank will be a welcome, violent change agent, smashing open three areas in the infrastructure project-creation process that are costing this country a fortune:

–  It takes more than 10 years on average for a project to move through the approval process, a period that would need to be reduced to three years for projects to be bankable.

–  At least 50 percent of large U.S. projects suffer cost overruns in the 30 percent-or-greater range. This would be eliminated through bank leadership.

–  The selection of projects tends to be willy-nilly, based on political interests. A bank ideally would be a model of focus, restricting its attention to projects that generate competitiveness.

### Advantage Outweighs Link

#### None of your federal spending bad arguments apply – Bank is investment that generates stimulus not wasteful spending

Bloomberg View, editorial, 11

(Bloomberg is a financial news source, 9-10-11, "A Bank That Can Get Americans on the Road and on the Job: View," http://www.bloomberg.com/news/2011-08-11/a-bank-that-can-get-americans-on-the-road-and-on-the-job-view.html, accessed 6-26-12, CNM)

Among the legion of problems facing the U.S., two stand out: Unemployment remains appallingly high, and the public works undergirding our economy are in alarmingly bad shape. Creating a national infrastructure bank presents a harmonized solution to these two problems that should be feasible even in austere times.

Airports and transportation networks, levees and dams, water and energy systems are deteriorating. The American Society of Civil Engineers estimates that 25 percent of our bridges are deficient, 7 billion gallons of clean water are wasted each day because of leaking pipes, and a third of our major roads are in poor or mediocre condition. The costs of all this to U.S. businesses -- in delays, accidents, lost productivity, red tape -- are enormous.

Yet improving such facilities adequately, the ASCE estimates, would require a five-year investment of $2.2 trillion. If you’ve been within shouting distance of Washington lately, you know that finding anything near such a sum is an impossibility. So a revitalization program that doesn’t rely entirely on federal munificence is crucial.

Enter the infrastructure bank, which would provide loans or loan guarantees for big projects deemed to be in the public interest -- and attract private investment by offering cheap access to capital and a path to profit from tolls, fares and other charges.

The bank could leverage the government’s outlay to lend more. An initial $5 billion a year for five years could result in $50 billion or more in loans. And because these loans would be paid back with interest, the institution could become self- sustaining. Financing for such a bank should be seen as an investment, not “spending.”

## Politics

### Link Turn – Bipartisan Support

#### Plan has bipartisan support

Philip, Politico, 11

(Abby, "'Infrastructure bank' gains steam," 3/15/11, http://www.politico.com/politico44/perm/0311/banking\_on\_bank\_b47de358-f285-4cf2-ad8b-25ed5da4493b.html, accessed 6-25-12, CNM)

It's not exactly what Obama proposed, but "infrastructure bank" proposal gains some steam. A bipartisan group of senators appears to be moving forward with an “infrastructure bank” proposal, though it is slightly different from the one that President Obama proposed in his 2012 budget. Sen. John Kerry (D-Mass.), Sen. Kay Bailey Hutchison (R-Texas), and Sen. Mark Warner (D-Va.) teamed up on Tuesday with the dynamic duo of U.S. Chamber of Commerce President and CEO Tom Donohue and AFL-CIO President Richard Trumka to introduce the BUILD Act, which would establish a loan fund to leverage federal money for infrastructure investments. “We’re here today because we refuse to be second,” Kerry said at a press conference introducing the legislation. “Democrats and Republicans, business and labor are united to support the establishment of an American infrastructure bank in the United States in order to leverage investment and once again make America the world’s builder of roads and bridges, highways and rails.”

#### Plan has bipartisan and business support

Isidore, CNN Money’s Senior Writer, 11

(Chris, 9/7/11, “Infrastructure Bank: Fixing how we fix roads,” <http://money.cnn.com/2011/09/07/news/economy/jobs_infrastructure/index.htm>, accessed 6/29/12, YGS)

NEW YORK (CNNMoney) -- It sounds like the latest Apple product, but it has the power to create far more jobs with little government money. The I-Bank, or infrastructure bank, has support of both Democrats, Republicans and big business. Legislation has been co-sponsored in the Senate by Democrat John Kerry of Massachusetts and Republican Kay Bailey Hutchinson of Texas. It is likely to once again get support from President Obama when he lays out his jobs agenda. The idea is to create a government agency to help arrange financing for infrastructure projects using investments from private investors. Working through the I-Bank, the government would encourage private investment by providing cheap loans and loan guarantees. But it would only fund a fraction of the overall cost, just enough to attract private investors who would provide most of the financing. States and municipalities would get much needed upgrades of bridges and roads. The local economies would get a stimulus boost from more people working. And the lion's share of the money would come from major institutional investors -- pension funds, hedge funds and sovereign wealth funds from other countries.

#### An infrastructure bank would create U.S. Jobs and stimulate the economy, it would be bipartisan

Lee, founder and managing partner of Highstar capital: an infrastructure investment firm 12

(Christopher, “Get politics out of infrastructure”, 1/20/12, <http://www.politico.com/news/stories/0112/71703_Page2.html>, accessed 6/24/12, FFF)

Congress can make this happen — as long as our legislators are willing to take a break from their squabbling. Democrats and Republicans must come together to invest $250 billion in a bipartisan, independent Infrastructure Bank. Such a bank can mobilize up to three-quarters of a trillion dollars in private-sector capital (for a total of $1 trillion) to invest in U.S. job creation and economic revitalization through infrastructure, focused public-private partnerships. Congress and the Obama administration should also create, in partnership with the states, a Fast Track Infrastructure Board, so that critical projects, like the Keystone pipeline, can be permitted, approved and supervised in a matter of months, not years or decades. Our proposal of an Infrastructure Bank and Fast Track Infrastructure Board is bipartisan and would serve as a catalyst between a public sector in need of capital for essential projects and a private sector, including pension funds and endowments here and abroad, eager to invest in long-term, sustainable infrastructure investments not rife with political uncertainty. Developed and developing economies across the globe have successfully followed this model for decades. Why not adopt it here in the United States with a goal of attracting a trillion dollars of private-public capital to jump-start our economy and create six million jobs?

#### NIB best to fund infrastructure projects – it takes little US investment and has bipartisan support

Building America’s Future Educational Fund, 11

(Building America’s Future Educational Fund, a bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, Transportation Infrastructure Report 2011 “Building America’s Future, Falling Apart and Falling Behind” p. 40 2011 [http://www.bafuture.com/sites/default/files/Report\_0.pdf 6/25/12](http://www.bafuture.com/sites/default/files/Report_0.pdf%206/25/12) MLF)

Establish a National Infrastructure Bank. A National Infrastructure Bank would allow the U.S. to tap into the billions of privatesector dollars that could be invested in the large-scale capital projects that our transportation network so desperately needs. With a relatively small down payment from the federal government, a National Infrastructure Bank could employ a range of finance and funding tools—including, but not limited to, grants, credit assistance, low interest loans, and tax incentives—to leverage federal investments with private capital. It is because of the European Investment Bank, a similar institution in operation since 1957, that European countries have been able to build highspeed rail and modernize their ports and motorways. There is already bipartisan support in Congress for establishing such an institution in the U.S., and it should be part of the next transportation bill.

### Link Turn – Kerry Push

#### Kerry endorses the plan – makes it popular

Philip, Politico, 11

(Abby, "'Infrastructure bank' gains steam," 3/15/11, http://www.politico.com/politico44/perm/0311/banking\_on\_bank\_b47de358-f285-4cf2-ad8b-25ed5da4493b.html, accessed 6-25-12, CNM)

“They are very interested in this approach,” Kerry said, even about their proposal to take the bank out from under the jurisdiction of the Department of Transportation, which has historically had full oversight over transportation projects in the United States. But the weight of Kerry’s endorsement—as a senior Senate Democrat—ups the chances that the legislation might move forward. And Kerry indicated that he would like to attach this proposal to the budget negotiations that are ongoing for the FY 2011. “The administration is pleased with the bipartisan progress on this important priority of the president,” said White House spokesman Amy Brundage. “Winning the future while living within our means will require these types of smarter, more innovative ways to leverage private investment in our nation’s infrastructure, and that’s exactly what this legislation will do.”

### Public Support - Transportation

#### National Infrastructure Bank has strong public support – overwhelms concerns with public infrastructure spending

McConaghy, Deputy Director, Economic Program at Third Way, and Kessler, Senior Vice President for Policy and a co-founder of Third Way, ‘11

(Ryan and Jim, The Third Way, A National Infrastructure Bank, January, pg. 5, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf, A.D. 6/24/12, JTF)

America’s infrastructure policy has been significantly hampered by the lack of a national strategy rooted in clear, overarching objectives used to evaluate the merit of specific projects. The politicization and lack of coordination of the process has weakened public faith in the ability of government to effectively meet infrastructure challenges. In polling, 94% of respondents expressed concern about America’s infrastructure and over 80% supported increased federal and state investment. However, 61% indicated that improved accountability should be the top policy goal and only 22% felt that the federal government was effective in addressing infrastructure challenges. 36 As a stand-alone entity, the NIB would address these concerns by selecting projects for funding across sectors based on broadly demonstrated need and ability to meet defined policy goals, such as economic benefit, energy independence, improved health and safety, efficiency, and return on investment.

#### **Investment in transportation infrastructure is popular**

Department of the Treasury with the Council of Economic Advisors, 2012

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p. 27-28, accessed 6-24-12, LH)

American workers, families, and businesses are demanding more infrastructure investment. Americans have voted repeatedly for increased investment in transportation infrastructure with over 98 percent of the funds requested for transportation projects approved by the voting public in 2008. 56,57,58,59 A study by the Rockefeller Foundation found that four out of every five Americans agree with the statement that: “In order for the United States to remain the world’s top economic superpower we need to modernize our transportation infrastructure and keep it up to date.” 60 That study also found that the same proportion, 80 percent, agree that federal investment in infrastructure, “will boost local economics and create millions of jobs from construction to manufacturing to engineering.” Another survey found that almost 19 out of 20 Americans are concerned about America’s infrastructure and 84 percent support greater investment to address infrastructure problems. 61

#### Popular- various proposals prove

Dellinger, author of Interstate 69: The Unfinished History of the Last Great American Highway, 2010

(Matt, 12-8-10, Transportation Nation, “So You’re Thinking of Starting An Infrastructure Bank…,” <http://transportationnation.org/2010/12/08/so-youre-thinking-of-starting-an-infrastructure-bank/>, accessed 6-26-12, LH)

But there may be one reform on which the Obama Administration and the new House regime can agree: the creation of a National Infrastructure Bank, or NIB for short.

