# Inherency

### TIFIA Solves

#### TIFIA increases solve the aff—make infrastructure projects easier to fund

Fay, Patch reporter, 6/30/12 (Sara, “Congress OKs Transportation Bill Expected to Speed Up L.A. Projects,” <http://echopark.patch.com/articles/congress-oks-transportation-bill-expected-to-speed-up-la-projects-8c422cc0>, Date Accessed: 7/1, JS)

Congress on Friday approved a two-year, $100 billion transportation bill that would help to expedite several major road and rail projects in the Los Angeles area. The bill, which now goes to President Obama to be signed into law, includes funding for the program known as America Fast Forward, which would speed up the Westside Subway Extension—the expansion of the Purple Line from downtown to Beverly Hills, Century City, Westwood and the Veterans Administration campus. The bill also increases funding for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program from $122 million per year to $750 million in 2013, and to $1 billion in 2014. TIFIA gives cities loans for transportation projects with low interest rates and flexibile terms. In conjunction with the extension of Measure R, the half-cent sales tax that will be on the ballot in November, the TIFIA program would help to expedite 12 transportation projects in the Los Angeles area over the next decade, Metro stated on its blog, The Source: ...A Measure R extension plus an expanded federal loan program known as TIFIA would make it possible to build the 12 Measure R transit projects in the next decade or so — instead of waiting until 2039. TIFIA loans could also add $3.7 billion in funding to the Measure R highway program, which is needed because many of the projects are only partially funded by Measure R. Los Angeles Mayor Antonio Villaraigosa, who traveled to Washington several times to lobby for the transportation bill, issued a statement applauding its passage: "After one extension after another, Congress finally came together and broke through the gridlock to pass the surface transportation bill. Importantly for Los Angeles, the bill includes America Fast Forward, the innovative, nationwide funding program that grew out of 30/10, our plan to accelerate 30 years worth of transit projects in 10 years.... The passage of America Fast Forward will mean more jobs for Angelenos and will give a significant boost to our plan to accelerate transit projects here in Los Angeles and realize our vision of a 21st century transportation network." The spending plan passed with rare bipartisan support. The U.S. House approved the compromise plan by a 373-52 vote. Twhe Senate voted 74-19 in favor of the bill, which also extended the federal gasoline tax through September 2014. Los Angeles County Metropolitan Transportation Authority Director of Federal Relations Raffi Hamparian said the agency would "move with dispatch'' to apply for up to $2 billion in loans to accelerate Metro transit and highway projects. The bill also includes $3.8 billion in so-called New Starts competitive grants that could be applied to Metro projects.

#### TIFIA solves

Wall Street Journal Market Watch 6/29/12 (“The U.S. Conference of Mayors Applauds Action On Renewal Of Nation's Transportation Law,” <http://www.marketwatch.com/story/the-us-conference-of-mayors-applauds-action-on-renewal-of-nations-transportation-law-2012-06-29>, Date Accessed: 7/1, JS)

"The passage of this transportation bill signals that Congress is still able to set aside partisan differences in order to invest in our nation's critical infrastructure. Mayors know first-hand the importance of streets, highways and bridges to economic opportunity. This bill will help ensure that our cities continue on the path of recovery and job creation."-- USCM Vice President Mesa (AZ) Mayor Scott Smith "Investing in infrastructure is vital for the long-term economic health and competitiveness of our nation. The approval today of the surface transportation renewal bill by Congress is a major step forward for the country. We must continue to put partisan differences aside and work together to ensure our roads and bridges are in good repair, both for now and the future." -- USCM Transportation Chair, Atlanta (GA) Mayor Kasim Reed "America Fast Forward is a path-breaking program that will dramatically accelerate transportation projects across the country. The Surface Transportation Bill will preserve 2 million jobs. With the inclusion of America Fast Forward, it will put close to an additional million Americans to work. Working in partnership with the US Conference of Mayors, we assembled a broad, bipartisan coalition, including nearly 200 mayors and both the AFL-CIO and the US Chamber of Commerce, to bring America Fast Forward to fruition. America Fast Forward expands an existing program - the Transportation Infrastructure Finance and Innovation Act (TIFIA) program - to give cities access to low-interest financing with flexible terms for their projects. With America Fast Forward in place, cities across America will be able to speed up the construction of locally funded road and rail projects and get our economy moving again." -- USCM Immediate Past President, Los Angeles (CA) Antonio Mayor Villaraigosa

#### TIFIA expansion solves the entire aff

Luray Page Free Press 7/1/12 (“Senate passes transportation bill,” <http://luraypagefreepress.com/2012/07/01/senate-passes-transportation-bill/>, Date Accessed: 7/1, JS)

With over 50% of U.S. roads in disrepair and over 70,000 structurally deficient bridges nationwide, this bill provides $120 billion over more than two years for much-needed investments in our failing infrastructure. Virginia will receive roughly $1.1 billion each of the next two years, representing a slight increase over previous years. The legislation provides certainty and continued funding for projects that have had to rely on nine consecutive short-term funding extensions since 2009. It delivers vital federal funding to allow VDOT to move forward on projects across the state such as I-581 interchange improvements in Roanoke, bridge and tunnel improvements in Hampton Roads, major rehabilitation work at the I-64/95 interchange in Richmond, and the Telegraph Road and I-495 interchange in Northern Virginia. “I am proud both parties and both chambers of Congress could come together to pass this legislation. This transportation legislation contains important reforms to accelerate project delivery while also giving states, localities and roadbuilders the predictability they need to hire and plan for the future,” Sen. Warner said. “Make no mistake: we still have a lot of work to do. America’s transportation infrastructure used to be the envy of the world. Not anymore.” Several of Sen. Warner’s specific priorities were included in the final language: MAP-21 will, for the first time, establish federal safety standards for transit systems nationwide. Provisions in the bill draw on legislation that Sen. Warner introduced earlier this Congress with Sens. Barbara Mikulski (D-MD), Ben Cardin (D-MD), Jim Webb (D-VA) and Patty Murray (D-WA) in response to the fatal 2009 Washington Metro accident. “This legislation will begin to address the troubling gaps in transit safety standards, oversight and enforcement highlighted by the deadly June 2009 Metro train collision,” Sen. Warner said. The surface transportation bill includes motorcoach safety legislation that Warner cosponsored along with Sens.Sherrod Brown (D-OH), Richard Blumenthal (D-CT), Kristen Gillibrand (D-NY), Kay Bailey Hutchison (R-TX), Frank Lautenberg (D-NJ), John Rockefeller (D-WV), Charles Schumer (D-NY), and Jim Webb (D-VA). These provisions will require common sense safety improvements, like seat belts and protection against fires, as well as additional safety training and registration requirements. “This legislation will place more focus on safety, and will make it harder for rogue, unsafe companies to operate,” Sen. Warner said. The legislation also authorizes $10 million for planning grants to allow localities to develop growth plans focused on transit-oriented development based on legislation recently introduced by Sens. Warner and Michael Bennet (D-CO). “With big projects like Rail to Dulles going in and localities across Virginia looking for smarter and more rational ways to manage growth, these planning grants should help us plan better over the long-term and better serve our commuters, residents and businesses,” Sen. Warner said Sen. Warner praised the House-Senate conference committee for removing language that could have placed restrictions on public-private partnerships. “Virginia has always been a leader in using new and innovative funding mechanisms to make much-needed transportation investments, and expanding TIFIA will do nothing but help us,” Sen. Warner said. “I am also proud to have fought successfully for the removal of provisions in previous versions of this legislation that would have placed burdensome restrictions on public-private partnerships, jeopardizing good projects like the I-95 HOT lanes.”

# Economy

## Uniqueness

### No Double-Dip ☺

#### No double-dip – expert consensus and data indicate growth will continue.

Sriram, Staffing Industry Analysts editorial director, 6/6/12

(Subadhra, The Staffing Industry, “Double Dip Recession? Probably Not,”, http://www.staffingindustry.com/Research-Publications/Blogs/Subadhra-Sriram-s-Blog/Double-Dip-Recession-Probably-Not, A.D. 6/29/12, JTF)

Europe is in a near stall and there is talk that the EU could break up. China is slowing down. And last month the U.S. economy barely squeaked out any job growth at all. Economic data is looking less sanguine. So is it time to batten down the hatches?

If you believe in the wisdom of crowds, the answer is: no. Intrade, a marketplace for the exchange of predictions, puts the odds of a U.S. recession in 2012 at just 20 percent. That’s up from a few months ago when it was 12 percent, but still low and well below December when it was 50 percent.

The ECRI Institute, the leading authority on business cycles, is still hinting at recession, but with less enthusiasm than they had last year. The broad data just doesn’t support a recession prediction right now.

The Institute for Supply Management’s Purchasing Manager’s Manufacturing Index is still in expansion mode signifying that the manufacturing economy is growing. Likewise, the Purchasing Manager Non-Manufacturing Index is also in expansion mode. Unemployment claims are choppy, yes, but inching downwards. And although GDP growth is still tepid, it’s widespread—almost every state in the union is now seeing at least some growth.

#### No double-dip.

The Tribune 6/9 (Tribune staff report, citing Christopher Thornberg, founding partner with Beacon Economics, ,” The Tribune, “Will we double-dip? One expert says no, 6/9/12, http://www.sanluisobispo.com/2012/06/08/2098132/will-we-double-dip-one-expert.html#storylink=cpy, A.D. 6/29/12, JTF)

Though fears have surfaced recently among some economists that the U.S. economy is headed toward a double-dip recession, the founding partner with Los Angeles-based Beacon Economics told 270 local business executives this week that won’t happen.

“Am I still optimistic?” asked Christopher Thornberg. “Yes, maybe battered, bruised and semi-encouraged, but still optimistic.’’ The United States’ public sector is still weak, the nation lags behind from a long-term perspective, and there are some real, “if low-probability,’’ risks that the economy will worsen, he said.

But labor markets and income continue to improve; consumer spending, trade and business investment are solid; interest rates are still great; and credit and housing markets are on the mend, he added.

#### No double-dip.

Miller, Bloomberg News, ’12 (Rich, reporter for Bloomberg News, “No Double-Dip Deja Vu Seen For U.S. Economy,” Bloomberg News, April 16, 2012, http://www.bloomberg.com/news/2012-04-15/no-double-dip-deja-vu-seen-for-u-s-economy.html, A.D. 6/29/12, JTF)

The U.S. looks unlikely to suffer the same sort of swoon this year as the one in 2011: Household, bank and company balance sheets are stronger, and the shocks hitting the economy so far are weaker, with retail sales rising more than forecast as gasoline prices show signs of slipping from an early-year increase.

Consumer-loan delinquencies fell across the board in the fourth quarter, the first time that’s happened in eight years, according to the American Bankers Association in Washington. Banks have reduced leverage, with financial-institution debt as share of the economy at its lowest level in a decade. And corporations are flush with cash: The ratio of liquid assets to short-term liabilities is the highest since 1954, based on data compiled by the Federal Reserve.

“It feels eerily similar to last year, but fundamentally it’s quite different,” said Joseph LaVorgna, chief U.S. economist for Deutsche Bank Securities in New York. He sees the economy growing 3 percent in the fourth quarter from a year earlier, compared with 1.6 percent in 2011.

#### No double-dip – economic momentum.

Miller, Bloomberg News, ’12 (Rich, reporter for Bloomberg News, “No Double-Dip Deja Vu Seen For U.S. Economy,” Bloomberg News, April 16, 2012, http://www.bloomberg.com/news/2012-04-15/no-double-dip-deja-vu-seen-for-u-s-economy.html, A.D. 6/29/12, JTF)

“We have much better momentum this year than we did last year,” said Chris Varvares, senior managing director of Macroeconomic Advisers LLC. “We’re a year further along in terms of improvement in lending terms and household balance sheets.”

The St. Louis-based company last week raised its forecast for first-quarter growth to 3.1 percent from 2.6 percent, following news of a smaller-than-expected trade deficit in February. Gross domestic product increased by an annualized 0.4 percent in the first three months of 2011.

“The recovery may be finally establishing a somewhat firmer footing,” Federal Reserve Bank of New York President William C. Dudley told business leaders in Syracuse, New York, on April 12. Even so, “it is still too soon to conclude that we are out of the woods, as underlined by the March labor-market release,” he added.

## AT: Infrastructure Boosts Economy

### No Economic Solvency

#### **NIB doesn’t solve the economy – deficit spending and cost overruns**

Goff & Boccia, Heritage Foundation research associates, 12

(Emily and Romina, “Infrastructure Spending Would Not Create Jobs, Revive Economy,” February 28, 2012, <http://www.heritage.org/research/reports/2012/02/president-obamas-2013-budget-delivers-tax-hikes-more-spending-more-debt>, Date Accessed: 6/29, JS)

When it comes to infrastructure spending, the President is once again using the term “investment” as a synonym for “spending.” The billions of dollars the President wants to “invest” in infrastructure in his FY 2013 budget would do little to spur job creation in America. Neither would his proposal to establish a national infrastructure bank aid economic revival.

The President’s “job-creating infrastructure investments,” or spending on the transportation budget, cover $50 billion to “jumpstart” transportation projects in 2012, and a six-year, $476 billion proposal for surface-transportation projects, including high-speed rail. This would amount to a $135 billion increase in spending, which the President proposes to pay for with phony war savings. As taxpayers painfully learned during the past few years, stimulus spending does manage to rack up deficits and debt, but it does little to grow the economy and create jobs. Ditto infrastructure “investing.”

After reviewing a series of studies on the relationship between infrastructure spending and economic activity, former Heritage Foundation analyst Ronald Utt concluded that any impact of increased infrastructure spending on jobs would be modest and delayed. An influential study commissioned by the U.S. Department of Transportation suggesting that $1 billion of federal highway spending would produce the equivalent of 47,576 jobs for one year should be viewed with caution. As Utt explained:

Regardless of how the federal government raised the additional $1 billion, it would shift resources from one part of the economy to another, in this case to road building. The only way that $1 billion of new highway spending can create 47,576 new jobs is if the $1 billion appears out of nowhere as if it were manna from heaven.[13]

Moreover, Utt also explained why an infrastructure bank is not truly a bank, but another means of using taxpayer dollars to fund transportation projects:

[T]he common meaning of a “bank” describes a financial intermediary that borrows money at one interest rate and lends it to credit-worthy borrowers at a somewhat higher interest rate…the Obama proposal is not a bank, and it relies entirely on congressional appropriations—thus, on deficit finance and taxpayer bailouts. (emphasis in original)[14]

A more productive policy would be creating public–private partnerships to address infrastructure needs as a step in the right direction. These partnerships amount to a non-tax means of financing transportation projects, focusing on private-sector involvement and user fees where possible.

The President also proposes spending $47 billion over six years, plus $6 billion in 2012, to fund the development of high-speed rail and other pas­senger-rail programs. High-speed rail is a costly form of transportation, and it is afflicted with lower-than-expected ridership rates, rising ticket prices, and exorbitant government subsidies. Other countries’ experiences with high-speed rail systems—such as Japan’s, the U.K.’s, and France’s—should serve as a lesson to the United States. Domestically, California is an example of how the costs for high-speed rail projects often surpass original projections and further burden taxpayers, who are already struggling with a weakened economy and increasing budget deficits.

More infrastructure spending is not the way to get the economy back to running at full speed. Increased government spending only diverts resources from the more efficient private sector to the public sector and fails to deliver the jobs its supporters claim it will. Americans would simply get more spending and more debt.

### Spending Bad – Debt Accumulation

#### Globalization means deficit spending destroys the global economy.

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. 3-4, http://relooney.fatcow.com/0\_New\_6304.pdf, A.D. 6/27/12, JTF)

First, economic policy can no longer be taken one country at a time. Global cooperation now matters. Greenspan was in fact tricked by globalization. He thought that as long as inflation remained low, he could – and indeed should – spur credit expansion to the hilt, the better to maximize economic growth (and his repeated appointment as Fed Chairman). Yet in a globalized economy, the US overheating didn’t show up in the CPI, but instead mainly as a massive trade deficit with Europe and Asia. (The credit boom also showed up in soaring housing prices, which are not properly treated in the US CPI). China, notably, was happy to provide on credit all of the goods that the US demanded and that the Fed policy encouraged. The CPI simply doesn’t register the imbalance of an open economy importing heavily from the rest of the world. Now, to rebalance the world economy, it’s clear that the US must cut back on foreign borrowing while China and others must spur their own domestic demand. Global macroeconomic cooperation is needed to smooth this short-run transition and to avoid future mega-imbalances.

#### Normal means for infrastructure is borrowing from China.

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. 4, http://relooney.fatcow.com/0\_New\_6304.pdf, A.D. 6/27/12, JTF)

Third, the stimulus tools of standard macroeconomics are spent. Interest rates are near zero but debt-ridden, unemployed, and frightened households can no longer pick up the pace. Keynesians urge even greater budget deficits, though the $1.4 trillion hole in fiscal year 2009 must give pause. The federal budget gap is now so large that the deficit has itself become a major source of anxiety and uncertainty. Another tax cut would be more likely to frighten than stimulate the economy. Anybody who adds across budget columns will realize that the federal budget is at the breaking point, and needs higher rather than lower tax revenues. The Federal Government collects a mere 18 percent of GNP in revenues, which are fully swallowed up by spending on health and retirement, the military, and interest payments on the debt. The rest of government, including infrastructure, science, education, climate, energy, poverty reduction, and public administration, is financed by borrowing, with China the largest creditor.

### Spending Bad – Crowds Out Private Investment

#### Deficit spending crowds out private investments.

Foster, Ph.D. in economics, ’12

(J.D. Foster, Ph.D. in economics, Norman B. Ture Senior Fellow in the Economics of Fiscal Policy at The Heritage Foundation, before the Heritage Foundation, he was Associate Director for Economic Policy at the White House's Office of Management and Budget, “WaPo Admitting Keynesian Stimulus Failed?,” The Foundry, 3/6/12, http://blog.heritage.org/2012/03/06/wapo-admitting-keynesian-stimulus-failed/, A.D. 6/27/12, JTF)

The central failing—the essential fiscal alchemy of Keynesian stimulus—is the belief that government can increase total spending in the economy by borrowing and spending. What Keynesians ignore is that we have financial markets whose job in good times and bad is first and foremost to shift funds from savers to investors, from those who have money they do not wish to spend today to those who have a need to borrow to spend as much as they’d like, whether on new business equipment, a home, or a car.

There are no vast sums of “excess funds” just sitting around in bank tellers’ drawers waiting for government to borrow and spend them. Government borrowing means less money available to the private sector to spend. So government deficit spending goes up, and dollar-for-dollar private spending goes down. America’s resources are generally speaking spent less wisely, and the federal debt is unequivocally higher.

#### Infrastructure must be invested in a fiscally responsible way in order to reap the long term economic benefits - may crowd out private investment

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.6-7, accessed 6/29/12 MLF)

One problem is that the effect of infrastructure on economic growth is uncertain in magnitude, even though that effect is clearly important. Infrastructure makes possible the transportation of goods and ideas across town and across the world; it brings water to houses and businesses and takes waste away; it provides heat and light; and it makes communication beyond shouting distance possible. However, the key question for public policy is not the benefits of our infrastructure as a whole, but the benefits of additional spending on infrastructure. This “marginal rate of return,” as economists call it, measures how much each additional dollar spent on infrastructure contributes to economic growth. Unfortunately, estimating the marginal return to infrastructure is challenging and analysts disagree on the result. Recent research confirms that new infrastructure raises economic growth, but it points to a lower rate of return than some earlier work (CBO 2007). Moreover, public investment must be financed in a fiscally responsible way or, depending on the circumstances, it might crowd out private investment that would also contribute to economic growth, thereby reducing the net benefit of public action (CBO 1998). With large budget deficits looming, the need to balance competing national priorities and to use scarce resources wisely is especially acute. 1

#### Crowds out other investments.

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. 12, http://www.fas.org/sgp/crs/misc/R42115.pdf, A.D. 6/24/12, JTF)

Whether this would lead to an increase in the total amount of capital devoted to infrastructure investment is unclear. One purported advantage of certain types of infrastructure banks is access to private capital, such as pension funds and international investors. These entities, which are generally not subject to U.S. taxes, may be uninterested in purchasing the tax-exempt bonds that are traditionally a major source of project finance, but might be willing to make equity or debt investments in infrastructure in cooperation with a national infrastructure bank. If this shift were to occur, however, it could be to the detriment of existing investment, as the additional investment in infrastructure may be drawn from a relatively fixed amount of available investment funds.

#### Not Good For Growth

Gregory, Forbes Economics Writer, 11

(Paul Roderick Gregory, 6-25-2011, Forbes, “Why We Don’t Need an Infrastructure bank? Japan is Why”, <http://www.forbes.com/sites/paulroderickgregory/2011/08/21/why-we-dont-need-an-infrastructure-bank-japan-is-why/>, accessed 6-29, KR)

A state infrastructure bank will be at the core of President Obama’s “jobs program” that he plans to unveil after his vacation. He will argue we desperately need a new government entity to repair our crumbling infrastructure and create jobs. The president will spin seductive images of high speed trains, highways without traffic jams, and clockwork subways in every city. With an infrastructure bank, the sky is the limit. He will roll out respected moderate Republicans and even the Chamber of Commerce to vouch for his bank. He will explain that his miserly opponents, like the kooky Tea Party, favor collapsing bridges, traffic jams, and the loss of international competitiveness. Past generations gave us the interstate highway system and the Hoover Dam. What will we leave behind, he will ask? Under normal circumstances, the president could sell his infrastructure bank (It only costs $30 billion at the start). But 2010 and the Tea Party will make it a tough sell even to “reasonable” Republicans. A president who preaches internationalism must look to the experiences of other countries. Japan is a mega model for state infrastructure banks. Its Japanese Postal Bank (JPB), with its 25,000 branches, is the world’s largest bank. JPB attracts about one out of every three yen of household savings. It is the world’s largest holder of personal savings with household deposits of some $3.3 trillion. Japan has the JPB. It also has high speed trains. The model looks like a good fit for us. Right? It so happens that JPN is also the world’s largest political slush fund. Politicians at all levels direct its funds to voters, constituents, friends, and relatives for infrastructure, construction, and business loans. They basically use it to buy votes, curry favor, and get rich. They waste depositor money for political gain. If there are losses, we have enough reserves to cover them. The result: Japan’s economy has one of the world’s highest investment rates and one of the world’s slowest growth rates. Rates of return on invested capital are only a small fraction of that in the U.S. Over time, we get moderate to high rates of growth from a small amount of capital. Japan gets zero or slow growth from huge amounts of capital. Japanese politicians understand what is going on, but they like JPN’s business as usual. Japan’s best prime minister of recent history, Junichiro Koizumi, ran on a platform of privatizing JPN. With its huge depositor base, private investors salivated over the prospect of buying it up. Koizumi understood that private owners would use JPN for economic gain, and Japan could restart economic growth. Koizumi risked a special parliamentary election to push JPN’s privatization, and in October 2005 parliament passed a bill to privatize JPN by 2007. 2007 came and went. Koizumi retired his popularity intact. It is now 2011. JPB is still owned by the government! Koizumi’s successors blocked JPN privatization, warning of closures of post offices and job losses, but they really did not want to lose their slush fund. As the current Financial Services Minister says: “When the borrower is in trouble, we will grant them a reprieve on their loans. That is the natural thing to do,” In other words, a politician/bureaucrat decides who gets loans, who repays, and who is forgiven. This power brings in votes, bribes, and other shenanigans, but it is only “business as usual.” Of course, this would not happen in the United States with a state infrastructure bank. As John Kerry assures us: “The bank will finance economically viable projects without political influence.” Anyone who believes this would be a good candidate to buy the Brooklyn Bridge.

### AT: Empirics

#### **Infrastructure investments aren’t always beneficial- don’t trust empirics**

Department of the Treasury with the Council of Economic Advisors, 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. 8-9, accessed 6-24-12, LH)

Not surprisingly, the literature suggests that the economic benefits from various infrastructure projects vary widely. 11,12 Moreover, even if previous infrastructure investments had economic benefits, it is not clear that policymakers should expect the same rate of return for subsequent infrastructure investments. This is especially true when one considers the network effects that are associated with the creation of original transportation networks. We must continue to take advantage of new investment opportunities made available by technological progress and be mindful of the fact that at some point, there are diminishing returns from further investments in a particular area. As Fernald observed, “Building an interstate network might be very productive; building a second network may not.”

### No Returns Until 2017

#### Doesn't solve the economy – no returns until 2017

Utt, Heritage Foundation senior research fellow, 11

(Ronald, Ph.D., Herbert and Joyce Morgan Senior Research Fellow at the Heritage Foundation, 9/30/11, "Obama’s Peculiar Obsession with Infrastructure Banks Will Not Aid Economic Revival," http://www.heritage.org/research/reports/2011/08/using-infrastructure-banks-to-spur-economic-recovery, accessed 6-26-12, CNM)

The President’s ongoing obsession with an infrastructure bank as a source of salvation from the economic crisis at hand is—to be polite about it—a dangerous distraction and a waste of his time. It is also a proposal that has consistently been rejected by bipartisan majorities in the House and Senate transportation and appropriations committees, and for good reason. Based on the ARRA’s dismal and remarkably untimely performance, Obama’s infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity—a prospect woefully at odds with the economic challenges confronting the nation.

#### Spending money on transportation doesn’t solve the economy – no consensus on returns

De-Rugy, George Mason University Mercatus Center senior research fellow, 11

(Veronique, Ph.D., is a senior research fellow at the Mercatus Center at George Mason University and an adjunct scholar at Cato Institute, 9-8-11, National Review, “Why infrastructure Spending is a Bad Bet,” <http://www.nationalreview.com/corner/276636/why-infrastructure-spending-bad-bet-veronique-de-rugy>, Accessed: 6/29/12, LPS)

No one disputes that American public works **need improving, and economists have long recognized the value of infrastructure. Roads, bridges, airports, and canals are the conduits through which goods are exchanged. However, whatever its merits, infrastructure spending is unlikely to provide much of a stimulus — and it certainly won’t provide the boost that the president will promise** the American people tonight. For one thing, even though Mark Zandi claims that the bang for the buck is significant when the government spends $1 on infrastructure ($1.44 in growth), that’s just his opinion. **The reality is that economists are far from having reached a consensus on what the actual return on infrastructure spending is.** As economists Eric Leeper, Todd Walker, and Shu-Chum Yang put it in a [recent paper for the IMF](http://www.imf.org/external/pubs/ft/wp/2010/wp10229.pdf): “Economists have offered an embarrassingly wide range of estimated multipliers.” Among respected economists, some find larger multipliers and some find negative ones. (Thanks Matt Mitchell for this great paper).

### No Consensus on Returns

#### Spending money on transportation doesn’t solve the economy – no consensus on returns

De-Rugy, George Mason University Mercatus Center senior research fellow, 11

(Veronique, Ph.D., is a senior research fellow at the Mercatus Center at George Mason University and an adjunct scholar at Cato Institute, 9-8-11, National Review, “Why infrastructure Spending is a Bad Bet,” <http://www.nationalreview.com/corner/276636/why-infrastructure-spending-bad-bet-veronique-de-rugy>, Accessed: 6/29/12, LPS)

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### Lack of Demand

#### No solvency – lack of demand

De-Rugy, George Mason University Mercatus Center senior research fellow, 11

(Veronique, Ph.D., is a senior research fellow at the Mercatus Center at George Mason University and an adjunct scholar at Cato Institute, 9-8-11, National Review, “Why infrastructure Spending is a Bad Bet,” <http://www.nationalreview.com/corner/276636/why-infrastructure-spending-bad-bet-veronique-de-rugy>, Accessed: 6/29/12, LPS)

We know that the stimulus money wasn’t targeted toward the areas that were hit the most by the recession, but even if the funding were targeted, it still might not be stimulative. First, the same [level of job poaching](http://online.wsj.com/article/SB10001424053111904716604576544500632493510.html?mod=WSJ_Opinion_LEADTop) from existing jobs would have happened; construction workers tend to be highly specialized, and skilled workers rarely suffer from high unemployment. Many of the areas that were hardest hit by the recession are in decline because they have been producing goods and services that are not, and will never be, in great demand. The overall value added by improving their roads is probably a lot less than that of new infrastructure in growing areas that might have relatively little unemployment but do have great demand for more roads, schools, and other types of long-term infrastructure.

### Long Implementation

#### No solvency – implementation of stimulus funds takes too long

De-Rugy, George Mason University Mercatus Center senior research fellow, 11

(Veronique, Ph.D., is a senior research fellow at the Mercatus Center at George Mason University and an adjunct scholar at Cato Institute, 9-8-11, National Review, “Why infrastructure Spending is a Bad Bet,” <http://www.nationalreview.com/corner/276636/why-infrastructure-spending-bad-bet-veronique-de-rugy>, Accessed: 6/29/12, LPS)

Second, according to Keynesian economists, for spending to be stimulative, it has to be timely, targeted, and temporary. Infrastructure spending isn’t any of that. That’s because infrastructure projects involve planning, bidding, contracting, construction, and evaluation. Only $28 billion of the $45 billion in DOT money included in the stimulus has been spent so far.

#### Stimulus and NIB only create more deficit spending with no long-term benefits

Brownfield, The Heritage Foundation Assistant Director of Strategic Communications, 11

(Mike, September 6, 2011, American Heritage Foundation, “Big Government Raising?” <http://blog.heritage.org/2011/09/06/morning-bell-big-government-rising/print>, Accessed: 6/29/12, LPS)

It’s no surprise that the left favors more government spending–after all, it’s the core of their philosophy. **Yet for months we have heard President Obama give lip service to cuts in spending, largely** in response to the political shift that conservatives and the Tea Party revolution ushered into Washington last November. But with the President’s jobs speech on Thursday, Americans may see Obama “go bold” and propose a return to big government. In his [speech to labor unions in Detroit yesterday](http://www.whitehouse.gov/the-press-office/2011/09/05/remarks-president-detroit-labor-day-event) [6], President **Obama gave a preview of what “bold” means to him: more infrastructure spending*.* The trouble is that the President tried this approach before in his stimulus plan, and it just didn’t work. The stimulus included $48.1 billion for transportation infrastructure, but the funded projects have been very slow to get underway and have had a minuscule impact on economic activity.**

### Plan is a Drop in the Bucket

#### No solvency – Plan is a drop in the bucket

Poole, Reason Foundation director of transportation, 09

(Robert, Reason Foundation, 2-3-09, "A National Infrastructure Bank? Proposed bank can fill a niche, but current proposal needs to be refocused," http://reason.org/news/show/a-national-infrastructure-bank, accessed 6-26-12, CNM)

Projects would be selected by the NIB's board on the basis of "national or regional significance," with the amount of federal investment determined on a "sliding scale" based on the type of infrastructure, location, project cost, current and projected usage, non-federal revenue, promotion of economic growth and community development, reduction in congestion, environmental benefits, and land-use policies that promote smart growth."

My initial reaction to this proposal is "Huh?" There's no question that this country has not been investing enough in either rebuilding and modernizing existing infrastructure or adding much-needed new capacity. But is a new federal entity of this sort a sensible response?

One clue that this is mostly smoke and mirrors is the paltry $60 billion amount. With estimates of infrastructure funding shortfalls at or above a trillion dollars, this seems like the proverbial drop in the bucket.

### No Long-term Solvency

#### No long term gain – transportation infrastructure is only a short-term fix

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)

Transportation policy can have significant and lasting impacts on overall economic growth by promoting improved productivity, which in turn creates higher-paying jobs across the entire economy. But, in the short term, construction jobs and expenditures on steel and concrete are actually economic costs rather than benefits unless they contribute to long-term economic productivity. Proposals to invest money in surface transportation for the primary purpose of job creation present the nation with the serious risk that we will quickly build projects that will not necessarily grow the economy. There is no reason to believe that spending money on transportation projects creates more jobs in the short run than would spending money in other important economic sectors, like education and health care. We must also judge the social value of those projects in terms of their longer-term impacts on economic efficiency. If we rush to spend money in the hope that we can literally dig our way out of recession, well-intended spending on transportation for the purposes of job creation could fund investments that, in many cases, cost the economy far more in the longer term than they help it in the short term.

#### No solvency – won’t stimulate employment or 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)

The perceived need to create jobs has spurred the Obama Administration and Congress to authorize $35 billion in general fund transfers to the Highway Trust Fund and an additional $27 billion through the American Recovery and Reinvestment Act (ARRA) to increase transportation spending. This means that the nation has increased its growing deficits to finance transportation projects in the hope of producing jobs in the short run, even though much of that spending could fail to contribute to longer-term economic growth. Moreover, in the past, spending on other worthy transportation projects to increase long-term economic productivity has proven to be too slow in getting started to alleviate unemployment in the short term. Thus, it is likely that some new spending will not be successful either at stimulating short-term employment or at creating long-term economic growth. Simply equating any transportation investment with jobs and gains for the economy cannot remain a sound basis for public policy. America needs to do a better job of systematically evaluating alternative investments so that we increase the returns from what are increasingly scarce funds available for transportation.

## AT: Stimulus

### Plan Not Successful Stimulus

#### The Bank doesn’t result in an increase of jobs or successful stimulus – pet projects

Yost 11 Columnist The Tech

(Keith Yost, September 20, 2011, MIT newspaper, “Opinion: No national infrastructure investment bank: Infrastructure investment is a state responsibility,” <http://tech.mit.edu/V131/N38/yost.html> accessed 6/25/12 BC)

Last week, President Obama unveiled a $447 billion spending plan. Notice I say “spending plan,” rather than “stimulus plan” or “jobs plan,” because there is a difference. None of the plan’s components, which consist of roughly $250 billion in payroll tax cuts, $60 billion in unemployment insurance, and $140 billion to fund infrastructure (most of it going to a national infrastructure investment bank), can be considered significantly stimulative, and without stimulus, we’re unlikely to see many new jobs.

The plan’s unemployment benefits and tax cuts are largely extensions of existing measures — our economic situation would be much worse if the cuts and benefits were allowed to expire, but these half-measures are not going to push us out of our current, miserable trajectory. And the infrastructure bank promises very little spending in the short term; it’s not an institution tasked with finding shovel-ready, stimulative projects, even if such things existed. This is quite plainly a spending plan in which Obama has tied a pet project that he thinks deserves money (the infrastructure bank) to something that Republicans find fairly unobjectionable.

#### TimeFrame for stimulus is minimum 3 years – to long to solve economy

Brown Executive Director California Construction Trucking Association 11

(Lee Brown, September 16, 2011 “A National Infrastructure Bank — Do We Need It & Would It Help?,” [http://www.cdtoa.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help accessed 6-26-12](http://www.cdtoa.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help%20accessed%206-26-12) BC)

Some, however, are questioning whether the creation of a national infrastructure bank would provide the kind of immediate stimulus the nation needs and the President wants from the jobs plan. “An I-Bank will not create any jobs on day 1; it probably won’t create jobs on day 365,” Janet Kavinoky of the U.S. Chamber of Commerce said recently. “In my view it could take 3 years.”

Ron Utt of the Heritage Foundation, a conservative think tank, concurs, “Obama’s infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity—a prospect woefully at odds with the economic challenges confronting the nation.”

#### **Highway Stimulus not key Growth**

Ellis, Financial Consultant , 11

(John,7-12-11, *Business Insider*,“The problem with Obamas National Infrastructure Bank”, ,http://articles.businessinsider.com/2011-07-12/politics/30008222\_1\_chinese-steel-national-infrastructure-bank-bridges#ixzz1z0vCadhx, accessed 6-28-12, JC)

The idea of stimulus incorporated in the standard economic models is that it will create demand for goods and services produced in America and thereby drive investment in new factories and jobs to produce more of those goods and services. The difficulty is that we do not want to stimulate a lot more construction or finance (those were the bubbles that collapsed after all), and greater stimulus to create demand for things we largely import does not drive new investment or creation of new jobs in America. It only increases our debt. What is needed is not just demand in the American economy, but demand that results in domestic production and that does not increase domestic or international debt.

#### NIB only results in more negative deficit spending

Brownfield, The Heritage Foundation Assistant Director of Strategic Communications, 11

(Mike, September 6, 2011, American Heritage Foundation, “Big Government Raising?” <http://blog.heritage.org/2011/09/06/morning-bell-big-government-rising/print>, Accessed: 6/29/12, LPS)

Both the infrastructure bank and the President’s plan for funding schools have common denominators: increased spending and the expansion of government. But he’s tried that before–in tandem with new regulations–with the only result being more deficit spending**,** businesses sitting on the sidelines waiting for certainty from the government, and an economy that produced no new jobs in August. And now, as 14 million unemployed Americans wait for the hope and change they were promised, they’re getting more of the same from their President and politicians on the left: a movement toward bigger government that will only make matters worse.