The hypothetical NIB has long held bipartisan appeal. Senators Hagel (R-NE) and Dodd (D-CT) co-sponsored [a bill](http://www.govtrack.us/congress/billtext.xpd?bill=s110-1926) to create one in 2007, when then-Senator Obama was a long-shot primary candidate. At the beginning of this last congress, Connecticut Democrat Rosa DeLauro introduced a similar [National Infrastructure Bank Development Act of 2009](http://www.govtrack.us/congress/billtext.xpd?bill=h111-2521). All of its co-sponsors were Democrats, but that might say more about recent politics than the idea’s popularity. This past June, Ken Orski of Innovation Briefs [quoted](http://www.infrastructureusa.org/innovation-newsbriefs-some-frank-comments/) Florida Representative John Mica (R-FL), the presumptive chair of the next, GOP-led transportation committee, as saying that DeLauro’s proposal to fund the NIB at $25 billion over five years was “peanut brain thinking.” By which he meant it was too small. Mica argued that the bank would need at least $250 billion in capitalization. Why, $25 billion would barely be enough, he said, to finance three major projects in the New York metro area—the Second Avenue subway, the LIRR East Side Access project, and the now-infamous Hudson River tunnel.

### Public Support – Mass Transit

#### **Public transportation is popular with the public**

Schmitt, Streetsblog, 11

(Angie, 6-16-11, Streetsblog, “Poll: Republicans Support Transpo Policies to Avert Climate Change, Too,” <http://dc.streetsblog.org/2011/06/16/yale-poll-americans-support-transpo-policies-to-avert-climate-change/>, accessed 6-29-12, LH)

Judging from the level of our national debate, you would guess we are a nation strongly divided on the issue of climate change. But you’d be wrong, according to a [new poll from Yale University](http://environment.yale.edu/climate/publications/PolicySupportMay2011/?utm_source=Yale+Project+on+Climate+Change+Communication&utm_campaign=1532310204-June_2011_Six_Americas_survey_report_26_14_2011&utm_medium=email). A representative survey of 1,010 adults found that 71 percent think that global warming should be a “very high,” “high” or “medium priority” for the president and Congress. Americans overwhelmingly support policy changes that would help address the issue, the poll found. Participants favored developing clean energy sources by a more than 9-to-1 ratio. “We find very strong bipartisan support for a variety of climate and energy policies in this country,” said Anthony Leiserowitz, director of the Yale Project on Climate Change. “It runs contrary to what you might expect looking at, for instance, the current make up of Congress and the Republican candidates for president.” Transportation and planning policies to avert global warming also enjoyed wide approval among survey participants: 77 percent said they support adding bike lanes to roads, and 80 percent said they support expanding public transportation service. This was true even among self-identifying Republicans. Some 74 percent of Republican respondents said they supported bike lanes and 80 percent signaled their support for increased public transit availability.

### Business & Labor Support

#### Transit infrastructure = popular – business and labor sectors.

#### Increase in infrastructure is popular among business and labor communities

Department of the Treasury with the council of Economic Advisers 12

 (Department of the Treasury with the council of Economic Advisers, “A New Economic Analysis of Infrastructure Investment”, 3-23-2012, , http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf p. 26-27, accessed 6/24/12 FFF)

The business and labor communities have also expressed a desire for more transportation infrastructure investment. Proposals from the American Public Transport Association (APTA), the American Association of State Highway and Transportation Officials (AASHTO), the U.S. Chamber of Commerce, AFL-CIO, and the President’s Council on Jobs and Competitiveness all call for greater infrastructure investment. APTA advocates for nearly $15 billion of investment for federal public transportation programs, and at least $2.5 billion to be put towards high-speed and intercity rail systems. AASHTO reported in 2009 that between $132 billion and $166 billion of investment is necessary to rebuild and repair America’s highways.51 The view that more transportation infrastructure is necessary is consistent with other research, including the recently issued bipartisan report by two former Secretaries of Transportation, Norman Mineta and Samuel Skinner. Their report estimated that an additional investment of $134 billion to $194 billion per year is needed to maintain our transportation system, and an even larger sum, from $189 billion to $262 billion, would be needed to improve it.52 The U.S. Chamber of Commerce has stated that “to have a transportation system that supports a 21st century economy, the United States needs a high level of investment targeted at improving performance across all modes and geographies. There can be no more business as usual.”53 Support is widespread for reinstating Build America Bonds, particularly among state and local governments who were able to save their residents billions in lower borrowing costs as a result of BABs. The National Association of State Treasurers, the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties, the Council of State Governments, and the National Association of State Auditors, Comptrollers, and Treasurers all endorsed bringing back BABs.54 The Securities Industry and Financial Markets Association (SIFMA) also weighed-in in support of BABs, writing, “In recognition of its invaluable improvement in market structure and contribution to improving efficiency, liquidity and transparency for borrowers and investors alike, extending the BABs program would continue to provide these benefits to state and local governments.”55

#### Bank has substantial support – including National Governors Association, business, and labor

Rep. DeLauro, 10

(Rosa, D-CT, Federal News Service, HEARING OF THE SUBCOMMITTEE ON SELECT REVENUE MEASURES OF THE HOUSE WAYS AND MEANS COMMITTEE , 5-13-2010, p.5, Lexis, CAS).

Again, your subcommittee faces many challenges identifying revenue streams, to make badly needed investments in infrastructure projects across the country. I believe that a national infrastructure bank has the potential to channel private dollars from pension funds, sovereign wealth funds, insurance companies and the like to create a U.S. infrastructure development market that can help to meet that need. CalPERS, the nation's largest public pension fund has already made $700 million in infrastructure commitment, is looking to make more. In so doing, it is following the path of pension funds in Australia, Canada and Europe. So the money is out there, even despite the downturn. We need to make sure that it gets put to work for America. Our proposal has been endorsed by Mayor Bloomberg and the concept of the proposal has been endorsed the Mayor Bloomberg, Governors Rendell and Schwarzenegger's Build America's Future, as well as the National Governors Association, by the civil engineers, by the U.S. Chamber, by labor organizations. It has support from across a spectrum of business and labor. It has been co-sponsored by about 56 of our colleagues including members of this panel. By supplementing our existing federal programs, this bank could provide crucial revenue to the infrastructure projects that will improve our lives, lead to job creation and long-term economic growth. It is the kind of growth that America needs to remain competitive in the future.

### **Obama Gets Credit/Blame**

#### **Obama gets credit/blame**

Department of the Treasury with the Council of Economic Advisors, 2012

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p 5, accessed 6-24-12, LH)

President Obama’s FY 2013 Budget proposes a bold plan to renew and expand America’s

infrastructure. This plan includes a $50 billion up-front investment connected to a six-year $476

billion reauthorization of the surface transportation program and the creation of a National

Infrastructure Bank. The President’s plan would significantly increase investment in surface

transportation by approximately 80 percent when compared to previous federal investment. The

plan seeks not only to fill a long overdue funding gap, but also to reform how Federal dollars are

spent so that they are directed to the most effective programs. This report contributes to the

ongoing policy dialogue by summarizing the evidence on the economic effects of investments in

transportation infrastructure.

## Budget TradeOff DA

### No Link – Funded Independently

#### No Link – Bank funded through independent revenue streams, not linked to other transportation infrastructure budgets

McConahy, Third Way, Deputy Director of the Economic Program, and Kessler, Third Way, Senior Vice President for Policy, 2011

(Ryan, Jim, January 2011, Third Way, “A National Infrastructure Bank,” <http://www.bernardlschwartz.com/political-initiatives/Third_Way_Idea_Brief_-_A_National_Infrastructure_Bank-1.pdf>, p. 7, accessed 6-24-12, LH)

The NIB would be an additional tool to support infrastructure investment by leveraging private capital and by improving the project selection process. By doing so, the NIB would make a significant contribution to meeting America’s infrastructure needs, but the scope of demand is too great for any one program to address completely. The reforms embodied by the NIB can help to shape improvements in other programs, but the NIB is not intended to and would not be capable of completely replacing existing federal infrastructure programs. The NIB would be capitalized separately from other streams of program funding, and would assess and fund projects independently.

### No Link – Uses Existing Funds

#### NIB avoids spending new money and makes over 1 trillion dollars.

Rohatyn, American investment banker, ’11

(Felix G., American investment banker known for his role in preventing the bankruptcy of New York City in the 1970s, former U.S. ambassador to France, Politico, “Time for a U.S. infrastructure bank,” 7/12/11, http://www.politico.com/news/stories/0711/58786.html, A.D. 6/26/12, JTF)

Such a bank could easily leverage $250 billion of new capital in its first few years and as much as $1 trillion over a decade.

Run by an independent board nominated by the president and confirmed by the Senate, the bank would finance projects of regional and national significance, directing funds to their most important uses. It would also provide a valuable guidance-system for the $73 billion that the federal government spends annually on infrastructure and avoid wasteful “earmark” appropriations. The money would come from funds now dedicated to existing federal programs.

## Brain Drain DA

### No Brain Drain

#### No link – immigration laws and economic-based green card shortages mean that the U.S. exports smarties.

McKendrick, Smart Planet editor, ’12 (Joe, “US turning away talent needed for innovation: report,” Smart Planet, June 26, 2012, http://www.smartplanet.com/blog/business-brains/us-turning-away-talent-needed-for-innovation-report/24940?fb\_ref=activity-widget, A.D. 6/29/12, JTF)

“Nationally, immigrants currently make up just 16.5% of the US population over age 25, but account for a far greater share of this country’s innovations. Studies have shown that among the American population with advanced degrees, immigrants are three times more likely than native-born to file a patent. Between 1990 and 2000, more than one in four of the Nobel Prize winners based in the United States were immigrants. And in recent years, immigrants have been the innovators behind some of the country’s most forward-looking businesses: From 1995 to 2005, foreign-born entrepreneurs helped found 25% of all new high-tech companies, creating 450,000 jobs.”