### Stimulus Fails - Debt Undermines Growth

#### No solvency – deficit spending accumulates debt, ensuring climate of economic uncertainty

Foster, Heritage Foundation Economics of Fiscal Policy senior fellow, 11

(JD, PhD in economics from Georgetown and the Norman B. Ture Senior Fellow in the Economics of Fiscal Policy at The Heritage Foundation, 2-16-11, “Why the Demand Side Stimulus Failed,” The Heritage Foundation, http://www.heritage.org/research/testimony/2011/02/why-the-demand-side-stimulus-failed, accessed 6/27/12, JS)

My name is J.D. Foster. I am the Norman B. Ture Senior Fellow in the Economics of Fiscal Policy at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation. At best, stimulus efforts based on government spending and tax cuts with little or no incentive effects have done no harm. At best. It is quite possible most of these efforts over the past couple of years have slowed the recovery while adding hundreds of billions of dollars to the national debt. The record is all the more unfortunate because it is possible for a President and Congress to work together to stimulate the economy to faster growth during and after a recession. They can do so by improving incentives to produce and to work: for example, by reducing regulations and tax distortions. They can do so by reducing the uncertainties surrounding future policy. They can do so by expanding foreign markets for domestic goods and services. Recent efforts to stimulate the economy have been unsuccessful because they did little or none of these things. Regulations have increased. Uncertainty has increased. Tax distortions have been left in place or even increased in some areas. And efforts toward free trade have been anemic, at best. Stimulus can work, but it has not worked because the Administration took another approach, emphasizing tax relief with little or no incentive effects combined with massive increases in spending. The President inherited a ballooning budget deficit and opted to grow it further. At best, this would be expected to be ineffectual. At best, because the resulting increased deficits infused economic decision-making with even more uncertainty about the consequences of massive deficit spending and how and when government will act to restore fiscal sanity. Fortunately, the economy is showing clear signs of sustained recovery; uneven recovery to be sure, stronger in some areas than others both geographically and by industry, but recovery nonetheless. Despite the tremendous blows from the financial crisis and all that it entailed, the underlying strengths of our free market system once again are at work, giving expression to the vitality, energy, and innovation of the American people. Make no mistake: Our economy is recovering despite—not because of—the actions taken in Washington to grow it. Signs of Taking the Wrong Road The heart of the Administration’s approach to stimulus is the equivalent of fiscal alchemy. Alchemy, “the art of transmuting metals,” refers specifically to turning base metals like lead into gold. Fiscal alchemy is the attempt to turn government deficit spending—whenever, wherever, and on whatever—into jobs. Regarding near-term stimulus, it is not a matter of how wisely or foolishly the money is spent. It is not a matter of how quickly or slowly the money is spent. It is not a matter of whether some is saved or not—any more than the phase of the moon or adding a bit more wolfsbane or a stronger electric current enhances the prospects for lead to become the substance of an alchemist’s dreams. The basic theory of demand-side stimulus is beguilingly simple. The theory observes that the economy is under performing and total demand is too low, and thus total supply needed to meet that demand is too low. It would appear obvious enough, then, that a solution is to increase demand by deficit spending and rising supply will naturally follow. The net of government spending over tax revenues adds to total demand. Increase the deficit and you increase demand, supply naturally follows, and voila: the economy is stronger and employment is up. One wonders then why government should not simply increase spending much, much more and create instant full employment. Why, indeed. The answer, as is now obvious, is that this policy does not work for the simple reason that government must somehow fund this additional spending, and it does so by borrowing. Suppose you take a dollar from your right pocket and transfer it to your left pocket. Do you have a new dollar to spend? Of course not. Or suppose you pour a bucket of water into a bathtub. You would expect the level of the water to rise. But where did the water in the bucket come from? It came from dipping it into the bathtub. You may make a splash, but when the water settles, in terms of the water level nothing will have changed. An increase in government borrowing to finance an increase in deficit spending produces one of two ensuing events, either of which (or in combination) leaves total demand unchanged. First, the increase in government borrowing can mean a reduction in the amount of saving available for private consumption and private investment. Government demand goes up, private demand goes down, total demand is unchanged. Alternatively, the increase in government borrowing may be financed not by reducing private borrowing but by an increase in net inflows of foreign saving—either a reduction in the gross outflows of U.S. saving or an increase in the gross inflows of foreign-sourced saving. Total demand remains unaffected, however, because the balance of payments still balances, and so the increase in net inflows of saving is matched by an increase in the net inflows of goods and services—the increase in the trade deficit offsets the increase in deficit spending. Underlying this simple confusion surrounding demand-side stimulus is that the theory ignores the existence of a well-developed financial system, the job of which fundamentally is to direct private saving into private consumption, private investment, or government deficit spending. Even in the past few years, when the financial system has worked poorly in the sense that institutions have failed, markets struggled, and the direction of investment dollars has been less than stellar, the markets still managed to take every dollar of saving and direct it toward a borrower willing to take it and use it. Demand-side theory presumes the existence of financial markets, as government must rely on those markets to issue debt to finance deficit spending, but then ignores that absent the additional government borrowing, markets would have directed the saving to other purposes, which would have added to total demand in the same amount. These economic relationships are analogous to the law of conservation of energy, which says that energy can be neither created nor destroyed in a closed system, but can only be transformed from one state to another. If we exclude the possibility of cross-border capital flows, then the closed system is the domestic economy and the energy conserved is the amount of saving available. If we allow for the possibility of cross-border capital flows, then the closed system is the global economy and the energy conserved is the amount of domestic saving augmented or diminished by the second closed system of the balance of payments. You Could Be a Demand-Sider If… There are some tell-tale signs that one has intentionally or inadvertently fallen prey to demand-side stimulus alchemy. One such sign arises when one engages in discussions about multipliers. The multiplier principle is simple enough—if government deficit spending rises by a dollar, does total demand rise by more than a dollar? Make no mistake. One must first accept the possibility that government deficit spending can boost total demand before one embarks on an empirical investigation of multipliers. First, one must believe that lead can be turned into gold to investigate the advantages of incantations over potions. Another tell-tale sign is references to whether amounts are saved or spent. For example, one argument in favor of direct spending over broad-based tax relief is that every dollar of spending is spent, whereas some portions of a tax cut are saved, and the higher the income of the tax cut recipient, the more from a tax cut is likely to be saved. A related example is the argument that the additional cash income from extending the Unemployment Insurance program for the long-term unemployed is highly likely to be spent virtually in toto, suggesting that such a policy is particularly efficacious stimulus. Whether the monies resulting from deficit spending are saved or spent matters not a whit to the immediate level of economic activity. If these monies are spent, then private demand must fall by the amount borrowed. If the monies are saved, then government debt is higher and private saving is higher, yet total demand is again unmoved. One of the original motivations for the demand-side theory of fiscal stimulus was the observation that private saving might be parked in unproductive locations. We hear echoes of this today when, for example, the President refers to the need for private companies to employ their enormous cash hoards to increase investment and employment. For example, during the Great Depression many citizens took to stashing their saving around the house as faith in the security of private financial institutions crumbled. They would bury it in a coffee can in the back yard, or perhaps sew twenty-dollar bills into the lining of a suit. Clearly, in these cases, the saving has been withdrawn from the financial system and so total demand as commonly measured fell. However, this cautious financial behavior lends no support for increased deficit spending. There is nothing about a government going deeper into debt that is going to instill such confidence in a coffee can-based saver as to entice that person to disinter his or her cash just to make it available to the government. Unless the saving has been withdrawn entirely and held in cash, it remains part of the financial system, and banks and other financial institutions are lending those monies to someone else to use. Companies today with large cash hoards are choosing not to invest these monies themselves in expanded productive capacity; however they are not locking them in the Chief Financial Officer’s office safe, either. These corporate savings are deposited with and deployed by the financial system. Why Are Demand-Siders Not Quaking? The Congressional Budget Office recently released its analysis of the near- and intermediate-term budget picture showing a budget deficit for 2011 of almost $1.5 trillion or 9.8 percent of our economy.[1] However, under the CBO forecast based on current law, the deficit drops dramatically to 7 percent of our economy by 2012 and it drops a similar amount as a share of the economy by 2013. The Administration’s Mid-Session Review released last July showed a similar pattern.[2] (This testimony was written prior to the release of the President’s Fiscal Year 2012 Budget, which presumably will show the same general pattern. In light of these forecasts, if the Administration and other demand-side stimulus proponents believed their own theory they would today be concerned to the point of apoplexy. Rather than forecasting reasonably good growth for 2011 and 2012, they would be forecasting a growth recession at best, and more likely a return to recessionary conditions. The measure of the amount of demand-side stimulus is whether the deficit is rising or falling relative to the size of the economy. From 2008 to 2009, the ratio of the deficit to Gross Domestic Product (GDP) rose from 3.2 percent to 9.9 percent. This 6.7 percent massive dose of fiscal stimulus represented the largest deficit burst since 1942. It was half again as large as the next biggest dose in the post-war era—a 4.4 percentage point burst in 1949. If demand-side stimulus worked, the economy’s growth today should be China-esque. On the flip side, a 5.5 percentage point drop in the deficit-to-GDP ratio from 9.8 percent in 2011 to 4.3 percent in 2013, as CBO forecasts, should raise loud alarms amongst demand-side supporters. If demand-side deficit-soaring stimulus works to boost the economy, then a rapidly shrinking deficit should undercut the economy. Yet, no such concern is in evidence. Instead, the Administration forecasts a steady improvement in output and employment. The Administration apparently no longer believes in demand-side stimulus. To be clear, a rapid decline in the budget deficit through a combination of strong spending restraint and revenue recovery through economic growth is exactly what the nation needs today. The point, in the current context, is merely that demand-side supporters apparently expect as little downward effect from the rapid drop in the deficit’s share of our economy as we saw stimulative pressures when the deficit began its historic ascent. The Fall, Rise, and Fall of Demand-Side Stimulus It was not that long ago that demand-side stimulus was generally understood to be ineffective. After a couple decades of unsuccessful attempts at fiscal fine-tuning in the 1950s through the 1970s, not just in the United States but around the world, a reluctant consensus for abandoning these policies developed. For some reason, this consensus fell apart during the recession President George W. Bush inherited from President Clinton. While Bush emphasized the importance of rate reductions, it also became acceptable again to talk about “putting money in people’s pockets so they could spend.” Demand-side stimulus was back, and as ineffective as ever as we learned in 2001 and 2002. The demand-siders remained ascendant as President Obama took office and as yet another recession unfolded. Facing a choice of cutting tax rates à la first President Reagan in 1981 and then Bush in 2001 and 2003, or returning to the deficit spending policies of the early post-war period, Obama and his congressional allies naturally chose not to emulate their ideological opponents. They chose to increase mightily an already rapidly growing spending bulge and budget deficit. If ever this policy was going to work, this was it. It failed. That demand-side stimulus has again failed is increasingly obvious even to those who advanced the policy, some reluctantly, some with gusto. It is safe to predict that many of those who remained silent in opposition will soon come out and say they opposed this policy all along. It is even safe to predict that some of the loudest proponents will recant in some future year, likely asserting in all seriousness and hoping no one will check, that they knew all along that the President’s demand-side stimulus policy was doomed. It matters far less that these voices will still have currency in certain quarters than that, for awhile at least, demand-side stimulus policies will again be tabled as effective only in growing the national debt. Stimulus That Would Have Helped There is much the last Congress could have done to stimulate the economy. A simple example is that Congress might have acted quickly, rather than waiting until the last minute, to extend the Bush tax cuts through 2012. The uncertainty surrounding tax policy slowed the recovery. The Congress could have resisted the temptation to tinker. For example, it could have resisted the temptation of the first-time homebuyer’s credit, which on balance slowed the recovery in the housing sector by first confusing and then slowing the price discovery process. To be sure, home sales at first increased, and then collapsed, and in the meanwhile housing markets had a powerful new source of market noise to filter out as they searched for proper price levels. The Congress and the President could have halted the storm of new regulations and threatened regulations, beginning but not limited to Obamacare. According to estimates by my colleague James Gattuso, the cost of the federal regulatory burden now tops $1 trillion—before Obamacare.[3] Above all, Congress could have focused its fiscal policies on the sources of recovery and growth, rather than give in to the perennial delight of increasing spending on politically favored causes. One example among many is that the Congress could have cut the corporate income tax rate from 35 percent to 25 percent for a decade for about the same deficit impact as all the so-called fiscal stimulus. President Obama acknowledged in his State of the Union address that the corporate tax rate is too high. Had he acknowledged this two years ago and pressed for a reduction at that time, many more fellow citizens would today have gainful employment. Because the budget deficit today is so enormous, the nation’s policy options aside from halting or reversing the regulatory onslaught are severely limited, confined essentially to expanding free trade and cutting spending deeply to restore fiscal balance. Near-term efforts to cut non-security discretionary spending are essential, but must be seen as but the first step in a steady march against government spending, including reforming the major entitlement programs to stabilize these programs and to stabilize government spending. The best Congress and the President can do now in terms of fiscal policy is to get the nation’s fiscal house in order by cutting spending, repeatedly.

#### Debt accumulation raises prices and guts the bond market

Melloan, Wall Street Journal Deputy Editor, 11

(George, former columnist and deputy editor of the Wall Street Journal editorial page, “Obama's Perplexing Populism Inflation hits lower-income people especially hard. So why is the president ignoring rising food prices?” 11-4-11,Wall Street Journal, <http://online.wsj.com/article/SB10001424052970203687504577004172017166002.html>, accessed 6-27-12, JS)

Barack Obama spends much of his time these days running for re-election, campaigning as a populist, bashing millionaires and extolling the Occupy Wall Street movement. Although "populist" means different things to different people, the Oxford American dictionary says it describes a politician who seeks to represent the interests of ordinary people. So how does the president measure up as a true populist? Not well. Food prices are an important component of the living expenses of ordinary people, especially the elderly or families struggling to make ends meet. Last week the U.S. Department of Agriculture forecast that food prices will rise by 3.5%-4.5% this year, the sharpest year-to-year increase since 1978. (That year, by the way, was prelude to 1979-80 double-digit inflation, when prices at one point in 1980 were soaring at nearly 15% annually.) Commodity futures prices for animal feed staples like corn and soybeans are riding high. Oil and gold blipped upward again last week after a hiatus that followed the end of the QE2 monetary stimulus. Overall, dollar inflation is approaching an uncomfortable 4% annually. So what else is happening? The economy picked up a little steam in the third quarter, growing at an annual rate of 2.5% on the strength of higher consumer spending and business investment. But personal disposable income, inflation adjusted, dropped 1.7%, the first decline since the 2009 recession. The personal savings rate fell back to the recession level, a meager 4.1% of personal income. Why should anyone save, when money-market accounts yield only a skimpy half a percentage point? What we have here looks like the early stages of stagflation. The Fed is financing the $1.2 trillion public deficit, currently 42% of the federal budget, and refinancing maturing debt. That usually injects new money into the economy, with the potential to lower the value of dollars and as a result, raise prices. Monetizing government debt has been a prescription for inflation since time immemorial. Chad Crowe The economy is growing just enough to possibly tap into the enormous excess of bank reserves—now about $1.5 trillion—that the Federal Reserve created with new money in 2009 out of fear of a liquidity crisis. A prime rate of only 3.25% is very tempting to business borrowers if they can get loans, which probably accounts for the third-quarter uptick in business investment in machinery. Lending from excess reserves, in essence, is a delayed release of new money into the economy. None of this is happening by accident. It is a result of policies set by the president and Congress and implemented by the Federal Reserve. Contrary to the myth of "independence," the Fed responds to the pressures from elected officials. It is following a deliberately inflationary policy in an effort to pump up asset prices and dilute the cost of financing a profligate government. Not much of this is good for the ordinary guy. In fact, if prices continue their rise—as is likely—it could be devastating to household balance sheets. Inflation is a tax that hits lower-income people especially hard. And it is especially insidious because politicians invariably blame it on "greedy capitalists" rather than accept the responsibility themselves. The kids picketing Wall Street believe this stuff. The combination of inflation and today's high rate of unemployment and underemployment—the so-called "misery index"—worsens the effect. Are there any pluses to this policy? Well, if inflation spreads from commodities to assets, it might eventually serve the Fed's goal of raising more home prices above water, thereby reducing the number of home foreclosures. But will the ordinary middle-income family be able to save enough for a down payment on a home with an inflated price tag? Corporate stocks, also an asset, spiked upward from news of improved economic growth last week. They may be getting some lift from the Fed's inflationary policies. That could have some benefit for ordinary people in that struggling pension funds would become more liquid and better able to meet their defined benefit obligations. But sustained inflation is not good for stocks. It erodes the capital assets of corporations as the cost for replacing and upgrading plant and machinery rises faster than depreciation allowances. Corporations and state and local government entities trying to raise money from bond issues see the debt market dry up as investors become unwilling to accept the long-term risk of being repaid in devalued dollars. More stagnation is the result. Giving stocks an artificial boost is mainly a policy that serves those millionaires and billionaires the president rails at as he targets them for higher taxes. Warren Buffett and George Soros will make another billion. It does little for Joe Six-Pack other than perhaps saving his pension if he retires soon enough. As Mr. Obama flies from speech to speech at taxpayer expense in his fuel-guzzling Boeing 747, he may well have little understanding of how much his campaign rhetoric rings false in light of the economic realities he as president had an important role in creating. He probably thinks it's still 2008 and he is still campaigning on a platform of "hope and change." But it's 2011 and **the president's economic policies have been a disaster**. The auguries for the future are not looking good. He is unlikely to change policies; it would be very difficult to do so with the federal fisc in such a mess. So his chosen solution is populist rhetoric. As the old saying goes, that won't put food on the table.

### Stimulus Fails – Empirically

#### Stimulus fails – history proves, and additional debt accumulation risks turning the US into Greece

Becker, Nobel Laureate in economics and University of Chicago Economics professor, 11

(Gary, 1992 Nobel economics laureate, is professor of economics at the University of Chicago and senior fellow at the Hoover Institution, 9-2-11, Wall Street Journal, “The Great Recession and Government Failure When comparing the performance of markets to government, markets look pretty darn good,” <http://online.wsj.com/article/SB10001424053111904199404576536930606933332.html>, accessed 6-27-12, JS)

The origins of the financial crisis and the Great Recession are widely attributed to "market failure." This refers primarily to the bad loans and excessive risks taken on by banks in the quest to expand their profits. The "Chicago School of Economics" came under sustained attacks from the media and the academy for its analysis of the efficacy of competitive markets. Capitalism itself as a way to organize an economy was widely criticized and said to be in need of radical alteration. Although many banks did perform poorly, government behavior also contributed to and prolonged the crisis. The Federal Reserve kept interest rates artificially low in the years leading up to the crisis. Fannie Mae and Freddie Mac, two quasi-government institutions, used strong backing from influential members of Congress to encourage irresponsible mortgages that required little down payment, as well as low interest rates for households with poor credit and low and erratic incomes. Regulators who could have reined in banks instead became cheerleaders for the banks. This recession might well have been a deep one even with good government policies, but "government failure" added greatly to its length and severity, including its continuation to the present. In the U.S., these government actions include an almost $1 trillion in federal spending that was supposed to stimulate the economy. Leading government economists, backed up by essentially no evidence, argued that this spending would stimulate the economy by enough to reduce unemployment rates to under 8%. Such predictions have been so far off the mark as to be embarrassing. Although definitive studies are not yet available about the stimulus package's overall effects on the American economy, most everyone agrees that it was badly designed and executed. What the stimulus did produce is a sizable expansion of the federal deficit and debt. The misdiagnosis of widespread market failure led congressional leaders, after the 2008 election, to propose radical changes in financial institutions and, more generally, much wider regulation and government control of companies and consumer behavior. They proposed higher taxes on upper-income families and businesses, and extensive controls over executive pay, as they bashed "billionaire" businessmen with private planes and expensive lifestyles. These political leaders wanted to reformulate antitrust policies away from efficiency, slow the movement by the U.S. toward freer trade, add many additional regulations in the medical-care sector, levy big taxes on energy emissions, and cut opportunities to drill for oil and other fossil fuels. Congress did manage to pass badly designed laws concerning financial markets, consumer protection and medical care. Although regulatory discretion failed leading up to the crisis, Congress nevertheless added to the number and diversity of federal regulations as well as to the discretion of regulators. These laws and the continuing calls for additional regulations and taxes have broadened the uncertainty about the economic environment facing businesses and consumers. This uncertainty decreased the incentives to invest in long-lived producer and consumer goods. Particularly discouraged was the creation of small businesses, which are a major source of new hires. The expansion of government resulting from the stimulus and other government programs contributed to rising deficits and growing public debt just when the U.S. faced the prospect of big increases in future debt due to built-in commitments to raise government spending on entitlements. Social Security, Medicaid and Medicare already account for about 40% of total federal government spending, and this share will grow rapidly during the next couple of decades unless major reforms are adopted. A reasonably well-functioning government would try to sharply curtail the expected growth in entitlements, but such reform is not part of the budget deal between Congress and President Obama that led to a higher debt ceiling. Nor, given the looming 2012 elections, is such reform likely to be addressed seriously by the congressional panel set up to produce further reductions in federal spending. It is a commentary on the extent of government failure that despite the improvements during the past few decades in the mental and physical health of older men and women, no political agreement seems possible on delaying access to Medicare beyond age 65. No means testing (as in Rep. Paul Ryan's budget roadmap) will be introduced to determine eligibility for full Medicare benefits, and most Social Security benefits will continue to start for individuals at age 65 or younger. In a nutshell, there is little political will to reduce spending on entitlements by limiting them mainly to persons in need. Enlarge Image David Klein State and local governments also greatly increased their spending as tax revenues rolled in during the good economic times that preceded the collapse in 2008. This spending included extensive commitments to deferred benefits that could not be easily reduced after the recession hit, especially pensions and health-care benefits to retired government workers. Unless states like California and Illinois, and cities like Chicago, take drastic steps to reduce their deferred spending, their problems will multiply as this spending grows over time. A few newly elected governors, such as Scott Walker in Wisconsin, have pushed through reforms to curtail the power of unionized state employees. But most other governors have been afraid to take on the unions and their political supporters. Numerous examples illustrate government failure in other countries as well. Highly publicized are the troubles facing Greece, Portugal, Ireland, Italy and Spain that are mainly due to the growth in spending and debt of their governments prior to the 2008 crisis. Perhaps the governments of these countries, and the banks that bought their debt, expected Germany and other rich members of the European Union to bail them out if they got into trouble. Whatever the explanation, the reckless behavior by these governments will greatly harm businesses and consumers in their countries along with taxpayers of countries coming to their rescue. The traditional case for private competitive markets goes back to Adam Smith (and even earlier writers). It is mainly based on abundant evidence that most of the time competitive markets work quite well, usually much better than government alternatives. The main reason is not that individuals in the private sector are intrinsically better than government bureaucrats and politicians, but rather that competitive pressures discipline market behavior much more effectively than government actions. The lesson is that it is crucial to consider whether government regulations and laws are likely to improve rather than worsen the performance of private markets. In an article "Competition and Democracy" published more than 50 years ago, I said "monopoly and other imperfections are at least as important, and perhaps substantially more so, in the political sector as in the marketplace. . . . Does the existence of market imperfections justify government intervention? The answer would be no, if the imperfections in government behavior were greater than those in the market." The widespread demand after the financial crisis for radical modifications to capitalism typically paid little attention to whether in fact proposed government substitutes would do better, rather than worse, than markets. Government regulations and laws are obviously essential to any well-functioning economy. Still, when the performance of markets is compared systematically to government alternatives, markets usually come out looking pretty darn good.

#### Continued deficit spending turns the U.S. into “another Greece”- Further revenue spending leads to economic collapse

Gardiner, political commentator, 5-16-12

(Gardiner Nile Gardiner- Washington-based foreign affairs analyst and political commentator, “Why Greece’s economic collapse is a nightmare for Barack Obama,” The Telegraph, 2012 <http://blogs.telegraph.co.uk/news/nilegardiner/100158147/why-greeces-economic-collapse-is-a-nightmare-for-barack-obama/Accessed>: 6/29/12, LPS)

**As Greece teeters on the brink of economic collapse,** and Athens heads for an inevitable exit from the Euro, **the White House is watching nervously.** The Greek calamity is having a distinctly unsettling effect on US markets, and stocks could fall heavily on Wall Street as well as London, Paris, Frankfurt, Milan and Madrid as economic uncertainty mounts across the Eurozone. **It will also hurt the fragile economic recovery in the United States,** with unemployment still stuck firmly above 8 percent for a record 39th month in a row, a housing market still in the doldrums, and anemic levels of job creation. **70 percent of Americans** [**still believe**](http://www.huffingtonpost.com/2010/07/14/70-percent-of-americans-s_n_645665.html) **the US is in recession, an impression that won’t be helped by the economic crisis across the Atlantic.** But perhaps most damagingly for the Obama presidency, the debt crisis in Greece and across much of the EU is a sharp reminder to US voters of America’s own economic mess, which has been greatly exacerbated by the big government policies of the current administration. **Economic freedom in the US has been** [**declining significantly**](http://www.heritage.org/index/country/unitedstates) **over the past few years, propelled by excessive levels of government intervention, spending and borrowing, with the largest budget deficits since World War Two.** America’s national debt now stands at a staggering $15 trillion, and gross public debt surpassed 100 percent of GDP in 2011. And with the introduction of Obamacare, which is expected to add [$1.6 trillion to net federal spending](http://www.nationalreview.com/blogs/print/296052) over the next decade according to George Mason University’s Mercatus Center, the federal budget deficit will [grow by more than $340 billion](http://www.nationalreview.com/blogs/print/296052) over the same period on the present trajectory.The dire situation in Greece is a stark warning for the United States if it continues down its current path of profligate spending. The debt and broader economic crisis in Europe is merely the shape of things to come for America unless it reverses course. The Obama presidency has been in denial regarding the extent of the economic crisis, continuing to push the same failing big government solutions both at home and abroad in a self-defeating effort to revive economic growth.

#### Continued deficit spending will lead to Eurozone-like economy collapse

Gardiner, political commentator, 5-16-12

(Gardiner Nile Gardiner- Washington-based foreign affairs analyst and political commentator, “Why Greece’s economic collapse is a nightmare for Barack Obama,” The Telegraph, 2012 <http://blogs.telegraph.co.uk/news/nilegardiner/100158147/why-greeces-economic-collapse-is-a-nightmare-for-barack-obama/Accessed>: 6/29/12, LPS)

As the Eurozone heads for the abyss, wedded to the same damaging policies that threaten to bring the United States to its knees, **Americans will be sharply reminded of President Obama’s own big government agenda, and his administration’s addiction to squandering other people’s money**. The Greek tragedy is a nightmare for Barack Obama, because it holds a mirror to his own presidency’s mounting debt crisis, against a backdrop of the biggest rise in federal spending in US history. With good reason, the unfolding drama in Europe is a mounting liability for the American president.

### Stimulus Fail – No Longterm Solvency

#### Stimulus doesn’t solve long term- net drag on the economy

Dinan, Washington Times, 11

(Stephen, Washington Times, 11-22-11, “CBO: Stimulus Hurts Economy in the Long Run,” <http://www.washingtontimes.com/news/2011/nov/22/cbo-stimulus-hurts-economy-long-run/?page=2>, Accessed: 6/29/12, LPS)

**The** [**Congressional Budget Office**](http://www.washingtontimes.com/topics/congressional-budget-office/) **on Tuesday downgraded its estimate of the benefits of President Obama’s 2009 stimulus package, saying it may have sustained as few as 700,000 jobs at its peak last year and that over the long run it will actually be a net drag on the economy.** [**CBO**](http://www.washingtontimes.com/topics/congressional-budget-office/) **said that while the Recovery Act boosted the economy in the short run, the extra debt that the stimulus piled up “crowds out” private investment and “will reduce output slightly in the long run** — by between 0 and 0.2 percent after 2016.” The analysis confirms what [CBO](http://www.washingtontimes.com/topics/congressional-budget-office/) predicted before the stimulus passed in February 2009, though the top-end decline of two-tenths of a percent is actually deeper than the agency predicted back then. All told, the stimulus did boost jobs and the economy in the short run, according to [CBO](http://www.washingtontimes.com/topics/congressional-budget-office/)’s models.

#### No theoretical or empirical support for Keynesian stimulus

Barro, Harvard Professor of Economics, 11

(Robert, PhD in economics from Harvard, Paul M. Warburg Professor of Economics at Harvard and a fellow at Stanford University’s Hoover Institution, “Keynesian Economics vs. Regular Economics,” 8-24-11, Wall Street Journal, <http://online.wsj.com/article/SB10001424053111903596904576516412073445854.html>, accessed 6-27-12, JS)

Keynesian economics—the go-to theory for those who like government at the controls of the economy—is in the forefront of the ongoing debate on fiscal-stimulus packages. For example, in true Keynesian spirit, Agriculture Secretary Tom Vilsack said recently that food stamps were an "economic stimulus" and that "every dollar of benefits generates $1.84 in the economy in terms of economic activity." Many observers may see how this idea—that one can magically get back more than one puts in—conflicts with what I will call "regular economics." What few know is that there is no meaningful theoretical or empirical support for the Keynesian position. The overall prediction from regular economics is that an expansion of transfers, such as food stamps, decreases employment and, hence, gross domestic product (GDP). In regular economics, the central ideas involve incentives as the drivers of economic activity. Additional transfers to people with earnings below designated levels motivate less work effort by reducing the reward from working. In addition, the financing of a transfer program requires more taxes—today or in the future in the case of deficit financing. These added levies likely further reduce work effort—in this instance by taxpayers expected to finance the transfer—and also lower investment because the return after taxes is diminished. This result does not mean that food stamps and other transfers are necessarily bad ideas in the world of regular economics. But there is an acknowledged trade-off: Greater provision of social insurance and redistribution of income reduces the overall GDP pie. Yet Keynesian economics argues that incentives and other forces in regular economics are overwhelmed, at least in recessions, by effects involving "aggregate demand." Recipients of food stamps use their transfers to consume more. Compared to this urge, the negative effects on consumption and investment by taxpayers are viewed as weaker in magnitude, particularly when the transfers are deficit-financed. Thus, the aggregate demand for goods rises, and businesses respond by selling more goods and then by raising production and employment. The additional wage and profit income leads to further expansions of demand and, hence, to more production and employment. As per Mr. Vilsack, the administration believes that the cumulative effect is a multiplier around two. If valid, this result would be truly miraculous. The recipients of food stamps get, say, $1 billion but they are not the only ones who benefit. Another $1 billion appears that can make the rest of society better off. Unlike the trade-off in regular economics, that extra $1 billion is the ultimate free lunch. How can it be right? Where was the market failure that allowed the government to improve things just by borrowing money and giving it to people? Keynes, in his "General Theory" (1936), was not so good at explaining why this worked, and subsequent generations of Keynesian economists (including my own youthful efforts) have not been more successful. Theorizing aside, Keynesian policy conclusions, such as the wisdom of additional stimulus geared to money transfers, should come down to empirical evidence. And there is zero evidence that deficit-financed transfers raise GDP and employment—not to mention evidence for a multiplier of two. Gathering evidence is challenging. In the data, transfers are higher than normal during recessions but mainly because of the automatic increases in welfare programs, such as food stamps and unemployment benefits. To figure out the economic effects of transfers one needs "experiments" in which the government changes transfers in an unusual way—while other factors stay the same—but these events are rare. Ironically, the administration created one informative data point by dramatically raising unemployment insurance eligibility to 99 weeks in 2009—a much bigger expansion than in previous recessions. Interestingly, the fraction of the unemployed who are long term (more than 26 weeks) has jumped since 2009—to over 44% today, whereas the previous peak had been only 26% during the 1982-83 recession. This pattern suggests that the dramatically longer unemployment-insurance eligibility period adversely affected the labor market. All we need now to get reliable estimates are a hundred more of these experiments. The administration found the evidence it wanted—multipliers around two—by consulting some large-scale macro-econometric models, which substitute assumptions for identification. These models were undoubtedly the source of Mr. Vilsack's claim that a dollar more of food stamps led to an extra $1.84 of GDP. This multiplier is nonsense, but one has to admire the precision in the number. There are two ways to view Keynesian stimulus through transfer programs. It's either a divine miracle—where one gets back more than one puts in—or else it's the macroeconomic equivalent of bloodletting. Obviously, I lean toward the latter position, but I am still hoping for more empirical evidence.

#### Their models ignore fundamental economic truths

Meltzer, Carnegie Mellon Political Economy Professor, 11

(Allan, PhD from UCLA, American economist and professor of Political Economy at Carnegie Mellon University's Tepper School of Business in Pittsburgh, Pennsylvania. He is the author of dozens of academic papers and books on monetary policy and the Federal Reserve Bank, and is considered one of the world's foremost experts on the development and applications of monetary policy. He is currently at work on Volume II of his History of the Federal Reserve Bank, which covers the years since the Federal Reserve accord in 1951 to the present day, “Four Reasons Keynesians Keep Getting It Wrong,” 10-28-11, Wall Street Journal, http://online.wsj.com/article/SB10001424052970204777904576651532721267002.html, accessed 6-27-11, JS)

Those who heaped high praise on Keynesian policies have grown silent as government spending has failed to bring an economic recovery. Except for a few diehards who want still more government spending, and those who make the unverifiable claim that the economy would have collapsed without it, most now recognize that more than a trillion dollars of spending by the Bush and Obama administrations has left the economy in a slump and unemployment hovering above 9%. Why is the economic response to increased government spending so different from the response predicted by Keynesian models? What is missing from the models that makes their forecasts so inaccurate? Those should be the questions asked by both proponents and opponents of more government spending. Allow me to suggest four major omissions from Keynesian models: First, big increases in spending and government deficits raise the prospect of future tax increases. Many people understand that increased spending must be paid for sooner or later. Meanwhile, President Obama makes certain that many more will reach that conclusion by continuing to demand permanent tax increases. His demands are a deterrent for those who do most of the saving and investing. Concern over future tax rates is one of the main reasons for heightened uncertainty and reduced confidence. Potential investors hold cash and wait. Second, most of the government spending programs redistribute income from workers to the unemployed. This, Keynesians argue, increases the welfare of many hurt by the recession. What their models ignore, however, is the reduced productivity that follows a shift of resources toward redistribution and away from productive investment. Keynesian theory argues that each dollar of government spending has a larger effect on output than a dollar of tax reduction. But in reality the reverse has proven true. Permanent tax reduction generates more expansion than increased government spending of the same dollars. I believe that the resulting difference in productivity is a main reason for the difference in results. Enlarge Image Corbis Third, Keynesian models totally ignore the negative effects of the stream of costly new regulations that pour out of the Obama bureaucracy. Who can guess the size of the cost increases required by these programs? ObamaCare is not the only source of this uncertainty, though it makes a large contribution. We also have an excessively eager group of environmental regulators, protectors of labor unions, and financial regulators. Their decisions raise future costs and increase uncertainty. How can a corporate staff hope to estimate future return on new investment when tax rates and costs are unknowable? Holding cash and waiting for less uncertainty is the principal response. Thus, the recession drags on. Fourth, U.S. fiscal and monetary policies are mainly directed at getting a near-term result. The estimated cost of new jobs in President Obama's latest jobs bill is at least $200,000 per job, based on administration estimates of the number of jobs and their cost. How can that appeal to the taxpayers who will pay those costs? Once the subsidies end, the jobs disappear—but the bonds that financed them remain and must be serviced. These medium and long-term effects are ignored in Keynesian models. Perhaps that's why estimates of the additional spending generated by Keynesian stimulus—the "multiplier effect"—have failed to live up to expectations. The Federal Reserve, too, has long been overly concerned about the next quarter, never more than in the current downturn. Fears of a double-dip recession, fanned by Wall Street, have led to continued easing and seemingly endless near-zero interest rates. Here, too, uncertainty abounds. When will the Fed tell us how and when it is going to sell more than $1 trillion of mortgage-related securities? Will Fannie Mae, for example, have to buy them to hold down mortgage interest rates? By now even the Fed should understand that we do not have a liquidity shortage. It has done more than enough by adding excess reserves beyond any reasonable amount. Instead of more short-term tinkering, it's time for a coherent program to start gradually reducing excess reserves. Clearly, a more effective economic policy would aim at restoring the long-term growth rate by reducing uncertainty and restoring investor and consumer confidence. Here are four proposals to help get us there: First, Congress and the administration should agree on a 10-year program of government spending cuts to reduce the deficit. The Ryan and Simpson-Bowles budget proposals are a constructive start. (Note to Republican presidential candidates: Permanent tax reduction can only be achieved by reducing government spending.) Second, reduce corporate tax rates and expense capital investment by closing loopholes. Third, announce a five-year moratorium on new regulations. Fourth, adopt an enforceable 0%-2% inflation target to allay fears of future high inflation. Now that the Keynesian euphoria has again faded, perhaps this administration—or more likely the next—will recognize the reasons for the failure and stop asking for more of the same.

#### No real support for their models—they only ever work in classrooms

Van Cott, Ball State Economics Professor, 11

(T. Norman, PhD and professor of economics at Ball State University, “How Do You Do the Voodoo of the Spending Multiplier”, 11-2-11, Wall Street Journal, <http://online.wsj.com/article/SB10001424052970204528204577010452908134604.html>, accessed 6-27-12, JS)

Kudos to Allan Meltzer for detailing the failings of current Keynesian policy making ("Four Reasons Keynesians Keep Getting It Wrong," op-ed, Oct. 28). The Keynesian well is even more polluted than Mr. Meltzer suggests, however. As a professor of economics for more than 40 years, I have witnessed successive generations of U.S. college students being force-fed Keynesianism out of multiple editions of textbooks, Paul Samuelson's "Economics" being the most noted. Particularly egregious is something labeled "the balanced budget multiplier." To wit, an equal increase in government expenditures and taxes leads to an increase in national output equal to the additional government expenditures and taxes. Mr. Samuelson, et al., gives the notion a scientific aura by packaging it in equations and graphs. Economic surrealism? You bet. Note that national output and taxes rising by the same amount means producers' after-tax incomes are unchanged. How or why would producers produce more for no increase in after-tax income? Hint: They won't. Never mind the smoke screen of graphs and equations. Many current policy makers no doubt had to regurgitate this and other Keynesian nonsense to succeed in their college classrooms. Unfortunately, it's now spilling over into public policy, absent, of course, any pretense at budget balance.

#### Nobel laureates flow neg—Keynesian changes distort people’s expectations and can’t benefit the macro-economy

Henderson, Naval Postgraduate School Economics Professor, 11

(David, PhD in Economics, economics professor at the Naval Postgraduate School and a research fellow at Stanford's Hoover Institution, is editor of The Concise Encyclopedia of Economics, “A Nobel for Non-Keynesians,” 10-11-11, Wall Street Journal, <http://online.wsj.com/article/SB10001424052970203633104576623121273216758.html>, accessed 6-27-12, JS)

People's expectations about government policy make it difficult for officials to affect the economy in the ways they intend to. On Monday the Nobel Committee announced the winners of the 2011 Nobel Prize in economics: Thomas J. Sargent of New York University and Stanford University's Hoover Institution, and Christopher A. Sims of Princeton University. The award was given for "their empirical research on cause and effect in the macroeconomy." The Swedish economists announcing the award emphasized, correctly, the importance of Messrs. Sargent's and Sims's thinking about the role people's expectations play in economic decision making and the larger economy. But what they failed to mention is that their work has also offered empirical evidence that the school of thought known as Keynesian economics—which believes that government can turn a flagging economy around with the right combination of fiscal "stimulus" (generally government spending) and monetary policy—is fallible. Mr. Sargent was an early and important contributor to the "rational expectations" revolution in macroeconomics, an area for which his sometime collaborator, Robert E. Lucas Jr., won the Nobel Prize in 1995. One of Mr. Sargent's key early contributions, along with University of Minnesota economist Neil Wallace, was the idea that people's expectations about government fiscal and monetary policy make it difficult for government officials to affect the economy in the ways they intend to. If, for example, people get used to the Federal Reserve increasing the money supply when unemployment rises, they will expect higher inflation and will adjust their wage demands higher also. The result: The lower unemployment rate that the Fed was trying to achieve with looser monetary policy won't happen. This conclusion was at odds with the Keynesian model, which dominated economic thinking from the late 1930s to the early 1970s. The Keynesian model posited a stable trade-off between inflation and unemployment. In 1970, major U.S. econometric models, built on Keynesian assumptions, predicted that the government could get the unemployment rate down to 4% if it accepted an increase in inflation to 4%. In a 1977 article titled "Is Keynesian Economics a Dead End?" Mr. Sargent wrote, "[I]nstead of 4-4, in the mid-1970s we got 9-9, a very improbable occurrence if econometric models of 1969 had been correct." In his later work, Mr. Sargent explored expectations in other contexts. An important one is the issue of how a government can end high inflation. Mr. Sargent studied four countries that had hyperinflation in the early 1920s—Germany, Austria, Hungary and Poland. All used inflation to finance high government deficits. They all succeeded in eliminating hyperinflation, but to do so they had to be credible. Of course, they got rid of their old currencies and started new ones. But they also had to affect people's expectations by committing to substantially lower budget deficits. All four governments did. Although the Nobel committee did not cite his work on unemployment insurance, Mr. Sargent, with Swedish economist Lars Ljungqvist, found that high, long-lasting unemployment benefits in Europe have caused many European workers who lose their jobs to stay unemployed for years and, thereby, erode their "human capital." This makes them less employable in the long run. The fact that the U.S. government has extended unemployment benefits in many U.S. states to 99 weeks, said Mr. Sargent in a 2010 interview with the Federal Reserve Bank of Minneapolis, "fills me with dread." The work of Christopher Sims also undercut the large-scale Keynesian econometric models. His work is more technical than Mr. Sargent's but just as consequential. As the George Mason University economist Tyler Cowen wrote on his "Marginal Revolution" blog, "Think of Sims as an economist who found the traditional Keynesian methods 'just not good enough' and who worked hard to improve them. He brought a lot more rigor into empirical macro and he helped define a school of thought at the University of Minnesota. . . . I think of Sims's work as more defined by a method than by any set of conclusions." Mr. Sims's big contribution was to use a statistical tool, the vector autoregression (VAR), to model the macroeconomy and make macro forecasts. Why did Mr. Sims choose that approach? Because, he wrote in a path-breaking 1980 article, the standard macroeconometric models rested on "incredible" assumptions. He could avoid stacking the deck by basing predictions of future variables on their own past values, on the past values of other variables, and on what economists call "exogenous shocks." Mr. Sims does, of course, think beyond pure technique, and his research is always punctilious and often portentous. In 1999, for example, he suggested that the fiscal foundations of the European Union were "precarious" and that a fiscal crisis in one country "would likely breed contagion effects in other countries." Both Messrs. Sargent and Sims are worthy Nobel recipients, for among other things putting a sizable chink in the Keynesians' armor.

#### Their cards are based in the Great Depression and WRONG

Cole, Penn Professor of Economics and Ohanian, UCLA Economics Professor 11

(Harold and Lee, PhD and Professor of Economics at the University of Pennsylania, PhD and Professor of Economics at UCLA, senior fellow at Stanford University’s Hoover Institution, “Stimulus and the Depression: The Untold Story,” 9-26-11, Wall Street Journal, <http://online.wsj.com/article/SB10001424053111904787404576532141884735626.html>, accessed 6-27-12, JS)

About one-half of President Obama's proposed $447 billion American Jobs Act consists of payroll tax holidays designed to boost spending and increase hiring. But these temporary policies will do little to jump-start the economy, much as earlier temporary economic Band-Aids, such as the 2009 stimulus, did little to improve the economy. Proponents justify stimulus spending in part based on the widely held view that government-fueled increases in "aggregate demand" during FDR's New Deal ended the Great Depression and brought recovery. Christina Romer, former chairwoman of Obama's Council of Economic Advisers, has argued in op-eds that government should continue to spend for this reason. And in a 2002 speech as a Federal Reserve governor, current Fed Chairman Ben Bernanke claimed that monetary expansion and the turnaround from the deflation of 1932 to inflation in 1934 was a key reason that output expanded. But boosting aggregate demand did not end the Great Depression. After the initial stock market crash of 1929 and subsequent economic plunge, a recovery began in the summer of 1932, well before the New Deal. The Federal Reserve Board's Index of Industrial production rose nearly 50% between the Depression's trough of July 1932 and June 1933. This was a period of significant deflation. Inflation began after June 1933, following the demise of the gold standard. Despite higher aggregate demand, industrial production was roughly flat over the following year. The growth that followed the low point of the Depression was primarily due to productivity. Productivity is considered a supply-side factor by many economists: It is determined by the technology and regulatory structure of the economy and therefore is largely independent of spending policies. The growth rate of real per capita output is the sum of the growth rate of per capita labor input and productivity growth. Increasing aggregate demand is supposed to increase output growth by increasing labor input. But between 1932 and 1934, the period that Mr. Bernanke cited in his speech, per capita real gross domestic product (GDP) growth was entirely due to productivity growth, as per capita total hours worked—a standard measure of labor input—was actually, according to our research, lower in 1934 than it was in 1932. One reason that many believe higher aggregate demand brought about by government spending programs and monetary expansion created recovery is because unemployment did decline between 1933 and 1937. But declining unemployment reflected significant work-sharing in New Deal policies that began in 1933 with the President's Reemployment Agreement and continued with the National Industrial Recovery Act of 1933 and the Fair Labor Standards Act of 1938. Work-sharing increased employment by spreading jobs across more people. Spreading scarce jobs was probably desirable. But the key point is that higher aggregate demand didn't significantly expand the amount of work that was done. Productivity growth continued to be the major factor for the rest of the 1930s, accounting for about three-quarters of the growth in real per capita output that occurred between 1932 and 1939. But despite rapid productivity growth, the economy remained well below trend because labor input failed to recover. In 1939, labor input as measured by total hours worked per adult was more than 20% below the 1929 level. Per capita real GDP was about 27% below trend in 1939, with more than three-quarters of this shortfall due to the continuing depression in labor. Our research indicates that New Deal industrial and labor policies, such as the National Industrial Recovery Act and the Wagner Act (the National Labor Relations Act), were the main reasons. The NIRA, for example, fostered monopoly and raised wages well above underlying worker productivity by a quid pro quo arrangement of relaxing antitrust enforcement in exchange for industry paying substantially higher wages. The Wagner Act substantially increased unionization and union power. This, in conjunction with government's toleration of sit-down strikes, in which union workers forcibly seized factories to stop production, increased wages further. In the absence of these policies, we estimate that labor input would have been about 20% higher than it was at the end of the 1930s and would have returned the economy to trend by that time. Productivity growth is overlooked today. But as in the case of the Great Depression, economic growth since the trough of the Great Recession in June 2009 has been largely accounted for by productivity growth rather than the restoration of jobs. Following the recession's June 2009 trough, about 80% of real per capita GDP growth is due to growth in output per hour worked. And GDP growth is slowing now because productivity is no longer growing. The economy began to recover following the New Deal because policy changed for the better. In a 1938 speech President Roosevelt acknowledged that some administration policies were retarding recovery. Economic policy shifted considerably around this time, and the economy boomed. Antitrust enforcement resumed. The fiercely controversial undistributed profits tax, which was retarding investment, was drastically reduced and then eliminated in 1939. The sit-down strike was declared illegal, and employers could fire sit-down strikers. The policy changes in the late 1930s benefited the economy by increasing competition, by bringing wages more in line with productivity, and by improving the incentives for investing. Many assume that World War II spending singlehandedly brought the economy out of the Depression, but nearly half of the increase in nonmilitary hours worked between 1939 and the peak of the war already had occurred by 1941, well before the major wartime spending took place. Policy can also improve today. The bipartisan Joint Select Committee on Deficit Reduction will make a recommendation by Nov. 23 to deal with future deficits. It has an outstanding opportunity to initiate broad-based tax reform that adopts the recommendations of most bipartisan tax reform commissions of the last 20 years: a simpler tax code that improves the incentives to hire and invest, broadens the tax base, lowers the corporate income tax, and also eliminates loopholes to equalize tax treatment of capital income. Sensibly addressing our long-run challenges will do more for the economy than continuing the stop-gap measures that have dominated policy-making for the last three years.

### AT –Stimulus Increases Job Growth

#### Increasing federal spending ensures economic stagnation and constrains job growth

Feulner, Heritage Foundation president, 12

(Edwin J., Wharton MBA and Edinburgh PhD, 1-12-12, “A Step Backward for Economic Freedom in 2012 Countries in North America and Europe led the global decline thanks to excessive government regulation and stimulus spending,” Wall Street Journal, <http://online.wsj.com/article/SB10001424052970204257504577151241847335540.html>, 6/27/12, JS)

The world economy is in trouble, and governments are making things worse. Here's the story, right out of the pages of the 2012 Index of Economic Freedom, published Thursday by the Heritage Foundation and The Wall Street Journal: "Rapid expansion of government, more than any market factor, appears to be responsible for flagging economic dynamism. Government spending has not only failed to arrest the economic crisis, but also—in many countries—seems to be prolonging it. The big-government approach has led to bloated public debt, turning an economic slowdown into a fiscal crisis with economic stagnation fueling long-term unemployment." The new index documents a world in which economic freedom is contracting, hammered by excessive government regulations and stimulus spending that seems only to line the pockets of the politically well-connected. Government spending rose on average to 35.2% of gross domestic product (GDP) from 33.5% last year as measured by the 2012 index. Most of the decline in economic freedom was in countries in North America and Europe. Canada, the United States and Mexico all lost ground in the index, and 31 of the 43 countries in Europe suffered contractions. They ought to know better. These are the very countries that have led the world-wide revolution in political and economic freedom since the end of World War II. But now, weighed down by huge welfare programs and social spending that is out of control, many governments are expanding their reach in ways more reminiscent of the 1930s than the 1980s. How about the U.S., historically the country more responsible than any other for leading the march of freedom? Under President Barack Obama, it has moved to the back of the band. Its economic freedom score has dropped to 76.3 in 2012 from 81.2 in 2007 (on a scale of 0-100). Government expenditures have grown to a level equivalent to over 40% of GDP, and total public debt exceeds the size of the economy. The expansion of government has brought with it another critical challenge to economic freedom: corruption. The U.S. score on the index's Freedom from Corruption indicator has dropped to 71.0 in 2012 from 76.0 in 2007. That's not surprising, given the administration's excessive regulatory zeal. Each new edict means a new government bureaucracy that individuals and businesses must navigate. Each new law opens the door for political graft and cronyism. There are some bright spots. Economic freedom has continued to increase in Asia and Africa. In fact, four Asia-Pacific economies—Hong Kong, Singapore, Australia and New Zealand—top the Index of Economic Freedom this year. Taiwan showed impressive gains, moving into the index's top 20. Eleven of the 46 economies in sub-Saharan Africa gained at least a full point on the index's economic freedom scale, and Mauritius jumped into the top 10 with the highest ranking—8th place—ever achieved by an African country. The 2012 index results confirm again the vital linkage between advancing economic freedom and eradicating poverty. Countries that rank "mostly unfree" or "repressed" in the index have levels of poverty intensity, as measured by the United Nations' new Multidimensional Poverty Index, that are three times higher than those of countries with more economic freedom. Countries with higher levels of economic freedom have much higher levels of per capita GDP on average. In Asia, for example, the five freest economies have per capita incomes 12 times higher than in the five least free economies. Economic growth rates are higher, too, in countries where economic freedom is advancing. The average growth rate for the most-improved countries in the index over the last decade was 3.7%, more than a point-and-a-half higher than in countries where economic freedom showed little or no gain. Positive measures of human development in areas such as health and education are highly correlated with high levels of economic freedom, and economically free countries do a much better job of protecting the environment than their more regulated competitors. When you actually look at the performance data, it turns out that the "progressive" outcomes so highly touted by those favoring big government programs to address every societal ill are actually achieved more efficiently and dependably by the marketplace and the invisible hand of free economies. Unfortunately, most of the world's people still live in countries where economic freedom is heavily constrained by government control and bureaucracy. India and China, with about one-third of the world's population, have economic freedom scores barely above 50 (a perfect score would be 100). In a globalized world, both countries are benefiting from the trade and investment liberalization that has taken place elsewhere. But sustained long-term growth will depend on advances in economic freedom within each of these giants so that broad-based market systems may develop. The Index of Economic Freedom has recorded a step back over the last year for the world as a whole. It was only a small step, with average scores declining less than a point, but the consequences have been severe: slower growth, fiscal and debt crises, and high unemployment. The biggest losers have been the economies in North America and Europe, regions that have led the world in economic freedom over the years. The 2012 results show the torch of leadership in advancing freedom passing to other regions. Whether this is a long-term trend remains to be seen, but it is clear that if America and Europe do not soon regain trust in the principles of economic freedom on which their historical successes have been built, their people, and perhaps those of the world as a whole, are in for dark days ahead.

#### There’s only a risk of collapse—banks are already sitting on huge amounts of cash and interest rates are at near zero, additional stimulus at best does nothing and at worst makes our transition to a high-tech workforce longer and decreases exports

Meltzer, Carnegie Mellon Political Economy professor, 11

(Allan, PhD from UCLA, American economist and professor of Political Economy at Carnegie Mellon University's Tepper School of Business in Pittsburgh, Pennsylvania. He is the author of dozens of academic papers and books on monetary policy and the Federal Reserve Bank, and is considered one of the world's foremost experts on the development and applications of monetary policy. He is currently at work on Volume II of his History of the Federal Reserve Bank, which covers the years since the Federal Reserve accord in 1951 to the present day, 8-8-11, “The Folly of Economic Short-Termism Easy money and more government spending won't help. We need policies that encourage long-term productivity growth.,” Wall Street Journal, <http://online.wsj.com/article/SB10001424053111903918104576500021477086208.html>, accessed 6-27-12, JS)

Day traders and their acolytes tried to pressure the Federal Reserve to open the money spigots wider this week. They called for QE3, a third round of unprecedented quantitative easing. Fortunately, the Fed said no to QE3, at least for now. But it did vote to continue its super-easy, zero-interest-rate policy until mid-2013, well after the next presidential election. How can the Fed know now that a zero-rate policy will be required two years from now? It can't. Yes, economic growth has slowed, and forecasts of future growth decline daily. But the United States does not have the kind of problems that printing more money will cure. Banks currently hold more than $1.6 trillion of idle reserves at the Fed. Banks can use those idle reserves to create enormous amounts of money. Interest rates on federal funds remain near zero. Longer-term interest rates on Treasurys are at record lows. What reason can there be for adding more excess reserves? Wall Street Journal columnist Mary O'Grady on the Fed's decision to double down on near-zero interest rates. The main effect would be a further devaluation of the dollar against competing currencies and gold, followed by a rise in the price of oil and other imports. Inflation is now at the edge of the Fed's comfort range, which is below 2%. Money growth (M2) reached 10% for the past six months, presaging more inflation ahead. Advocates of more short-term stimulus make several fundamental mistakes. One is excessive attention to near-term data and neglect of the longer term. The Fed almost never discusses the longer-term consequences of its actions. That's a mistake. Short-term forecasts, including theirs, are subject to large errors. Certain economists demand more stimulus at every opportunity. They castigate the president for agreeing to budget cuts and predict terrible consequences. Yet any current spending reductions are small, and their effect will be like a rounding error in gross-domestic-product figures. Most of the budget reductions are in the future and may or may not occur after the 2012 election. Proponents of short-term stimulus fail to mention that raising the debt ceiling by $900 billion permitted the administration to increase current spending. Others call for raising the Fed's inflation target to 4%, 5% or higher. Treasury debt has an average maturity of three to four years. A higher inflation target would increase the deficit by raising the interest rate the Treasury would have to pay when it rolled over its debt. A large part of our current unemployment problem reflects the unsold stock of housing left from mistaken past housing policies. We cannot quickly convert most carpenters and bricklayers into computer operators. Short-term policy actions will not solve that problem. But population growth, falling housing prices and rising rents will eventually help by stimulating enough new construction to put many in the housing industry back to work. The U.S. also has to make a major transition from a consumption economy to one that exports more and grows consumer spending more slowly. That transition has started, but it will not occur quickly. Those who look to consumption spending to recover its old path are hoping for a past that should not return. Enlarge Image Corbis Increased domestic saving and slow consumption growth will help the transition to an export-led economy by reducing foreign borrowing. Foreigners owned $4.5 trillion of our debt at the start of this year. We can only service that debt by increasing exports and reducing imports and consumption growth. We have benefitted for decades from what former French President Charles de Gaulle famously called the "exorbitant privilege" of borrowing in our own currency while most countries borrow in a foreign currency. Now we must service existing debt and reduce foreign borrowing. As interest rates rise, servicing costs also rise. The transition will not be easy. It will require sustained productivity growth, a higher rate of business investment, much better education of the work force, reduced imports, and slower consumption growth. Our problems will not be solved by stop-gaps like QE3 or lower labor taxes, but they are not intractable. What we need most is confidence in our future. That calls for: • Reducing corporate tax rates permanently to encourage investment (paid for by closing loopholes). • Agreeing on long-term reductions in entitlement spending. • A five-year moratorium on new regulations affecting energy, environment, health and finance. • An explicit inflation target between zero and 2% to force the Fed to pay more attention to the medium term and to increase public confidence that we will not experience runaway inflation. Some will read this as heartless disregard of the unemployed. It is, instead, based on an analysis of the problems we face and what is required for a transition that puts us back on our historic growth path with good wages resulting from higher productivity. Short-term stimulus will not get us there. Even if some stimulus could raise the near-term growth rate to double or triple the 0.8% of the first half of this year, it will reduce the unemployment rate very little. The president is wrong to pose the issue as more taxes for millionaires to pay for more redistribution now. That path leads to future crises because higher taxes support the low productivity growth of the welfare state, delay the transition to export-led growth, and do not reduce future budget liabilities enough. The central issue facing the U.S. is whether we turn away from unsustainable budget and trade deficits toward an economy that grows at historic rates with low inflation. More redistribution now won't do that. More investment and productivity growth now will, and it will also provide more resources to pay for a greater share of future health-care costs at lower tax rates.

#### Guts GDP and jobs —clear negative relationship exists

Powell, CATO Institute fellow, 11

(Jim, senior fellow at the CATO institute, is an expert in the history of liberty. He has lectured in England, Germany, Japan, Argentina and Brazil as well as at Harvard, Stanford and other universities across the United States. He has written for the New York Times, Wall Street Journal, Esquire, Audacity/American Heritage and other publications, 10-13-11, “Why Government Spending Is Bad For Our Economy,” Forbes, <http://www.forbes.com/sites/realspin/2011/10/13/why-government-spending-is-bad-for-our-economy/>, accessed 6-27-12, JS)

If the aim was really to stimulate recovery of the private sector, the most effective way of doing that would have been to leave the money in the private sector. After all, people tend to be more careful with their own money than they are with other people’s money. Undoubtedly people would have spent their money on all sorts of things to help themselves, things worth stimulating like food, clothing, gasoline, downloads, cell phones and household repairs. Because of the federal government’s taxing power, it commands vast resources, and politicians can be counted on to start new spending programs they can brag about during re‑election campaigns. Unfortunately, spending programs often have unintended consequences that can make it harder for the private sector to grow and create productive jobs. Nonetheless, interest groups that benefit from the spending lobby aggressively to keep the money flowing, which is why, since the modern era of big government began in 1930, spending has gone up 88% of the time. If we exclude the demobilization periods following the end of World War II (three years) and the Korean War (two years) when spending declined, it has gone up 95% of the time. Economists James Gwartney, Randall Holcombe and Robert Lawson reported: “Evidence illustrates that there is a persistent robust negative relationship between the level (and expansion of) government expenditures and the growth of GDP. Our findings indicate that a 10% increase in government expenditures as a percent of GDP results in approximately a 1 percentage point reduction in GDP growth.” Similarly, Harvard economist Robert J. Barro found that “growth and the size of government are negatively related when the government is already very large.” For example, every year the federal government funds tens of billions of dollars worth of student loans for college. Altogether, the federal government has provided money for some 60 million students. In 2010, for the first time, student-loan debt surpassed credit card debt. There are about a trillion dollars of student loans outstanding. By enabling more and more people to bid for a college education, the government has promoted inflation of college costs — some 440% during the past quarter-century, quadruple the overall rate of inflation. Vance H. Fried, author of *Better/Cheaper College*, reported that nonprofit colleges make huge profits on undergraduate education, and they’re spent on “some combination of research, graduate education, low-demand majors, low faculty teaching loads, excess compensation, and featherbedding.” Meanwhile, an increasing number of families have difficulty paying for college without financial aid. Federal farm subsidies range between $10 billion and $30 billion annually. Subsidies are paid on the basis of output or acreage, which means big farmers get more money than small farmers. Subsidies are limited to the “program” crops like corn, cotton, rice, soybeans and wheat, that account for about a third of farm production. Aside from enriching big farmers, the main impact of the subsidies is to encourage over-production and inflate the value of land suitable for program crops. One study, by economists at North Carolina State University, analyzed the different types of subsidies and concluded that each $1 of farm subsidies per acre inflates the value of an acre of farmland between $6.38 and $27.37, depending on applicable subsidies. Since the mid-1960s, federal, state and local governments have spent hundreds of billions of dollars subsidizing government-run urban transit systems. Economist Randal O’Toole explained, “The number of transit trips per operating employee have fallen more than 50%, and the inflation-adjusted cost per trip has nearly tripled during the past four decades. Today urban transit is the most expensive way of moving people in the United States, and it’s no better than cars in terms of energy consumption or pollution.” Despite the endless subsidies, urban transit systems tend to be inadequately maintained, and they’re loaded with debt. New York City’s transit system alone has $30 billion of debt plus $15 billion of unfunded pension liabilities for its unionized employees. The federal government gathers tax revenue from the general population and then channels about $2 trillion each year into the health care sector. The big entitlements Medicare and Medicaid account for 46% of health care spending, according to the Kaiser Family Foundation. Moreover, by establishing government as a third party payer for health care services, the entitlements eliminate incentives for individuals to be concerned about health care costs. Employer-provided health insurance has a similar effect. No surprise, then, that health care inflation is currently going up 9% a year, more than double the Consumer Price Index. In the name of “affordable housing,” Congress passed the Community Reinvestment Act (1977) that required bankers to provide more sub-prime mortgages for people who would have difficulty making the payments. Moreover, the government-sponsored enterprises [Fannie Mae](http://finapps.forbes.com/finapps/jsp/finance/compinfo/CIAtAGlance.jsp?tkr=fnm&tab=searchtabquotesdark) and [Freddie Mac](http://finapps.forbes.com/finapps/jsp/finance/compinfo/CIAtAGlance.jsp?tkr=fre&tab=searchtabquotesdark) spent several trillion dollars buying securities that were bundles of sub-prime mortgages. This spurred Wall Street firms to churn out those securities. Result: more and more people put all their money into a single asset – their house. They bid up housing prices until there weren’t any more buyers, and the housing market collapsed in 2008. As we know, the federal government subsequently spent trillions of dollars on housing-related bailouts. The Pew Research Center reported that black households lost more than half of their money. Hispanic households lost two-thirds. These were people supposedly helped by government spending. Ever higher taxes are required to pay for all this and other government spending, which means draining more resources out of the private sector – making it harder to create growth and jobs. As these examples suggest, government spending often makes things more expensive, causes chronic inefficiencies, leads to more debt and disruptive financial bubbles. Far from being an economic stimulus and a cure for unemployment, government spending increasingly turns out to be bad for our economy.

#### Spending doesn’t trigger growth, just causes corporations to stockpile cash in anticipation of higher taxes—Ricardian equivalence proves

Mattich, Wall Street Journal finance columnist, 11

(Alen, 8-30-11, Wall Street Journal “The Source” blog, “Ricardian Equivalence Revisited,” http://blogs.wsj.com/source/2011/08/30/ricardian-equivalence-revisited/, accessed 6-27-12, JS)

Just how useful is fiscal stimulus in getting an economy going? Keynesians are all for it. They argue that when there’s a shortfall in private-sector demand, the government needs to fill in with deficit spending. But there’s a theory, called Ricardian equivalence, which says fiscal pump priming doesn’t work. Basically, Ricardian equivalence says that any increases in public-sector expenditure will be met with a decrease in private-sector consumption because households will increase their savings in anticipation of future increases in taxes. In other words, taxpayers know the money is ultimately coming from them and they adjust their budgets accordingly. As intuitively appealing as it sounds, the problem with Ricardian equivalence is that there’s precious little evidence for it. Not that the record for fiscal pump priming is terrific either—typically Keynesians complain that governments don’t do enough or maintain stimulus long enough to make enough of a difference, although the Japanese example during the past two decades makes this hard to credit. But it could be that economists looking for evidence of Ricardian equivalence have been looking in the wrong places. Generally, they look for household responses to increases in public expenditure. But generally these haven’t notably been associated with decreases in private spending in the past. Indeed, if households anticipate that the increase in government spending will result in rising inflation, they will have less incentive to save. Maybe, though, there’s evidence of Ricardian equivalence elsewhere. In the corporate sector. Could it be that the surge in corporate profits that many companies are banking rather than reinvesting is a symptom of just this phenomenon? True, companies have increased their liquid reserves in response to their bankers’ decision to withdraw funding lines at the height of the financial crisis. They don’t want to be caught that badly again. And yes, uncertainty about how well demand will hold up is also staying managements’ hands when it comes to new investment. But it is painfully apparent that there are limits to how much governments can run up their deficits. And managers know that when governments need the cash to cover their shortfalls, they’ll go to where the money is, and that’s not ordinary households. Companies, long coddled by tax systems, **will almost certainly be bled for tax money**. Maybe they’re building up reserves against the imposition of tax on fixed assets, land and the like; things companies find it hard to move across borders. David Ricardo wrote on the problems of fiscal spending and taxation nearly two centuries ago. It could be that there’s finally some meaty evidence to support the theory that grew out of his writings.

### AT – Stimulus Boosts Demand

#### Government stimulus must be financed—this prevents it from growing the economy

Foster, Heritage Foundation Economics of Fiscal Policy senior fellow, 10

(JD, PhD in economics from Georgetown and the Norman B. Ture Senior Fellow in the Economics of Fiscal Policy at The Heritage Foundation, 10-8-10, “Obama Jobs Deficit Further Evidence of Failure,” http://www.heritage.org/research/reports/2010/10/obama-jobs-deficit-further-evidence-of-failure, accessed 6-27-12, JS)

The centerpiece of Obama’s short-term stimulus program was $862 billion in poorly targeted tax cuts and ineffectual spending increases he signed into law in February 2009, since supplemented by a number of smaller budget-busting “jobs” bills. Obama had one big shot at really helping the economy and he took it, holding nothing back. As short-term economic stimulus it was doomed from the outset because it was based on the erroneous assumption that deficit spending can increase total demand in a slack economy. The theory underlying Obama’s stimulus was that the economy was weak because total demand was too low. The suggested solution is then to increase demand by increasing government spending, exploding the deficit in the process. This theory of demand manipulation through deficit spending ignores the simplest of realities: Government spending must be financed. So to finance deficit spending, government must borrow from private markets, thereby reducing private demand by the same amount as deficit spending increases public demand.[4] In effect, the theory says that if I take a dollar from my right pocket to my left, then I’m a dollar richer. No wonder it always fails.

## AT: Job Creation

### No Job Creation

#### **Doesn’t Solve Jobs**

Chin, Senior Fellow at Asia Institute for Technology 11

(Curtis S. Chin, October 17th, 2011, Washington Times, “Obama’s Infastructure Bank Won’t Create Real Jobs”, <http://www.washingtontimes.com/news/2011/oct/17/obamas-infrastructure-bank-wont-create-real-jobs/>, accessed 6/29/12, KR)

With U.S. unemployment persistently and unacceptably high, President [Obama](http://www.washingtontimes.com/topics/barack-obama/) and others from all political persuasions have voiced support once again for establishment of a new government-created institution that would provide loans and guarantees to finance U.S. infrastructure. They note Asia’s continued economic growth and cite the region’s - and particularly [China](http://www.washingtontimes.com/topics/china/)’s - tremendous investments in showcase infrastructure projects as reason enough to support greater government financing of infrastructure and development - and the jobs that come with such spending. Policymakers in Washington would be mistaken, however, if they see short-term job creation as rationale for creation of another federal bureaucracy in the guise of a U.S. national infrastructure bank. The latest proposal, part of [Mr. Obama](http://www.washingtontimes.com/topics/barack-obama/)’s recent [Senate](http://www.washingtontimes.com/topics/senate/)-rejected $447 billion jobs bill, envisioned a new $10 billion institution in Washington. That subproposal of the “jobs” bill may well rise again. The benefits, proponents say, will be twofold: rebuilding the United States’ crumbling infrastructure and creating jobs. Just as the [World Bank](http://www.washingtontimes.com/topics/world-bank/) helped rebuild Europe after World War II and brings critical investment dollars to the poorest nations, isn’t it time, they say, to do the same thing at home in the United States? Yet, like many things too good to be true, caveat emptor - buyer beware. Asia, with its multitude of infrastructure projects, offers a lesson, albeit a counterintuitive one. For all the billions of dollars in projects pushed by the [World Bank](http://www.washingtontimes.com/topics/world-bank/) and other multilateral development banks, what is clear is that such institutions are not the key players when it comes to infrastructure investment and job creation for much of Asia. Much more critical to growth have been trade, a still-evolving but strengthening infrastructure of transparency, governance and the rule of law, and allowing businesspeople the chance to, well, go about doing their business. In that context, the recently passed U.S. Free Trade Agreements with Korea, Panama and Colombia may well do more in the long run to spur economic growth in the United States and those countries than any individual bridge or other single infrastructure project. A further case in point: [China](http://www.washingtontimes.com/topics/china/) borrows a few billion dollars annually from the [World Bank](http://www.washingtontimes.com/topics/world-bank/) and the [Asian Development Bank](http://www.washingtontimes.com/topics/asian-development-bank/). That being said, for an economy of several trillion dollars, the financial and employment impact of these banks’ infrastructure lending to [China](http://www.washingtontimes.com/topics/china/) are minimal, and even questionable on other policy grounds. And therein lies another lesson: A new U.S. national infrastructure bank may capture headlines but any proposal needs to be thoroughly vetted, lest taxpayers find themselves with another government-created institution that made political sense, but delivered very little in the long run beyond employment of the people who work there. Certainly, the infrastructure in the United States could use some serious updating. Recall the bridge collapse in Minnesota and the continued congestion of U.S. roads and skies. Sen. John F. Kerry, Massachusetts Democrat, Sen. Kay Bailey Hutchison, Texas Republican, and others in their own proposed legislation for a national infrastructure bank have rightly and usefully drawn attention to the need for greater investment in our country’s dated infrastructure. But, as with proposed “bridges to nowhere,” not all infrastructure projects or infrastructure banks are equal. Infrastructure spending is essential but not a panacea for persistent joblessness in the United States or persistent poverty in the developing world, particularly when larger, underlying economic issues are at play. So, what to do? Policymakers around the world need a more balanced approach to infrastructure, one that better embraces civil society and the private sector, including new forms of investment and ownership. We also need to think more seriously about models for better funding operations and maintenance, including public-private partnerships. In brief, this means a new attitude toward infrastructure, driven by a couple basic principles: First, we need to stop thinking of and selling infrastructure investment simply as a direct provider of short-term employment when times are bad. To do so risks not just bridges, but roads, rails and airports to nowhere. It also risks a decline in long-term support for critical infrastructure investment when promised jobs do not materialize. Second, we need to prioritize limited government resources on projects that will have more meaningful and sustainable economic results. We need to weed out what does not work and not be afraid to innovate.

#### No net increase in jobs, may trade off with other sectors

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

(Mansi Desphande and Douglas E. Elmendorf, 7/1008, Brookings Institution, “An Economic Strategy for Investing in America’s Infrastructure”, <http://dspace.cigilibrary.org/jspui/bitstream/123456789/25399/1/An%20Economic%20Strategy%20for%20Investing%20in%20Infrastructure.pdf?1>, p.14, accessed 6/29/12 MLF)

The short-term effect of infrastructure projects on employment usually should not be central in these cost-benefit calculations. Under some circumstances, creating jobs via infrastructure investment may provide desirable short-term economic stimulus, or it may protect vulnerable workers suffering from a downturn in economic activity or decreased demand for their particular skills and experience. Under normal circumstances, however, the overall regulation of the economy is best left to monetary policy, which provides general stimulus throughout the economy, rather than through infrastructure investments. In these circumstances, additional employment in some particular infrastructure project may come at the expense of employment in some other activity and may not represent an increase in overall employment.

#### Transportation investment takes jobs away from other sectors

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)

By building an effective transportation network, government transportation spending draws jobs to those industries that benefit from the investment. At the same time, this shift of resources moves jobs away from activities that would have been financed in the absence of the transportation investment. So while transportation investment can "create jobs," it can also destroy them. The overall effect is positive only when it creates more and better jobs, or more and better economic activity, than it eliminates.

#### Transportation investment shifts jobs from other sectors

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)

Determining whether a project's effects are going to be positive or negative can be difficult. A transportation investment might shift jobs, not just across industries and sectors, but also across counties and states. Even a transportation investment that destroys more jobs than it creates can look good, especially in the short term, from the perspective of the winning state or city. Gains and losses might be unevenly distributed, temporally as well as spatially. For example, building an ill-advised rail line might give a local economy a short-term boost in employment, only to saddle taxpayers with large operating deficits in the future.