The report notes that the current US immigration law is stifling this innovation, however. “When many of these student inventors graduate, they are unable to get a visa that would allow them to stay in the US and potentially help create jobs.” The report adds that the current total US allotment of economic-based green cards would not even be sufficient to grant permanent residency to every graduate student or postdoctoral researcher in the science, engineering, and healthcare fields in the U.S. on a temporary visa – a group that numbered close to 190,000 in 2009. “Each year, more than half the employment-based green cars are actually used to bring in the spouses and children of workers, leaving fewer than 70,000 green cards for the actual workers educated in the U.S. in addition to the thousands of highly-skilled workers educated and trained overseas brought in by American employers.”

# Answers to Counterplans

## State CPs

### Solvency Deficit

#### Federal level bank necessary to spur large, multi-jurisdictional projects

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 15, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

A properly designed NIB is an attractive alternative for a new type of federal investment policy. In theory, an independent entity, insulated from congressional influence, would be able to select infra- structure projects on a merit basis. The federal investment through this entity would be distributed through criteria-based competition. It would be able to focus on projects neglected in the current system, such as multi-jurisdictional projects of regional or national significance. An NIB may introduce a federal investment process that requires and rewards performance, with clear accountability from both recipients and the federal government. These advantages are described below. Better selection process. At its heart, an NIB is about better selection of infrastructure projects. The bank would lend or grant money on a project basis, after some type of a BCA. In addition, the projects would be of national or regional significance, transcending state and local boundaries. The bank would consider different types of infrastructure projects, breaking down the modal barriers. This would be a giant step from the current federal funding for infrastructure, most of which is disbursed as federal aid transportation grants to states in a siloed manner. Multi-jurisdictional projects are neglected in the current federal investment process in surface trans- portation, due to the insufficient institutional coordination among state and local governments that are the main decisionmakers in transportation.102 The NIB would provide a mechanism to catalyze local and state government cooperation and could result in higher rates of return compared to the localized infrastructure projects. An NIB would need to articulate a clear set of metropolitan and national impact criteria for project selection. Impact may be assessed based on estimated metropolitan multipliers of the project. This criterion would allow the bank to focus on the outcomes of the projects and not get entangled in sec- tor specific standards. Clear evaluation criteria would go a long way, forcing the applicants, be it states, metros or other entities, to have a baseline of performance. This change, by itself, would be a major improvement for the federal investment process, given that a major share of the federal infrastructure money goes to the states on a formula basis, without performance criteria.

### States – No Funding

#### **Federal action key- state and local governments can’t fund infrastructure during recession while meeting balanced budget requirements**

Department of the Treasury with the Council of Economic Advisors, 2012

(3-23-12, The Department of the Treasury, “A New Economic Analysis of Infrastructure Investment,” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p. 15, accessed 6-24-12, LH)

Finally, it is important to consider the economic situation facing state and local governments who are significant partners in funding public infrastructure. During recessions, it is common for state and local governments to cut back on capital projects – such as building schools, roads, and parks – in order to meet balanced budget requirements. At the beginning of the most recent recession, tax receipts at the state and local level contracted for four straight quarters; receipts are still below pre-recession levels. Past research has found that expenditures on capital projects are more than four times as sensitive to year-to-year fluctuations in state income as is state spending in general. 30 However, the need for improved and expanded infrastructure is just as great during a downturn as it is during a boom. Providing immediate additional federal support for transportation infrastructure investment would be prudent given the ongoing budgetary constraints facing state and local governments, the upcoming reduction in federal infrastructure investment as Recovery Act funds are depleted, and the strong benefits associated with public investment.

#### States lack funding, want programs like the plan

Department of the Treasury and the Council of Economic Advisors, ’12

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pg. 27, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

Support is widespread for reinstating Build America Bonds, particularly among state and local governments who were able to save their residents billions in lower borrowing costs as a result of BABs. The National Association of State Treasurers, the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties, the Council of State Governments, and the National Association of State Auditors, Comptrollers, and Treasurers all endorsed bringing back BABs. 54 The Securities Industry and Financial Markets Association (SIFMA) also weighed-in in support of BABs, writing, “In recognition of its invaluable improvement in market structure and contribution to improving efficiency, liquidity and transparency for borrowers and investors alike, extending the BABs program would continue to provide these benefits to state and local governments.” 55

#### The states don’t have the capitol stock necessary to fund the plan

Heintz, Associate research professor and Associate director of PERI, Pollin, Professor of economics and co-director of PERI, Garret-Peltier, Research assistant of PERI, 09’

(James, Robert, Heidi, “How Infrastructure Investments Support The U.S Economy: Employment, Productivity, and Growth,” http://americanmanufacturing.org/files/peri\_aam\_finaljan16\_new.pdf, Pg. 50, Accessed: 6/26/12, GJV)

The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce compiles national-level estimates of fixed capital stocks for the private and government sectors. This data is readily available on the BEA’s website (www.bea.gov) and is the source of the national level public stock data featured in this report. However, state-level estimates of public capital stock are not available. State-level data on capital expenditures are available for the U.S. Census Bureau as part of its State Government Finance program. However, this source only provides information on public capital expenditures by state, not on the state’s estimated capital stock. As background for this report, we compiled state-level estimates of public capital stock using these two data sources. In so doing, we adapted the methodology first proposed by Alicia Munnell (1990b). Using the state-level data on capital expenditures from the Census Bureau, we construct proxy estimates of public capital stock by state. This proxy estimate consists of cumulative public investment, as measured by state-level capital spending among the various asset categories, adjusted for depreciation of public capital. This series includes both state and local governments. We used the methodology for calculating depreciation rates described in the BEA publication, Fixed Assets and Consumer Durable Goods in the United States, 1925-97 (published September 2003). Since the available census data only begins in 1957, our proxy capital stock measure is based on government capital expenditures from that time forward. Clearly, the public capital stock of the states pre-dates 1957. Therefore, our proxy measure, summed across all states, always is less than the BEA estimates of state and local government assets, although the two series converge over time. To address the gap between our proxy measure and the BEA series on state and local government assets, we follow Munnell (1990b) and apportion the BEA public capital series using the individual state shares of public assets calculated from our proxy measure. For example, to calculate California’s capital stock, we multiply the BEA estimate of total state and local government fixed asset by California’s share of our proxy capital stock measure. In the early years, volatility in state spending causes the state shares (and hence our apportionment of the total capital stock) to vary excessively. However, this volatility dies down after several years. Therefore, we begin our estimates of state-level capital stock in 1965, since we feel that earlier estimates are not reliable.

#### Federal funding key – state budgets under massive strain

Hersh, Center for American Progress economist, 12

(Adam, 6-21-12, focusing on economic growth, macroeconomics, international economics, and China and other Asian economy**,** Center for American Progress, “Austerity Is Hammering State Economics,” <http://www.americanprogress.org/issues/2012/06/austerity.html>, Accessed 6-29-12, CAS)

Because it is more difficult for states to adjust their fiscal positions, Congress routinely makes aid to state and local governments a key component of measures to strengthen the economy during a downturn. This aid remains one of the [policies with the biggest bang for the buck](http://www.americanprogress.org/issues/2011/09/recovery_act_spending.html) in countering a weak economy. Relieving the fiscal strain on state and local governments should be part of the policy mix if Congress is able to overcome conservative obstruction to growth-enhancing public expenditures.

### States Can’t Fund Megaprojects

#### NIB solves mega-projects.

Mallet, Specialist in Transportation Policy, and Maguire, Specialist in Public Finance, and Kosar, Analyst in American National Government, ’11

(William J., and Steven, and Kevin R., 12/14/11, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” pg. 14, http://www.fas.org/sgp/crs/misc/R42115.pdf, A.D. 6/24/12, JTF)

Once established, a national infrastructure bank might help accelerate worthwhile infrastructure projects, particularly large projects that can be slowed by funding and financing problems due to the degree of risk. These large projects might also be too large for financing from a state infrastructure bank or from a state revolving loan fund. 44 Moreover, even with a combination of grants, municipal bonds, and private equity, mega-projects often need another source of funding to complete a financial package. Financing is also sometimes needed to bridge the gap between when funding is needed for construction and when the project generates revenues.

### Fed Key – Freight

#### NIB solves freight and states fail – our evidence is comparative.

I-95 Corridor Coalition, 9

(partnership of state departments of transportation, regional and local transportation agencies, toll authorities, and related organizations, including public safety, port, transit and rail organizations, from Maine to Florida, with affiliate members in Canada, “Federal Support for Freight Infrastructure: Policy Issues & Program Design,” I-95 Corridor Coalition, January 2009, pgs. 11-2, http://i95coalition.org/i95/Portals/0/Public\_Files/pm/reports/I-95%20Freight%20Infra%20Financing%20Paper%202009\_01.pdf, A.D 6/27/12, JTF)

The federal government can play a leadership role in helping states stimulate capital formation for freight infrastructure. Establishing a special purpose entity would bring an institutional focus to what has been, to date, a loosely-related series of federal programs nested within several federal agencies of USDOT. But should the federal policy approach be to create some form of a single national-level funder—a national infrastructure bank--or rather to foster the development of various regional infrastructure banks by groups of states, such as the I-95 Corridor Coalition?

Although a regional organization sponsored by the members of the I-95 Corridor Coalition would focus on critical projects along the Eastern Seaboard, creating a federal-level, nationwide entity would offer several important advantages. First, certain regional freight investments may have nationwide implications for efficient goods movement, national security and other priorities and merit federal support. A national entity would have a wider constituency and be more likely to enjoy broad Congressional support for federal funding. Second, a national organization would achieve greater diversification and economies of scale in operations than would a series of smaller entities with a multi-state regional scope. It likely could become operational more rapidly as well. And finally, while individual states technically could use their own resources to capitalize a regional entity, it would lack access to the favorable financing provisions available to federal agencies and government corporations through the U.S. Treasury. As the State Infrastructure Bank program has demonstrated, even when an institutional vehicle is authorized, its success will depend upon the willingness of states to commit financial and staff resources to its operations.