### No Net Increase in Jobs

#### Transportation investment can kill jobs- has the have a net balance

Wachs, UC Berkeley Professor of Transportation Engineering, 11

(Martin, Spring 2011, ACCESS, the Magazine of UCTC, “Transportation, Jobs, and Economic Growth,” Volume: 38, P.11, <http://www.uctc.net/access/38/access38_transportation_growth.pdf> accessed 6-30-12 LS)

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#### Transportation investment shifts jobs across sectors and industries, domestically, and globally- leads to future deficits

Wachs, UC Berkeley Professor of Transportation Engineering, 11

(Martin, Spring 2011, ACCESS, the Magazine of UCTC, “Transportation, Jobs, and Economic Growth,” Volume: 38, P.11, <http://www.uctc.net/access/38/access38_transportation_growth.pdf> accessed 6-30-12 LS)

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#### NIB is an economically dangerous waste of time only creating “modest amounts” of infrastructure spending and having no net impact on job growth or economic activity

Brownfield, The Heritage Foundation Assistant Director of Strategic Communications, 11

(Mike, September 6, 2011, American Heritage Foundation, “Big Government Raising?” <http://blog.heritage.org/2011/09/06/morning-bell-big-government-rising/print>, Accessed: 6/29/12, LPS)

**An “infrastructure bank” is the latest permutation of the President’s plan for more of the same kind of spending.** In the President’s February 2011 highway reauthorization proposal, the infrastructure bank would be funded by an appropriation of $5 billion per year in each of the next six years and would provide loans, loan guarantees, and grants to eligible transportation infrastructure projects. Translation: more big government spending and more federal bureaucracy. As Heritage’s Ronald Utt [explains](http://www.heritage.org/Research/Reports/2011/08/Using-Infrastructure-Banks-to-Spur-Economic-Recovery) [7], that’s a road to nowhere. **The President’s ongoing obsession with an infrastructure bank as a source of salvation from the economic crisis at hand is—to be polite about it—a dangerous distraction and a waste of his time . . . Obama’s infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity—a prospect woefully at odds with the economic challenges confronting the nation.**

### No Long Term Increase

#### Transportation infrastructure only creates short-term jobs- can’t solve for long term economic impacts

Wachs, UC Berkeley Professor of Transportation Engineering, 11

(Martin, Spring 2011, ACCESS, the Magazine of UCTC, “Transportation, Jobs, and Economic Growth,” Volume: 38, P.12, <http://www.uctc.net/access/38/access38_transportation_growth.pdf> accessed 6-30-12 LS)

Unfortunately, **asserting that any expenditure will create a specific number of jobs is not well supported by evidence. There are two problems with coarse estimates of the number of jobs that transportation spending will create. The first is that the number used is a gross estimate based on generalized mathematical models, and such estimates could be far off for any particular expenditure**. Actual employment impacts vary dramatically from one project to another, even when focusing on short-term construction-related jobs. **The second and more important problem is that, while short-term job creation is desperately sought during a deep recession,** such crude estimates of job creation do not address the longer term economic impacts discussed earlier.

#### If the government rushes to spend money, we will build projects that don’t have long term economic benefits

Wachs, UC Berkeley Professor of Transportation Engineering, 11

(Martin, Spring 2011, ACCESS, the Magazine of UCTC, “Transportation, Jobs, and Economic Growth,” Volume: 38, P.12, <http://www.uctc.net/access/38/access38_transportation_growth.pdf> accessed 6-30-12 LS)

**Transportation policy can have significant and lasting impacts on overall economic growth** by promoting improved productivity, which in turn creates higher-paying jobs across the entire economy. But, **in the short term, construction jobs and expenditures on steel and concrete are actually economic costs rather than benefits unless they contribute to long-term economic productivity. Proposals to invest money in surface transportation for the primary purpose of job creation present the nation with the serious risk** that we will quickly build projects that will not necessarily grow the economy**.** There is no reason to believe that spending money on transportation projects creates more jobs in the short run than would spending money in other important economic sectors, like education and health care. **We must also judge the social value of those projects in terms of their longer-term impacts on economic efficiency. If we rush to spend money in the hope that we can literally dig our way out of recession,** well-intended spending on transportation for the purposes of job creation could fund investments that, in many cases, cost the economy far more in the longer term than they help it in the short term.

### Increases Imported Goods, Not Jobs

#### **NIB increases demand for imported goods- doesn’t create jobs**

Ellis, Business Insider’s Politix, Founding Editor, 2011

(John, 7-12-2011, Business Insider, “The Problem With Obama’s National Infrastructure Bank,” <http://www.businessinsider.com/the-problem-with-obamas-national-infrastructure-bank-2011-7>, accessed 6-26-12, LH)

President Obama frequently cites his idea of a National Infrastructure Bank as something that Congress could [authorize quickly that would create jobs in the United States quickly](http://www.whitehouse.gov/the-press-office/2011/07/11/press-conference-president).  He said so again yesterday at a press conference on the budget negotiations.

"We’ve got the potential to create an infrastructure bank that could put construction workers to work right now," he said, "rebuilding our roads and our bridges and our vital infrastructure all across the country.  So those are still areas where I think we can make enormous progress."

Is that true?  Would a National Infrastructure Bank do what the president says it would do?

Clyde Prestowitz argues that [it would not work](http://prestowitz.foreignpolicy.com/posts/2011/07/11/where_the_jobs_went) in the way that the president imagines:

The idea of stimulus incorporated in the standard economic models is that it will create demand for goods and services produced in America and thereby drive investment in new factories and jobs to produce more of those goods and services. The difficulty is that we do not want to stimulate a lot more construction or finance (those were the bubbles that collapsed after all), and greater stimulus to create demand for things we largely import does not drive new investment or creation of new jobs in America. It only increases our debt. What is needed is not just demand in the American economy, but demand that results in domestic production and that does not increase domestic or international debt.

Think about this in the wake of the recent [New York Times](http://www.businessinsider.com/blackboard/new-york-times) article reporting on the new Oakland Bay Bridge being made in and imported from China. Building infrastructure like bridges is a time-honored way of creating demand in the economy that creates jobs. [Indeed](http://www.businessinsider.com/blackboard/indeed), just this past weekend President Obama called for creation of an Infrastructure Bank that would enable a dramatic ratcheting up of U.S. investment in critical infrastructure. It's a good idea and one that I, along with others, have long promoted. But if the decision of the state of California to have the main structural elements of the Oakland Bay Bridge made in China is a harbinger of things to come, then an Infrastructure Bank is likely to create more jobs in Asia than in the United States.

Investment won’t spur jobs- we’ll just purchase from overseas

Ellis, Business Insider’s Politix, Founding Editor, 2011

(John, 7-12-2011, Business Insider, “The Problem With Obama’s National Infrastructure Bank,” <http://www.businessinsider.com/the-problem-with-obamas-national-infrastructure-bank-2011-7>, accessed 6-26-12, LH)

No doubt former Governor [Arnold Schwarzenegger](http://www.businessinsider.com/blackboard/arnold-schwarzenegger) and his cabinet thought they would save about $400 million on steel by buying the bridge in China because Chinese steel production has been heavily subsidized and China's government manages its yuan to be artificially undervalued versus the dollar. But what they didn't consider was that those subsidies tend to make U.S.-based production uncompetitive and not only put American workers out of jobs but exert downward pressure on wages generally while eroding critical investments in equipment and human skills, reducing state, municipal, and federal tax revenues, and contributing to the shrinkage of the national educational base. No one in California took a look at even the whole state picture, let alone the national picture, to determine whether buying a bridge in China was really going to be a net gain for the state (as it turns out, in the past two years the price of Chinese steel has risen much faster than that of U.S. steel so that even the initially projected [savings](http://www.businessinsider.com/blackboard/savings) are unlikely to be realized). Even worse, no one at the federal level of the U.S. government has any responsibility for evaluating the net impact of these kinds of deals or for reducing the leakage of stimulus spending abroad and maximizing the domestic production impact of government spending.

### AT – Jobs – No Solvency

#### No job creation – other banks prove

Chin, Washington Times, 11

(Curtis S., 10/17, The Washington Times, “CHIN: Obama’s infrastructure bank won’t create real jobs,” <http://www.washingtontimes.com/news/2011/oct/17/obamas-infrastructure-bank-wont-create-real-jobs/>, Accessed: 6/29, GJV)

With U.S. unemployment persistently and unacceptably high, President [Obama](http://www.washingtontimes.com/topics/barack-obama/) and others from all political persuasions have voiced support once again for establishment of a new government-created institution that would provide loans and guarantees to finance U.S. infrastructure. They note Asia’s continued economic growth and cite the region’s - and particularly [China](http://www.washingtontimes.com/topics/china/)’s - tremendous investments in showcase infrastructure projects as reason enough to support greater government financing of infrastructure and development - and the jobs that come with such spending. Policymakers in Washington would be mistaken, however, if they see short-term job creation as rationale for creation of another federal bureaucracy in the guise of a U.S. national infrastructure bank. The latest proposal, part of [Mr. Obama](http://www.washingtontimes.com/topics/barack-obama/)’s recent [Senate](http://www.washingtontimes.com/topics/senate/)-rejected $447 billion jobs bill, envisioned a new $10 billion institution in Washington. That subproposal of the “jobs” bill may well rise again. The benefits, proponents say, will be twofold: rebuilding the United States’ crumbling infrastructure and creating jobs. Just as the [World Bank](http://www.washingtontimes.com/topics/world-bank/) helped rebuild Europe after World War II and brings critical investment dollars to the poorest nations, isn’t it time, they say, to do the same thing at home in the United States? Yet, like many things too good to be true, caveat emptor - buyer beware. Asia, with its multitude of infrastructure projects, offers a lesson, albeit a counterintuitive one. For all the billions of dollars in projects pushed by the [World Bank](http://www.washingtontimes.com/topics/world-bank/) and other multilateral development banks, what is clear is that such institutions are not the key players when it comes to infrastructure investment and job creation for much of Asia. Much more critical to growth have been trade, a still-evolving but strengthening infrastructure of transparency, governance and the rule of law, and allowing businesspeople the chance to, well, go about doing their business. In that context, the recently passed U.S. Free Trade Agreements with Korea, Panama and Colombia may well do more in the long run to spur economic growth in the United States and those countries than any individual bridge or other single infrastructure project. A further case in point: [China](http://www.washingtontimes.com/topics/china/) borrows a few billion dollars annually from the [World Bank](http://www.washingtontimes.com/topics/world-bank/) and the [Asian Development Bank](http://www.washingtontimes.com/topics/asian-development-bank/). That being said, for an economy of several trillion dollars, the financial and employment impact of these banks’ infrastructure lending to [China](http://www.washingtontimes.com/topics/china/) are minimal, and even questionable on other policy grounds. And therein lies another lesson: A new U.S. national infrastructure bank may capture headlines but any proposal needs to be thoroughly vetted, lest taxpayers find themselves with another government-created institution that made political sense, but delivered very little in the long run beyond employment of the people who work there. Certainly, the infrastructure in the United States could use some serious updating. Recall the bridge collapse in Minnesota and the continued congestion of U.S. roads and skies. Sen. John F. Kerry, Massachusetts Democrat, Sen. Kay Bailey Hutchison, Texas Republican, and others in their own proposed legislation for a national infrastructure bank have rightly and usefully drawn attention to the need for greater investment in our country’s dated infrastructure. But, as with proposed “bridges to nowhere,” not all infrastructure projects or infrastructure banks are equal. Infrastructure spending is essential but not a panacea for persistent joblessness in the United States or persistent poverty in the developing world, particularly when larger, underlying economic issues are at play. So, what to do? Policymakers around the world need a more balanced approach to infrastructure, one that better embraces civil society and the private sector, including new forms of investment and ownership. We also need to think more seriously about models for better funding operations and maintenance, including public-private partnerships. In brief, this means a new attitude toward infrastructure, driven by a couple basic principles: First, we need to stop thinking of and selling infrastructure investment simply as a direct provider of short-term employment when times are bad. To do so risks not just bridges, but roads, rails and airports to nowhere. It also risks a decline in long-term support for critical infrastructure investment when promised jobs do not materialize. Second, we need to prioritize limited government resources on projects that will have more meaningful and sustainable economic results. We need to weed out what does not work and not be afraid to innovate.

## No Impact

### Economy Resilient

#### The economy is resilient to shocks.

Miller, Bloomberg News, ’12 (Rich, reporter for Bloomberg News, “No Double-Dip Deja Vu Seen For U.S. Economy,” Bloomberg News, April 16, 2012, http://www.bloomberg.com/news/2012-04-15/no-double-dip-deja-vu-seen-for-u-s-economy.html, A.D. 6/29/12, JTF)

The U.S. is better able to withstand shocks from abroad because of the progress consumers, companies and banks have made in buttressing their balance sheets, said Susan Lund, a principal at the McKinsey Global Institute in Washington.

“We have more resilience in the economy,” she said. “Households are in somewhat better shape to take a rise in gas prices because they aren’t so stretched with debt payments.”

Their financial obligations -- everything from mortgages and rents to property taxes and car-lease payments -- fell to a 28-year low in the fourth quarter, when measured against disposable income, according to Fed data. That ratio stood at 15.9 percent at the end of 2011, down from a record 18.9 percent in the third quarter of 2007, just before the start of the 18- month recession that ended in June 2009.

Private-sector debt as a share of the economy fell to 201 percent at the end of last year from 207 percent in the first quarter of 2011 and a high of 236 percent in 2008, according to calculations by the institute, which is the research unit of consultants McKinsey & Co.

### AT – US Key to Global Economy

#### The U.S. isn’t key to the global economy – 2008 recession shifted economic dominance.

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. 1, http://relooney.fatcow.com/0\_New\_6304.pdf, A.D. 6/27/12, JTF)

To set our new direction, we must understand how we arrived at the current impasse. The financial crisis of 2008 was not an accident. It was the result of a long period of political decadence in the United States aided and abetted by a growing hole in economic science. Decadence is a tough word, but the truth is that the US walked headlong into the fury. Because of the central roles of both the dollar and Wall Street in the global financial system, and because of the centrality of US economic thinking in shaping global economic policies and institutions, the rest of the world has been carried with it into the fury. This dominance will come to an end with this crisis, however.

# Transportation Sector Adv.

## General

### Won’t Fund all Projects

#### Private partnerships only fund large investments which turn a profit

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. 5, accessed 6/26/12 FFF)

Of course, whenever private sector involvement in infrastructure development is contemplated, whether stand alone or in partnership with government or a quasi-governmental entity, it goes without saying that the infrastructure project to be financed must be commercially viable. That is, for a project to have private sector involvement, it must have sustainable and predictable cash flows or the ability to generate revenue through tolls, user fees, landing rights, or dedicated tax receipts sufficient to repay the financing being sought. While terms may be favorable and/or subsidized, private sector involvement will require a proposed project to be able to support private sector financial terms. If there is to be increased private investment in infrastructure, local communities and other interested parties will need to accept the requirements of the private sector and the markets, including predictable cash flow generation, assumption of litigation and timing risks, and other commercial considerations of concessionbased financing. While there has been a recent increase in the number of U.S. states willing to consider private-public partnerships, less than half of them have put enabling legislation in place

## Aviation

### **A2: CyberTerrorism**

#### **Protection from Cyber Attacks already in place**

#### **Whitely TechNet Author 10**

(Lance, March 31, 2010, Lance Whitney wears a few different technology hats--journalist, Web developer, and software trainer. He's a contributing editor for Microsoft TechNet Magazine and writes for other computer publications and Web sites. Lance is a member of the CNET Blog Network, CNet News, “IBM, FAA Partner on Aviation Cyber Security”, <http://news.cnet.com/8301-1009_3-20001476-83.html>, accesed 7-1-12, KR)

In response to past cyberattacks against the Federal Aviation Administration, IBM is teaming up with the agency to try to create a security system to protect commercial and private aviation networks from future threats. IBM announced on Tuesday that the new security system will move beyond the typical methods of encryption, firewalls, and antivirus software to guard against hackers, botnets, and malware. Instead, the new system for civil aviation will need to be more intelligent and analytical. Through a series of sensors and monitors, the system will keep tabs on all network traffic and user activity in real time, said IBM. By monitoring the network, the system can also analyze any attacks or compromises to the FAA network and compare those with past instances. The FAA will be able to track and analyze all data coming through its networks and get a head's up about any potential attacks in time to take action. All that network information will also be stored in a data warehouse so it can be analyzed in greater detail, IBM explained. "Cyberattacks have become a global pandemic and no system is immune," said Todd Ramsey, IBM's general manager for U.S. Federal, in a statement. "Through this collaboration with the FAA, as well as others underway in government and the private sector, we hope to develop comprehensive solutions for protecting the digital and physical infrastructures of critical national networks and enterprise systems." The new system is a key initiative in response to the Obama administration's focus on cyberattacks as one of the most serious threats facing the United States. And that's a threat the FAA knows all too well.

### Impact Defense

#### No Impact: Government study proves terrorists can’t takedown the internet

#### Green 2002

#### **[Joshua, editor of Washington Monthly, November 2002, “The Myth of Cyberterrorism”, Washington Monthly,** [**http://www.washingtonmonthly.com/features/2001/0211.green.html#byline**](http://www.washingtonmonthly.com/features/2001/0211.green.html#byline)**, accesed 7/1/12, KR]**

But perhaps the best indicator of what is realistic came last July when the U.S. Naval War College contracted with a research group to simulate a massive attack on the nation's information infrastructure. Government hackers and security analysts gathered in Newport, R.I., for a war game dubbed "Digital Pearl Harbor." The result? The hackers failed to crash the Internet, though they did cause serious sporadic damage. But, according to a CNet.com report, officials concluded that terrorists hoping to stage such an attack "would require a syndicate with significant resources, including $200 million, country-level intelligence and five years of preparation time."

#### **The idea terrorism scares people more than the deed itself**

United States Institute of Peace 4’

(May 2004, “Cyberterrorism: How Real Is The Threat”, <http://www.usip.org/publications/cyberterrorism-how-real-threat>, Pg. 3, accessed 7-1-12, FFF)

Psychological, political, and economic forces have combined to promote the fear of cyberterrorism. From a psychological perspective, two of the greatest fears of modern time are combined in the term “cyberterrorism.” The fear of random, violent victimization blends well with the distrust and outright fear of computer technology. An unknown threat is perceived as more threatening than a known threat. Although cyberterrorism does not entail a direct threat of violence, its psychological impact on anxious societies can be as powerful as the effect of terrorist bombs. Moreover, the most destructive forces working against an understanding of the actual threat of cyberterrorism are a fear of the unknown and a lack of information or, worse, too much misinformation.

#### **Cyberterroism is inflated by the mass media**

United States Institute of Peace 4’

(May 2004, “Cyberterrorism: How Real Is The Threat”, <http://www.usip.org/publications/cyberterrorism-how-real-threat>, Pg. 3, accessed 7-1-12, FFF)

The mass media have added their voice to the fearful chorus, running scary front-page headlines such as the following, which appeared in the Washington Post in June 2003: “CyberAttacks by Al Qaeda Feared, Terrorists at Threshold of Using Internet as Tool of Bloodshed, Experts Say.” Cyberterrorism, the media have discovered, makes for eye-catching, dramatic copy. Screenwriters and novelists have likewise seen the dramatic potential, with movies such as the 1995 James Bond feature, Goldeneye, and 2002’s Code Hunter and novels such as Tom Clancy and Steve R. Pieczenik’s Netforce popularizing a wide range of cyberterrorist scenarios.

The net effect of all this attention has been to create a climate in which instances of hacking into government websites, online thefts of proprietary data from companies, and outbreaks of new computer viruses are all likely to be labeled by the media as suspected cases of “cyberterrorism.” Indeed, the term has been improperly used and overused to such an extent that, if we are to have any hope of reaching a clear understanding of the danger posed by cyberterrorism, we must begin by defining it with some precision.

#### **There is no evidence that there will be a Cyberattack**

United States Institute of Peace 4’

(May 2004, “Cyberterrorism: How Real Is The Threat”, <http://www.usip.org/publications/cyberterrorism-how-real-threat>, Pg. 8-9, accessed 7-1-12, FFF)

Amid all the dire warnings and alarming statistics that the subject of cyberterrorism generates, it is important to remember one simple statistic: so far, there has been no recorded instance of a terrorist cyberattack on U.S. public facilities, transportation systems, nuclear power plants, power grids, or other key components of the national infrastructure. Cyberattacks are common, but they have not been conducted by terrorists and they have not sought to inflict the kind of damage that would qualify them as cyberterrorism.

Technological expertise and use of the Internet do not constitute evidence of planning for a cyberattack. Joshua Green (“The Myth of Cyberterrorism,” Washington Monthly, November 2002) makes this point after reviewing the data retrieved from terrorists in Afghanistan:

When U.S. troops recovered al Qaeda laptops in Afghanistan, officials were surprised to find its members more technologically adept than previously believed. They discovered structural and engineering software, electronic models of a dam, and information on computerized water systems, nuclear power plants, and U.S. and European stadiums. But nothing suggested they were planning cyberattacks, only that they were using the Internet to communicate and coordinate physical attacks

#### **Cyberterrorism is far fetched, most hackers are only amateurs and pose no actual threat**

United States Institute of Peace 4’

(May 2004, “Cyberterrorism: How Real Is The Threat”, <http://www.usip.org/publications/cyberterrorism-how-real-threat>, Pg. 9, accessed 7-1-12, FFF)

Neither al Qaeda nor any other terrorist organization appears to have tried to stage a serious cyberattack. For now, insiders or individual hackers are responsible for most attacks and intrusions and the hackers’ motives are not political. According to a report issued in 2002 by IBM Global Security Analysis Lab, 90 percent of hackers are amateurs with limited technical proficiency, 9 percent are more skilled at gaining unauthorized access but do not damage the files they read, and only 1 percent are highly skilled and intent on copying files or damaging programs and systems. Most hackers, it should be noted, try to expose security flaws in computer software, mainly in the operating systems produced by Microsoft. Their efforts in this direction have sometimes embarrassed corporations but have also been responsible for alerting the public and security professionals to serious security flaws. Moreover, although there are hackers with the ability to damage systems, disrupt e-commerce, and force websites offline, the vast majority of hackers do not have the necessary skills and knowledge. The ones who do, generally do not seek to wreak havoc. Douglas Thomas, a professor at the University of Southern California, spent seven years studying computer hackers in an effort to understand better who they are and what motivates them. Thomas interviewed hundreds of hackers and explored their “literature.” In testimony on July 24, 2002, before the House Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, Thomas argued that “with the vast majority of hackers, I would say 99 percent of them, the risk [of cyberterrorism] is negligible for the simple reason that those hackers do not have the skill or ability to organize or execute an attack that would be anything more than a minor inconvenience.” His judgment was echoed in Assessing the Risks of Cyberterrorism, Cyber War, and Other Cyber Threats, a 2002 report for the Center for Strategic and International Studies, written by Jim Lewis, a sixteen-year veteran of the State and Commerce Departments. “The idea that hackers are going to bring the nation to its knees is too far-fetched a scenario to be taken seriously,” Lewis argued. “Nations are more robust than the early analysts of cyberterrorism and cyberwarfare give them credit for. Infrastructure systems [are] more flexible and responsive in restoring service than the early analysts realized, in part because they have to deal with failure on a routine basis.”

Many computer security experts do not believe that it is possible to use the Internet to inflict death on a large scale. Some pointed out that the resilience of computer systems to attack is the result of significant investments of time, money, and expertise. As Green describes, nuclear weapons systems are protected by “air-gapping”: they are not connected to the Internet or to any open computer network and thus they cannot be accessed by intruders, terrorists, or hackers. Thus, for example, the Defense Department protects sensitive systems by isolating them from the Internet and even from the Pentagon’s own internal network. The CIA’s classified computers are also air-gapped, as is the FBI’s entire computer system.

#### Cyberterrorism has been exaggerated, there has never been an instance of cyberrterrorism on U.S. computer systems

United States Institute of Peace 4’

(May 2004, “Cyberterrorism: How Real Is The Threat”, <http://www.usip.org/publications/cyberterrorism-how-real-threat>, Pg. 10-11, accessed 7-1-12, FFF)

It seems fair to say that the current threat posed by cyberterrorism has been exaggerated. No single instance of cyberterrorism has yet been recorded; U.S. defense and intelligence computer systems are air-gapped and thus isolated from the Internet; the systems run by 10 private companies are more vulnerable to attack but also more resilient than is often supposed; the vast majority of cyberattacks are launched by hackers with few, if any, political goals and no desire to cause the mayhem and carnage of which terrorists dream. So, then, why has so much concern been expressed over a relatively minor threat?

### A2: NextGen

#### NextGen Fails

#### Leocha 09 (Charlie, October 08, 2009, Consumer Traveler, “New Air-Traffic Computer Fails Tests”, <http://www.consumertraveler.com/today/new-air-traffic-computers-fail-tests/>, accessed 7-1-12, KR)

Reports are circulating that on one of the initial tests of the new computer system planned for the Next Gen air traffic control (ATC) system, the [systems failed to identify aircraft properly](http://www.nextgov.com/nextgov/ng_20091007_3707.php?oref=rss). The decades-old system had to be re-activated and the state-of-the-art computer was shut down. At a regional air traffic control center in Salt Lake City, the first of 20 regional facilities where these new computers will be going into operation before the end of 2010, the computers tested by the Federal Aviation Administration (FAA) failed. This technology is part of the system that will wean the current air traffic control system from the old World War II-era radar-based system to a modern GPS system. The only problem was that the system had problems identifying aircraft. Presumably, the aircraft were in the right place and located properly, but the designators were confusing small private planes with large jet aircraft. These kinds of misidentifications can present major dangers, to say the least. The FAA was hoping that the system would work flawlessly and had planned to keep it running for a longer test. However, the misidentifications forced the controllers working with the system to shut it down and relaunch the old tried-and-true radars. A Continental Airlines plane that had just taken off from Salt Lake City International Airport was identified as a recently landed Skywest Airlines plane even though there was no similarity between the aircraft, they said. The controller handling the Continental plane spotted the problem right away, but his workload was light at the time — if he had been busier, the problem might have gone undetected and could have led to dangerous miscommunications, controllers said. “Nobody knew what caused it and whether it would happen again later on,” said Doug Pincock, the controllers union representative at the Salt Lake center. The system also misidentified planes at least twice in other recent tests, he said. It is good to see that the FAA is moving forward on the projects even with its problems with negotiating contracts with the air traffic controllers and the delays in steady funding from Congress because of stalled reauthorization legislation. The [Consumer Travel Alliance](http://consumertravelalliance.org) is urging Congress to move forward on this FAA Reauthorization Bill as quickly as possible. It seems that all the main players are in agreement that the modernization of the ATC system is one of America’s priorities. However, there are other more contentious issues such as tarmac-delay legislation and airline alliance sunset provisions that are sure to keep negotiators working to reconcile the Senate and House versions of this bill. Though the Consumer Travel Alliance supports both tarmac-delay legislation and Rep. Oberstar’s airline alliance provisions, let’s hope that these differences are quickly settled or left to be argued next year, so that ATC modernization can move forward with a long-term budget.

### No Solvency- Loss of Talent

#### Aerospace industry has a largely older work force – many highly skilled people will be retiring

UNITED STATES DEPARTMENT OF LABOR Employment & Training Administration, 5

[The United States Department of Labor, May 2005 “America’s Aerospace Industry: Identifying and Addressing Workforce Challenges Report of Findings and Recommendations For The President’s High Growth Job Training Initiative in the Aerospace Industry”. <http://www.doleta.gov/brg/indprof/aerospace_report.pdf> Accessed: 6/27/12, P.6, LS]

The Aging Workforce—**Stakeholders representing the aerospace industry expressed concern about the aging workforce. About 26 percent of aerospace workers will be eligible to retire by 2008. The average production worker is 53 years of age3 and the average engineer is 54 years of age.**4 Participants wanted to establish an annually updated national database of skills/competency gaps focusing on training program money on 1 year and 5 year gaps (projected) identified by centers, companies and agencies and managed by them; establish the relevance of the aerospace industry in education and the workforce; and establish a phased retirement program.

#### Massive loss of technical talent in the aerospace industry- not enough people to fill the high tech jobs implicated in the plan

Doleta May 2005

[The United States Department of Labor, May 2005 “America’s Aerospace Industry: Identifying and Addressing Workforce Challenges Report of Findings and Recommendations For The President’s High Growth Job Training Initiative in the Aerospace Industry”. <http://www.doleta.gov/brg/indprof/aerospace_report.pdf> Accessed: 6/27/12, P.6, LS]

The Loss of Technical Talent—**The industry is having a difficult time retaining its existing workforce, attracting young people into the field and building its skills base.** Some solutions examined include sponsoring a meeting with industry partners and educators where future specific skill sets are identified, and educators transfer these skill sets into new curricula and courses; **increasing hands-on interactive learning in the classrooms, including increasing technology access, teachers with experience, gearing classes toward specific interests and teaching what industry needs; and identifying high-tech skills, including identifying and training vital skills sets as defined by industry, certifying skill sets to standards after hands on training, rewarding training with pay and creating baseline core competencies and technical skills levels**.

### A2: Free Trade

#### Other factors check back against war – trade isn’t critical

**STREETEN Boston University, Professor of Economics, 2001** (Paul, Professor Emeritus of Economics at Boston University and Founder and Chairman of the journal World Development, Finance and Development, Vol 38, No 2, 7-1-12, KRE)

Trade is, of course, only one, and not the most important, of many manifestations of economic interdependence. Others are the flow of factors of production—capital, technology, enterprise, and various types of labor—across frontiers and the exchange of assets, the acquisition of legal rights, and the international flows of information and knowledge. The global flow of foreign exchange has reached the incredible figure of $2 trillion per day, 98 percent of which is speculative. The multinational corporation has become an important agent of technological innovation and technology transfer. In 1995, the sales of multinationals amounted to $7 trillion, with these companies' sales outside their home countries growing 20-30 percent faster than exports.

## Freight Rail

### Status Quo Solves – Private Sector

#### Private sector interest and investment in freight rail now

Association of American Railroads, railroad policy, research, and technology organization, 12

(Association of American Railroads, 1-30-12, "Freight Railroads Expect to Spend a Record $13 Billion on Capital Expenditures, Hire More than 15,000 in 2012," http://www.aar.org/NewsAndEvents/Press-Releases/2012/01/30-Investment-And-Hiring.aspx, accessed 6-27-12, CNM)

Washington, D.C.—Jan. 30, 2012— The Association of American Railroads (AAR) today announced that the nation’s major freight railroads are projected to invest a record $13 billion in capital expenditures in 2012 to expand, upgrade, and enhance the nation’s freight rail network. The freight railroads also expect to hire more than 15,000 employees this year, replacing retiring workers and adding new positions nationwide.

“Unlike trucks, barges or airlines, America’s freight railroads operate on infrastructure they own, build and maintain themselves so taxpayers don’t have to. And this year they are investing at a record rate to meet the demands of the recovering economy,” said Edward R. Hamberger, AAR President and CEO. “These investments help businesses get their goods to market more efficiently and affordably, so they too can innovate, invest and hire. That’s how freight rail spurs the American economy and supports jobs all across the country.”

With hundreds of infrastructure projects underway nationwide, privately owned freight rail networks are maintained through continued investments that have reached record levels in the past three years. These investments include expenditures such as intermodal terminals that facilitate truck to train freight transport; new track, bridges and tunnels; modernized safety equipment; new locomotives and rail cars, and other components that ensure the U.S. freight rail network remains the best in the world.

In recent years, railroads have been spending roughly 17 percent of their annual revenue on capital expenditures, compared with the average U.S. manufacturer that spends roughly 3 percent of revenue on capital expenditures.

“As the demand to move more freight by rail increases and a significant percentage of the rail workforce hits retirement age, freight railroads are continuing to add and fill jobs nationwide,” said Hamberger. “These jobs are well paying, highly skilled careers that cannot be offshored.”

Rail employee compensation averages roughly $100,000 per year, with jobs ranging from engineers and dispatchers, to law enforcement, to information technology and industrial development. Freight railroads have roughly 175,000 employees nationwide, many of whom are veterans and reservists. In fact, one in five of recent new railroad hires are veterans.

### FREIGHT Act Solves

#### FREIGHT Act solves – it does everything NIB would do for freight rail

Higashide, Tri State Transportation Campaign’s Federal Advocate, 11

(Steven, 12/13/11, Mobilizing the Region, " Federal Transportation Bill Could Mean Big Changes for Freight — Or Not," http://blog.tstc.org/2011/12/13/federal-transportation-bill-could-mean-big-changes-for-freight-or-not/, accessed 6-30-12, CNM)

The second is the FREIGHT Act (S327/HR1338), which was sponsored by Sen. Lautenberg and Rep. Albio Sires. It would expand MAP-21′s freight provisions by:

Establishing performance-based criteria to evaluate freight projects, so that federal policy incentivizes projects that improve shipping delays and safety, and reduce air, water, and noise pollution.

Creating a competitive grant program for freight projects. (Read more about the FREIGHT Act on MTR and T4America’s blog.)

The Senate’s Commerce Committee, which handles freight issues, will meet Wednesday and is likely to debate the inclusion of the FREIGHT Act’s provisions in MAP-21.

#### FREIGHT Act creates performance measuring

Davis, Transportation for America Deputy Communications Director, 11

(Stephen Lee, 12-14-12, Transportation for America, "Senate committee takes positive steps for freight, multimodalism, performance and safer streets," http://t4america.org/blog/2011/12/14/senate-committee-takes-positive-steps-for-freight-multimodalism-performance-and-safer-streets/, accessed 6-30-12, CNM)

Many components of Senator Lautenberg’s FREIGHT Act, which we’ve been supporting since its introduction in 2010, were passed out of committee as a part of S. 1950 today. It would create a coordinated national policy for freight and ports across the country.

The FREIGHT Act was combined with a separate bill about performance goals and objectives to become the Surface Transportation and Freight Policy Act. These two proposals both had language on measuring performance – one focused on the freight system and the other on the entire surface transportation network.. The combined bill melds performance goals and objectives from both bills to see if we’re really spending money wisely across our whole system, not just freight.

#### Solves congestion

Davis, Transportation for America Deputy Communications Director, 11

(Stephen Lee, 12-14-12, Transportation for America, "Senate committee takes positive steps for freight, multimodalism, performance and safer streets," http://t4america.org/blog/2011/12/14/senate-committee-takes-positive-steps-for-freight-multimodalism-performance-and-safer-streets/, accessed 6-30-12, CNM)

There’s also a multimodal grant program for freight infrastructure projects focused on bottlenecks, areas of congestion and other key freight needs. The projects are selected by criteria that support many of the same goals and objectives listed above.

### Private Investment Solves

#### Status quo private investment solves

Orski, Innovation Briefs Publisher and Editor, 8

(C. Kenneth, 6-1-08, Heartlander, "Freight Rail in Unprecedented Expansion, While High-Cost Urban Rail Transit Lags," http://news.heartland.org/newspaper-article/2008/06/01/freight-rail-unprecedented-expansion-while-high-cost-urban-rail-transit, accessed 6-30-12, CNM)

In the meantime another rail sector--the freight railroads--is experiencing unprecedented expansion.

"For the first time in nearly a century railroads are making large investments in their networks," wrote Daniel Machalaba in a well-documented front page article in The Wall Street Journal ("New Era for Rail Building," February 13, 2008).

"Their campaign is altering the corridors of American commerce, more so than any other development since interstate highways spread to the interior," Machalaba noted.

Since 2000, freight railroads have spent $10 billion to expand track, build freight yards, and buy rolling stock, and they have $12 billion more in upgrades planned.

"It's been a century since railroads embarked on a similar spate of capital investment," Machalaba observed.

#### The private sector is sufficient on its own

Orski, Innovation Briefs Publisher and Editor, 8

(C. Kenneth, 6-1-08, "Freight Rail in Unprecedented Expansion, While High-Cost Urban Rail Transit Lags," http://news.heartland.org/newspaper-article/2008/06/01/freight-rail-unprecedented-expansion-while-high-cost-urban-rail-transit, accessed 6-30-12, CNM)

What is remarkable is that this massive expansion and modernization of freight rail infrastructure has been accomplished without the help of any public funds. From 1980, when the Staggers Rail Act partially deregulated railroads, through 2006, railroads have invested some $400 billion of private capital in their systems, according to the Association of American Railroads (AAR).

Currently, railroad companies are investing 18 percent of their revenue in new infrastructure, more than any other industry, says AAR. They are able to do so because dramatic increases in freight volume due to booming international trade have led to record earnings. Forecasts are for continued profitability, with railroads prepared to continue funding internally the vast majority of their planned rail infrastructure investment.

### Coal Causes Global Warming

#### Coal is a large contributor to global warming

Macalister, Guardian energy editor, 6-13

(Terry, 6-13-12, Guardian, "Coal's resurgence undermines fight against global warming," http://www.guardian.co.uk/environment/2012/jun/13/coal-resurgence-global-warming, accessed 6-30-12, CNM)

Christof Ruhl, BP's chief economist presenting the figures in London on Wednesday said industrialisation of developing countries and cheap prices were driving coal demand which had "profound implications" for CO2 output.

The increased use of coal and a continued heavy use of other fossil fuels such as oil and gas led to a 3% increase in world carbon emissions from energy in 2011, a lower rate than in 2010, the statistics show.

Ruhl said concerns about climate change seemed to have been parked to one side as a "sense of frustration" had set in over the difficulties of finding a quick and easy solution to global warming.

### Grain - Alt Cause – Ports

#### Alt cause – ports are ineffective

Agrimoney, Agriculture news source, 11

(2-14-11, "'Ageing' infrastructure hurting US grain exports," http://www.agrimoney.com/news/ageing-infrastructure-hurting-us-grain-exports--2818.html, accessed 6-30-12, CNM)

However, a USGC meeting heard that the US was not even going to be able to exploit upgrades to the Panama Canal to accommodate 1,200-foot vessels, compared with a maximum of 965 feet today,

"Unless the US does a better job of maintaining its navigation channels… our channel dimensions will not keep pace with larger ships," Kurt Nagle, chief executive of the American Association of Port Authorities, which represents facilities in both North and South America, told the USGC session.

"[The US] will not realise the full advantage of the export opportunities the expanded Panama Canal will bring.

"A nation is judged by its infrastructure, and the US is getting worse by the year, if not the day," he added.

Ken Eriksen, senior vice president at analysis group Informa Economics, said the US needs a "wake-up call" on infrastructure, with its spending on logistical improvements below that of the likes of Brazil, Europe, Japan and Singapore on a per capita basis.

[Note – USGC = US Grains Council]

## Light Rail

### Status Quo Solves Obesity

#### Status quo drugs solve obesity.

Science Daily 4/27/12

[cites Professor Richard Ross, University of Sheffield Professor of Endocrinology, and Professor Pete Artymiuk, University of Sheffield´s Department of Molecular Biology and Biotechnology, April 27, 2012, Science Daily, “New Drug to Tackle Body Fat Problems,” http://www.sciencedaily.com/releases/2012/04/120427114600.htm, accessed 7/1/12, JTF]

Researchers have solved the challenging crystal structure of the leptin-binding domain of the obesity receptor using state of the art X-ray crystallography, helping them to work out how to block or stimulate the receptor. Leptin, the obesity hormone, is produced by fat and excess leptin predisposes overweight people to conditions such as multiple sclerosis, cancer and heart disease whilst a deficiency in leptin, as occurs in malnutrition, results in infertility and immunodeficiency.

Blocking the receptor, and therefore the excessive actions of leptin, could prevent the complications of obesity and stimulating the receptor may improve fertility and the immune response.

Professor Richard Ross, Professor of Endocrinology at the University of Sheffield said: "This pioneering research gives us the potential to generate new drugs that could treat conditions and diseases associated with obesity such as Multiple Sclerosis, diabetes and cardiovascular disease.

"Modulating the actions of the obesity receptor provides a novel approach to the treatment of conditions associated with both obesity and anorexia and has the potential to make a massive difference to millions of people whose quality of life and health is hindered by obesity or malnutrition."

Controlling appetite is a fundamental basic physiological drive which in turn is connected to many other aspects of physiology, in particular fertility and the immune response.

Professor Pete Artymiuk, from the University of Sheffield´s Department of Molecular Biology and Biotechnology, said: "The human obesity receptor binds the hormone leptin and together they play a key role in regulating appetite, fertility, and immunity.

"Using X-ray crystallography we have solved the structure of the leptin‑binding domain of the receptor bound to a potential therapeutic antibody that blocks leptin binding. This is the first crystal structure for any part of this important receptor.

"Because we now know the precise atomic structure of the receptor we can begin to design drug molecules that can alter its activity. This can be useful in the treatment of a variety of diseases ranging from obesity to autoimmune diseases including multiple sclerosis."

### Obesity Inevitable

#### Civilization makes Obesity is Inevitable – Multiple Factors Prove

**Prentice 97**

(Andrew M Prentice, Ph.D. in Nutirition from Darwin College, “Obesity—the inevitable penalty of civilization?”, published in British Medical Bulletin 1997, 53 (No. 2): pages 229-237, <http://www.sochob.cl/pdf/obesidad_adulto/Obesity%20the%20inevitable%20penalty%20of%20civilisation.pdf>, Accessed 7/1/12, THW)

The modern inhabitants of 17th century cottages are reminded of the way in which the human form has changed every time they hit their head on a beam or stoop to pass through a doorway. The secular changes in the height of the Japanese over the past 50 years are an accelerated version of the same phenomenon. These are changes that we accept as being permanent and natural. We talk of 'reaching our genetic potential' in response to better nutrition, and view the changes as beneficial, since height is positively associated with health and social status. Are we now on the verge of another anthropometric transition — this time in weight? The evidence suggests that we are, but that this time the trend will be far from beneficial. Data stretching back to the turn of the century show that the average body mass index (BMI = weight (kg)/height x height (m)2) has increased steadily in the UK (where the best data are available) and other affluent countries. Such changes are graphically illustrated by the fact that Boeing's aeroplane designers have had to increase the assumed weight of each passenger by over 20 pounds since their first airliners took to the skies. Designers of clothes, and beds and chairs and cars, are all acknowledging that this increase in girth is not a temporary deviation in the statistics; it is here to stay and shows every sign of accelerating rapidly.

## Mass Transit

### No Solvency

#### **Transit systems not revenue generating – won’t be funded**

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)

Rendell is also quick to point out that the Infrastructure Bank is not a panacea. He believes a robust public investment of tax dollars is still necessary, and he’s not alone. As Representative Peter Defazio said at the May hearing, “We’re not going to toll every mile of Interstate. And there’s not a transit system in the world that makes money.” Even with an Infrastructure Bank in place, transit systems would still rely on taxes or fees, and Defazio believes the nation should raise and index the gas tax to ensure a high level of public investment.

### AT: Buses Reduce GHG Emissions

#### **Cars produce less emissions – their study made false assumptions**

Rubin, mass transit consultant, 10

(Thomas, 4-5-10, Reason Foundation, “Does Bus transit Reduce Greenhouse Gas Emissions?,” <http://reason.org/news/show/does-bus-transit-reduce-greenhouse>, accessed 6-27-12, LH)

Which is “greener” – uses less energy and produces fewer emissions – riding in a transit bus or driving a car?  While the results will vary depending on the particulars of the bus, the car, and how they are utilized, on average in the U.S., moving a passenger one mile in an auto uses less energy, and produces less emissions, per passenger-mile (one person traveling one mile) than carrying that person one mile in an urban transit bus.

However, researchers based at Duke University have reached a very different conclusion – but they have done so by assuming a bus passenger load over seven-and-one-half times the U.S. average and an auto passenger load 63% of the average, and prominently displayed the results produced by this extremely unrealistic mixture of assumptions in the first paragraph of their paper to produce maximum impact for their badly flawed hypothesis.  This improper representation of the greenery of urban transit buses vs. the private autos must not be allowed to stand unopposed, for it could be utilized to justify very contraindicated governmental transportation decisions.

#### **Buses have no advantages over cars**

Rubin, mass transit consultant, 10

(Thomas, 4-5-10, Reason Foundation, “Does Bus transit Reduce Greenhouse Gas Emissions?,” <http://reason.org/news/show/does-bus-transit-reduce-greenhouse>, accessed 6-27-12, LH)

In fact, with the exception of a few U.S. transit operators, including MTA-NYCT, there is considerable question if transit has any energy and emissions advantages over automobiles at all at the present time – and, given the historical trend, and that there appears to be very significant likelihood for major progress being made for automobiles in both regards over the upcoming years, I am not prepared to concede that buses can get “greener” faster than automobiles in the foreseeable future10.

### AT: Bus Investment Boosts Economy

#### **Public transit doesn’t solve the economy – lack of a market**

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. 21, <http://www.cggc.duke.edu/environment/climatesolutions/greeneconomy_Ch12_TransitBus.pdf>, accessed 6-27-12, LH)

The U.S. market for heavy-duty transit buses is small, delivering roughly 5,000 to 5,500 buses per year. Heavy-duty buses have a 12-year life and old buses are expensive to keep running, so the need to replace buses in current fleets is a factor in future sales. The United States has roughly 1,200 transit agencies with bus fleets, and the average bus age in the American Transportation Association’s (APTA)’s sample of current U.S. fleets is 7.5 years (APTA, 2009). This means the replacement market alone implies a certain minimum level of future bus orders.

Public transit spending is not sufficiently steady or reliable to encourage growth in the industry. Firms may receive increased orders only to see them fall in subsequent years when funding levels drop and demand has already been satisfied. This makes it difficult for bus manufacturers to maintain their capacity and workforce without having to lay off workers periodically. In the current recession, many agencies can no longer meet federal financing formulas that require a local funding match of 20%. Cutbacks in state funding appear to threaten even the gains promised by funding from the stimulus bill, the American Recovery and Reinvestment Act of 2009. To illustrate, the Chicago Transit Authority used stimulus money to order 58 new hybrid buses from New Flyer. It also placed a larger order of 140 buses, which it intended to pay for with state money. However, the state funds were subsequently cut and the CTA was forced to delay the large order. This so disrupted New Flyer’s production schedule that, in August 2009, the company was forced to begin laying off 320 people, or 13% of its workforce (Cooper, 2009).

### No Solvency – Manufacturing

#### The industry is not large enough to solve manufacturing and relies on international production

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. 30-31, www.worldwatch.org/system/files/Reviving-the-US-Rail-and-Transit-Industry.pdf accessed 6-29-12, CNM)

As noted in the Duke University report U.S. Man- ufacturing of Rail Vehicles for Intercity Passenger Rail and Urban Transit, the current U.S. rail market has not been large enough to support the comprehensive sup- plier industry needed to move to full domestic supply:

The U.S. value chain includes several gaps— specific manufacturing activities that are not typ- ically performed in the United States. These gaps vary among the six target rail types. For example, a high-speed rail component may currently be manufactured exclusively overseas, while the equivalent component for regional rail is made domestically by several firms. Depending on the rail category, activities often performed outside the United States may include propulsion sys- tems, fabricated trucks, electronic systems, and doors. Often these gap categories require complex machinery and special skills, so companies typ- ically invest in them only in overseas locations where there is a stronger market.1

In essence, there is a chicken-and-egg problem. Increased domestic content requires more complete domestic supply chains, but unless there is enlarged demand it will be difficult to call forth the supply. Raising the Buy America provision to 100 percent pres- ents special challenges. U.S. manufacturers of systems and component parts have established cost-efficient partnerships with manufacturers and suppliers of sub- components in other regions of the world.2 In the bus industry, these out-of-country suppliers generally pro- vide lower-technology subcomponent parts such as wheels and fasteners that have less complex manufac- turing processes than parts manufactured in the United States. These parts are ubiquitous in the global mar- ketplace, so firms often source them from regions that have less technologically advanced manufacturing industries and the lowest production costs, while firms in regions with more skilled and technologically advanced manufacturing industries expand their capac- ity to produce components that have a higher value- added in the product stream.3

### AT: Air Pollution

#### Air pollution low now

Artz, The Heartland Institute, 2011

(Kenneth, 6-13-11, The Heartland Institute, “Nations Air Quality Continues to Improve”, <http://www.heartland.org/environmentandclimate-news.org/article/30147/Nations_Air_Quality_Continues_to_Improve.html>, accessed 7-1-12, LH)

According to the report, ozone levels registered the strongest improvement. All metro areas in the 25 cities most polluted by ozone showed improvement over last year’s report. Particulates also registered impressive reductions. All but two of the 25 cities most affected by particle pollution (sometimes called soot) improved over last year’s report. The State of the Air 2011 report examines ozone and particulate pollution at official monitoring sites across the United States in 2007, 2008, and 2009. The report uses the most current quality-assured nationwide data available for these analyses. Joel Schwartz, a Senior Consultant with Blue Sky Consulting Group of Sacramento, California, said the U.S. Environmental Protection Agency and environmental activist groups nevertheless continue to frighten people into believing national air quality is worsening. “The Environmental Protection Agency (EPA) has made the claim that air pollution at current levels kills tens of thousands of Americans every year. EPA makes a wild claim like that because, first, they believe it, but secondly because they must keep up the perception that there’s a serious problem that must be solved. If there wasn’t a serious problem, then EPA wouldn’t be able to justify the enormous budget and resources the organization commands,” said Schwartz. “Of course, the EPA’s story is all wrong. We have cleaner air now than 1970 when the Clean Air Act was established. In fact, the air in 1970 was cleaner than it was in the 1930s,” Schwartz observed. “Obviously, at high enough levels air pollution can kill people. But the evidence shows that the air we breathe today is nowhere near that level, nor has it been for a very long time. In fact, the air is getting cleaner,” said Schwartz.

#### Effects of air pollution are exaggerated- won’t lead to extinction

Schwartz, Reason Foundation’s Environmental Science Program, Senior Scientist, 2004 (Joel, 9-1-04, Heartland Institute, “EPA Policy Ignores Declines in US Air Pollution”, http://www.heartland.org/environmentandclimate-news.org/article/15559/EPA\_Policy\_Ignores\_Declines\_in\_US\_Air\_Pollution.html, accessed 7-1-12, LH)

In addition, there is evidence that EPA and activists have greatly exaggerated the health effects of current PM2.5 levels. EPA's annual PM2.5 standard is based mainly on a 1995 American Cancer Society (ACS) PM study, which reported an association between PM2.5 and mortality. Some features of the study, however, suggest PM is unlikely to be the agent responsible. According to the ACS results, PM increased mortality for men, but not women, and for those with no more than a high school degree but not for those with at least some college. The ACS study also reported increased mortality among former smokers but not among those who currently smoke or never smoked, and among those who said they were moderately active but not among the very active or the sedentary. Such biologically implausible variations in the ostensible effects of low-level PM suggest the association between PM and mortality is spurious and does not represent a genuine cause-and-effect relationship. Claims about low-level PM and health suffer from other biological plausibility problems. For example, coal-fired power plants contribute some 25 to 50 percent of the total PM2.5 in the eastern half of the United States, in the form of sulfates formed as a result of SO2 emissions. But toxicology studies with human volunteers suggest sulfates are not toxic, even at exposures many times greater than today's peak levels, and even in people with respiratory diseases. Scientists use ammonium sulfate, the main form of sulfate PM in the air in the eastern United States, as an inert control factor--that is, a substance not expected to have any health effects--in studies of the health effects of acidic aerosols, and magnesium sulfate is used therapeutically to reduce airway constriction in asthmatics. Nitrate PM, which makes up 25 to 50 percent of PM in the western U.S., has been shown to have no deleterious health effects in controlled studies. EPA attributes about 90 percent of the benefits of all air pollution regulation to lives saved due to PM reductions. But if PM at current levels is not killing people, then almost all of the benefits EPA claims for clean-air regulation are bogus.

#### **Air pollution good- coopts global warming**

Kelly, The Environmental Magazine, 5-7-12

(Sharon, 5-7-12, The Environmental Magazine, “Air Pollution Holding Back Global Warming,” <http://www.emagazine.com/daily-news/air-pollution-holding-back-global-warming/>, accessed 7-1-12, LH)

Over the eastern half of the U.S., a massive patch of air pollution held back the immediate impacts of global warming for many decades, according to a [new report](http://www.seas.harvard.edu/news-events/press-releases/warming-hole-delayed-climate-change-over-eastern-united-states) by climate scientists from Harvard University. The thick cloud of particulates, blamed for acid rain and a variety of human health problems, helped to mitigate rising temperatures, compared to elsewhere on the planet, and kept high temperatures especially restrained during summer and autumn months.

Over the 100-year period from 1906 to 2005, temperatures around the world climbed roughly 0.8 degrees Celsius. But temperatures across the eastern U.S. dropped around one degree from 1930 to 1990, a difference the researchers attribute in large part to pollution from coal-fired power plants and industrial production.

### AT: Disaster relief

#### Public Transportation Isn’t used for Disaster Relief, It gets shut down - empirics

**AP 11** (Associated Press, 8/27/11, “Boston shuts down public transit for Irene,” <http://www.cbsnews.com/2100-201_162-20098314.html>, Accessed 7/1/12, THW)

BOSTON - The Boston area's public transportation authority has decided to shut down all services as Hurricane Irene closes in on the region. The Massachusetts Bay Transportation Authority says all its services — including bus, subway and commuter rail — will shut down for the entire day Sunday. A spokesman says it's the biggest disruption since the blizzard of 1978. The center of the hurricane is expected to hit the state at midday Sunday, bringing heavy rains, flooding and winds as high as 90 mph. In an announcement Saturday, the MBTA said it made the decision to shut down for the safety of its customers and employees. It said the shutdown will also allow it to focus on making sure it's ready to resume normal operations by the Monday morning commute. Hurricane warnings have been issued for Martha's Vineyard. There is a hurricane watch in effect for the coastline to the mouth of the Merrimack River. The governor and president declared a state of emergency. The governor deployed 500 National Guard troops, saying an additional 2,000 troops will be activated Saturday.

## HighSpeed Rail

### No Solvency

#### Investment in high-speed rail will only be a waste

Julian, Hoover Institution research fellow, 10

(Liam, April 1, 2010, The Trouble with High-Speed Rail. Policy Review, Issue 160, <http://www.hoover.org/publications/policy-review/article/5296> , AD 6/27/12p. 4, LP)

Obama has also been criticized by those who see trouble in the breadth of his high-speed rail ambitions. Robert Puentes, a senior fellow at the Brookings Institution, told U.S. News and World Report, "The advice was, pick one or two corridors and invest wisely." But instead, the administration is "spreading the peanut butter thinly all over the place." Other commentators have pointed out that the speedy trains that work in parts of Europe and Asia won't work in a vast United States, with its dispersed inhabitants. Robert Samuelson noted in a Washington Post column on the subject that the population density of Japan, for instance, is 880 people per square mile, while in America, there are just 8 6 people per square mile.

Can the Obama administration counter the naysayers with numbers and data? No, it cannot. For high-speed rail is simply an imprudent and inefficient answer to an unreal American transportation need. One has only to look at the history and development of the nation's most-advanced, Obama-touted high-speed rail projects — in Florida and California — to see that the administration's plan is merely a high-speed way to waste untold billions.

### No Solvency – Won’t Work in U.S.

#### No solvency – High speed rail will not work in the US - geography

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)

William J. Mallett, transportation policy specialist at the Congressional Research Service, notes: "I'm not convinced high-speed rail is the answer to some people's prayers, because the geography of the United States is different than Europe… a high-speed rail network that covers the whole country is probably not feasible." Countries with HSR generally have higher population densities, smaller land areas, and lower rates of car ownership than the United States.

### No Solvency – No Transition

#### No transition – air travel is more efficient

Nagarajan, private investor, 10

(Ravi, July 27, 2010, Seeking Alpha, "High Speed Rail May Threaten Freight Rail Renaissance ," http://seekingalpha.com/article/216596-high-speed-rail-may-threaten-freight-rail-renaissance, accessed 6-30-12, CM)

America is a vast country and rail travel will never be a feasible alternative to air travel for trips longer than 800 miles even with trains capable of 200 mile per hour operating speeds. Except for a subset of travelers who especially dislike air travel, most consumers will select the mode of transportation that offers an attractive balance between cost and time requirements. Air travel is relatively inexpensive within the continental United States. For a hypothetical 800 mile trip, state of the art high speed rail running on a dedicated track at 200 miles per hour with four stops lasting five minutes each would require roughly four and half hours compared to less than two hours in the air. Even adding the time required to commute from city centers to the airport, air travel likely wins.

### No Solvency – Not Fast Enough

#### US’s high speed rail is extremely slow

The Economist, 10

(July 22, 2010, The Economist, "High-speed railroading," http://www.economist.com/node/16636101, accessed 6-30-12, CM)

California’s plans were given a boost by Barack Obama’s stimulus package last year. This earmarks a lump sum of $8 billion, plus $1 billion a year, to help construct fast rail corridors around America (see map). Such lines are common in Europe, Japan and, increasingly, China, yet the only thing at all like them in America is Amtrak’s Acela service from Boston via New York to Washington, DC. It rarely reaches its top speed of 150mph (240kph) and for much of the way manages little more than half that, because the track is not equipped for higher speeds. Acela, like virtually all trains run by publicly owned Amtrak, has to use tracks belonging to freight railways, whose trains trundle along at 50mph; passenger trains must stick below 80mph. Despite the excitement of railway buffs and the enthusiasm of environmentalists, high-speed rail in America is likely to mean a few more diesel-electric intercity trains at 110mph, not swish electric expresses going nearly twice as fast.

### No Solvency – Alt Causes

#### Too many alt causes to solve – passenger rail can’t compete

Samuelson, Washington Post Columnist, 11

(Robert J., February 14, 2011, *Washington Post*, "High-speed rail is a fast track to government waste," http://www.washingtonpost.com/wp-dyn/content/article/2011/02/13/AR2011021302203.html, accessed 6-30-12, CM)

The reasons passenger rail service doesn't work in America are well-known: Interstate highways shorten many trip times; suburbanization has fragmented destination points; air travel is quicker and more flexible for long distances (if fewer people fly from Denver to Los Angeles and more go to Houston, flight schedules simply adjust). Against history and logic is the imagery of high-speed rail as "green" and a cutting-edge technology. It's a triumph of fancy over fact. Even if ridership increased fifteenfold over Amtrak levels, the effects on congestion, national fuel consumption and emissions would still be trivial. Land-use patterns would change modestly, if at all; cutting 20 minutes off travel times between New York and Philadelphia wouldn't much alter real estate development in either. Nor is high-speed rail a technology where the United States would likely lead; European and Asian firms already dominate the market.

### High Speed Rail Unneeded – Cars are Becoming Efficient

#### High speed rail isn’t needed – cars are becoming more efficient

O'Toole, Cato Institute Senior Fellow, 11

(Randal, February 14, 2011, National Review, "High-Speed Pork Faster trains will produce almost no new mobility," http://www.nationalreview.com/articles/259618/high-speed-pork-randal-otoole#, accessed 6-30-12, CM)

Nor will high-speed rail offer any environmental benefits. The average intercity auto trip today uses less energy per passenger mile than the average Amtrak train. While it takes a lot of energy to move trains 150 miles per hour or more, autos are getting cleaner and more energy-efficient every year, so by 2025 the average car will be greener than the most efficient train.

### Won’t Be Funded

#### High speed rail projects won’t get funded – Cost overruns are 45% higher than originally predicted

Julian, Hoover Institution research fellow, 10

(Liam, April 1, 2010, The Trouble with High-Speed Rail. Policy Review, Issue 160, p. 12, <http://www.hoover.org/publications/policy-review/article/5296> , AD 6/27/12, LP)

Nonetheless, the Obama administration pushes onward, encouraging states such as Florida and California to concoct bogus high-speed rail plans and then dispersing billions of dollars to them. All the while, nobody has an accurate idea of what these scattered high-speed systems will actually cost the country, all-total, in the end. History shows that official construction estimates are usually lowballed big-time. A 1990 evaluation by the U.S. Department of Transportation of 10 major American rail transit projects found that their average cost overrun was about 50 percent; the real costs of seven of the ten projects were between 30 and 100 percent higher than their original estimates. A 2003 study carried out at Aalborg University in Denmark evaluated 258 transport infrastructure projects completed in 20 nations on five continents between 1927 and 1998. It found that the costs of nine out of ten projects were underestimated, and that for rail, actual expenses were some 45 percent higher than predicted. Ridership projections are typically way overshot, too, though not as whoppingly so as in Florida and California.

### Warming Not Anthropogenic

#### And it’s not anthropogenic

Watson, Editor for Infowars.net, 9

(Steve, 2/27/09, citing a report conducted by the Japan Society of Energy and Resources, the academic society representing scientists from the energy and resource fields, Infowars.net, “Top Japanese Scientists: Warming Is Not Caused By Human Activity,” <http://www.infowars.com/top-japanese-scientists-warming-is-not-caused-by-human-activity/>, Accessed: 7/1/12, GJV)

A major scientific report by leading Japanese academics concludes that global warming is not man-made and that the overall warming trend from the mid-part of the 20th Century onwards has now stopped. Unsurprisingly the report, which was released last month, has been completely ignored by the Western corporate media. The report was undertaken by Japan Society of Energy and Resources (JSER), the academic society representing scientists from the energy and resource fields. The JSER acts as a government advisory panel, much like the International Panel on Climate Change did for the UN. The JSER’s findings provide a stark contrast to the IPCC’s, however, with only one out of five top researchers agreeing with the claim that recent warming has been accelerated by man-made carbon emissions. The government commissioned report criticizes computer climate modeling and also says that the US ground temperature data set, used to back up the man-made warming claims, is too myopic. In the last month, no major Western media outlet has covered the report, which prompted British based sci-tech website The Register to commission a translation of the document. Section one highlights the fact that Global Warming has ceased, noting that since 2001, the increase in global temperatures has halted, despite a continuing increase in CO2 emissions. The report then states that the recent warming the planet has experienced is primarily a recovery from the so called "Little Ice Age" that occurred from around 1400 through to 1800, and is part of a natural cycle. The researchers also conclude that global warming and the halting of the temperature rise are related to solar activity, a notion previously dismissed by the IPCC. "The hypothesis that the majority of global warming can be ascribed to the Greenhouse Effect is mistaken." the report’s introduction states. Kanya Kusano, Program Director and Group Leader for the Earth Simulator at the Japan Agency for Marine-Earth Science & Technology (JAMSTEC) reiterates this point: "[The IPCC's] conclusion that from now on atmospheric temperatures are likely to show a continuous, monotonic increase, should be perceived as an unprovable hypothesis," Shunichi Akasofu, head of the International Arctic Research Center in Alaska, cites historical data to challenge the claim that very recent temperatures represent an anomaly: "We should be cautious, IPCC’s theory that atmospheric temperature has risen since 2000 in correspondence with CO2 is nothing but a hypothesis. " "Before anyone noticed, this hypothesis has been substituted for truth… The opinion that great disaster will really happen must be broken." Akasofu concludes. The key passages of the translated report can be found here. The conclusions within the report dovetail with those of hundreds of Western scientists, who have been derided and even compared with holocaust deniers for challenging the so called "consensus" on global warming. The total lack of exposure that this major report has received is another example of how skewed coverage of climate change is toward one set of hypotheses. This serves the agenda to deliberately whip up mass hysteria on behalf of governments who are all too eager to introduce draconian taxation and control measures that won’t do anything to combat any form of warming, whether you believe it to be natural or man-made.

## Ports

### Status Quo Legislation Solves

#### House bill solves maritime terrorism

Reif, Center for Arms Control and Non-Proliferation Director of Nuclear Non-Proliferation, 6-28-12

(Kingston, 6-28-12, Nukes of Hazard, a project of the Center for Arms Control and Non-Proliferation, "House Passes Key Anti-Nuclear Terrorism Legislation; Senate Up Next," http://nukesofhazardblog.com/story/2012/6/28/225019/607, accessed 6-29-12, CNM)

In case you missed it amidst a rather eventful news day, the House this evening passed by voice vote H.R. 5889, the Nuclear Terrorism Conventions Implementation and Safety of Maritime Navigation Act of 2012. This bipartisan legislation would expand and strengthen U.S. efforts to prevent and combat nuclear terrorism by implementing key requirements of the 2005 International Convention on the Suppression of Acts of Nuclear Terrorism (ISCANT) and the essential 2005 amendment to the Convention on the Physical Protection of Nuclear Material (CPPNM). The House Judiciary Committee favorably reported the legislation on a voice vote to the full House on June 6. The George W. Bush administration submitted the treaties to the Senate in September 2007 and the Senate overwhelmingly approved them in September 2008. However, prior to U.S. ratification, the agreements require the United States to pass legislation to criminalize specific offenses. There is substantial overlap between existing US anti-terrorism laws (including those implementing anti-terrorism treaties) and the crimes covered by the legislation, but some crimes are not prohibited by existing law. H.R. 5889 criminalizes certain acts relating to the possession and use of radioactive material and radiological dispersal devices and damage to nuclear facilities. The Amendment to the CPPNM requires parties to protect nuclear facilities and material that is stored, in transit, and used domestically. ICSANT would establish a framework to strengthen cooperation among countries in combating nuclear terrorism and preventing the proliferation of weapons of mass destruction.

### Status Quo Solves

#### Status quo funding solves

Dodge, Maine Business News, 12

(Matt, 4-16-12, Maine Business News, “Nearly $25 million in upgrades position Maine's ports for more business,” http://www.mainebiz.biz/apps/pbcs.dll/article?AID=/20120416/CURRENTEDITION/120419966, Accessed 6/30/12, JTF)

This dynamic played out dangerously in 2009 when Baileyville's Woodland Mill, then owned by Canadian paper producer Domtar Corp., shut down for seven weeks. The mill was not only Washington County's largest employer, but also the primary customer for the port of Eastport.

The mill has improved its financial standing and recalled workers since being bought out, but the closure was a wake-up call for the port, says Henshaw.

Port officials took the scare as an opportunity to reassess their lack of diversification and soon identified a growth industry that Eastport was uniquely suited for — the rising demand for woody biomass in Europe. "That's when they decided to invest in a bulk cargo handling system," says Henshaw.

The $8 million dollar investment —which included new loading space, a warehouse and a belt conveyor system — paid off recently as the port announced a partnership with Timber Biofuel Venture, an exporter of wood chips with the capacity to ship 200,000 tons of wood chips a year and an eye on biofuel-hungry European markets. Timber Biofuel Venture will lease space at the port's bulk storage yard and pay a per-ton fee based on wood chips shipped.

### Information Fusion Centre Solves

#### Information Fusion Centre (IFC) solves

Wei, Cyberpioneer, 4-30

(Tan Guan, 4-30-12, Cyberpioneer is a Web Publication of the Singapore Armed Forces, "Combating maritime terrorism through better info sharing," http://www.mindef.gov.sg/imindef/publications/cyberpioneer/news/2012/apr/30apr12\_news.html accessed, Accessed: 6-29-12, CNM)

Naval officers, security experts and International Liaison Officers (ILOs) from countries like Australia, Indonesia, Thailand and the United States joined their Singapore counterparts at the Information Fusion Centre (IFC) in Changi Naval Base for a maritime security workshop on 27 Apr, to commemorate the IFC's third anniversary.

In his opening address, Head IFC Lieutenant Colonel (LTC) Nicholas Lim said: "In the span of three years, we have made significant strides towards our growth, having expanded our linkages from 14 countries in 2009, to 46 agencies in 29 countries."

He added: "The ILO initiative is indeed a useful and unique framework as the ILOs play important roles as the points of contact for their respective countries, providing a real-time reach-back in terms of information sharing and analysis."

The IFC has had numerous successes in resolving incidents occurring on the territorial waters of the participating countries. In January this year, the IFC received news about a tugboat, named Sin Hin 5, that was reported missing by its owners but was found sailing towards the eastern part of Malaysia. In response, the IFC swiftly passed the information to the Indonesian ILOs and the perpetrators were apprehended by the Indonesian Navy within two days.

In light of new emerging threats to maritime security such as maritime terrorism, the IFC has undertaken efforts to update itself. For instance, the IFC is collaborating to form the ASEAN Information-Sharing Portal (AIP), which utilises the core capabilities of its technologies to send information directly to the mobile devices of regional commanders, allowing them to deliver swift and effective responses.

### No Solvency – Delay

#### Doesn’t solve ports – long timeframe and broad eligibility.

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)

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

### Alt Cause – Crew and Equipment Shortage

#### Alt cause - Crew cuts kill readiness

Hsu, Washington Post, 10

(Spencer S., 5-28-10, Washington Post, "Critics say plan to cut Coast Guard personnel will harm readiness for crises," http://www.washingtonpost.com/wp-dyn/content/article/2010/05/27/AR2010052705577.html, accessed 6-30, CNM)

Three months before the massive BP oil spill erupted in the Gulf of Mexico, the Obama administration proposed downsizing the Coast Guard national coordination center for oil spill responses, prompting its senior officers to warn that the agency's readiness for catastrophic events would be weakened.

That proposal is feeding a mounting debate over whether the federal government is able to regulate deep-sea oil extraction. Defense analysts and retired agency leaders question whether the Coast Guard -- which shares oversight of offshore drilling with the Interior Department's Minerals Management Service -- has the expertise and resources to keep pace with industry advances.

Accidents happen, "but what you're seeing here is the government is not properly set up to deal with this kind of issue," said Robbin Laird, a defense consultant who has worked on Coast Guard issues. "The idea that you would even think about getting rid of catastrophic environmental spill equipment or expertise at the Department of Homeland Security, are you kidding me?"

"Cutting a strike team is nuts," said Stephen Flynn, a former Coast Guard commander and now president of the Center for National Policy, a Washington think tank. "Whether it's an accident of man or an act of terrorism, it requires almost the exact same skill set to clean it up."

President Obama's $10.1 billion spending plan for the Coast Guard would scale back funding and active-duty personnel by 3 percent. As part of a proposal to cut 1,100 military personnel, it would decommission the National Strike Force Coordination Center in Elizabeth City, N.C., and reorganize parts of it elsewhere.

#### Alt cause to readiness – lack of crews and equipment

Salant, Associated Press, 1

(Jonathan D., 10-1-01, The Seattle Times, "Report critical of Coast Guard readiness," http://community.seattletimes.nwsource.com/archive/?date=20011001&slug=coast01, accessed 6-30-12, CNM)

WASHINGTON — The Coast Guard's search-and-rescue stations lack crews and equipment, forcing some guardsmen to work 84-hour weeks and sail in boats that do not undergo routine inspections, a new government report says.

"The readiness of Coast Guard operations continues to deteriorate," said the report by the Transportation Department's inspector general.

### Alt Cause – Inexperienced Personnel

#### Alt cause – inexperienced personnel

Salant, Associated Press, 1

(Jonathan D., 10-1-01, The Seattle Times, "Report critical of Coast Guard readiness," http://community.seattletimes.nwsource.com/archive/?date=20011001&slug=coast01, accessed 6-30-12, CNM)

For example, crews at 90 percent of the stations work an average of 84 hours a week. The Coast Guard's standard work week is 68 hours. And the personnel is younger and less experienced, as veteran guardsmen leave.

### Alt Cause – Boats Don’t Work

#### Alt cause – aging fleet

Lerman, Washington Bureau, 4

(David, 4-18-04, Daily Press serving Hampton Roads, Virginia, "Coast Guard Readiness Compromised By Aging Fleet," http://articles.dailypress.com/2004-04-18/news/0404180486\_1\_coast-guard-ports-and-waterways-cutters, accessed 6-30-12, CNM)

WASHINGTON — As the country continues its war on terrorism, the Coast Guard is falling apart.

Consider:

\* The core of the Coast Guard's helicopter fleet - the HH65 helicopters - had 70 in-flight power losses so far this year, more than twice as many as last year. Those are power losses suffered during a flight.

\* Coast Guard cutters had 676 unscheduled maintenance days last year, a 41 percent increase over the previous year. That is the equivalent of losing the use of four cutters.

\* The 110-foot cutters are operating well beyond their planned service lives and have had 20 hull breaches. That's water pouring into the ship.

"We are experiencing system failure at a steadily increasing rate," warned Adm. Thomas H. Collins, the Coast Guard commandant, in a recent speech to the National Press Club.

"There are clear warning signals that our ability to sustain our readiness into the future is increasingly at risk," he said.

#### Alt cause – Boats don’t work

Salant, Associated Press, 1

(Jonathan D., 10-1-01, The Seattle Times, "Report critical of Coast Guard readiness," http://community.seattletimes.nwsource.com/archive/?date=20011001&slug=coast01 accessed 6-30-12, CNM)

Many of the boats were not ready to go out to sea. Even the agency's 47-foot motor lifeboats, all of which are less than 5 years old, had mechanical or structural problems, the report said. The biggest problem was that most of the boats were not watertight.

### Readiness High

#### Your advantage is false – port security just got an award for being so ready – prefer recency

United States Coast Guard 2-17

(Coast Guard News, Coast Guard press release, 2-17-12, "Coast Guard Reserve unit receives DOD Reserve Family Readiness Award," http://coastguardnews.com/coast-guard-reserve-unit-receives-dod-family-readiness-award/2012/02/17/, accessed 6-30-12, CNM)

WASHINGTON – Port Security Unit 307, based in Clearwater, Fla., was presented the 2011 Reserve Family Readiness Award by the Department of Defense in a ceremony at the Pentagon today.