Because freight infrastructure encompasses a wide array of modes and project types (hubs, connectors and corridors), each project will have its own set of public and private stakeholders and its own distribution of public and private benefits affecting specific geographic areas. Given current funding limitations, it may be unrealistic to expect states to make significant monetary contributions to capitalize a regional “bank” on a blind pool basis to support major freight projects that may be hundreds or thousands of miles away.

Every project will have its own set of stakeholders and beneficiaries, and its own project-specific arrangement for allocating funding responsibility. Accordingly, while each project may have a bespoke regional project sponsor, a singular national assistance provider would be more efficient and practical—and likely more politically feasible.

## State Infrastructure Banks

### Permutation – Do Both

#### Perm Solves- Only Federally Funded State Banks overcome funding shortfalls

Christman & Riordan, National Employment Law Project senior policy analysts, 11

(Anastasia and Christie, December 2011, National Employment Law Project, “State Infrastructure Banks: Old Ideas Yields New Opportunities for Job Creation,” [http://nelp.3cdn.net/fadb21502631e6cb79\_vom6b8ccu.pdf, page 8, accessed 6/26/12](http://nelp.3cdn.net/fadb21502631e6cb79_vom6b8ccu.pdf%2C%20page%208%2C%20accessed%206/26/12). KR)

Not surprisingly, the biggest challenge to establishing a SIB in this economy is funding. Many states are already struggling with shortfalls in transportation dollars. New Jersey, which depends heavily on toll revenues to finance its transportation projects, is looking at shortfalls of more than $47 million—five percent of its target.57 The state’s turnpike authority has cut its 2011 operating budget by $10 million, and rating agencies have lowered their rating on New Jersey turnpike bonds even as the agency tries to implement a 10-year capital improvement program.58 In Virginia, maintaining roads alone threatens to deplete the state’s Highway Maintenance and Operating Fund, and the state has 9 been forced to repeatedly shift funds from its Transportation Trust Fund for construction to pay for maintenance.59 In federally-funded SIBs, states are required to match federal funds on an 80-20 federal/non-federal basis. Similarly, in SIBs that exclusively use state funds, state lawmakers also need to identify sources of revenue to fund loans. The main source of funding for about half the states is the state motor vehicle fuel tax, though in only a very small number of states (five) this money flows directly to the department of transportation without legislative appropriation.

## State Compacts CP

### Links to Politics

#### Congressional action necessary to enable inter-state compacts – Congressional action inevitable with the CP

I-95 Corridor Coalition, 9

(Partnership of state departments of transportation, regional and local transportation agencies, toll authorities, and related organizations, including public safety, port, transit and rail organizations, from Maine to Florida, with affiliate members in Canada, “Federal Support for Freight Infrastructure: Policy Issues & Program Design,” I-95 Corridor Coalition, January 2009, pg. 12, http://i95coalition.org/i95/Portals/0/Public\_Files/pm/reports/I-95%20Freight%20Infra%20Financing%20Paper%202009\_01.pdf, A.D 6/27/12, JTF)

Having a multi-state entity as the project sponsor would demonstrate important regional cooperation and commitment to a nationally significant freight investment. Congress could adopt legislation making it easier for states to enter into multi-state compacts without specific Congressional approval. In this way, each project could form its own multi-state sponsor and draw upon its own set of revenue streams for the non-federal share. Establishing these project-specific entities could be a useful selection feature for critical corridor improvements.

### State Infrastructure Banks - No Solvency

#### Large projects slowed and underfunded by states

Mallett et al, Specialist in Transportation Policy, 2011 (William, Steven Maguire, Specialist in Public Finance, and Kevin R. Kosar, Analyst in American National Government, 12-14-11, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” <http://www.fas.org/sgp/crs/misc/R42115.pdf>, p. 14, accessed 6-23-12, LH)

Once established, a national infrastructure bank might help accelerate worthwhile infrastructure projects, particularly large projects that can be slowed by funding and financing problems due to the degree of risk. These large projects might also be too large for financing from a state infrastructure bank or from a state revolving loan fund. 44 Moreover, even with a combination of grants, municipal bonds, and private equity, mega-projects often need another source of funding to complete a financial package. Financing is also sometimes needed to bridge the gap between when funding is needed for construction and when the project generates revenues.

#### State Infrastructure Banks insufficient

American Society of Civil Engineers, 11

(The American Society of Civil Engineers, 10/12/2011, Transportation and Infrastructure Subcommittee on Highways and Transit, “National Infrastructure Bank Would Create More Red Tape and Federal Bureaucracy,” <http://www.asce.org/uploadedFiles/Government_Relations/Testimony_and_Correspondence/2011/ASCE%20Testimony%20to%20House%20TandI%20%20on%20NIB%20101211.pdf>, accessed 7/2/2012, p. 3, bs)

Innovative financing techniques can greatly accelerate infrastructure development and can have a powerful economic stimulus effect. Currently, the burden of infrastructure funding is shifting from federal to state and local resources to fund the growing need for improvements. Innovative programs in SAFETEA-LU, such as the establishment of the State Infrastructure Bank program, have been a good start, but more needs to be done to expand their scope, and new programs or approaches must be introduced. The nation must develop and authorize innovative financing programs that not only make resources readily available, but also encourage the most effective and efficient use of those resources. Federal investment must be used to complement, encourage, and leverage investment from the state and local government levels as well as from the private sector. In addition, users of infrastructure must be willing to pay the appropriate price for their use. ASCE supports innovative financing programs for transportation projects and believes the federal government should make every effort to develop new programs or flexibility in innovative procurement approaches. President Obama’s newly released infrastructure investment plan proposes the permanent creation of a national infrastructure bank, which could leverage private capital for projects of national and regional significance. This sort of proactive thinking toward infrastructure will allow states to come together for regional projects such as high speed rail and can move the nation’s infrastructure forward. ASCE applauds President Obama’s leadership on the issue and believes that the administration’s infrastructure investment plan has great potential to be a part of the solution. In particular, the President’s call to establish a national infrastructure bank is a concept ASCE long has supported.

#### Bonds from a State Infrastructure Bank are neither attractive nor sufficient

Cooper, Pennsylvania Secretary of Planning and Policy, 12

(Donna, February 2012, Center for American Progress, “Meeting the Infrastructure Imperative: An Affordable Plan to Put Americans Back to Work Rebuilding Our Nation’s Infrastructure,” <http://www.americanprogress.org/issues/2012/02/infrastructure.html>, p. 55, accessed 7/2/2012, bs)

Tax-exempt municipal bonds are the primary way that state and local governments finance infrastructure investments with private capital. Because the interest on these bonds is exempt from federal income taxes, private investors are willing to purchase them at reduced interest rates, lowering the cost of borrowing for state and local government issuers. In this sense, the tax exemption is an implicit federal subsidy for state and local government infrastructure projects. Although these bonds are widely used to finance infrastructure improvements, their short maturity term of typically less than 10 years makes it difficult and cumbersome to use them to finance largescale projects that require maturity horizons of 20 to 30 years. Moreover, these bonds are only attractive to purchasers who have state tax liability; otherwise the tax exemption is of little value to the investor. In addition, taxexempt bonds are an inefficient and costly federal subsidy because 10 percent to 20 percent of the subsidy intended for issuers unintentionally leaks to individual bond buyers in upper income tax brackets.117 This means the cost of the subsidy to the federal government exceeds its benefit to state and local governments.118 It would be more efficient to make direct subsidy payments to issuers to spend on infrastructure projects. Given these problems, we propose strengthening the municipal bond market and expanding the capital available for infrastructure investment by making Build America Bonds permanent and by creating private activity tax-credit bonds. We present each of these recommendations in turn.

### State Infrastructure Banks Link to Federalism

#### State banks subject to federal control

Christman & Riordan, National Employment Law Project senior policy analysts, 11

(Anastasia & Christie. December 2011. National Employment Law Project. “State Infrastructure Banks: Old Ideas Yields New Opportunities for Job Creation,” [http://nelp.3cdn.net/fadb21502631e6cb79\_vom6b8ccu.pdf, page 3, accessed 6/26/12](http://nelp.3cdn.net/fadb21502631e6cb79_vom6b8ccu.pdf%2C%20page%203%2C%20accessed%206/26/12). KR)

The generic term “SIB” masks the fact that there are actually two types of financing tools going by that name: those authorized by federal legislation that use a mix of federal and state dollars to finance federally-authorized projects, and those that use exclusively state funds to leverage other forms of capital to fund a broader range of projects. The former is potentially more restrictive in the projects it can finance, but also inherently abides by some federal protections. The latter can be more flexible in the types of projects it finances, but may require local advocates and lawmakers to be more thoughtful about project selection criteria to ensure that local infrastructure jobs are good jobs.

### InterState Compacts Permutation

#### Do Both – National Infrastructure Bank facilitates interstate cooperation

Indiviglio, The Atlantic, ’10

(Daniel, journalist, spent several years working as an investment banker and a consultant, quoting Felix G. Rohatyn, American investment banker known for his role in preventing the bankruptcy of New York City in the 1970s, former U.S. ambassador to France, The Atlantic, “Would a National Infrastructure Bank Help?,” 9/15/10, http://www.theatlantic.com/business/archive/2010/09/would-a-national-infrastructure-bank-help/63052/#bio, A.D. 6/26/12, JTF)

A national infrastructure bank could begin to reverse federal policies that treat infrastructure as a way to give states and localities resources for projects that meet local political objectives rather than national economic ones. The bank would evaluate prospective infrastructure projects on consistent terms. It would be able to negotiate with state or local sponsors of a project what their cost shares should be. The bank also could help groups of states come together for regional projects such as high-speed rail and better freight management. Such consolidation would improve project selection.

## Municipal Bonds CP

### Solvency Deficit

#### Municipal bonds have limitations- Bank creates development market, channels available capital

Congresswoman DeLauro, ranking member on the Labor, Health, Human Services, and Education Appropriations Subcommittee, 2010

(Rosa, January 2010, “Investing for America’s Future,” Institutional Investing in Infrastructure, Volume: 3, pg. 6-7, JSTOR, LH)

One might ask: Why do we need such federal bonds if we already have municipal bonds? But, municipal finance has limitations. Due to their limited size and liquidity, municipal bonds are disproportionately held by individual investors rather than by institutions. Meanwhile, large institutions, particularly central banks, prefer to focus on bond issues of up to $1 billion. Foreign central banks, which are unable to take advantage of tax-based incentives, have large sums to invest and prefer to buy government bonds.