The RFRA is presented to the top unit in each of the reserve components of the armed forces that demonstrate outstanding family readiness while maintaining superior mission readiness.

### No Port Attacks

#### No terrorist port attacks – status quo efforts are sufficient

Friedman, Harvard University Political Economy Professor, 5

(Benjamin M., July 2005, Weatherhead Center for International Affairs, “Think Again: Homeland Security,” http://www.wcfia.harvard.edu/node/3706, accessed 6/30/12, JTF)

“America Is Doing Far too Little to Protect Its Ports” Hardly. More than $600 billion in goods and nearly 50 percent of U.S. imports flow through American ports each year. U.S. ports are vulnerable to both weapons smuggled into the United States in containers and U.S.S. Cole–style attacks on ships. But there is little indication such attacks are likely. Since September 11, the United States has made significant investments in port security. Federal port security grant programs have distributed about $600 million in funding to hundreds of U.S. ports. The Coast Guard’s budget has grown to $6.3 billion in the four years since Sept. 11, 2001. These efforts are enough.

### AT – Searches Inadequate

#### Port security is a question of the effectiveness of the searched containers, not how many are searched

Friedman, Harvard University Political Economy Professor, 5

(Benjamin M., July 2005, Weatherhead Center for International Affairs, “Think Again: Homeland Security,” http://www.wcfia.harvard.edu/node/3706, accessed 6/30/12, JTF)

The news media love to mention that U.S. Customs agents inspect only 2 to 5 percent of containers entering the United States. But the measure of success is which containers are searched, not how many. The key to protecting ports without unduly burdening commerce is using intelligence to identify risky cargo. The Container Security Initiative, instituted by U.S. Customs and Border Protection in 2002, aims to identify and inspect suspicious cargo before it sails to the United States by stationing agents in foreign ports, requiring a manifest prior to a ship’s arrival, determining the origin of containers, and developing electronic, tamper–proof container seals. This system is far from perfect. But it is superior to spending vast sums of taxpayer money to inspect every shipment. And, when one considers the cost to the U.S. economy of slowing commerce to a snail’s pace, this is one solution that is worse than the present danger. Any additional port security spending should respond to known threats, not mere vulnerability.

### No Maritime Terror

#### Low probability of nuclear maritime terror

Parfomak, Congressional Research Service Specialist in Energy and Infrastructure Policy, and Frittelli, Congressional Research Service Specialist in Transportation Policy 7

(Paul W. and John, May 14, 2007, CRS report for Congress,

“Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, pg. 16, accessed 6-29-12, BC)

Although much attention is paid to the threat of nuclear terrorism, there are divergent opinions about the likelihood of a terrorist group such as al Qaeda constructing or otherwise obtaining a workable nuclear weapon.71 Expert estimates of the probability of terrorists obtaining a nuclear device have ranged from 50% to less than 1%.72 Among other challenges to obtaining such a device, experts believe it unlikely that countries with nuclear weapons or materials would knowingly supply them to a terrorist group.73 It also may be technically difficult to successfully detonate such a nuclear device. North Korea experienced technical failures in conducting its 2006 nuclear weapons test, and this test took place under highly controlled conditions.74 Attempting to detonate a nuclear device in a maritime terror attack could pose even greater operational challenges. Consistent with these perspectives, Secretary of Homeland Security Michael Chertoff has stated, “I don't think that in the near term there's a significant likelihood of a traditional nuclear device being detonated” in the United States.75

#### No risk of dirty bomb

Parfomak, Congressional Research Service Specialist in Energy and Infrastructure Policy, and Congressional Research Service Frittelli, Specialist in Transportation Policy 7

(Paul W. and John, May 14, 2007, CRS report for Congress,

“Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, pg. 17 accessed 6-29-12, BC)

Although many experts consider attacks with dirty bombs among the most likely maritime terrorism scenarios, other experts dispute this conclusion. Scientists have long questioned whether terrorists could actually build a dirty bomb with catastrophic potential since handling the necessary radioactive materials could cause severe burns and would likely expose the builders to lethal doses of radiation.83 Building and transporting such a bomb safely and to avoid detection would likely require so much shielding that it would be “nearly impossible” to move.84 Weaker dirty bombs made from less radioactive (and more common) materials would be easier to build and deploy, but would have a much smaller physical impact and would likely cause few human casualties. Consequently, some analysts argue that terrorists will forego dirty bombs, restricting themselves to the use of more conventional explosives.85 In support of this argument, analysts point to the fact that there have been no U.S. dirty bomb attacks, notwithstanding the supposed ease of perpetrating such attacks.86 They also note that the 2005 U.S. indictment of alleged “dirty bomber” Jose Padilla, in fact, contained no evidence of, or references to, a dirty bomb plot.87

#### No risk of nuclear maritime terror

Parfomak, Congressional Research Service Specialist in Energy and Infrastructure Policy, and Frittelli, Congressional Research Service Specialist in Transportation Policy 7

(Paul W. and John, May 14, 2007, CRS report for Congress,

“Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, pg. 19, accessed 6-29-12, BC)

Other analysts assert that, if terrorists were to attempt a nuclear or dirty bomb attack in a U.S. port, they would be unlikely to do so using a shipping container because it would put the device beyond a terrorist group’s control. These analysts question whether the container shipping system offers the routing or scheduling precision required by terrorists to position the bomb in the right place at the right time. Other observers assert that some types of non-containerized cargo could also be used for smuggling a bomb.90 The manager of port security at the Port Authority of New York and New Jersey states that their biggest concern is roll-on/roll-off cargo (ships that carry automobiles, trucks, and other vehicles).91 Non-containerized cargo is more plentiful. By tonnage, containers carry only 11% of U.S. overseas waterborne trade92 and container ships account for about one in every three U.S. port calls.93 Other types of cargo also face less security screening.94 Relatively low-value cargo might be targeted if terrorists perceive it receives less attention from U.S. Coast Guard and customs officials. For instance, a federal official familiar with New York harbor, pointing to a scrap metal terminal in Jersey City, stated the following to a reporter, “If I wanted to bring an atomic bomb into the port, I’d do it through that scrap operation.”95

#### Terrorists wouldn’t target natural gas resources

Parfomak, Congressional Research Service Specialist in Energy and Infrastructure Policy, and Frittelli, Congressional Research Service Specialist in Transportation Policy 7

(Paul W. and John, May 14, 2007, CRS report for Congress,

“Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, pg. 21, accessed 6-29-12, BC)

The FERC also remarked, however, that “unlike accidental causes, historical experience provides little guidance in estimating the probability of a terrorist attack on an LNG vessel or onshore storage facility.”106 Former Director of Central Intelligence, James Woolsey, has stated his belief that a terrorist attack on an LNG tanker in U.S. waters would be unlikely because its potential impacts would not be great enough compared to other potential targets.107 LNG terminal operators which have conducted proprietary assessments of potential terrorist attacks against LNG tankers, have expressed similar views.108 In a September, 2006, evaluation of a proposed LNG terminal in Long Island Sound, the USCG states that “there are currently no specific, credible threats against” the proposed LNG facility or tankers serving the facility.109 The evaluation also notes, however, that the threat environment is dynamic and that some threats may be unknown.110

#### 99% of terror attacks are not maritime

Parfomak, Congressional Research Service Specialist in Energy and Infrastructure Policy, and Frittelli, Congressional Research Service Specialist in Transportation Policy 7

(Paul W. and John, May 14, 2007, CRS report for Congress,

“Maritime Security: Potential Terrorist Attacks and Protection Priorities,” <http://www.fas.org/sgp/crs/homesec/RL33787.pdf>, pg. 23, accessed 6-29-12, BC)

Other analysts believe future maritime attacks against the United States are relatively unlikely, especially in U.S. waters. Notwithstanding specific acts of terrorism in the past, such as the Cole bombing, they note that fewer than 1% of all global terrorist attacks since 1997 have involved maritime targets.119 Furthermore, international terrorists have attacked no maritime targets in U.S. territory since the anti-Castro attacks in 1976 despite their demonstrated ability to do so overseas.120 Analysts also argue that U.S. ports and waterways are increasingly well-protected against terrorists due to the ongoing security activities of the U.S. Coast Guard, U.S. Customs and Border Protection (CBP), provisions of the Maritime Transportation Security Act (P.L. 107-295), protections added using DHS port security grants, and other U.S. maritime security measures.121 Classification issues may also influence differing perceptions of maritime terrorism risk since piracy unrelated to terrorism is common in Southeast Asia and may be conflated with terrorism in maritime security statistics.122

### No Impact Terrorism

#### No impact to terrorism – just fearmongering

Butko, University of Alberta international relations professor, 5

(Thomas, Professor of International Relations, teaches about terrorism at the University of Alberta, Ph.D at University of Alberta, Researches Terrorism as counter-hegemonic violence and Middle East Politics. “TERRORISM REDEFINED: TERRORISM AS “COUNTER-HEGEMONIC POLITICAL VIOLENCE,” Published As a Paper in the Canadian Political Science Association in 2005, page 14, no specific date provided, <http://www.cpsa-acsp.ca/papers-2005/Butko.pdf>, accessed 6/27/12, THW)

Historically, while these variously deemed “terrorist” groups have sought to challenge the Western dominance or hegemony of the international system or, perhaps more accurately, have been perceived to be the primary threat to the contemporary entrenched status quo powers, such challenges have exhibited a number of distinct, but similar, characteristics. Overall, whether “terrorists” have been perceived as anti-capitalist, anti-democratic, anti-Christian (or even worse secular / atheists / anti-God), anti-Western, or anti-American – in each case, from the radicals of the French Revolution to the Communist threat, to Third World nationalists, or even the Islamic fundamentalists of today – all were seen as posing a significant danger to the hegemonic powers of their time. While the characteristics demonstrated by each of these “terrorist” groups may exhibit a partial component of this more general threat,38 in all cases, since it is the West that conceptualizes what is meant by the “civilized” world, these “terrorists” are perceived as nothing less than a threat to civilization itself. In one specific case, General Videla of Argentina in the 1970s broadly defined as a terrorist “not just someone with a gun or a bomb, but anyone who spreads ideas that are contrary to Western and Christian civilization.”39 Such a view is still common among both pundits and policy-makers and it is clear that current American President George W. Bush has employed such language in describing Iraq, Iran, and North Korea as constituting an “axis of evil.”

### Liquid Natural Gas Bad

#### Liquid natural gas causes warming

Romm, American Progress Fellow, 12

(Joe, Fellow at American Progress and is the editor of Climate Progress, 6-18-12, Climate Progress, “Exporting Liquefied Natural Gas (LNG) Is Bad For The Climate,” http://thinkprogress.org/climate/2012/06/18/500954/exporting-liquefied-natural-gas-lng-is-bad-for-the-climate/, accessed 6/30/12, JTF)

But if avoiding catastrophic climate change is your goal, then spending huge sums on even conventional natural gas infrastructure is not the answer, as a recent International Energy Agency report made clear:

The speciﬁc emissions from a gas-ﬁred power plant will be higher than average global CO2 intensity in electricity generation by 2025, raising questions around the long-term viability of some gas infrastructure investment if climate change objectives are to be met.

And liquefying natural gas is an energy intensive and leaky process. When you factor in shipping overseas, you get an energy penalty of 20% or more. The extra greenhouse gas emissions can equal 30% or more of combustion emissions, according to a 2009 Reference Report by the Joint Research Centreof the European Commission, Liquefied Natural Gas for Europe – Some Important Issues for Consideration.

Such extra emissions all but eliminate whatever small, short-term benefit there might be of building billion-dollar export terminals and other LNG infrastructure, which in any case will last many decades, long after the electric grid will not benefit from replacing coal with gas.

Furthermore, the U.S. Energy Information Administration concluded in a 2012 report on natural gas exports done for DOE’s Office of Fossil Energy that such exports would also increase domestic greenhouse gas emissions:

[W]hen also accounting for emissions related to natural gas used in the liquefaction process, additional exports increase CO2 levels under all cases and export scenarios, particularly in the earlier years of the projection period.

Asserting any net benefit for the importer requires assuming the new gas replaces only coal — and isn’t used for, say, natural gas vehicles, which are worse for the climate or that it doesn’t replace new renewables. If even a modest fraction of the imported LNG displaces renewables, it renders the entire expenditure for LNG counterproductive from day one.

### Biodiversity – No Solvency

#### Three practical problems to addressing biodiversity

Douglas, Illinois College of Natural Resources and Environmental Sciences Biodiversity Expert; and Brunner, Swiss Federal Researcher; 02

(Marlis R. and Patrick C., February 2002, The Ecological Society of America, “Biodiversity of Central Alpine Coregonus (Salmoniformes): Impact of One-Hundred Years of Management,” Vol. 12, p. 155, accessed 7/2/2012, JSTOR, bs)

On a practical level, there are numerous problems with implementing conservation plans to manage global biodiversity (Levin 1997). For example, many projects consist of diffuse effort, applied over a short duration, and at a local level. To be effective, biodiversity projects must address three broad-reaching but central points (Groombridge 1992, Raven and Wilson 1992): (1) What is it that should be preserved? (2) How is it to be done given limited resources? and (3) What criteria define conservation priorities? This paper deals primarily with the first topic (an inherently scientific question), while the philosophical and economic aspects of the remainder are discussed later but left to conservation and management agencies, and to those with political agendas.

#### Economic incentives lead to the loss of biodiversity- turns the advantage

Freese, director of World Wildlife Fund; and Trauger, Virginia Tech director of Natural Resources Programs; 2000

(Curtis H. and David L., Spring 2000, Wildlife Society Bulletin, “Wildline Markets and Biodiversity Conservation in North America,” vol. 28, p. 43, accessed 7/2/2012, JSTOR, bs)

Perverse economic incentives lead to the loss of wildlife populations and biodiversity in 4 basic ways: 1) overharvesting that results in serious declines of wild populations of plants and animals; 2) conversion of habitat to alternative uses of the land (the term as used here includes both terrestrial and aquatic habitats); 3) economic specialization in the production of wild species (plants or wildlife), leading to habitat change and biodiversity loss or modification; and 4) negative environmental externalities, particularly environmental contaminants. Overharvesting can occur for many reasons. Open- access wildlife resources of great market value are particularly susceptible to overharvesting. If no one owns the wildlife resource, there is no economically rational incentive for individual harvesters to conserve the resource for future use. However, because of the perversity of the dis- count rate, secure private ownership of a wild species population does not ensure that it will be economically rational for the owner to harvest it sustainably. Clark (1973) demonstrated that for species with a low annual growth rate (e.g., whales, rhinos, trees), the rational economic decision is to harvest the entire population and put the revenues in an investment with a greater annual return. Anyone seeking to maximize their monetary returns would liquidate the products of a wildlife population that has a maximum growth rate of 5%/year if the revenues could be invested in a savings account that earns 6%/year. Various other factors that can create uncertainty about the future, such as unpredictable markets and prices, unpredictable fluctuations in the target wildlife population, insecure property rights, and effects of government regulation, may increase the discount rate and create incentives to overharvest now at the expense of future harvest levels (Norgaard and Howarth 1991, Freese 1998)

#### Interactions between climate change and pre-existing threats are the most serious threat to biodiversity

Lundquist National Institute of Water and Atmospheric Research, Ecologist, et al., 11

(Carolyn J.; Doug Ramsay, Pacific Rim and Coastal Consultant at the National Institute of Water and Atmospheric Research; Rob Bell, Principal Scientist at the National Institute of Water and Atmospheric Research; and Suzi Kerr, Senior Fellow at Motu Economic and Public Policy Research; September 2011, “Predicted impacts of climate change on New Zealand’s biodiversity,” Pacific Conservation Biology, Volume: 17, p. 186, Academic Search Complete, bs)

The most serious threats to New Zealand's biodiversity involve interactions between climate change and pre-existing threats such as habitat loss and fragmentation, and invasive species. More invasive species are predicted to establish with climate change, along with expansion southward of invasives that have already colonized New Zealand (McGlone et al. 2010). Invasive pampas grass Cortaderia selloana have increased southward distribution (Field and Forde 1990). Climate fluctuations are likely to affect masting (interannual cycles of fruiting in plants that can lead to outbreaks of rodents), further increasing exotic manunalian predators that negatively impacts New Zealand's biodiversity (Choquenot and Ruscoe 2000). Fragmented and isolated populations are presumed to be less resilient to climate change impact.

#### Not enough is known about climate change’s effects on ecosystems – more research is needed

Lundquist National Institute of Water and Atmospheric Research, Ecologist, et al., 11

(Carolyn J.; Doug Ramsay, Pacific Rim and Coastal Consultant at the National Institute of Water and Atmospheric Research; Rob Bell, Principal Scientist at the National Institute of Water and Atmospheric Research; and Suzi Kerr, Senior Fellow at Motu Economic and Public Policy Research; September 2011, “Predicted impacts of climate change on New Zealand’s biodiversity,” Pacific Conservation Biology, Volume: 17, p. 186, Academic Search Complete, bs)

Climate change resulting from continuing emissions of greenhouse gases could profoundly affect the structure and function of New Zealand ecosystems. Warming from ongoing greenhouse gas emissions and legacy emissions will continue to impact for decades, even if strong global action to reduce global emissions is taken. There remains uncertainty about the rate of change of the physical impacts of climate change by the end of this century and beyond, particularly for sea-level rise where polar ice sheets are expected to play a critical role. We do not understand enough about most species to predict changes in species abundances and distributions; the timing of species life cycles; interactions among species; extinction rates; the structure and composition of communities; and ecosystem function. Further research is needed to develop general principles to predict changes to New Zealand's terrestrial and aquatic biodiversity to guide decision-making. Climate change policies should address emissions reductions, as well as adaptation to predicted change. New Zealand's Emissions Trading Scheme is contributing to the reduction of emissions, while also reducing biodiversity loss by making deforestation less cost-effective (Karpas and Kerr 2011). Reduction of other human impacts (Kingsford et al. 2009) will be a good strategy, as pristine systems are more resilient to climate change impacts (Watson et al., in press). New Zealand has changed its coastal policy to adapt to both climate change and coastal hazard impacts, with emphasis on leaving intact coastal habitats to provide roles in coastal protection. Other adaptation plans need to be advanced to ensure our communities and ecosystems are as resilient as possible in the face of uncertain changes to New Zealand's climate.

## Highways

### AT: Highways Solve Emissions

#### **Building more roads exacerbates the problem**

Uddin, former UN expert, professor and director of Climate Analysis Indicators Tool, 12

(Dr. Waheed, 3-27-12, Infrastructure Global, “Metros in the World: Providing Clean Mass Transit, Reducing Congestion and Car Emissions in Cities,” <http://infrastructureglobal.com/metros-in-the-world-providing-clean-mass-transit-reducing-congestion-and-car-emissions-in-cities/>, accessed 6-27-12, LH)

Dependence of our mobility and life style on fossil fuel consumption is definitely not sustainable. Fossil fuel sources are diminishing, greenhouse gas emissions are reaching to an extremely high level, and migration of people from rural areas to urban areas and mobility needs are all accelerating these adverse impacts on the environment. There is a strong need to implement sustainable transportation policies for reducing dependence on fossil fuel, resulting emissions, congestion, and crashes.

Building more roads for relieving congestion due to car traffic is not a sustainable solution. Many cities are still trying to relieve congestion and accommodate higher rates of car ownership by building wider roads with more interchanges. But as the former mayor of Bogota, Enrique Peñalosa, said, “Trying to solve traffic problems by building more roads is like putting out a fire with gasoline.”

# Sprawl Advantage

### Sprawl Down Now – State & Local Legislation

#### Sprawl is contained in the status quo – state and local legislation.

Brueckner, economics professor, ’01 (Jan K., Professor of Economics at University of Illinois at Urbana-Champaign at time of writing, currently professor of Economics at UC Irvine, “Urban Sprawl: Lessons from Urban Economics,” Brookings-Wharton Papers on Urban Affairs: 2001, pg. 66, http://www.socsci.uci.edu/~jkbrueck/course%20readings/lessons.pdf, A.D. 6/29/12, JTF)

In response to concerns about sprawl, state and local governments have adopted policies designed to restrict the spatial expansion of cities. Twelve states have enacted growth management programs, with the best known being New Jersey’s 1998 commitment to spend $1 billion in sales tax revenue to purchase half of the state’s remaining vacant land. Under a similar program, Maryland had allocated $38 million to localities for purchase of nearly 20,000 acres of undeveloped land through 1998. Tennessee’s 1998 antisprawl ordinance requires cities to impose growth boundaries or risk losing state infrastructure funds, mirroring an earlier, more stringent law in Oregon. Following the appearance of 240 antisprawl initiatives nationwide on November 1998 ballots, the November 2000 election saw many additional measures put before voters. Prominent statewide initiatives in Arizona and Colorado were defeated, but a number of local measures in California were approved.3

#### Sprawl reducing measures being introduced now – California.

Zip Realty ’12 (full-service residential real estate brokerage firm serving 25 major metros nationwide, “California government seeking to reduce urban sprawl and improve the environment,” Zip Realty, April 9, 2012, http://www.ziprealty.com/blog/los-angeles-ca/california-government-seeking-reduce-urban-sprawl-and-improve-environment, A.D. 6/29/12, JTF)

City regulatory committees across the Golden State are creating new plans that would cram housing into notably smaller areas. By creating a corridor where housing is centralized, these officials hope to limit traffic, pollution and other potentially detrimental by-products of urban sprawl. The news source reports that the Association of Bay Area Governments has suggested that only 3 percent of new housing built until 2035 be located outside of a zone defined as urban fringe. This is where the metro area technically ends and the countryside begins.

This is not limited to the San Francisco and San Jose area. The Southern California Association of Governments is requesting that half of new housing in Los Angeles County be condensed into transit villages, which are communities that sometimes have more than 30 units per acre.

#### Status quo solves sprawl – states are removing subsidies.

Bolen et al., J.D. Candidate, ’01 (Ed Bolen, J.D. Candidate, University of California, Hastings College of the Law, and Kara Brown, Research Fellow with the Public Law Research Institute at UC Hastings, David Kiernan, University of California, Hastings College of the Law, and Kate Konschnik, Chief Environmental Counsel at United States Senate, Smart Growth: State By State, Spring 2001, Pg. 3, http://www.uchastings.edu/public-law/docs/smartgrowth.pdf, A.D. 6/29/12, JTF)

States have become increasingly aware that their policies may unnecessarily subsidize sprawl. Many have begun the process of eliminating these subsidies by creating commissions or task forces to examine the role state programs and policies play in encouraging sprawl. States such as New Hampshire have engaged in this process which provides the groundwork for improved policymaking.

Once these types of inventories are complete, many states have taken a second step in eliminating sprawl subsidies by reducing new infrastructure costs. States recognize that it is fiscally prudent to concentrate growth because it is the state which usually pays for basic infrastructure needs such as sewage systems, roads and power lines. By limiting state funds to designated growth areas or specified growth projects, states can minimize their costs and decrease sprawl. Maryland, for example, generally only provides state funds for developments in existing communities with adequate infrastructure (called priority funding areas). Similarly, Maine limits state growth-related capital investments to either designated growth areas identified in local comprehensive plans or areas that have adequate capacity in their sewer system to provide for new developments. Arizona now allows municipalities to designate areas where services and infrastructure need not be provided at public expense. Ohio prioritizes state funding to infrastructure projects that involve the repair and replacement of existing facilities, rather than the creation of new ones. Local governments must pay 50% of expansion costs, for example, but need only contribute 10% of the costs of repair. These approaches work to reveal the true costs of sprawling development and discourage localities from growing in an unsustainable way.

### Sprawl Down Now – Federal Legislation

#### Federal provisions to counter urban sprawl are increasing now

Lindsay, freelance writer, 10

(Greg Lindsay, freelance writer, 5/21/10, Fast Company, “HUD Announces the End of Urban Sprawl as We Know It, New Urbanists Feel Fine,” <http://www.fastcompany.com/1650533/the-end-of-sprawl-obama-administration-to-take-new-urbanism-mainstream>, Accessed 6/29/12, THW)

"It's time the federal government stopped encouraging sprawl," Housing and Urban Development (HUD) Secretary Shaun Donovan declared this morning before the Congress for the New Urbanism. He'd announced moments before that the department would fund $3 billion worth of projects this year alone, and they'd henceforth use "location efficiency" (based on transportation access, residential density, and so on) to score grant applications. They'll also use the criteria of LEED-ND, the brainchild of CNU, the U.S. Green Building Council, and the National Resources Defense Council, Donovan said. It was launched last month to apply the green principles of LEED to urban development. It could turn out to be the first step in a sea change about how the federal government approaches urbanism, which in turn could lead to the end of sprawl. Or, to paraphrase Nixon, we are all New Urbanists now. The implications go beyond funding for public housing. Last year, HUD joined the Department of Transportation and the Environmental Protection Agency in creating the Interagency Partnership for Sustainable Communities, an effort to think holistically about housing, transportation, and quality of life when awarding tens of billions of dollars in federal funds. It is an article of faith among advocates for sustainable development that the notion Americans want sprawl is a pernicious myth. Sprawl isn't a function of market forces but the outcome of federal policies dating back to at least the 1950s. "For decades," Donovan said, "the government encouraged sprawl" with freeway construction and a "housing finance system that perpetuated the 'drive until you qualify' myth. "We learned from the housing crisis that home ownership is not for everyone," he said, but "transportation patterns can push families over the edge. The average family spends half their household budget on housing and transportation -- they have become the two biggest expenditures. Lenders bought into the "drive to qualify" myth as well, not accounting for the costs to buy into these [exurban] areas. Families found themselves driving dozens of miles to work, to buy groceries, to move theaters, spending nearly as much to fill their gas tanks as to pay for their mortgages, in some cases even more." "This is not about the federal government telling communities what they need to look like -- we tried that before," he added, alluding to the disastrous "urban renewal" policies of the 1960s. "This is people voting with their feet, as they want to move to communities with more transportation options. The President understands this, and place is clearly part of this discussion in a way it hasn't been before." The New Urbanists understood this before anyone else, he told them. "Our challenge is to bring that holistic view into the mainstream," and to "take it to scale." That includes $100 million in sustainable development grants for cities, another $40 million grant targeted at local communities, and "TIGER II," $600 million in competitive transportation grants that follows last year's $1.5 billion for TIGER I. All of those grants, Donovan said, had been jointly review with DOT and the EPA as partnership, a first. One grant to be approved this way was $25 million for light rail along Woodward Avenue in Detroit. DOT approved the grant after HUD brought to its attention redevelopment that was planned for the route, and the EPA highlighted brownfields that could potentially be recycled into affordable housing. In the long run, however, ending sprawl (assuming the Obama administration is indeed committed to this plan) will require more than federal grants. It will take convincing lenders that New Urbanism is worth it. As I've written before, Wall Street is willing to finance sprawl because it's easy to calculate the risks involved in making some place look like every place else. That's why HUD is also spending $10 million to create metrics calculating the "true combined cost of housing and transportation in a way that underwriters could lend to," Donovan said. In effect, HUD wants to define, in hard numbers, what the holistic qualities of New Urbanism are worth, so home owners might borrow against it the way they once did against their McMansions. "Because of the FHA's important, and because we can change our policies, we can help drive the market in the right way."

### Sprawl Down Now – Population Density

#### Sprawl down – large increases in urban populations now

Berg, The Atlantic Cities, 2-1-12

(Nate, 2-1-12, The Atlantic Cities, "Increasing Density and Diversity Likely to Make Western States More Blue," <http://www.theatlanticcities.com/politics/2012/02/increasing-density-diversity-western-states-more-blue/1108/>, accessed 6-29-12, CNM)

The geography of American politics is shifting, and this is especially true in the Mountain West. These six states – Arizona, Colorado, Idaho, Nevada, New Mexico, and Utah – are undergoing changes large and small as they rearrange their political representation in response to the latest Census figures. As they redistrict their state legislatures and reapportion federal representatives, the new political boundaries being formed in these states are largely the result of two trends: increasing demographic diversity and a growth in urban populations.

A new report from the Brookings Institution digs into these shifts to understand how populations are changing and how these changes will likely affect the outcomes of future political races. Author David F. Damore writes that in these six states, the boundaries are being reshaped by high rates of population growth, the geographic concentration of that growth in urban areas and the growing number of minority residents there. As a result, Democrats are likely to see more votes in many parts of these states – in both federal and state legislative races.

The region is home to the four states that experienced the largest percent population increases in the country between 2000 and 2010 – Nevada by 35.1 percent; Arizona by 24.6 percent; Utah by 23.8 percent; and Idaho by 21.1 percent. This growth has brought three new U.S. House of Representative seats to the region in Arizona, Nevada and Utah. Beginning with the 2012 election, the Mountain West will have 29 U.S. House seats and 41 Electoral College votes. This growth has gradually turned the region more Democratic, especially in Colorado, Nevada, and New Mexico, and to a lesser degree in Arizona.

Damore finds that much of this shift to the blue side of the spectrum is due to the heavy concentration of new growth in the urban areas of these six states and, not unrelated, their increasing minority populations.

### Sprawl Inevitable – Edge Cities

#### Urban sprawl is inevitable – empirical expansion and edge cities prove

Nechyba, Duke University economics professor, and Walsh, University of Pittsburgh economics professor, 4

(Thomas J. Nechyba, professor of economics and public policy studies at Duke University since 2003. He is also currently a research associate for the National Bureau of Economic Research and a research fellow at the Institute for Economic Research at the University of Munich, Germany. In the past, he has also held teaching positions at Stanford University and at the Fundacao Getulio Vargas in Rio de Janeiro, Brazil. Professor Nechyba earned his Ph.D. in economics from the University of Rochester in 1994. Randall P. Walsh, Department of Economics, University of Pittsburgh, Fall 2004, The Journal of Economic Perspectives, Volume 18, “Urban Sprawl,” pgs. 177-20, JSTOR, Accessed 6/29/12, THW)

As residential sprawling and suburbanization solidified over the course of the twentieth century, the last few decades also witnessed a growing trend toward "edge cities," with multiple employment centers located throughout many metropolitan areas. Edge cities increasing empirical importance has led to developments of alternative pose difficulties for models of urban patterns based either on transportation or on sorting, and their polycentric city models that endogenize the formation of employment centers outside the central business district (Anas, Arnotl and Small, 1998; Brueckner, 1979; McDonald and McMillan, 2000; Henderson and Mitra, 1999). While some researchers have focused on patterns of dense employment subsectors at the outskirts of cities (Brueckner, 1979; Henderson and Mitra, 1999), Glaeser and Kahn (2003) suggest that edge cities typically represent relatively low-density employment areas that accompany low-density suburbanization. The formation of edge cities or decentralized employment centers raises efficiency and equity concerns that link to similar issues raised by the Tiebout literature below and must be balanced against the potential for lost agglomeration opportunities at the urban core. In addition, edge cities may contribute to the "spatial mismatch hypothesis" first analyzed by Kain (1968), which suggests that job suburbanization has led to a disconnect in locations between jobs and low-income residential developments that are inhabited by less mobile households. In cities with little public transportation (Raphael and Stoll, 2001), this spatial mismatch may suppress employment opportunities for the poor who do not have access to the transportation technologies (cars) that drive the sprawling of cities and jobs. It remains difficult to determine whether jobs follow people or people follow jobs, although the evidence to date suggests that the former may be the case more than the latter (Steinnes, 1977; Glaeser and Kahn, 2003).

### Sprawl Good – Decreases Emissions

#### Sprawl causes less Greenhouse gas emissions

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 11, accessed 6-29-12, CNM)

The national relationship of lower GhG emissions in areas farther from the core is evident in all five of the capital cities over 1,000,000 (table 1 and figure 2) and in the capital cities with under 1,000,000 population.

Housing: GhG emissions are lower where there are more detached houses (figure 3). This pattern is found in all five larger capital cities. This is contrary to the generally held belief that lower density living produces higher GhG emissions.

Cars: GhG emissions are lower where there are more cars (figure 4). This pattern is found in all five larger capital cities. This also reflects the national pattern, which is contrary to the generally held belief that automobile based mobility produces higher GhG emissions.

Income: GhG emissions are lower where population incomes are lower (figure 5). This pattern is found in all five larger capital cities. This reflects the relationship suggested by the consumption atlas authors.

Population Density: GhG emissions are lower where population densities are lower (figure 6). This pattern is found in all five larger capital cities. This reflects the national pattern, which is contrary to the generally held belief that higher densities are associated with lower GhG emissions.

Water and Ecological Footprint: virtually the same relationship exists with water usage and the ecological footprint as with GhG emissions. Water usage and the ecological footprint are the highest in the core areas and decline toward the outer areas (table 2). This pattern is found in all five larger capital cities.

#### Multiple parts of the city prove sprawl decreases emissions:

#### a) Housing

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 12, accessed 6-29-12, CNM)

Housing: There is an association between a greater share of detached housing and lower GhG emissions per capita (figure 7), without regard to proximity to the core. The highest GhG emissions per capita (27.86 tonnes annually) are in analysis zones with the lowest share of detached housing (less than 30 percent). The lowest GhG emissions per capita (17.38 tonnes annually) are in analysis zones with a the highest share of detached housing (90 to 100 percent). The same general relationship between detached housing and lower GhG emissions per capita is evident in all of the capital cities (below).

#### b) Cars

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 12, accessed 6-29-12, CNM)

Cars: There is an association between greater automobile availability share and lower GhG emissions per capita (figure 8), without regard to proximity to the core. The highest GhG emissions per capita (29.13 tonnes annually) are in analysis zones with the lowest share of households with cars (70-74 percent) and presumably where public transport dependency is greatest. The lowest GhG emissions per capita area in analysis zones with the highest share of households owning cars (17.38 tonnes annually). The same general relationship between a higher share of households with cars lower GhG emissions per capita is evident in all of the capital cities (below).

#### c) Income

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 12, accessed 6-29-12, CNM)

Income: GhG emissions are lower where population incomes are lower (figure 9), without regard to proximity to the core. This pattern is found in all five larger capital cities. This relationship exists in all of the capital cities except canberra (below).

#### d) Population Density

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 12, accessed 6-29-12, CNM)

Population Density: GhG emissions per capita are the highest where population density is the highest (figure 10), without regard to proximity to the core. This pattern is found in all capital cities.

#### e) Water and Ecological Footprint

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 12, accessed 6-29-12, CNM)

Water and Ecological Footprint: again, generally the same relationship is evident in waster use and eco-footprint. Water use and the eco-footprint tend to decrease where there is more detached housing, more cars and higher median household incomes (table 3). This reflects the national pattern, which is contrary to the generally held belief that higher densities are associated with lower GhG emissions.

### Sprawl Good - Environment

#### Sprawl is best for the environment – studies prove

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 14, accessed 6-29-12, CNM)

The analysis of the data provided in the Australian conservation foundation consumption atlas indicates that the patterns of GhG emissions per capita are strongly or generally inconsistent with the prevailing assumptions of urban consolidation policy (tables 4 and 5). This conclusion applies overall and in each of the five large capital cities. to the contrary of the urban consolidation assumptions:

Lower GhG emissions are associated with locations farther from the core.

Lower GhG emissions are associated with more detached housing.

Lower GhG emissions are associated with greater auto use.

Lower GhG emissions are associated with lower population density.

The assertion by the authors of australian conservation foundation consumption atlas of a strong association between higher household incomes and higher GhG emissions per capita is generally supported. Caution, however, is appropriate with respect to the income conclusion. a comparison by the authors of households with similar incomes in inner and outer Sydney found that per capita energy use was more in inner areas than outer areas (which suggests that location may be an important factor in consumption, independent of income).10

### AT: Sprawl Hurts the Environment

#### Sprawl doesn’t hurt the environment

Residential Development Council, 7

(10-22-07, Property Oz, "Housing form in Australia and its impact on greenhouse gas emissions," <http://www.propertyoz.com.au/library/RDC_ACF_Greenhouse-Report.pdf>, p. 15, accessed 6-29-12, CNM)

Beyond the findings of the consumption atlas, there is evidence that private transport and detached housing are not as environmentally damaging as suggested. for example:

Substantial progress is being made in improving new houses. “Five Star” Energy Star rated new houses represent a two-thirds improvement over conventional house construction.

Separate Sydney research indicates that GhG emissions per capita are higher in high-rise and mid-rise condominium buildings than in single family detached or attached houses (figure 11). Much of this difference has to do with energy intensive common functions in the condominium buildings, such as lifts, swimming pools, and lighting in halls, lobbies and parking lots, which can equal or exceed direct household consumption.11

While the average car is less fuel efficient per passenger kilometer (a kilometer traveled by a person) than the average public transport bus, the difference is not as great as might be imagined. It is estimated that the average public transport bus produces approximately one quarter less in GhG emissions per passenger kilometer than the average family car.12 however, improvements in automobile vehicle technology are underway. The “National average fuel consumption target” has been set for 2010 at virtually the same level as public transport buses.13 already, the average hybrid car (toyota Prius) emits 50 percent less in GhGs than the average public transport bus and emerging diesel-hybrid technology will reduce that figure another 10 percent (figure 12).14

### No Impact - Biodiversity

#### Even conservation biologists agree that species loss is slow and there's no impact

Simon, Citing Conservation Biologists, 98

(Julian Simon, world-renowned economist, The Ultimate Resource II, Feb 16 http://www.juliansimon.com/writings/Ultimate\_Resource/TCHAR31.txt accessed 6/29/12, THW)

Starting in the early 1980s I published the above critical analysis of the standard extinction estimates. For several years these criticisms produced no response at all. But then in response to questions that I and others raised, the "official" IUCN (the World Conservation Union) commissioned a book edited by Whitmore and Sayer to inquire into the extent of extinctions. The results of that project must be considered amazing. All the authors - the very conservation biologists who have been most alarmed by the threat of species die-offs - continue to be concerned about the rate of extinction. Nevertheless, they confirm the central assertion; all agree that the rate of known extinctions has been and continues to be very low. I will tax your patience with lengthy quotations (with emphasis supplied) documenting the consensus that there is no evidence of massive or increasing rates of species extinction, because this testimony from the conservation biologists themselves is especially convincing; furthermore, if only shorter quotes were presented, the skeptical reader might worry that the quotes were taken out of context. (Even so, the skeptic may want to check the original texts to see that the quotations fairly represent the gist of the authors' arguments.)

#### Biodiversity loss is overstated

Bailey, award winning Science Correspondent for Reason magazine, 2k

(Ronald Bailey, award-winning science correspondent for Reason magazine, testified before Congress, author of numerous books, member of the Society of Environmental Journalists and the American Society for Bioethics and Humanities, 5/1/00 Ronald, “[Earth Day, Then and Now](http://reason.com/archives/2000/05/01/earth-day-then-and-now) The planet's future has never looked better. Here's why.”, <http://reason.com/archives/2000/05/01/earth-day-then-and-now/4>, accessed 6/29/12, THW)

Worries about declining biodiversity have become popular lately. On the first Earth Day, participants were concerned about saving a few particularly charismatic species such as the bald eagle and the peregrine falcon. But even then some foresaw a coming holocaust. As Sen. Gaylord Nelson wrote in *Look*, "Dr. S. Dillon Ripley, secretary of the Smithsonian Institute, believes that in 25 years, somewhere between 75 and 80 percent of all the species of living animals will be extinct." Writing just five years after the first Earth Day, Paul Ehrlich and his biologist wife, Anne Ehrlich, predicted that "since more than nine-tenths of the original tropical rainforests will be removed in most areas within the next 30 years or so, it is expected that half of the organisms in these areas will vanish with it." There's only one problem: Most species that were alive in 1970 are still around today. "Documented animal extinctions peaked in the 1930s, and the number of extinctions has been declining since then," according to Stephen Edwards, an ecologist with the World Conservation Union, a leading international conservation organization whose members are non-governmental organizations, international agencies, and national conservation agencies. Edwards notes that a 1994 World Conservation Union report found known extinctions since 1600 encompassed 258 animal species, 368 insect species, and 384 vascular plants. Most of these species, he explains, were "island endemics" like the Dodo. As a result, they are particularly vulnerable to habitat disruption, hunting, and competition from invading species. Since 1973, only seven species have gone extinct in the United States. What mostly accounts for relatively low rates of extinction? As with many other green indicators, wealth leads the way by both creating a market for environmental values and delivering resource-efficient technology. Consider, for example, that one of the main causes of extinction is deforestation and the ensuing loss of habitat. According to the Consultative Group on International Agricultural Research, what drives most tropical deforestation is not commercial logging, but "poor farmers who have no other option for feeding their families than slashing and burning a patch of forest." By contrast, countries that practice high yield, chemically assisted agriculture have expanding forests. In 1920, U.S. forests covered 732 million acres. Today they cover 737 million acres, even though the number of Americans grew from 106 million in 1920 to 272 million now. Forests in Europe expanded even more dramatically, from 361 million acres to 482 million acres between 1950 and 1990. Despite continuing deforestation in tropical countries, Roger Sedjo, a senior fellow at the think tank Resources for the Future, notes that "76 percent of the tropical rain forest zone is still covered with forest." Which is quite a far cry from being nine-tenths gone. More good news: In its *State of the World's Forests 1999*, the U.N.'s Food and Agriculture Organization documents that while forests in developing countries were reduced by 9.1 percent between 1980 and 1995, the global rate of deforestation is now slowing. "The developed countries in the temperate regions appear to have largely completed forestland conversion to agriculture and have achieved relative land use stability. By contrast, the developing countries in the tropics are still in a land conversion mode. This suggests that land conversion stability correlates strongly with successful economic development," concludes Sedjo, in his chapter on forestry in *The True State of the Planet*, a collection of essays I edited. In other words, if you want to save forests and wildlife, you had better help poor people become wealthy.

# Oil Dependency Adv.

### No Nuclear Terrorism

#### Nuclear terrorist threats are exaggerated

Gertz, defense and national security reporter and Lake, writer, Washington Times, 10

(Bill and Eli, 4/14/2010, Washington Times, “Critics: Obama admin hyping terrorist nuclear risk,” http://www.washingtontimes.com/news/2010/apr/14/obama-says-terrorist-nuclear-risk-is-growing/?page=1, accessed 7/2/2012, bs)

But Henry Sokolski, a member of the congressional Commission on the Prevention of Weapons of Mass , Destruction Proliferation and Terrorism, said that there is no specific intelligence on ongoing terrorist procurement of nuclear material. “We were given briefings and when we tried to find specific intelligence on the threat of any known terrorist efforts to get a bomb, the answer was we did not have any.” Mr. Obama told reporters that there was a range of views on the danger but that all the conferees “agreed on the urgency and seriousness of the threat.” Mr. Sokolski said the idea that “we know that this is eminent has got to be somehow informed conjecture and apprehension, [but] it is not driven by any specific intelligence per se.” “We have reasons to believe this and to be worried, but we don’t have specific intelligence about terrorist efforts to get the bomb,” he said. “So we have to do general efforts to guard against his possibility, like securing the material everywhere.” A senior U.S. intelligence official also dismissed the administration’s assertion that the threat of nuclear terrorism is growing. “The threat has been there,” the official said. “But there is no new intelligence.” The official said the administration appears to be inflating the danger in ways similar to what critics of the Bush administration charged with regard to Iraq: hyping intelligence to support its policies. The official said one likely motivation for the administration’s new emphasis on preventing nuclear terrorism is to further the president’s goal of eliminating nuclear weapons. While the U.S. nuclear arsenal would be useful in retaliating against a sovereign state, it would be less so against a terrorist group. But if the latter is the world’s major nuclear threat, the official explained, then the U.S. giving up its weapons seems less risky.

#### Terrorists won’t get nukes

Gertz, defense and national security reporter and Lake, writer, Washington Times, 10

(Bill and Eli, 4/14/2010, Washington Times, “Critics: Obama admin hyping terrorist nuclear risk,” http://www.washingtontimes.com/news/2010/apr/14/obama-says-terrorist-nuclear-risk-is-growing/?page=1, accessed 7/2/2012, bs)

However, Brian Jenkins, author of the book “Will Terrorists Go Nuclear?” and a Rand Corp. adviser, said that al Qaeda in the past has been duped by supposed nuclear suppliers who initiated scams that suggest a “naivete and lack of technical capability on the part of the organization,” he said. “We have evidence of terrorist ambitions to obtain nuclear weapons or nuclear material but we have no evidence of terrorist capabilities to do either,” he said. In late 2001, after the U.S. invaded Afghanistan in the wake of the Sept. 11 terrorist attacks, some materials were discovered in al Qaeda bases such as crude diagrams of the basic components of a nuclear bomb. Mr. Jenkins, however, said that U.S. technical specialists concluded from the designs that al Qaeda did not have the ability to produce a nuclear weapon. In 2002, members of al Qaeda’s affiliate in Saudi Arabia attempted to purchase Russian nuclear devices through al Qaeda’s leadership in Iran, though the transactions did not move forward. In his 2007 memoir, “At the Center of the Storm,” Mr. Tenet wrote that “from the end of 2002 to the spring of 2003, we received a stream of reliable reporting that the senior al-Qaeda leadership in Saudi Arabia was negotiating for the purchase of three Russian nuclear devices.” Graham Allison, a Harvard professor and author of a book on nuclear terrorism, said he agrees with the president that the threat is growing, based on North Korea’s nuclear proliferation to Syria and instability in nuclear-armed Pakistan.

#### A ton of technological hurdles must be jumped through before getting a nuclear weapon – low probability of impact

Sterngold, writer San Francisco Chronicle, 4

(James, 4-18-04, San Francisco Chronicle, “Assessing the risk of nuclear terrorism/Experts differ on likelihood of ‘dirty bomb’ attack,” http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2004/04/18/MNGP9673BG1.DTL&ao=3, accessed 7/2/2012, bs)

Michael May, a former director of the Lawrence Livermore National Laboratory, where U.S. nuclear weapons are designed, and now a professor emeritus at the Center for International Security and Cooperation at Stanford, said the technological hurdles to a terrorist bomb remain, realistically, quite high. He discounted the possibility terrorists could make use of a stolen warhead because of all the sophisticated security devices built into them. He also said it would be all but impossible for a non-state terrorist group to develop the capability of making its own weapons-grade uranium, because of the industrial infrastructure required. The real fear, he said, is that terrorists could steal or buy from corrupt officials weapons-grade uranium, either from Russia or perhaps a country like Pakistan, where many government and military officials are sympathetic to radical Islamists. Getting that material is far more difficult than actually creating a workable weapon, he said. "Scientists have been pointing to this possibility for years," May said.

## Oil Dependence Good

### China

#### Reducing oil consumption causes a power vacuum that is filled by China—causes Saudi Arabian proliferation and crushes US hegemony

Black, US Army Major, 9

(Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 4, Date Accessed: 6/29, JS)

In the quest to reduce the consumption of oil, the US is failing to see the larger impact of a renewable energy policy. Reverse engineering over 60 years of policy, strategy, diplomacy, and military efforts to ensure the free flow and access to oil will inevitably cause a “vacuum” of American access, presence, and influence in a highly volatile region; raise the specter of larger militaries; cause an increasing need for nuclear weapons; shift security and cooperation guarantees; and disrupt the US economy and foreign policy. The implementation of a renewable energy policy begins to shift US prominence in the Persian Gulf to one dominated by China, resulting in US loss of strategic access and influence in an already volatile region. China presently practices a pure form of realpolitik in the region as they do not demand much of their energy suppliers nor care about the attendant politics of the region so long as they have a reliable oil stream. Saudi Arabia, as the largest producer of oil and keeper of the Islamic faith, will look to maintain their hold on power and will recognize the shift from the US to China and with it their security umbrella that has been provided by the US. Saudi Arabia will be happy to increase their relationship with China as that not only brings them large revenues for their national budget, it also brings a “no questions asked” policy of arms purchases and a lack of concern over Saudi’s domestic policies, their quest for nuclear weapons, or their stance towards Israel. As the US weans itself from oil it will accelerate the already occurring geopolitical shift in the Middle East from a region dominated by the United States to one that will be dominated by China. As a result of this shift, the US will lose access and influence in the region and realignments will occur among nation states leading the Saudis to grow their military and accelerate their quest for nuclear weapons. Unencumbered by the US, Saudi Arabian domestic policies will shift towards the more extreme versions of Wahhabism, leading towards an even harder stance towards Israel. 5

### Violent Power Vacuum

#### Causes violent power vacuum

Black, US Army Major, 9 (Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 66-67, Date Accessed: 6/29, JS)

Daniel W. Drezner writes in an article in the National Interest, “In short, a world that doesn’t need oil may also be a world that doesn’t need the United States.” 197 The real fear is that a US that doesn’t need oil, will find itself in a world that doesn’t need the US. The National Intelligence Council hypothesized of “A World Without the West” in their fourth installment of Global Trends 2025: A Transformed World. In this world, new powers supplant the US as it withdraws because it feels overburdened in Central Asia and Afghanistan. 198 In this account, “Russia and China enter a marriage of convenience; other countries – India and Iran – rally around them. The lack of any stable bloc – whether in the West of the non-Western world – adds to growing instability and disorder, potentially threatening globalization.” 199

### Chinese Expansionism

#### **US still in control but shifts away from oil cause Chinese unipolarity**

Black, US Army Major, 9 (Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 48-49, Date Accessed: 6/29, JS)

To have an idea of how a US reduction in the consumption of foreign oil and the growth of China may impact the Middle East and Saudi Arabia, we must remember the goals, pursuits, and interests of America in the last sixty years in the same region. As the US assumed the mantle of leadership during World War II, the dominant power in the Middle East was Britain. America assumed this role and, as discussed earlier, began foray after foray into the Middle East with the overarching goal the free flow of and access to oil to support the economic engine of America. Are we now at a strategic crossroads where China will take the reign? China is an industrial nation on the rise with a growing middle class, leading to a growing demand for resources. China’s power is growing rapidly and its economy expands at about 10 percent annually. 148 “China is poised to have more impact on the world over the next 20 years than any other country. If current trends persist, by 2025 China will have the world’s second largest economy and will be a leading military power.” 149 The rise of China has been a remarkable event in the course of human history. “It took the British just under 60 years and the US and Japan about 40 years to double their respective gross domestic product. It took China all of 12 years.” 150 China has been the world’s fastest growing economy in the past quarter century, and as such, its appetite for energy has grown rapidly. “China’s energy needs are growing faster than any other country.” 151 This has led, in the last ten years, to China moving from a petroleum exporter to the second largest oil importer in the world after the United States. 152 Further, forecasts predict that Chinese demand for crude will increase by 12% annually until 2020. 153 “The broader picture is alarming: if every 1.3 billion Chinese were to use 20 times more energy everyday, i.e. the per capita consumption as in North America, China would require 80 million barrels of oil a day – more than the entire world’s daily consumption.” 154 China’s quest for energy has invariably led it to the Middle East. China became a net oil importer in 1993 and was receiving 1.2% of its imported oil from Saudi Arabia, but by 2005, China received 17.5% of its imported oil from the Saudis. 155 China has made significant inroads into Saudi Arabia. In 2008, China imported 36 million metric tons of oil from Saudi Arabia, the most of any country. 156 China has also made extensive business deals with Saudi Arabia, including joint ventures between both state owned oil companies to search for gas deposits in Saudi Arabia, and providing engineering services to two refineries in the kingdom. 157 The rise of China’s economy has also brought about the rise of the Chinese military – the People’s Liberation Army (PLA). If GDP alone directly translated into military power, in the 2030s China would have the capacity to afford military forces equal to or superior to current US capabilities. And while one must temper such calculations by per capita measures . . . by the 2030s China could modernize its military to reach a level of approximately one quarter of current US capabilities without any significant impact on its economy. 158 The Chinese have undertaken programs to expand their military that is consistent with the classical Chinese strategic thinkers incorporating intelligence, submarines, cyber, and space. 159 Additionally, the Chinese have undergone a “renaissance in military thinking . . . that draws on the classics of Chinese writings and an extensive examination of Western literature on history, strategy, and war.” 160

### AT China Peaceful

#### False—They are asymmetrically challenging the US now

Black, US Army Major, 9

(Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 50, Date Accessed: 6/29, JS)

As the graphic illustrates, statistics on the exact amount China is spending on their military are

hard to come by. A recent 2008 announcement by the Chinese stated that they will increase their

military spending for the year with a 17.6 increase (roughly equal to last year’s increase and giving them a $59 billion dollar defense budget). 162 However, as the graphic shows, the US has long been suspicious of China’s numbers. Further, China’s emphasis on nuclear submarines underscores worries that the United States possesses the ability to shut down China’s energy imports of oil – 80% of which go through the Straits of Malacca. 163 “China’s growing interest and influence from the South China Sea through the Indian Ocean and on to the Arabian Gulf has been described as a ‘String of Pearls’ approach that potentially could present the United States with complex regional challenges.” 164

#### None of your defense applies—oil underpins their entire foreign policy

Black, US Army Major, 9

(Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 52-53, Date Accessed: 6/29, JS)

As an example of what may occur in the Middle East, we can look at what has recently happened to US efforts in South America. In 1999, the US signed a ten year lease with Ecuador for use of the Manta Air Base by US Southern Command as a location for use by the Joint Interagency Task Force in their fight against drugs. 168 Ecuador informed the United States in July 2008 that it will not renew the lease for Manta Air Base when it expires in November 2009. 169 Further, Ecuador offered the same base to China. 170 With China’s increasing economic and military rise in the region, it is clear that the Chinese have studied their history well. China has been able to befriend every nation in the Middle East in some fashion, to include Iran and Israel. The primary reason is that China does not bring with them any “good governance requirements, human rights conditions, approved project restrictions, and environmental quality regulations that characterize U.S. and other Western government investments.” 171 Practitioners of realpolitk are proud. The Chinese are only concerned about secure oil supplies.

### AT No Perception

#### Our evidence assumes your plan

Black, US Army Major, 9

(Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 53, Date Accessed: 6/29, JS)

The expansion of China economically and militarily is clearly on the rise. Chinese concerns over oil revolve around access to and the free flow of oil to their country and concern over any American effort to interrupt the flow. History has shown that the US had similar goals in the same region, only the American’s concerns were with the Soviets. The Chinese would prefer to see the US begin a major program to reduce its dependence on oil that would further degrade any US influence into the region, allowing China’s further entrenchment in the Persian Gulf. The overarching goal of ensuring the free flow of and access to oil to help fuel a growing and expanding economy could lead down the same well-traveled paths already worn by the US. There are many signs that the Chinese review the US efforts in many endeavors to learn from what worked and correct what did not. “One of the fascinating aspects of China’s emergence over the past three decades has been its efforts to learn from the external world.” 172 China, in many respects, is in roughly the same position as the US was 70 years ago. Before we begin the confluence of events, the next chapter will detail Saudi Arabian concerns.

### Turns Economy Advantage

#### Reducing oil dependency increases transportation costs, turns economy advantage

Black, US Army Major, 9

(Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 61, Date Accessed: 6/29, JS)

All things being equal, any reduction of oil demand by the US will cause oil prices to maintain stable since China’s demand are growing. In this situation, developing and developed countries that are still dependent on oil would enjoy oil prices that remain low and would allow them to continue to grow while the US transitions its economy to a new energy source. This issue becomes particularly problematic if the US adopts policies to force the system to change to new renewable energy systems that may not be as economically viable as oil, thereby increasing the economic burden and reducing overall GDP in the US. Given the present debt and deficit the US currently holds this scenario is something the US can ill afford. Also, the oil-exporting countries that supported policies that were inimical to US interests when the US was the biggest consumer of oil will still be able to supply China and make plenty of money to continue their goals.

#### Causes a shift away from the dollar

Black, US Army Major, 9

(Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 62-63, Date Accessed: 6/29, JS)

Of further concern to the US is the fact that all the oil in the world is currently traded in US dollars. There has been talk in recent years of switching oil trading from the US dollar to some other denomination, such as the Euro, Ruble, or Dinar to name a few. In fact, Iran just opened, after two years of problems, their own oil bourse and began trading their petrochemicals for Iranian Rials and some other forms of international currency, (but no US dollars). 189 [The role of the dollar] enabled the United States to be "far less restrained…than all other states by normal fiscal and foreign exchange constraints when it came to funding whatever foreign or strategic policies it decided to implement." As Robert Gilpin notes, quoting Charles de Gaulle, such policies led to a 'hegemony of the dollar" that gave the U.S. "extravagant privileges." In David Calleo's words, the U.S. government had access to a "gold mine of paper" and could therefore collect a subsidy from foreigners in the form of seignorage (the profits that flow to those who mint or print a depreciating currency). 190 American has enjoyed this position for years and the conversion of the oil market from the dollar to another currency may not occur. However, it is hard to deny that if countries are considering this change now, how much more attractive will they consider it as the US reduces its consumption of oil and China becomes the thirsty giant on the planet? Of further concern on the economic front is how much US debt the Chinese and Saudi Arabia will be holding. For reference, as of December 2008, China held $727.4 billion of US debt and oil exporting countries (includes Saudi Arabia) held $186.2 billion dollars of Treasury securities for a total of $913.6 billion dollars. 191 It is important to note here that this includes Treasuries only, not investments by Sovereign Wealth Funds into the security and assets market. This has increasingly led to numerous concerns about the ‘dumping’ of the US dollar. “For example, in the past, some Chinese officials reportedly suggested that China could dump (or threaten to dump) a large share of its holdings to prevent the United States from imposing trade sanctions against China over its currency policy.” 192

### Turn Hegemony Advantage

#### Turns hegemony—causes re-entrenchment and destroys public support which underlines all policy

Black, US Army Major, 9 (Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 58-59, Date Accessed: 6/29, JS)

Oil is power, leverage, a reason, or an excuse to exercise and wield elements of national power to ensure that the country has their energy needs. The US has used the concern for oil, the market power of oil, and their military power to control oil for the last 60 years. We have discussed in detail the increasing economic, diplomatic, and military actions that the US has undertaken to ensure their access to and the free flow of oil. Meanwhile, China is on the rise, growing faster than any other nation and with this growth an increasing demand for oil. China is also now concerned with the free flow of and access to oil, which has led to increasing efforts to secure oil guarantees from the countries in the Middle East. As once the biggest producer of oil and always the biggest consumer, the US has wielded their oil power often and to great success, and admittedly in some cases, peril. The confluence of a decreasing need of oil and therefore decreased market power from the US and a growing thirst from China leads to a diminishing US role and an increasing Chinese one. In the middle, between of these two powerful countries, is Saudi Arabia. Saudi Arabia will take note of the United States shift to renewable energy programs from the numerous policies and funds being committed. At the same time, they will see a growing China, the manufacturer of the world, and its increasing needs for oil. The Saudis will begin to question how long the US might be willing to continue to provide for their security in the region when the US no longer needs their oil. Oil, trade, and resources will begin to shift from a US-Saudi Arabia relationship to a Saudi Arabia-China relationship. In this scenario, the US is increasingly left out as their market power dwindles, leaving them with fewer options to exercise national power in the region while the Chinese make more and more inroads into the region. Meanwhile, China continues to grow economically at a dizzying rate, requiring more power and as a result, more oil. China will thereby increase their dependency on foreign oil. “From a practical standpoint, China shifted from a net oil exporter to a net oil importer in 1993.” 185 There is growing concern and effort by the Chinese to ensure their oil security for the future and they correctly consider that the biggest threat to their security is the United States. 186 Further, as the US continues to reduce its dependence on oil, Presidents, policy makers, and the populace will begin to ask if the US really needs a large scale military presence in the Persian Gulf and whether or not the US should continue to provide security for Saudi Arabia and other allies in the region. “No blood for oil,” is a rallying cry often heard in protest of US military engagements in the Persian Gulf, but it never amounted to a clarion call that mustered large scale protests like the US witnessed during the 1960s and the Vietnam war. Americans intuitively knew that there was great need for oil as they got into their SUVs to drive to the grocery store. However, “no blood for oil” would take on an entirely different meaning in a US where everyone drives a hybrid, electric, or natural gas vehicle. As Colin Gray states, “all policy and strategy is made at home. It will be influenced, perhaps triggered, sometimes dominated, by external considerations, but the making, administration, and execution of policy and strategy is a process embedded in the culture of domestic context.” 187

#### **Oil is good—key to hegemony**

Black, US Army Major, 9 (Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 3, Date Accessed: 6/29, JS)

Oil’s impact on the US economy is the reason it is a vital interest. Cheap oil equals prosperity for the American people and prosperity equals the fulfillment of the grand strategy of America for Presidents and policy makers. As such, ensuring the free flow of oil and access to oil has been a means for successive Presidents to project our freedom and ideals around the world. As the fuel that drives the largest economy in the world, oil becomes leverage in the high stakes game of geopolitics. Oil is a tool for Presidents and policy makers that can be utilized to exercise national power from economic trade deals because of the enormous market power the US wields, to diplomatic alliances and agreements, to the exercise of military power. “We talk about hard power and soft power, but the twenty-first century could also be the century of oil power, exercised not only by the producing nations, but also by smart consuming nations.” 4 The authors are half right in their statement. Oil does equate to power but contrary to their statement, oil power has already been used extensively, by both producers and consumers, in the exercise of national power. US concern over oil played a central role in numerous policy decisions in the last 60 years. In fact, oil is the central reason why the US is involved so extensively in the Middle East.

Turns hegemony

Black, US Army Major, 9 (Chris, Joint Forces Staff College, “Post Oil America and a renewable energy policy leads to the abrogation of the Middle East to China,” April 2009, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA530125&Location=U2&doc=GetTRDoc.pdf, Page 67, Date Accessed: 6/29, JS)

Throughout history there has been an ebb and flow of nation states. The question of whether we are truly at the end of American hegemony or merely in a period of rising nation states to a multi-polar world is hard to tell. What is clear is that a shift to renewable energy policies by the United States will only hasten its exit from world dominance. Contrary to the many pundits who believe that reducing our dependence on oil is the right course to follow, it is more important to be a part of the game than to stand on the sidelines or sit in the stands. Those options leave the US with no influence, merely a bystander watching the events. On the field one may get roughed up or muddy, but at least one is part of the game and can influence the outcome. For example, it was discussed earlier how the US and Saudi Arabia worked a plan that eventually led to the downfall of the Shah of Iran and the rise of a radical theocracy. Like Libya in 2004, one wonders what might happen if the US made the same sort of efforts with Iran. Could the US have gone to Iran with an effort to buy large volumes of Iranian crude in exchange for concessions on their nuclear program? It is an intriguing question to ask, but one whose possibility continually diminishes as the US begins to implement renewable energy policies.

# Climate Change Adv.

### Reducing Emissions Won’t Solve

#### Scientists agree that reducing GHG will not solve global warming

Fischer, Associate Editor for Scientific American, 09

(Douglas, 4-14-09, Scientific American, “Even Deep Cuts in Greenhouse Gas Emissions Will Not Stop Global Warming,” <http://www.scientificamerican.com/article.cfm?id=even-deep-cuts-in-greenho>, Accessed: 6/29/12, GJV)

BOULDER – Drastic, economy-changing cuts to [greenhouse gas emissions](http://www.scientificamerican.com/article.cfm?id=from-bad-to-worse-with-greenhouse-gas-emissions) will spare the planet half the trauma expected over the next century as the Earth warms. And that's the good news. Because failure to significantly curb these planet-warming gases will truly transform our world in less than 100 years. A new study to be published by scientists at the [National Center for Atmospheric Research](http://www.ncar.ucar.edu/) finds that a 70 percent cut in emissions should stabilize temperatures at a mark not too much higher than today. Such a cut, most experts agree, would require vast retooling of a [fossil-fuel-based](http://www.scientificamerican.com/blog/60-second-science/post.cfm?id=cleaning-up-the-dirtiest-fossil-fue-2009-03-11) economy and an unprecedented level of global cooperation. But that major effort to slash emissions, the scientists warn, won't stop [global warming](http://www.scientificamerican.com/article.cfm?id=even-skeptics-admin-global-warming-is-real-video). The question confronting politicians throughout the world, in other words, is not whether they want the planet to warm: It is to what degree.

### No Solvency - Carbon Lock-in

#### Carbon lock-in by 2014 means the aff can’t solve warming—assumes conservative estimates—we can’t adapt

Harvey, Environmental Correspondent for the Guardian, 11

(Fiona, 11/9/12, The Guardian, “World headed for irreversible climate change in five years, IEA warns ,” http://www.guardian.co.uk/environment/2011/nov/09/fossil-fuel-infrastructure-climate-change?newsfeed=true, Date Accessed: 6/29/12, JS)

The world is likely to build so many fossil-fuelled power stations, energy-guzzling factories and inefficient buildings in the next five years that it will become impossible to hold global warming to safe levels, and the last chance of combating dangerous climate change will be "lost for ever", according to the most thorough analysis yet of world energy infrastructure. Anything built from now on that produces carbon will do so for decades, and this "lock-in" effect will be the single factor most likely to produce irreversible climate change, the world's foremost authority on energy economics has found. If this is not rapidly changed within the next five years, the results are likely to be disastrous. "The door is closing," Fatih Birol, chief economist at the International Energy Agency, said. "I am very worried – if we don't change direction now on how we use energy, we will end up beyond what scientists tell us is the minimum [for safety]. The door will be closed forever." If the world is to stay below 2C of warming, which scientists regard as the limit of safety, then emissions must be held to no more than 450 parts per million (ppm) of carbon dioxide in the atmosphere; the level is currently around 390ppm. But the world's existing infrastructure is already producing 80% of that "carbon budget", according to the IEA's analysis, published on Wednesday. This gives an ever-narrowing gap in which to reform the global economy on to a low-carbon footing. If current trends continue, and we go on building high-carbon energy generation, then by 2015 at least 90% of the available "carbon budget" will be swallowed up by our energy and industrial infrastructure. By 2017, there will be no room for manoeuvre at all – the whole of the carbon budget will be spoken for, according to the IEA's calculations. Birol's warning comes at a crucial moment in international negotiations on climate change, as governments gear up for the next fortnight of talks in Durban, South Africa, from late November. "If we do not have an international agreement, whose effect is put in place by 2017, then the door to [holding temperatures to 2C of warming] will be closed forever," said Birol. But world governments are preparing to postpone a speedy conclusion to the negotiations again. Originally, the aim was to agree a successor to the 1997 Kyoto protocol, the only binding international agreement on emissions, after its current provisions expire in 2012. But after years of setbacks, an increasing number of countries – including the UK, Japan and Russia – now favour postponing the talks for several years. Both Russia and Japan have spoken in recent weeks of aiming for an agreement in 2018 or 2020, and the UK has supported this move. Greg Barker, the UK's climate change minister, told a meeting: "We need China, the US especially, the rest of the Basic countries [Brazil, South Africa, India and China] to agree. If we can get this by 2015 we could have an agreement ready to click in by 2020." Birol said this would clearly be too late. "I think it's very important to have a sense of urgency – our analysis shows [what happens] if you do not change investment patterns, which can only happen as a result of an international agreement." Nor is this a problem of the developing world, as some commentators have sought to frame it. In the UK, Europe and the US, there are multiple plans for new fossil-fuelled power stations that would contribute significantly to global emissions over the coming decades. The Guardian revealed in May an IEA analysis that found emissions had risen by a record amount in 2010, despite the worst recession for 80 years. Last year, a record 30.6 gigatonnes (Gt) of carbon dioxide poured into the atmosphere from burning fossil fuels, a rise of 1.6Gt on the previous year. At the time, Birol told the Guardian that constraining global warming to moderate levels would be "only a nice utopia" unless drastic action was taken. The new research adds to that finding, by showing in detail how current choices on building new energy and industrial infrastructure are likely to commit the world to much higher emissions for the next few decades, blowing apart hopes of containing the problem to manageable levels. The IEA's data is regarded as the gold standard in emissions and energy, and is widely regarded as one of the most conservative in outlook – making the warning all the more stark. The central problem is that most industrial infrastructure currently in existence – the fossil-fuelled power stations, the emissions-spewing factories, the inefficient transport and buildings – is already contributing to the high level of emissions, and will do so for decades. Carbon dioxide, once released, stays in the atmosphere and continues to have a warming effect for about a century, and industrial infrastructure is built to have a useful life of several decades. Yet, despite intensifying warnings from scientists over the past two decades, the new infrastructure even now being built is constructed along the same lines as the old, which means that there is a "lock-in" effect – high-carbon infrastructure built today or in the next five years will contribute as much to the stock of emissions in the atmosphere as previous generations. The "lock-in" effect is the single most important factor increasing the danger of runaway climate change, according to the IEA in its annual World Energy Outlook, published on Wednesday. Climate scientists estimate that global warming of 2C above pre-industrial levels marks the limit of safety, beyond which climate change becomes catastrophic and irreversible. Though such estimates are necessarily imprecise, warming of as little as 1.5C could cause dangerous rises in sea levels and a higher risk of extreme weather – the limit of 2C is now inscribed in international accords, including the partial agreement signed at Copenhagen in 2009, by which the biggest developed and developing countries for the first time agreed to curb their greenhouse gas output. Another factor likely to increase emissions is the decision by some governments to abandon nuclear energy, following the Fukushima disaster. "The shift away from nuclear worsens the situation," said Birol. If countries turn away from nuclear energy, the result could be an increase in emissions equivalent to the current emissions of Germany and France combined. Much more investment in renewable energy will be required to make up the gap, but how that would come about is unclear at present. Birol also warned that China – the world's biggest emitter – would have to take on a much greater role in combating climate change. For years, Chinese officials have argued that the country's emissions per capita were much lower than those of developed countries, it was not required to take such stringent action on emissions. But the IEA's analysis found that within about four years, China's per capita emissions were likely to exceed those of the EU. In addition, by 2035 at the latest, China's cumulative emissions since 1900 are likely to exceed those of the EU, which will further weaken Beijing's argument that developed countries should take on more of the burden of emissions reduction as they carry more of the responsibility for past emissions. In a recent interview with the Guardian recently, China's top climate change official, Xie Zhenhua, called on developing countries to take a greater part in the talks, while insisting that developed countries must sign up to a continuation of the Kyoto protocol – something only the European Union is willing to do. His words were greeted cautiously by other participants in the talks. Continuing its gloomy outlook, the IEA report said: "There are few signs that the urgently needed change in direction in global energy trends is under way. Although the recovery in the world economy since 2009 has been uneven, and future economic prospects remain uncertain, global primary energy demand rebounded by a remarkable 5% in 2010, pushing CO2 emissions to a new high. Subsidies that encourage wasteful consumption of fossil fuels jumped to over $400bn (£250.7bn)." Meanwhile, an "unacceptably high" number of people – about 1.3bn – still lack access to electricity. If people are to be lifted out of poverty, this must be solved – but providing people with renewable forms of energy generation is still expensive. Charlie Kronick of Greenpeace said: "The decisions being made by politicians today risk passing a monumental carbon debt to the next generation, one for which they will pay a very heavy price. What's seriously lacking is a global plan and the political leverage to enact it. Governments have a chance to begin to turn this around when they meet in Durban later this month for the next round of global climate talks." One close observer of the climate talks said the $400bn subsidies devoted to fossil fuels, uncovered by the IEA, were "staggering", and the way in which these subsidies distort the market presented a massive problem in encouraging the move to renewables. He added that Birol's comments, though urgent and timely, were unlikely to galvanise China and the US – the world's two biggest emittters – into action on the international stage. "The US can't move (owing to Republican opposition) and there's no upside for China domestically in doing so. At least China is moving up the learning curve with its deployment of renewables, but it's doing so in parallel to the hugely damaging coal-fired assets that it is unlikely to ever want (to turn off in order to) to meet climate targets in years to come."

# Solvency

### Status Quo Solves

#### Unnecessary- existing federal and state programs solve

Mica, Congressman, Chairman of the Transportation and Infrastructure Committee, 2011

(John L., 10-12-2011, Transportation and Infrastructure Committee, “National Infrastructure Bank Would Create More Red Tape & Federal Bureaucracy,” <http://transportation.house.gov/news/PRArticle.aspx?NewsID=1421>, accessed 6-24-12, LH)

“We must use every responsible mechanism possible to move projects and expand our capacity to finance infrastructure maintenance and improvements, but a National Infrastructure Bank is dead on arrival in Congress,” said U.S. Rep. John L. Mica (R-FL), Chairman of the Transportation and Infrastructure Committee.

“There are several reasons for this. One is that we do not need to create more federal bureaucracy. In fact, with over 100 separate federal surface transportation programs, we need less bureaucracy.

“The federal government also has existing financing programs that serve the same purpose as a National Infrastructure Bank, such as TIFIA, RRIF and others, that we can improve and strengthen.

“Another reason a national bank is DOA is because there is already such a bank structure in place at the state level. Thirty-three state infrastructure banks already exist, and we can ensure financing and

build upon this foundation without creating a new level of federal bureaucracy.