And U.S. institutions also — most notably pension funds — also would similarly prefer larger bond issues. What has been needed is a mechanism here at home that can channel this large pool of capital available on the global market and create a U.S. infrastructure development market that will help build the future: highspeed rail, a smart grid, clean water systems and broadband. The National Infrastructure Development Bank is that mechanism.

#### **Municipal finance is no longer adequate to meet financing, we should focus on private capital**

Crebo-Rediker, the founding Co-Director of the Global Strategic Finance Initiative, Rediker, a member of the Executive Board of the International Monetary Fund representing the United States 08’

(Heidi and Douglas, “Financing America’s Infrastructure: Putting Global Capital To Work”, 7/08/08, http://newamerica.net/files/Financing\_America\_Infrastructure.PDF, Pg. 1, accessed 6/25/12 FFF)

The good news is that while the federal government struggles to find funds to address its spending needs there is abundant private capital for infrastructure investment. An estimated $400 billion in global funds are available for equity investment in infrastructure, and the funds available to support the debt component amount to several trillion dollars if we include global central bank reserves, global pension funds, and sovereign wealth funds.2 Rather than focus on these large pools of global capital as a threat, we should view them as an opportunity. So, while we have enormous infrastructure financing needs, there are also enormous pools of capital available for investment. The trick is to bring the two together in a commercial, sustainable, and politically acceptable way

The U.S. municipal bond markets have functioned well for many years, channeling private capital into financing certain elements of U.S. infrastructure. But current budgetary constraints and other market conditions mean that municipal finance is no longer adequate to meet the challenge of financing the scale of investment needed. And our current financing structures are unable to take advantage of the large pools of capital that are available for infrastructure financing.

#### **Municipal bonds are proving to be insufficient because of limitations**

Crebo-Rediker, the founding Co-Director of the Global Strategic Finance Initiative, Rediker, a member of the Executive Board of the International Monetary Fund representing the United States 08’

(Heidi and Douglas, “Financing America’s Infrastructure: Putting Global Capital To Work”, 7/08/08, http://newamerica.net/files/Financing\_America\_Infrastructure.PDF, Pg. 3-4, accessed 6/26/12 FFF)

Traditionally, the debt component of a significant portion of U.S. infrastructure investment has been in the form of municipal bonds, which rely primarily on a state’s or local government’s ability to offer tax-exempt securities to investors. With more than 50,000 state and local issuers of municipal bonds and 2 million separate bonds totaling some $2.4trillion,xvi the U.S. municipal bond market has proven to be effective in channeling investment to finance municipal needs—including infrastructure. But municipal finance has limitations. Although it provides tax incentives to local and state investors, it limits the universe of investors potentially willing to put capital to work because of the relatively small size of most individual municipal finance debt issues and because it excludes investors who are unable to take advantage of the tax-based incentives. In many cases, it also involves an increase in a municipality’s or state’s budget obligations. The limited size and liquidity of any individual offering means that municipal bonds are disproportionately held by individual investors rather than by institutions.17 Thus, investors in the debt component of infrastructure finance are often local and limited. The limits of this investor base are becoming more apparent. Municipal bond markets have been facing dislocation as a result of the credit crisis at a time when the need for state and local governments for funds for infrastructure development are at historic highs and growing.18

## Public Private Partnership CP

### Solvency Deficit – Ad Hoc Public Private Partnerships

#### Bank solves better by creating framework for partnerships rather than trying to create them ad hoc

Dellinger, author of Interstate 69: The Unfinished History of the Last Great American Highway, 2010

(Matt, 12-8-10, Transportation Nation, “So You’re Thinking of Starting An Infrastructure Bank…,” <http://transportationnation.org/2010/12/08/so-youre-thinking-of-starting-an-infrastructure-bank/>, accessed 6-26-12, LH)

Funny he should mention it. Pennsylvania Governor Ed Rendell [told Transportation Nation](http://transportationnation.org/2010/11/22/governor-rendell-6734-transportations-future-and-his-own/) last month that the recent ARC tunnel [mess](http://transportationnation.org/tag/arc-tunnel/) might have been avoided if there had been a National Infrastructure Bank in place. The last-minute [attempt](http://www.lautenberg.senate.gov/newsroom/record.cfm?id=328410&) by USDOT Secretary Ray LaHood and New Jersey Senator Frank Lautenberg to weld together a public-private partnership to take on the risk of cost overruns was a noble idea, Rendell said, but one that’s nearly impossible to pull off. It’s far easier to make such partnerships work when they’re structured up front—the very thing an NIB is designed to encourage.

### Permutation

#### Do Both – National Infrastructure Bank is the framework for partnerships

Cooper, Pennsylvania Secretary of Planning and Policy, 12

(Donna, February 2012, Center for American Progress, “Meeting the Infrastructure Imperative: An Affordable Plan to Put Americans Back to Work Rebuilding Our Nation’s Infrastructure,” <http://www.americanprogress.org/issues/2012/02/infrastructure.html>, p. 8, accessed 7/2/2012, bs)

To reach the desired level of upfront private investment, the public must have a deeper understanding and trust that the government and private partners jointly share the risk and responsibility for a high-quality infrastructure. These models will need to rely on creative partnership structures that offer private investors the opportunity to earn a rate of return beyond interest on their investment. Likewise, partnership agreements need to ensure that the taxpayers are assured that high expectations of performance must be met and are enforceable, users are not exploited to cover costs and profits, risk is appropriately shared among all parties, and workers are not shortchanged in an effort to maximize profits. In addition, increased private financing opportunities focused on transportation will also require the federal government to more rapidly and readily approve tolling on roads in the federal highway system so that investors can rely on predictable revenues for repayment and earnings. It also will require the creation of a national intermediary such as an Infrastructure Bank that can expertly and expeditiously package high-priority and multistate infrastructure financing projects together with private investors. Increased federal guidance can promote models that protect wages, collective bargaining rights, and the taxpayers and users who are at risk if private partners fail to manage the project responsibly.

#### Federal government involvement is the only way to solve

Keane, Bloomberg, 10

(Angela Greiling, Bloomberg, 9-21-10, "Infrastructure Bank Must Be Owned by U.S. to Avoid Fannie Fate, Panel Told," http://www.bloomberg.com/news/2010-09-21/infrastructure-bank-must-be-owned-by-u-s-to-avoid-fannie-fate-panel-told.html, accessed 6-26-12, CNM)

President Barack Obama’s proposed bank to lure private cash for highway and water projects should be funded solely by the U.S. to avoid flaws that led to a takeover of Fannie Mae and Freddie Mac, a UBS AG executive said.

UBS Americas Chief Executive Officer Robert Wolf told the Senate Banking Committee today in prepared testimony that the “time has come” for a U.S. infrastructure bank, which Obama proposed this month in a $50 billion plan to rebuild roads, railways and airport runways.

“Funding its equity in this manner will avoid the problems seen with the government-sponsored enterprises, such as Fannie Mae and Freddie Mac, which are hybrid organizations chartered to be owned by private shareholders while benefiting from government sponsorship,” Wolf said in testimony for a hearing on the proposal. “The national infrastructure bank should be fully owned by the federal government with no private shareholders.”

Obama, during his 2008 campaign for president, proposed a $60 billion bank focused on transportation projects of national significance. Congress hasn’t acted on the idea.

The U.S. seized Fannie Mae and Freddie Mac, the largest sources of mortgage money, in September 2008 amid investment losses that pushed the firms to the brink of collapse. The two companies in 2008 started buying mortgages with credit scores that suggested the loans were more likely to default.Transportation Sector Advantage CPs

### Solvency Deficit - Delay

#### Counterplan requires appropriation for project(s), IBank solves better because it depoliticizes infrastructure investment and accelerates projects

Congresswoman DeLauro, ranking member on the Labor, Health, Human Services, and Education Appropriations Subcommittee, 2010

(Rosa, January 2010, “Investing for America’s Future,” Institutional Investing in Infrastructure, Volume: 3, pg. 6-7, JSTOR, LH)

Ultimately, the development bank would help to depoliticize infrastructure investment, while creating new opportunities to directly support and accelerate the kind of projects that will make a significant and long-term impact. In other words, it would make it much easier for states and municipalities to get the important projects they need off the ground and completed more promptly, without them getting tied up forever in — or drastically altered by — Congress.

### Solvency Deficit – Better project funding

#### Bank solves political interests in transit infrastructure.

Christian Science Monitor, editorial, ’10

(9/7/10, “One jobs idea from Obama that should fly,” http://www.csmonitor.com/Commentary/the-monitors-view/2010/0907/One-jobs-idea-from-Obama-that-should-fly, A.D. 6/26/12, JTF)

Oddly, despite the political timing of Obama’s proposal just weeks before the election, such a bank would help remove some pork-barrel politics that now influence the construction of highways and mass transit. Projects would be decided on their merits by an independent board within an infrastructure bank – and for one simple reason. The bank would need to pay back its investors.

The concept isn’t new. Such private-public banks have long operated in other countries. They rely on seed money from government to attract private capital in the granting of loans for big projects that can spur economic growth or that can earn money from user fees.

#### Saves money – NIBs allow for cost effective delivery

Puentes, Brookings Institution Metropolitan Policy Program senior fellow, & Istrate, Metropolitan Infrastructure Initiative senior research analyst and associate fellow, 9

(Robert and Emilia, Brookings Institution, "Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank," December 2009, p. 15, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

Better delivery of infrastructure projects. An NIB could require that projects be delivered with the delivery mechanism offering best-value to the taxpayer and end user. The design-bid-build public finance model has been the most commonly used project delivery method in the transportation sector in the United States.106 Until very recently, there has been little experimentation with other delivery contracting types. Evidence from other federal states, such as Australia, shows that private delivery saves money on infrastructure projects.107

### Doesn’t Solve Economy/Competitiveness

#### Need to improve funding mechanism to access economy and competitiveness advantage

Puentes, director of the Metropolitan Infrastructure Initiative, 10

(Robert, 5/13/2010, Brookings Institute, “Hearing on Infrastructure Banks,” <http://waysandmeans.house.gov/media/pdf/111/2010May13_Puentes_Testimony.pdf>, p. 5, bs)

A more competitive U.S. economy needs a better infrastructure system. In a time of limited resources, improving the federal investment process should be a priority over finding ways to merely increase the amount of funding for infrastructure. If designed and implemented appropriately, a national infrastructure bank would be a targeted mechanism to deal with new federal infrastructure spending. An NIB would provide a better project selection process for neglected federal investment in infrastructure, such as capital projects across jurisdictions and state borders, but also there would be more rigorous evaluation of projects across different types of infrastructure.

### Links to Politics/Elections

#### CP links more than plan – Bank helps shield projects from political gridlock

Thomasson, president of NewBuild Strategies LLC: an energy and infrastructure firm 12

(Scott, “Renewing America, Policy Innovation Memorandum No.17”, 4/11/12, <http://www.cfr.org/infrastructure/encouraging-us-infrastructure-investment/p27771>, Pg.1, accessed 6-24-12, FFF)

Despite the pressing infrastructure investment needs of the United States, federal infrastructure policy is paralyzed by partisan wrangling over massive infrastructure bills that fail to move through Congress. Federal policymakers should think beyond these bills alone and focus on two politically viable approaches. First, Congress should give states flexibility to pursue alternative financing sources—public-private partnerships (PPPs), tolling and user fees, and lowcost borrowing through innovative credit and bond programs. Second, Congress and President Barack Obama should improve federal financing programs and streamline regulatory approvals to move billions of dollars for planned investments into construction. Both recommendations can be accomplished, either with modest legislation that can bypass the partisan gridlock slowing bigger bills or through presidential action, without the need for congressional approval.

## Reform TIFIA CP

### Solvency Deficit

#### An independent Bank solves best

Milikowsky, researcher Building America's Future Educational Fund, 11

(Brina, “Americas Future Falling Apart and Falling Behind,”, <http://www.bafuture.com/sites/default/files/Report_0.pdf>, Pg. 29 Accessed 6/28, GJV)

A National Infrastructure Bank in the United States would allow us to tap into the billions of private-sector dollars that could be invested in our transportation needs. By employing a range of finance and funding tools—including, but not limited to, grants, credit assistance, low interest loans, and tax incentives—the bank could leverage federal investments with private capital. And if we establish the bank as an independent entity that can fund only merit-based projects of regional and national signifi­cance, the bank could make smarter, more cost-efficient investments in all forms of our infrastructure.

#### Politically unpopular - seen as monopolizing SIB’s territory

Progressive Railroading 11

(10-13-11 “Rail News: Federal Legislation & Regulation Mica reiterates opposition to national infrastructure bank,” [http://www.progressiverailroading.com/federal\_legislation\_regulation/news/Mica-reiterates-opposition-to-national-infrastructure-bank--28418#](http://www.progressiverailroading.com/federal_legislation_regulation/news/Mica-reiterates-opposition-to-national-infrastructure-bank--28418) accessed 6-26-12 BC)

Also at yesterday’s meeting, U.S. Rep. John Duncan (R-Tenn.), who chairs the House Highways and Transit Subcommittee, said he opposed a national infrastructure bank.

“Current [federal] law allows a state to use their federal-aid funding to capitalize a state infrastructure bank and provide loans and loan guarantees to appropriate transportation projects that the state deems most important,” he said in a prepared statement.

### Permutation – Do Both

#### Perm Solves - Programs work best mutually

#### Lemov Senior Editor Governing Magazine 12

(Penelope Lemov, MARCH 1, 2012 “A Bank for Infrastructure Funding: Legislation moving through Congress could help states and localities finance public works projects.” [http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html Accessed 6-28-12](http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html%20Accessed%206-28-12) BC)

The TIFIA program has generally been for large marquis projects. To date, it has been a 10- to 12-state program. The states that have needs for TIFIA loans generally are high population states that can sustain it. The infrastructure bank has been conceived as a 50-state bank, and so it has a much broader reach. It is going to be more about volume and less about doing a cluster of projects. That said, the two are complementary in that a TIFIA project can pick up support from the infrastructure bank at the same time. Including another federal agency or federal program in a TIFIA package makes the package more attractive to investors, particularly if a water or energy component gets added.

#### TIFIA and similar programs will become part of Bank- can support an additional $70 billion in funds per year for transportation projects

Cooper, Pennsylvania Secretary of Planning and Policy, 12

(Donna, February 2012, Center for American Progress, “Meeting the Infrastructure Imperative: An Affordable Plan to Put Americans Back to Work Rebuilding Our Nation’s Infrastructure,” <http://www.americanprogress.org/issues/2012/02/infrastructure.html>, p. 52-53, accessed 7/2/2012, bs)

Ideally within the structure of a National Infrastructure Bank, the federal government will expand the transportation and energy loan capacity by providing at least $5 billion in credit subsidies annually. In the short term while the benefits of a bank are being debated, Congress should expand the Department of Transportation’s TIFIA loan program to at least $1 billion so that it can support $10 billion in federal loans annually that will leverage $20 billion in privately financed matching funds. Likewise, at a minimum the Department of Energy’s Section 1705 loan program should be able to support $4 billion in lending authority and annually lever age $40 billion in private investment in clean energy infrastructure. If Congress approves the creation of a National Infrastructure Bank, then these tested loan programs and their current levels of funding should fall into its ambit. By expanding the capacity for federal infrastructure lending, CAP’s analysis suggests that we can tap an additional $70 billion in joint public/private-sector financed infrastructure projects. Here is how we come to that conclusion. With respect to transportation loans, the TIFIA loan program received applications that exceed the program’s loan capacity by at least $10 billion in the FY 2009, 2010, and 2011 loan solicitation cycles. While each of these projects may not be feasible, the annual demand for more than $10 billion in federal loans indicates that there is at least $20 billion worth of large-scale transportation projects with ready private investors who are finding the necessary $2 investment match for every $1 of federal loan investment.112 To achieve the desired level of private infrastructure financing proposed in this plan, we recommend that the TIFIA credit subsidy be increased to approximately $1 billion annually. Doing so will enable approximately $10 billion in federal loans for transportation projects annually. With that level of federal lending authority, assuming the TIFIA matching requirements stay in place, at least $30 billion annually in publicly and privately financed large-scale transportation projects can proceed.

## Advantage Counterplans

### AT: Ports Adv - Amend Shipping Act CP

#### Amending the Shipping Act doesn’t solve longterm – it only allows funding for 5 years.

Cook, Fordham Law School J.D. candidate, ’10

(Christopher T., “Funding Port-Related Infrastructure and Development; The Current Debate and Proposed Reform,” Fordham Urban Law Journal, 38.5, 2010, http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=2380&context=ulj&sei-redir=1&referer=http%3A%2F%2Fscholar.google.com%2Fscholar%3Fq%3D%2522national%2Binfrastructure%2Bbank%2522%26btnG%3D%26hl%3Den%26as\_sdt%3D0%252C11%26as\_ylo%3D2008#search=%22national%20infrastructure%20bank%22)

The amendment would also require that all design and build plans be submitted and approved before the fifth-year anniversary of the amendment’s passage. Charges assessed under the amendment would be tied to the estimated useful life of the project. Beginning on the fifth-year anniversary, no new projects would be approved and, therefore, the charges assessed for a specific project would remain static throughout the useful life of the project. 295

### AT: Economy Adv – Alternate Stimulus CP

#### Transportation infrastructure investment has unique stimulus effect, generic spending doesn’t solve

Abraham, member of the Council of Economic Advisors for the white House, Krueger, Chairman of the Council of Economic Advisors for the White House, and Shapiro, member of the Council of Economic Advisors for the white House, 12

(Katharine, Alan, Carl, 3-23-2012, A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT, Department of the Treasury, <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, 6-23-12, p.2, LPS)

**The central policy objective of a national infrastructure bank is to increase investment in infrastructure. Greater investment is desired because high-quality, well maintained infrastruc**ture is believed to increase private-sector productivity and improve public health and welfare. The magnitude of the increased productivity, however, is not settled, as empirical analysis does not always support the conjecture that greater infrastructure investment uniformly generates productivity gains.1 **The type of infrastructure and the type of investment are critical elements in such an assessment.** National infrastructure bank proposals would support infrastructure development by providing relatively low-interest loans and other types of credit assistance in such a way as to stimulate investment by state and local governments and private funding sources. **A national infrastructure bank, moreover, could be complementary to direct federal investment in infrastructure.** Although no consensus definition exists, infrastructure is generally conceived of as the capital intensive assets needed for the delivery of basic services.2 **Both public and private entities own and operate infrastructure. Some infrastructure is provided by public-private partnerships which** mix, in a myriad of different ways, public and private rights and responsibilities. Funding for these expensive and long-lived assets most often comes from money borrowed on the capital markets. In some cases, however, capital asset purchases are financed with current revenues, government grants, loans, and private equity. For debt-financed assets, investors seek a rate of return commensurate with the associated risk. Debt incurred on wholly owned government projects may be repaid with taxes, user fees, or a combination of the two. For privately owned infrastructure, user fees are the main option, although debt may be repaid in other ways such as property rents. **Although the idea for a national infrastructure bank is not new, legislative proposals for creating a bank have drawn increased attention in the past few years**. Proponents argue that an infrastructure bank offers three main advantages over traditional methods of federal support for infrastructure: • A federal infrastructure bank could increase the total amount of investment in infrastructure by leveraging state, local, and private resources. • It could accelerate construction of projects that may be slowed by the current need to await annual allocations of federal funds. • It could promote the distribution of federal spending on the basis of anticipated returns to investment, rather than according to traditional allocation methods such as formulas, discretionary programs, and earmarking.

## Real Estate Investment Trust CP 2AC

### No Solvency – Recession Proves

#### No solvency – REIT’s collapse during economic downturns

Lydon, Global Trends Investments president, 4-27

(Tom, 4-27-12, ETF Trends, "ETF Spotlight: Real Estate Investment Trusts (REITs)," http://www.etftrends.com/2012/04/etf-spotlight-real-estate-investment-trusts-reits/ accessed 6-29-12, CNM)

Investors are wary of real estate investment trusts since they crashed along with the market 2008 and failed to deliver their much-hyped diversification benefits. However, a desire for income and dividends could bring investors back to this beaten-down sector and REIT ETFs.

### No Solvency – Vulnerable to Swings in the Economy

#### No solvency – vulnerable to swings in the real estate market

Lydon, Global Trends Investments president, 4-27

(Tom, 4-27-12, ETF Trends, "ETF Spotlight: Real Estate Investment Trusts (REITs)," http://www.etftrends.com/2012/04/etf-spotlight-real-estate-investment-trusts-reits/ accessed 6-29-12, CNM)

With investors turning to alternative avenues to generate additional income, real estate investment trusts, along with related exchange traded funds, are drawing upon an increasingly higher investment base. However, potential investors should be aware that this asset class is still an equity play at heart.

REITs have produced annualized returns of more than 10% over the past decade, and more recently, yields range between 3% to 8%, reports Walter Updegrave for CNN Money. [S&P’s Retail REIT ETF Pick]

However, REITs still trade like other equities, which are subject to potential capital appreciation or depreciation. Notably, investments in REITs plunged almost 50% during the real estate market collapse and the financial crisis of 2008. Additionally, the assets dropped 15% in late summer last year at the height of the Eurozone and U.S. double-dip recession scares.

While REITs and their related ETFs make regular payouts, investors need to remember that they are still more volatile than bonds and should be part of an equities allocation within an investment portfolio.

### No Solvency – Job Creation

#### Tax cuts don’t create jobs – money goes to the richest people

Yalnizyah, Candian Centre for Policy Alternatives Senior Economist, 11

(Armine, 4-20-11, The Progressive Economics Forum, "Shock and Awful – The Truth Behind CIT Cuts," http://www.progressive-economics.ca/2011/04/20/shock-and-awful-the-truth-behind-cit-cuts/ accessed 6-29-12, CNM)

Cutting corporate taxes should, theoretically, mean lower prices, higher wages or increased dividends. I've argued elsewhere why the chances are slim that the benefits would flow to workers or consumers, given the bargaining power of corporations these days.

So when the theory says wages will go up, watch out. Because the wage improvements on the menu are not likely to be for the majority of workers, in the economy or even in the firm that does the investing. They are likely to go the CEO and other top managers. That's the lesson of the decade prior to the global economic crisis -- the richest 1% took one third of the income gains from economic growth in that time. They took 8% in the 1960s, a comparable period of sustained and robust growth. They'll take it in wages, they'll take it in dividends, they'll take it in stock options. But they'll take most it.

### No Solvency – Bankruptcy

#### Any errors freak out investors – prevents funding

Kelly, Investment News Editor, 6-27

(Bruce, 6-27-12, Investment News, "Popular nontraded REIT puts several properties into bankruptcy," http://www.investmentnews.com/article/20120627/FREE/120629925 accessed 6-29-12, CNM)

A leading sponsor of nontraded real estate investment trusts, Behringer Harvard Holdings LLC, is struggling to make payments on loans in two of its offerings — and is losing real estate assets as a result.

After months of failed negotiations over $48.3 million of debt, the nontraded Behringer Harvard Opportunity REIT I Inc. this month had several properties go into bankruptcy protection. And a private placement, the Behringer Harvard Short-Term Opportunity Fund I LP, this month entered a “deed in lieu of foreclosure agreement” that transferred properties to the lender. The Behringer Harvard fund had owed $20.2 million on those properties.

The two real estate offerings have been in decline for some time. Both saw their estimated valuations decline dramatically over the last year.

Behringer Harvard Opportunity REIT I saw its estimated value decline 46% at the end of 2011 to $4.12 a share, from $7.66 a year earlier.

Also as of Dec. 31, investors in the Behringer Harvard Short-Term Opportunity Fund I LP, which had about $130 million in total assets, saw its valuation drop to 40 cents a share, down drastically from $6.48 a share as of Dec. 31, 2010.

Chapter 11 bankruptcy protection is not uncommon in real estate, and the properties in Opportunity REIT I that are in bankruptcy protection are separate from other assets in the portfolio. But it can be ominous news for investors in a REIT that's had difficulties, industry executives said.

“Every time something like that happens, shareholders take a bite in their investment,” said Anthony Chereso, chief executive of FactRight LLC, a due-diligence firm for private and alternative investments. “It doesn't bode well for shareholders.”

### No Solvency – Delays

#### Double bind – either they borrow money to implement the aff which makes REITs a risky investment or they have to wait for investment which causes delays

Pristin, New York Times real estate writer, 11

(Terry, 7-19-11, New York Times, "A Closer, and Skeptical, Look at Nontraded REITs," http://www.nytimes.com/2011/07/20/realestate/commercial/nontraded-reits-face-increased-scrutiny.html?pagewanted=all accessed 6-29-12, CNM)

“A rational investor armed with all of the facts instead of a sales pitch would undoubtedly conclude that the public vehicle is far superior,” he said.

And as the Apple case demonstrates, nontraded trusts sometimes borrow money to cover their dividend, a practice that increases risk.

Many nontraded REITs begin acquiring property only after their initial offering and therefore are likely to pay most of their dividends at first through money they have raised from investors. But officials of Finra say that as the companies buy real estate, a higher proportion of the dividends should come from rental income and other real estate activities. “Brokers need to understand the sources of the dividends,” said Joe Price, a senior vice president of Finra.

### No Solvency – Economy

#### Tax cuts don’t cause investment – Bush era tax cuts prove

Hersch, American Progress economist, and Ayres, American Progress research associate, 3-20

(Adam and Sarah, 3-20-12, Center for American Progress, "New Ryan Budget Disinvests in America: House Republican Budget Proposes $871 Billion in Investment Cuts," http://www.americanprogress.org/issues/2012/03/budget\_disinvestment.html accessed 6-29-12, CNM)

Even before the Great Recession began in December 2007, investment in the U.S. economy was too low. In the 2000s, under former President George W. Bush’s policies that directed tax cuts at the wealthiest Americans—and tax and regulatory cuts at big corporations—private business investment experienced the slowest growth of any economic expansion in postwar U.S. history.

Over the past decade, the pace of investment in the U.S. economy fell from 18 percent of gross domestic product in 2000—the total value of goods and services produced by workers and equipment in the United States—to 16 percent in 2007, the eve of the Great Recession. Investment then plunged to just 11 percent in 2009 as the financial crisis and the bursting housing bubble took its toll—and before the Recovery and Reinvestment Act of 2009 helped reaccelerate investment to 13 percent of GDP last year.

#### Tax cuts don’t cause stimulus – studies prove

Huang, Center on Budget and Policy Priorities tax policy analyst, 09

(Chye-Ching, 1-23-09, Center on Budget and Policy Priorities, "Corporate Tax Rate Cut Likely To Be Ineffective As Stimulus," http://www.cbpp.org/cms/index.cfm?fa=view&id=2269 accessed 6-29-12, CNM)

Numerous government and independent studies agree that corporate tax rate cuts provide relatively little “bang-for-the-buck” as stimulus. The Congressional Budget Office (CBO), for example, has concluded that a corporate rate cut “is not a particularly cost-effective method of stimulating business spending.”[1] The Congressional Research Service (CRS) has found that in terms of stimulating aggregate demand, the “effect of corporate rate cuts is likely small.”[2] And Mark Zandi, chief economist of Moody’s Economy.com, has rated a corporate tax rate cut as one of the least effective of all tax and spending options in stimulating the economy, estimating that it would generate only 30 cents in economic demand for every dollar spent on the tax cut.[3]

#### No stimulus – doesn’t incentivize more spending

Huang, Center on Budget and Policy Priorities tax policy analyst, 09

(Chye-Ching, 1-23-09, Center on Budget and Policy Priorities, "Corporate Tax Rate Cut Likely To Be Ineffective As Stimulus," http://www.cbpp.org/cms/index.cfm?fa=view&id=2269 accessed 6-29-12, CNM)

Explaining why a corporate tax rate cut is relatively ineffective as stimulus, CRS noted that “Increasing the after-tax income of businesses typically does not create an incentive for them to spend more on labor or to produce more, because production depends on the ability to sell output.”[6]

The primary problem employers face in a recession is a shortage of demand for their products, not a shortage of cash.[7] When firms face a shortage of demand, they will find it more attractive to retain — or pass to shareholders — any new cash they receive from a tax cut, rather than invest in increased production of goods and services for which no customers exist.

But passing the tax benefits to shareholders and business owners would not stimulate the economy much. Shareholders and business owners are two groups that tend to have higher incomes — and thus to save, rather than spend, much of any additional income they receive. As CRS concluded, such a tax cut “is more likely to be spent on reducing debt, or paying out dividends. Both choices would not expand aggregate demand.”[8]

In the short run, therefore “a substantial effect of reducing current corporate tax rates is to increase the returns from past investments rather than increase the attractiveness of new investments,” according to CBO.[9] Only new investments are stimulative.

#### Cutting taxes discourages investment

Huang, Center on Budget and Policy Priorities tax policy analyst, 09

(Chye-Ching, 1-23-09, Center on Budget and Policy Priorities, "Corporate Tax Rate Cut Likely To Be Ineffective As Stimulus," http://www.cbpp.org/cms/index.cfm?fa=view&id=2269 accessed 6-29-12, CNM)

Cutting corporate tax rates on a temporary basis, as some have suggested, could even discourage investment. Cutting tax rates reduces the value of deductions that companies claim when they invest, make other purchases, pay wages, or depreciate equipment; for example, a $1,000 deduction is worth $350 at the current 35 percent corporate tax rate but would be worth only $250 at a 25 percent rate. If tax rates were cut on a temporary basis, companies would have an incentive to delay investments until the rate returned to 35 percent and deductions regained their lost value.[10]

A permanent corporate rate cut would not have this disincentive effect. But neither would it provide timely stimulus, because it would provide no incentive for businesses to speed up investments. Firms could keep investments on the timeline already planned — or even delay investments until the economy recovered — and still get the benefits of the rate cut. Furthermore, a permanent rate cut, if deficit financed, would worsen the long-run budget outlook, which could hurt the economy over the long term.

# Answers to Kritiks

### AT: Ruralism K

#### Infrastructure Bank doesn’t exclude rural areas.

Cook, Fordham Law School, ’10

(Christopher T., “Funding Port-Related Infrastructure and Development; The Current Debate and Proposed Reform,” Fordham Urban Law Journal, 38.5, 2010, http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=2380&context=ulj&sei-redir=1&referer=http%3A%2F%2Fscholar.google.com%2Fscholar%3Fq%3D%2522national%2Binfrastructure%2Bbank%2522%26btnG%3D%26hl%3Den%26as\_sdt%3D0%252C11%26as\_ylo%3D2008#search=%22national%20infrastructure%20bank%22)

President Obama resurrected the discussion of a National Infrastructure Bank during a 2010 Labor Day speech184 and in his calls for increased infrastructure investment during the 2011 State of the Union Address. 185 On March 15, 2011, Senators John Kerry and Kay Bailey Hutchison introduced the Building and Upgrading Infrastructure for Long-term Development (“BUILD”) Act. 186 The BUILD Act creates an American Infrastructure Financing Authority (“AIFA”), a type of infrastructure bank, to help “facilitate investment in, and long-term financing of, economically viable infrastructure projects of regional or national significance . . . .” 187 An eligible project could include roads, bridges, rail, water systems, or power grids. 188 The BUILD Act provides for an initial government investment of $10 billion 189 that could “leverage up to $600 billion in private investments to repair, modernize, and expand . . . [the United States’] ailing infrastructure system.” 190 The AIFA’s Board of Directors would be responsible for monitoring and overseeing the funding of eligible projects. 191 In meeting eligibility requirements, projects must have a minimum estimated cost of $100 million; however, qualifying projects in rural areas would need to demonstrate costs equal to or greater than $25 million. 192

Setting a lower cost threshold for rural areas is an improvement over a previous infrastructure bank proposal, 193 which would have allocated funds only for projects with an estimated cost equal to or greater than $75 million. 194 In the context of addressing the current infrastructure and development crisis specific to U.S. ports, however, the BUILD Act presents two potential issues: (1) establishing a functional infrastructure bank could take a significant amount of time, and (2) the scope of project eligibility is very broad. A more targeted and expedited funding mechanism could be achieved through the assessment of cargo-based fees, which would be collected and reinvested by local authorities. 195

## Equity K

### Plan Turns K

#### Transportation infrastructure is key to combat social exclusion - turns the k

Dalton, Professor of Building Usability and Visualisation at [Northumbria University](http://uk.linkedin.com/company/northumbria-university?trk=ppro_cprof), 07

(Ruth Conroy Dalton, 1-1-2007, Institute of Transport Studies,

Monash University, “Social Research in Transport Social exclusion and transportation in Peachtree

City Georgia,” <http://www.sortclearinghouse.info/cgi/viewcontent.cgi?article=1270&context=research> pg. 16 accessed 6-27-12 BC)

What are the implications of this for other communities and in particular for the UK? In terms of social exclusion and transport it is clear that having an affordable, alternative transportation system, can be of benefit to those members of society most as risk of exclusion through transport related issues. However, it is highly unlikely that the success of Peachtree City could simply be transplanted in the UK. However, there is a growing trend, in the UK, towards ‘greenways’ and leisure trails. A distinction should be made, at this point, between ‘commuter routes’ or routes connecting key destinations such as places of work, shops and schools etc. and ‘leisure routes’ where the emphasis is on exercise in a natural environment. Of course, the two types of pathway need not be mutually exclusive, as is clearly demonstrated by the Peachtree City path system. However, with respect to combating social exclusion through access to transport, it is the first kind of path, the ‘commuter routes’ that are required.

### Permutation – Do Both

#### Perm Do Both plan and alternative - Transportation Infrastructure accesses rethinking new methodologies of mobility - solves alt.

Keeling, Western Kentucky Geography and Geology Professor, 8

(David J. Keeling, Journal of Latin American Geography, Volume 7, Number 2, 2008 “Latin America’s Transportation Conundrum,” Project Muse BC)

As a telling example of this research lacunae, in an exceptional new book on transportation geographies that draws heavily on the new mobilities paradigm, research that addresses Latin American transportation is conspicuously absent (Knowles et al. 2008). From the more than 800 citations in the bibliography, not one reference directly addresses Latin American transportation! The majority of the case studies and their references comes from the developed world (Europe, North America, Australasia, parts of East Asia), with scant treatment of Sub-Saharan Africa, the Middle East, or the rest of Asia. This focus on the developed world comes as no surprise, given that these regions are well endowed with transportation infrastructure and provide fertile ground for testing new theories, paradigms, and methodologies. However, although Latin America is not well endowed with transport infrastructure, it certainly offers fertile ground for developing and testing theories and methodologies about accessibility and mobility, as Latin Americanist [End Page 134] geographers have demonstrated over the years in other subdisciplines.

### Alt Fails

#### Alt exacerbates socioeconomic polarization – only the plan solves

Keeling, Western Kentucky Geography and Geology Professor, 8

(David J. Keeling, Journal of Latin American Geography, Volume 7, Number 2, 2008 “Latin America’s Transportation Conundrum,” Project Muse BC)

Although the gap between the six highest GNI countries in Latin America and the six core economies has closed slightly since 1995, compared to 1974 data, the ratio still exceeds 6 to 1. Moreover, the ratio between the six weakest Latin American economies and the six strongest, as measured by GNI, nearly reached 25 to 1 in 2006, down from 30 to 1 in 1995, but almost double the nearly 12 to 1 ratio recorded in 1974. Transportation infrastructure deficits play a significant role in exacerbating this level of socioeconomic polarization. As Table 3 highlights, many of Latin America’s poorer countries are not well endowed with even basic road infrastructure. For example, less than ten percent of Nicaragua’s road network is considered “primary” and only one quarter of that percentage is considered in good condition. Even the stronger economies in the region suffer from poor quality road infrastructure; less than twenty five percent of Brazil’s national highway network is considered in good condition (Table 3). Overall, less than 30 percent of all roads in Latin America are paved, compared with 99 percent in European Union countries.

# Answers to Topicality

### Its

#### **The Bank would belong to the federal government**

Mallett et al, Specialist in Transportation Policy, 2011 (William, Steven Maguire, Specialist in Public Finance, and Kevin R. Kosar, Analyst in American National Government, 12-14-11, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” <http://www.fas.org/sgp/crs/misc/R42115.pdf>, p. 4, accessed 6-23-12, LH)

In keeping with recent history, several infrastructure bank bills are pending before the 112 th Congress. 18 The three primary infrastructure bank bills discussed here are S. 652, S. 936, and H.R. 402. Two, S. 652 and H.R. 402, would create a wholly owned federal government corporation. In contrast, S. 936 would create a “fund” within the Department of Transportation (see Table 1 for a brief summary of the legislation).

#### Normal means is that NIB is owned by the USFG.

Rohatyn, American investment banker, ’11

(Felix G., American investment banker known for his role in preventing the bankruptcy of New York City in the 1970s, former U.S. ambassador to France, Politico, “Time for a U.S. infrastructure bank,” 7/12/11, http://www.politico.com/news/stories/0711/58786.html, A.D. 6/26/12, JTF)

This national infrastructure bank should be owned by the federal government but not operated by it. In this, it would be similar to the World Bank and European Investment Bank. Funded with a capital base of $50 billion to $60 billion, the infrastructure bank would have the power to insure bonds of state and local governments, provide targeted and precise subsidies and issue its own 30-to-50-year bonds to finance itself with conservative 3:1 gearing.

**Programs such as the AIFA would be owned by the USFG**

Mallet, specialist in transportation policy, et al. 11

(William J.; Steven Maguire, specialist in public finance; Kevin R. Kosar, analyst in American national government; 12/14/2011 Congressional Research Service Report for Congress: “National Infrastructure Bank: Overview and Current Legislation,” <http://www.fas.org/sgp/crs/misc/R42115.pdf>, p. 5, accessed 6/23/12, GJV)

**The legislation would establish the American Infrastructure Financing Authority (AIFA), a wholly owned government corporation with a seven-member board of directors appointed by the President with the advice and consent of the Senate.** The President would select the board’s chairperson, and the board would appoint AIFA’s chief executive officer, who would be a nonvoting member of the board. The board could not have more than four members from the same political party. **AIFA would not be required to submit a budget to the President, and the chief executive officer would be compensated without regard to the general schedule applicable to other government employees (5 U.S.C. 51 and 53).**

### Transportation Infrastructure

#### We meet – it can only invest in transportation infrastructure

Long, Reuters, 11

(Cate, Reuters, 9-10-11, "The Infrastructure Privatization Bank," http://blogs.reuters.com/muniland/2011/09/10/the-infrastructure-privatization-bank/, accessed 6-26-12, CNM)

The AIFA legislation is very specific about the type of projects that can be funded:

 Highway or road

 Bridge

 Mass transit

 Inland waterways

 Commercial ports

 Airports

 Air traffic control systems

 Passenger rail, including high-speed rail

 Freight rail systems

### Investment

**The NIDB would meet their definition of investment**

Mallet, specialist in transportation policy, et al. 11

(William J.; Steven Maguire, specialist in public finance; Kevin R. Kosar, analyst in American national government; 12/14/2011 Congressional Research Service Report for Congress: “National Infrastructure Bank: Overview and Current Legislation,” <http://www.fas.org/sgp/crs/misc/R42115.pdf>, p. 10, accessed 6/23/12, GJV)

**The NIDB would help finance the construction, reconstruction, rehabilitation, replacement, or expansion of infrastructure. An infrastructure project would be defined as “any energy, environmental, telecommunications, or transportation infrastructure project” (see Table B-1). Assistance could be provided to states.** States are defined to include Puerto Rico, the District of Columbia and all of the territories (American Samoa, Guam, Commonwealth of the Northern Marianas, and the U.S. Virgin Islands). All projects would be subject to the Davis-Bacon Act wage requirements.