#### **Critics argue capital markets solve**

Landers, Civil Engineering, Contributing Editor, 7

(Jay, September 2007, “National Infrastructure Bank Legislation Introduced in Congress,” Civil Engineering, Volume: 77, p. 10-11, Ebsco, LH)

However, the proposed National Infrastructure Bank has attracted some criticism as well. While acknowledging the “very real problems of inadequate and ineffective infrastructure investment,” Robert Poole, Jr., the director of transportation studies for the Reason Foundation, a libertarian nonprofit organization based in Los Angeles, argued in the August 2007 edition of his foundation’s newsletter, Surface Transportation Innovations, that the proposed bank would needlessly increase the national debt at a time when emerging capital markets are poised to finance a growing variety of infrastructure projects. “[L]arge-scale, strategic investments in highways, bridges, water, and wastewater systems are all precisely the kinds of things that the capital markets are well equipped to fund,” Poole wrote. “There is no need to expand the role of the federal government, or further increase the national debt, to substitute for what dozens of new infrastructure funds are willing, able, and eager to do.”

#### New program is unnecessary – status quo solves credit issues

Utt, Heritage Foundation Research Fellow, 11

(Ronald Utt, PhD, is the Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation, October 30 2011, "The Limited Benefits of a National Infrastructure Bank," http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123, accessed 6/25/12, CNM)

Senator Inhofe makes a very good point by wondering about what the value added would be of creating another federal transportation program (independent of the current one under some proposals) when you already have one that has been up and running for more than half a century and, for the most part, has served the nation well. More specific to some of the infrastructure bank proposals is the emphasis on loans and loan guarantees as opposed to grants, suggesting that the bank will somehow be paid back—a notion about which, as we have seen, we have reason to be skeptical. Nonetheless, if credit availability is at issue, then a quick review of existing transportation infrastructure federal credit programs reveals that there are plenty of attractive credit programs including the U.S. Department of Transportation (USDOT) Transportation Infrastructure Finance and Innovation loan program (TIFIA), Private Activity Bonds, and State/Municipal/public authority Revenue Bonds.[3] For passenger and freight rail projects, there is also the USDOT’s Rail Rehabilitation and Improvement Financing (RFFI) program.

#### The federal government has a number of existing programs that provide the resources need in the status quo

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.26, LPS)

**As noted above, the federal government also has a number of existing programs that provide loans, loan guarantees, and other credit assistance for a wide spectrum of infrastructure projects, including the following: • The Transportation Infrastructure Finance and Innovation Act** (TIFIA) program (23 U.S.C. 601 et seq.). TIFIA provides federal credit assistance up to a maximum of 33% of project costs in the form of secured loans, loan guarantees, and lines of credit. **• The Railroad Rehabilitation and Improvement Financing** (RRIF) Program (45 U.S.C. 821 et seq.). RRIF, also originally established in TEA-21, provides loans and loan guarantees to freight railroads and Amtrak for rail infrastructure improvements. **• The Title XI Federal Ship Financing Program** (46 U.S.C. Chapter 537). This program provides loan guarantees for improvements to U.S.-flagged commercial vessels and U.S. shipyards. **• Title XVII Loan Guarantee Program** (42 U.S.C. 16511 et seq.). Enacted in the Energy Policy Act of 2005 (P.L. 109-58) and administered by the Department of Energy, the program provides loan guarantees for up to 80% of construction costs for energy projects that employ innovative technologies to reduce air pollutants and greenhouse gases. Eligible projects included renewable energy systems projects, such as nuclear power stations and electric power transmission systems.67 **• The Telecommunications Infrastructure Loan Program** (7 U.S.C. 930 et. seq.). This program provides loans and loan guarantees for the “purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telecommunications service in rural areas.”68 **• Clean Water State Revolving Loan Fund (SRF) Program**. Created in amendments to the Clean Water Act (P.L. 100-4), this program provides grants to states to capitalize loan funds (33 U.S.C. 1381-1387). States then may make low-interest loans **and** provide other types of credit assistance to help with the construction of publicly owned municipal wastewater treatment plants and for some other purposes.69 **• Drinking Water State Revolving Loan Fund (SRF) Program**. Created in the Safe Drinking Water Act Amendments of 1996 (P.L. 104-182), this program supports the financing of water system infrastructure (42 U.S.C. 300j-12). Like the Clean Water SRF, under this program states receive federal grants to capitalize loan funds to make low-interest loans. In this case, the loans are available to public and private water systems to help finance drinking water system infrastructure. These loans can be up to 20 years in length. Loan repayments are made to the states, making it possible to make new loans for further projects.

### No Solvency – Four Reasons

#### Four major disadvantages to national infrastructure banks

Mallet, specialist in transportation policy, et al. 11

(William J., Steven, Kevin R. 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. 16, accessed 6/23/12, bs)

Selecting projects through an infrastructure bank has possible disadvantages as well as advantages. First, it would direct financing to projects that are the most viable financially rather than those with greatest social benefits. Projects that are likely to generate a financial return through charging users, such as urban water systems, wastewater treatment, and toll roads, would be favored if financial viability is the key element for project selection. Conversely, projects that offer extensive spillover benefits for which it is difficult to fully charge users, such as public transit projects and levees, would be disfavored. 53 Second, selection of the projects with the highest returns might conflict with the traditional desire of Congress to assure funding for various purposes. Rigorous cost-benefit analysis might show that the most attractive projects involve certain types of infrastructure, while projects involving other types of infrastructure have less favorable cost-benefit characteristics. This could leave the infrastructure bank unable to fund some types of projects despite local support. Third, financing projects through an infrastructure bank may serve to exclude small urban and rural areas because large, expensive projects tend to be located in major urban centers. Because of this, an infrastructure bank might be set up to have different rules for supporting projects in rural areas, and possibly also to require a certain amount of funding directed to projects in rural areas. For example, S. 652 proposes a threshold of $25 million for projects in rural areas instead of $100 million in urban areas. Even so, the $25 million threshold could exclude many rural projects. A fourth possible disadvantage is that a national infrastructure bank may shift some decision making from the state and local level to the federal level. Although the initiation of projects will come from state and local decision-makers, a national infrastructure bank will make the final determination about financing. Some argue that this will reduce state and local flexibility and give too much authority to centralized decision-makers divorced from local conditions. 54

### Double Bind

#### Double bind - either

#### a) NIB is controlled by congress

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. 16, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

However, an NIB is not a silver bullet for the problems of the federal investment. An entity that is not self-sufficient over time and relies on Congress appropriations, by definition, will be under Congress’ influence. In this case, it will be hard to entirely remove the political criterion from the selection pro- cess. If NIB is a shareholder-owned corporation, its cost of borrowing would be higher and the entity might experience similar problems to those of Fannie Mae and Freddie Mac. Lack of a clear federal role, performance based selection criteria, and a lack of emphasis on loan repayment, may render an NIB into another federal earmarks program. These issues are discussed below.

#### That kills solvency – prevents effective project selection

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. 16, http://www.brookings.edu/~/media/Files/rc/reports/2009/1210\_infrastructure\_puentes/1210\_infrastructure\_puentes.pdf, accessed 6-25-12, CNM)

Political interference in the selection process. An NIB, as envisaged by recent proposals, would be under congressional influence. It would receive annual appropriations from Congress and the board would have to submit a report to the president and the Congress at the end of each fiscal year. Evidence from the federal transportation program shows that congressional directives some- times choose projects which are not a priority and that would not have been chosen in a competitive selection process.111 Talking about changing the U.S. transportation policy into performance driven decisionmaking, former U.S. Department of Transportation official Tyler Duvall articulated the prob- lem: “The objective of depoliticizing transportation decisions by using the political process is a tough challenge.”112

#### Or b) It is shareholder-owned, causing high interest rates

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. 16, <http://www.brookings.edu/~/media/Files/rc/reports/2009/1210_infrastructure_puentes/1210_infrastructure_puentes.pdf>, accessed 6-25-12, NM)

Debt and cost of borrowing. The NIB would add to the federal debt and budget deficit if it were to use debt to finance its activities and if there were not cuts in federal spending taken elsewhere. There is also a trade-off between independence from political influence and cost of borrowing. If an NIB is a federal agency, it may draw upon Treasury’s low interest rates to finance its activities. If it is a shareholder–owned entity, it would incur higher costs of borrowing than Treasury, so the loans going to recipients would have to be at higher interest rates.113

### Too Slow

#### Bank is too slow- it’ll be years before the first loan is made

Mallet, specialist in transportation policy, et al. 11

(William J., Steven, Kevin R. 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. 14, accessed 6/23/12, bs)

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. Although a national infrastructure bank might help accelerate projects over the long term, it is unlikely to be able to provide financial assistance immediately upon enactment. In several infrastructure bank proposals (e.g., S. 652 and S. 936), officials must be nominated by the President and approved by the Senate. The bank will also need time to hire staff, write regulations, send out requests for financing proposals, and complete the necessary tasks that a new organization must accomplish. This period is likely to be measured in years, not months. The example of the TIFIA program may be instructive. TIFIA was enacted in June 1998. TIFIA regulations were published June 2000, and the first TIFIA loans were made the same month. 45 However, according to DOT, it was not until FY2010 that demand for TIFIA assistance exceeded its budgetary authority. 46

#### They don’t get short-term benefits. Solvency takes a long time.

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)

Although a national infrastructure bank might help accelerate projects over the long term, it is unlikely to be able to provide financial assistance immediately upon enactment. In several infrastructure bank proposals (e.g., S. 652 and S. 936), officials must be nominated by the President and approved by the Senate. The bank will also need time to hire staff, write regulations, send out requests for financing proposals, and complete the necessary tasks that a new organization must accomplish. This period is likely to be measured in years, not months. The example of the TIFIA program may be instructive. TIFIA was enacted in June 1998. TIFIA regulations were published June 2000, and the first TIFIA loans were made the same month. 45 However, according to DOT, it was not until FY2010 that demand for TIFIA assistance exceeded its budgetary authority

#### No solvency – the bank will take a long time to be implemented and increases expenses

Utt, Heritage Foundation research fellow, 11

(Ronald Utt, PhD, is the Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation, October 30 2011, "The Limited Benefits of a National Infrastructure Bank," http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123, accessed 6/25/12, CNM)

In both of these cases, the stimulus funds were being spent through existing federal, state, and local channels by departments, managers, and employees with many years of experience in the project approval business. In large part, these delays are not due to any particular institutional failing but simply to the time it takes to establish guidelines and rules for project submission, for outside parties to complete the request, and for USDOT to review the many requests submitted and pick the most promising, perhaps with modifications, and fulfill the contractual details of awarding the contract. Once the award is made to state and local entities, they in turn must draw up the RFP (and perhaps produce detailed engineering plans as appropriate), put the contract out for bid, allow sufficient time for contractors to prepare bids, review submitted bids, and finally accept the winning contract. It is at this point that money can be spent on the project, and the time that elapses from the beginning to the end of the beginning can easily exceed a year or more. In the case of an infrastructure bank, such delays will be much longer—perhaps even double that described above. In the case of the above example, the assumption is that the newly authorized stimulus money would flow through an institutional “infrastructure” of well-established channels staffed by experienced people. In the case of the proposed infrastructure banks, no such administrative structure exists, and one will have to be created from scratch once the enabling legislation is enacted. In the case of some of the proposals, this creation process could take a while. President Obama’s most recent plan, for example, first requires the selection, recommendation, and Senate confirmation of a seven-person bipartisan board appointed by the President. The President will also appoint, and the Senate confirm, a Chief Executive Officer who in turn will select the bank’s senior officers—Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, General Counsel, Chief Operation Officer, and Chief Lending Officer—subject to board approval. The Chief Lending Officer will be responsible “for all functions relating to the development of project pipelines, the financial structuring of projects, the selection of infrastructure projects to be reviewed by the board, and related functions.” So once all of this administrative effort is completed and the bank is ready to go, then the process of fulfillment, as described in the paragraph just prior to the preceding paragraph, would then be in effect. As is obvious, dependence upon this prospective bank will further delay the time in which the project money would be spent, but in the process, it would also incur substantial administrative expenses that might better be used for actual infrastructure repair and investment.

#### No solvency – takes too long to implement and doesn't generate revenue

Utt, Heritage Foundation senior research fellow, 11

(Ronald, Ph.D., Herbert and Joyce Morgan Senior Research Fellow at the Heritage Foundation, 9-14-11, "Infrastructure ‘Bank’ Doomed to Fail," http://www.heritage.org/research/commentary/2011/09/infrastructure-bank-doomed-to-fail, accessed 6-26-12, CNM)

Such a bank has all the liabilities of the American Revitalization and Investment Act of 2009 (ARRA). You’ll recall that this $800 billion “stimulus” included $48.1 billion for transportation infrastructure. Yet, as the president acknowledged recently and the Heritage Foundation predicted, the funded projects have been very slow to get under way and have had little impact on economic activity.

Why is an infrastructure bank doomed to fail? For starters, it’s not really a bank in the common meaning of the term. The infrastructure bank proposed in the president’s 2011 highway reauthorization request, for example, would provide loans, loan guarantees and grants to eligible transportation infrastructure projects. Its funds would come from annual appropriations of $5 billion in each of the next six years.

Normally, a bank acts as a financial intermediary, borrowing money at one interest rate and lending it to creditworthy borrowers at a somewhat higher rate to cover the costs incurred in the act of financial intermediation. That would not be the case here.

Grants are not paid back. As a former member of the National Infrastructure Financing Commission observed, “Institutions that give away money without requiring repayment are properly called foundations, not banks.”

Infrastructure bank bills introduced by Sen. John Kerry, Massachusetts Democrat, and Rep. Rosa L. DeLauro, Connecticut Democrat, illustrate the time-consuming nature of creating such a bank. Both bills are concerned — appropriately — with their banks’ bureaucracy, fussing over such things as detailed job descriptions for the new executive team; how board members would be appointed; duties of the board; duties of staff; space to be rented; creating an orderly project solicitation process; an internal process to evaluate, negotiate and award grants and loans; and so on. This all suggests that it will take at least a year or two before the bank will be able to cut its first grant or loan check.

### Bureaucracy

#### American Revitalization and Investment Act of 2009 proves – bank proposals have too much bureaucracy which delays spending

Utt, Heritage Foundation senior research fellow, 11

(Ronald, Ph.D., Herbert and Joyce Morgan Senior Research Fellow at the Heritage Foundation, 9-14-11, "Infrastructure ‘Bank’ Doomed to Fail," http://www.heritage.org/research/commentary/2011/09/infrastructure-bank-doomed-to-fail, accessed 6-26-12, CNM)

Indeed, the president’s transportation “bank” proposal indicates just how bureaucracy-intensive such institutions would be. It calls for $270 million to conduct studies, administer the bank and pay the 100 new employees required to run it.

In contrast, the transportation component of the ARRA worked through existing and knowledgeable bureaucracies at the state, local and federal levels. Yet, despite the staff expertise and familiarity with the process, as of July — 2½ years after the enactment of ARRA — 38 percent of the transportation funds authorized were still unspent, thereby partly explaining ARRA’s lack of impact.

The president’s fixation on an infrastructure bank as a means of salvation from the economic crisis at hand is — to be polite about it — a dangerous distraction and a waste of time. It also is a proposal that has been rejected consistently by bipartisan majorities in the House and Senate transportation and appropriations committees.

Those rejections have occurred for good reason. Based on the ARRA’s dismal and remarkably untimely performance, an infrastructure bank likely would yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity. And whatever it did manage to spend would have to be borrowed, only adding to the deficit.

That’s no way to meet the economic challenges confronting the nation.

#### Bureaucracy causes year long delays

Utt, Heritage Foundation senior research fellow, 11

(Ronald, Ph.D., Herbert and Joyce Morgan Senior Research Fellow at the Heritage Foundation, 9/30/11, "Obama’s Peculiar Obsession with Infrastructure Banks Will Not Aid Economic Revival," http://www.heritage.org/research/reports/2011/08/using-infrastructure-banks-to-spur-economic-recovery, accessed 6-26-12, CNM)

Although Obama has yet to offer any legislation to implement his “bank,” infrastructure bank bills introduced by Senator John Kerry (D–MA) and Representative Rosa DeLauro (D–CT) illustrate the time-consuming nature of creating such a bank, suggesting more than a year or two will pass before the first dollar of a grant or loan is dispersed to finance a project.[8] Both the DeLauro and Kerry bills are—appropriately—concerned with their banks’ bureaucracy, fussing over such things as detailed job descriptions for the new executive team, how board members will be appointed, duties of the board, duties of staff, space to be rented, creating an orderly project solicitation process, an internal process to evaluate, negotiate, and award grants and loans, and so on. Indicative of just how bureaucracy-intensive these “banks” would be, the Obama plan proposes that $270 million be allocated to conduct studies, administer his new bank, and pay the 100 new employees hired to run it.

By way of contrast, the transportation component of the ARRA worked through existing and knowledgeable bureaucracies at the state, local, and federal levels. Yet despite the staff expertise and familiarity with the process, as of July 2011—two and a half years after the enactment of ARRA—38 percent of the transportation funds authorized have yet to be spent and are still sitting in the U.S. Treasury, thereby partly explaining ARRA’s lack of impact.

### Doesn’t Fund Non-Revenue Generating Projects

#### No solvency – critical projects won’t generate enough funding

Rep. Lipinski, 10

(Daniel, D-IL, Federal News Service, HEARING OF THE SUBCOMMITTEE ON SELECT REVENUE MEASURES OF THE HOUSE WAYS AND MEANS COMMITTEE , 5-13-2010, p.7, Lexis, CAS).

But before I begin, I want to emphasize that innovative proposals such as this should be viewed as a potential piece of a comprehensive solution for providing adequate levels of funding for infrastructure projects. If this were the only step we took, we'd still fall far short of the investments our nation needs. And while an infrastructure bank may play a role in moving certain projects forward, many major, critical projects may never be able to generate the revenue needed to repay a loan. This is a point that must be considered in structuring the financing mechanisms of an infrastructure bank and in considering the extent to which this bank could fulfill our nation's infrastructure needs.

### No Revenue

#### No solvency – the bank can’t generate revenue

Utt, Heritage Foundation research fellow, 11

(Ronald Utt, PhD, is the Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation, October 30 2011, "The Limited Benefits of a National Infrastructure Bank," http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123, accessed 6/25/12, CNM)

As this testimony has argued, at the end of the day, a real bank needs a reliable stream of revenues to thrive and survive, yet many of the transportation projects now underway and contemplated do not provide a reliable stream of revenues—beyond state or local taxes—that can meet the debt service payments for infrastructure bank loans provided or guaranteed.

#### No revenue

Carter, Yale law professor, 12

(Stephen L., 4-26-12, Bloomberg View, "Buy, Sell or Hold: How Can Governments Decide?" http://www.bloomberg.com/news/2012-04-26/buy-sell-or-hold-how-can-governments-decide-.html, accessed 6-26-12, CNM)

In truth, one of the arguments the Obama administration has presented in support of the infrastructure bank is that assets such as roads and transit do not generally attract much private investment because of a lack of “effective mechanisms” to generate a return. This is a polite way of saying that many entrepreneurs consider highways and bridges a poor investment. If so, pushing them into private hands will probably yield no better results than keeping them public.

#### No user fee

Poole, Reason Foundation director of transportation, 9

(Robert, Reason Foundation, 2-3-09, "A National Infrastructure Bank? Proposed bank can fill a niche, but current proposal needs to be refocused," http://reason.org/news/show/a-national-infrastructure-bank, accessed 6-26-12, CNM)

Second, it is hard to see how this entity would constitute anything like a bank, in the normal meaning of the term. A bank is an enterprise that lends money, on a sustainable basis. That mean the borrowers have to pay it back, with interest, so that the bank can remain a going concern. If you look at what the sponsors list as the kind of financing the NIB would provide, you get the following list:

Direct subsidies [grants]

Direct loan guarantees

Long-term tax credits

General-purpose bonds

Long-term tax-credit infrastructure bonds.

Conspicuously absent from this list is revenue bonds-i.e., finance that is based upon the users paying for the services provided by the new infrastructure. One of the crying needs in U.S. infrastructure investment is better targeting of investment to projects that provide significantly more benefits than costs (i.e., are not Bridges to Nowhere). Yet the NIB proposal, as written, seems to ignore sound principles of project finance, such as user-fee-based financing.

### Not Financially Sustainable

#### **Bank is unsustainable**

Mallet, specialist in transportation policy, et al. 11

(William J., Steven, Kevin R. 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. 15, accessed 6/23/12, bs)

All pending infrastructure bank proposals have the objective of increasing investment in infrastructure while maintaining financial self-sustainability. These two objectives may not be compatible. Traditional banks are self-sustaining because they borrow from depositors at a low rate (and typically short term) and lend at a higher rate (and typically long term). In addition, they impose fees and charge for a variety of services beyond lending. An infrastructure bank’s self-sustainability, in contrast, would depend almost exclusively on its capacity to lend at a higher rate than its cost of capital. If the infrastructure bank were to rely mainly on private capital (either equity or credit), it would have to provide those investors with a rate of return comparable to that available on investments with a similar risk and time profile to those in the bank’s portfolio. If the federal government bears some of the risk, then investors would not require as much compensation as they would if not for the federal guarantee. Federal budgeting rules, however, would require that the value of the risk shifted from the private sector to the federal government be accounted for in the federal budget. 49 The other constraint on sustainability is the need to keep the nonfederal share of projects attractive to investors. Currently, state and local governments can finance infrastructure with relatively low-cost capital by issuing tax-exempt bonds. If the infrastructure bank must compensate investors to attract capital, and no federal tax advantages are conferred upon these investors, it seems unlikely that the bank will be able to match the low interest rates available with tax-exempt bonds. The infrastructure bank proposed in S. 652 and S. 1549 would be allowed to charge fees for loans and loan guarantees, which could move the bank closer to sustainability. However, the additional transaction fees or interest rate adjustments would make financing through the infrastructure bank more expensive. The higher these fees go, the less advantageous it will be for a project sponsor to seek infrastructure bank assistance. 50

### High Fees

#### NIB doesn’t solve – high fees

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. 15, http://www.fas.org/sgp/crs/misc/R42115.pdf, A.D. 6/24/12, JTF)

The infrastructure bank proposed in S. 652 and S. 1549 would be allowed to charge fees for loans and loan guarantees, which could move the bank closer to sustainability. However, the additional transaction fees or interest rate adjustments would make financing through the infrastructure bank more expensive. The higher these fees go, the less advantageous it will be for a project sponsor to seek infrastructure bank assistance. 50

### Bank Insufficient

#### NIBs can’t solve alone

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. 5, bs)

Furthermore, a National Infrastructure Bank should allow states to make the ultimate decision on which projects receive financing from the federal bank based on established priorities. The bank however, should retain sufficient oversight to guarantee an equitable distribution of funds and to ensure that all eligible projects are able to compete for financing on a relatively even footing. Without long-term financial assurance, the ability of the federal, state, and local governments to do effective infrastructure investment planning is severely constrained. Therefore, in addition to a National Infrastructure Bank ASCE also supports:  User fees (such as a motor fuel sales tax) indexed to the Consumer Price Index.  Appropriations from general treasury funds, issuance of revenue bonds, and tax-exempt financing at state and local levels.  Trust funds or alternative reliable funding sources established at the local, state, and regional levels, including use of sales tax, impact fees, vehicle registration fees, toll revenues, and mileage -based user fees to be developed to augment allocations from federal trust funds, general treasuries funds, and bonds.  Public-private partnerships, state infrastructure banks, bonding and other innovative financing mechanisms as appropriate for the leveraging of available transportation program dollars, but not in excess of, or as a means to supplant user fee increases.  The use of budgetary firewalls to eliminate the diversion of user revenues for non-infrastructure purposes.

### Existing Funding Formulas

#### Plan doesn't effect existing funding formulas

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. 17, <http://www.brookings.edu/~/media/Files/rc/reports/2009/1210_infrastructure_puentes/1210_infrastructure_puentes.pdf>, accessed 6-25-12, CNM)

What it is not. Independent of any proposal design, an NIB is no panacea for the problems of the federal investment process. It is not a solution for the current federal investment programs. An NIB would be focused only on its own projects, which would be financed through new federal investment. It is not a revenue source, but a financing mechanism. It is not a replacement of the current formula- based grants or direct federal funding in infrastructure.

### Waste of Money

#### Comparatively the biggest waste of money

Poole, Reason Foundation director of transportation, 9

(Robert, Reason Foundation, 2-3-09, "A National Infrastructure Bank? Proposed bank can fill a niche, but current proposal needs to be refocused," http://reason.org/news/show/a-national-infrastructure-bank, accessed 6-26-12, CNM)

Moreover, most of the articles and speeches by proponents of NIB have tended to single out federal tax-credit bonds as the main funding vehicle they envision. This idea has been around for nearly a decade without going anywhere, but its proponents keep trying. Unlike a revenue bond, where the principal and interest are repaid out of revenues from fees paid by users (water bills, tolls, etc.), with a tax-credit bond the interest would be paid by the government's general fund, while the principal would be repaid by setting aside a portion of the initial bond offering and investing that in Treasury securities sufficient to pay off the principal at maturity. Thus, this is a way of having the federal government's hard-pressed general fund go even further into debt to fund infrastructure.

Back in 2002, the Government Accountability Office compared federal tax-credit bonds with conventional federally tax-exempt bonds, TIFIA direct loans, and outright federal grants. GAO estimated the total (societal) costs and the federal government costs of each of these alternatives, over a 30-year period. GAO concluded that "Federal costs would be the highest under the tax credit bond alternative." (GAO-02-1126T, p. 9). That same year then-Treasury Secretary John Snow said that if a tax credit bond proposal were enacted by Congress, he would recommend a presidential veto.

### Not Big Enough

#### NIB isn’t big enough to solve infrastructure problems

Gerencser, Booz Allen Hamilton Executive Vice President, 11

(Mark, March/April edition of The American Interest magazine, "Re-imagining Infrastructure," http://www.the-american-interest.com/article.cfm?piece=926, accessed 6-26-12, CNM)

Developing a clear vision is the sine qua non. The magnitude of the challenge we face requires bold thinking and the mobilization of our national political will. President Obama and several Congressional leaders on both sides of the aisle have proposed creation of a National Infrastructure Bank, initially capitalized at $50 billion. Other proposals would fund, separately, the Department of Transportation, the Department of Energy, the Environmental Protection Agency and the Department of Defense (the largest Federal energy user). These efforts, though laudable, do not match the magnitude of the challenge at hand, nor do they enable the integration of national efforts toward a common vision.

#### Bank not enough to solve – limited scale can’t overcome scope of problem

Rep. DeFazio, 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).

But I can't, you know, leave without saying that this is not a solution to the huge problems we have in infrastructure in the United States of America. Just -- if we just look at transportation, 160,000 bridges on the federal system indeed either of replacement or substantial repair, $60 billion backlog in our legacy transit systems for a capital investment, you know, some 40 percent of the road service in poor or fair condition causing accidents, wasted fuel, you know, causing cost to motorists and truckers for repairs to their vehicles. You know, this disinvestment does not come without extraordinary cost. You know, the lost -- the lost time for those engaged in commercial movement of freight on our system, the detours, you know, that hurts American business, it hurts our competitiveness. We must invest. So we have to do more than an infrastructure bank. The infrastructure bank will work well with projects that are going to have a revenue stream. We're not going to toll the entire interstate system in the United States of America and all those 160,000 bridges. We need a separate and dedicated source of revenue to undertake those projects

### Technical Hurdles

#### Bank can’t overcome technical hurdles

Oregon State Treasury 12

(West Coast Infrastructure Exchange, proposal submitted to Oregon Interim Joint Committee on Ways and Means, by Deputy State Treasurer Darren Bond, 1/27/2012, <http://www.leg.state.or.us/committees/exhib2web/2012reg/JWM/JWMSTED/02-07-2012meetingmaterials/B)%20OST%20Rockefeller%20Foundation%20Grant.pdf>, accessed 7/2/2012, p. 3, bs)

In response to the $2.2 trillion infrastructure gap identified by the American Society of Civil Engineers (2009) and others, there are a number of promising proposals in Congress to create a National Infrastructure Bank to address the financing issues raised above. Unfortunately, these ideas are unlikely to advance in Congress any time soon. Moreover, a national infrastructure bank is ill‐suited to address the range of technical assistance hurdles that thousands of municipal jurisdictions, water and utility districts, and special purpose entities now engaged in infrastructure finance must begin to overcome.

### AT: Empirical Solvency

#### **Banks modeled on the European Infrastructure Bank and Build America Bonds models do not solve inadequate financing because they do not actually increase investment.**

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).

But the EIB and BAB models, as interesting as they are, do not actually increase the amount of money being spent on transportation in the long-term — they simply transfer more of the current spending load into debt. Is that a good idea when governments are already so squeezed by limited budgets? How can we be sure that we’ll be in an adequate financial situation to pay back these debts in the future? Spending now through loans inherently means less spending in the future: If Los Angeles compresses thirty years of transit spending into ten, what happens during the other twenty? Nothing at all, unless another separate revenue source is established. So none of the the infrastructure bank proposals put forth thus far will actually aid in reversing the current lack of adequate financing for transportation.

#### Federal banks empirically fail

Utt, Heritage Foundation research fellow, 11

(Ronald Utt, PhD, is the Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation, October 30 2011, "The Limited Benefits of a National Infrastructure Bank," http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123, accessed 6/25/12, CNM)

Beginning in the 1930s, the federal government created a number of bank-like entities and credit insurance facilities, and every one of them has been challenged by serious, if not catastrophic, financial failure that often involved costly taxpayer bailouts. They include the Federal Land Banks, Farm Credit Administration, Federal Housing Administration, Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, Federal Home Loan Banks, and Fannie Mae and Freddie Mac. The latter two are perhaps the most catastrophic of all, with the taxpayer bailout cost totaling about $150 billion so far. In every case, these entities were believed to have been soundly organized and operated, and they provided loans and guarantees and insurance on products or entities that were also believed to be financially sound. Importantly, these loans and investments also provided a reliable stream of income to fund the federal entity, service its debt, and provide it with the necessary reserves and contingency funds. In short, they were all deemed to be commercially viable, as were their clients. Yet they all failed in one way or the other despite the top-notch talent thought to be running them.

### Private Infrastructure Investment Bad

#### The private sector does a bunch of sketchy stuff for profit that tanks solvency

Dannin, Penn State law professor, 11

(Ellen, Ms Dannin is the Fannie Weiss distinguished faculty scholar and professor of law at Penn State Dickinson School of Law and author of "Crumbling Infrastructure, Crumbling Democracy: Infrastructure Privatization Contracts and Their Effects on State and Local Governance." 3-15-11, "The Toll Road to Serfdom," http://www.acslaw.org/acsblog/node/18553, accessed 6-26-12, CNM)

But when you look into the history and details of infrastructure privatization, reality differs. Take the VirginiaBusiness.com story, "Public project, private risk: Virginia looks to partnerships to tackle major jobs" that praises the 1995 California State Route 91 private toll lanes built in the median of a public road. Those private lanes have a troubled history that is still relevant to today's privatized infrastructure. The SR 91 deal forbade the state from doing repairs and maintenance on the public lanes in order to herd drivers to the private toll lanes. As the public lanes were left to deteriorate, potholes led to car damage and dangerous road and, eventually, public anger that toppled politicians.

Today's deals still include similar terms intended to make the toll road drivers' only alternative. Commonly found "noncompete" terms forbid building or improving "competing" road or mass transit systems. They may also require what is called "traffic calming" but which means by narrowing lanes or making other changes to make alternative routes unpleasant or less useful. Other contract terms require that the government "partner" compensate private contractors for "adverse actions," such as promoting car pooling to lower air pollution and urban congestion that could affect revenues. For the next 40 years, the HOT lanes contract with Transurban of Australia and Fluor Corporation of Texas requires Virginia to reimburse the private companies whenever Capital Beltway carpools exceed 24 percent of the traffic on the carpool lanes - or until the builders make $100 million in profits.

#### Contracts prevent innovation

Dannin, Penn State law professor, 11

(Ellen, Ms Dannin is the Fannie Weiss distinguished faculty scholar and professor of law at Penn State Dickinson School of Law and author of "Crumbling Infrastructure, Crumbling Democracy: Infrastructure Privatization Contracts and Their Effects on State and Local Governance." 3-15-11, "The Toll Road to Serfdom," http://www.acslaw.org/acsblog/node/18553, accessed 6-26-12, CNM)

Infrastructure privatization proponents often tout their high-tech innovations, such as embedded sensors to monitor road conditions, communication cables, wireless networks, and flashing electronic signs to warn drivers about traffic volume and accidents, and the use of transponders to debit accounts. They also tout using variable tolls that rise during rush hour as promoting choice.

However, because the contracts last generations and forbid competition, defined broadly, they will severely limit transportation innovation and public choice in the US.

#### The government will eventually buy out private contractors

Dannin, Penn State law professor, 11

(Ellen, Ms Dannin is the Fannie Weiss distinguished faculty scholar and professor of law at Penn State Dickinson School of Law and author of "Crumbling Infrastructure, Crumbling Democracy: Infrastructure Privatization Contracts and Their Effects on State and Local Governance." 3-15-11, "The Toll Road to Serfdom," http://www.acslaw.org/acsblog/node/18553, accessed 6-26-12, CNM)

The VirginiaBusiness.com article also says: "The private companies are assuming heavy financial risk upfront." But the reality is that the public bears the greatest financial risk. For the 50, 75, or 99 year life of the contract, we the people must be concerned that our state and local governments take any actions that could be claimed to compete with a private road or be an adverse action affecting the private contractors' revenues - no matter how much they would benefit the public. Just as concerning is that the prospect of facing decades of worry about violating the contracts and fighting claims means that governments will try to buy out the private contractors. We have no idea how that process would unfold and what that price might be.

# Counterplans

## States CP

### States Solve Better

#### States better solvency advocate for Infrastructure banks – political misallocation proves

(Keith Yost, September 20, 2011, MIT newspaper, “Opinion: No national infrastructure investment bank: Infrastructure investment is a state responsibility,” <http://tech.mit.edu/V131/N38/yost.html> accessed 6/25/12 BC)

On deeper inspection however, a national infrastructure bank is a fatally flawed idea, for one simple reason: forcing the citizens of Texas to pay for a high speed rail line from San Diego to Sacramento is bad government. It invites corruption, pork barrel politics, and misallocation of our society’s resources.

The citizens of, say, Ohio are and will always be in a better position to decide whether it is worth the money to repair a bridge or school in their state. Offering to let them pay for their projects with someone else’s money is not going to lead to better decision-making— instead, it will lead states to cut their own infrastructure spending and turn their beggars cup to the federal government. It will incentivize states to represent their infrastructure as worse than it actually is, and pretend that solutions are cheaper than they actually are. And because it isn’t their money at stake, states will have even less inclination than usual to make sure that the projects are managed correctly. The real key to a state’s economic success won’t be the wise decision-making of its leaders, it will be its ability to lobby the federal government for special treatment and trade favors with the party in power.

Perhaps in a few instances, investment in infrastructure at the national level makes sense. Air traffic control, or an interstate network make sense as matters for the national government to manage. But bridges, schools, high speed rail lines, and the vast majority of the projects Obama touts as within the purview of his national infrastructure campaign are best managed at the state or local level. It’s a conclusion so obvious that the idea of national control raises immediate suspicion. Does Obama plan to use the bank to bestow patronage on his supporters (particularly labor unions)? Or did he really manage to forget that state governments already have the power to levy taxes and make repairs?

### States Solve Better - Bureaucracy

#### The states will solve the plan better – less bureaucracy

Laing, The Hill congressional reporter, 11

(Keith, 9/8, Tea Party for USA, “GOP Chairman opposes Obama’s call for national infrastructure bank,” <http://tppatriots.net/2011/09/09/bad-idea-national-infrastructure-bank/>, Accessed: 6/29/12, GJV)

The Republican chairman of the House Transportation and Infrastructure Committee said Thursday evening that he was opposed to President Obama’s call for a national infrastructure bank in his speech to a joint session of Congress on job creation. Rep. John Mica (R-Fla.) said that he thought Congress should encourage individual states to create their own infrastructure banks, arguing as he has in the past that it would give them more flexibility to design transportation projects that fit their own needs. “While the President reconfirmed that our highways are clogged and our skies are congested, his well delivered address provided only one specific recommendation for building our nation’s infrastructure,” Mica said in a statement. “Unfortunately, a National Infrastructure Bank run by Washington bureaucrats requiring Washington approval and Washington red tape is moving in the wrong direction. A better plan to improve infrastructure is to empower our states, 33 of which already have state infrastructure banks.”

### States Solvency - Efficiency

#### States are more efficient

Plautz, Greenwire, 11

(Jason, 9-8-11, New York Times, “In I-Bank Debate, States Prove Successful Model”, <http://www.nytimes.com/gwire/2011/09/08/08greenwire-in-i-bank-debate-states-provide-successful-mod-49268.html?pagewanted=all>, accesed 6-29-12, KR)

With successful test cases like those in Oregon and Kansas, it is obvious why the White House would want to create a bank on the national level. The loans can be used to draw in private partners for large projects, putting more people to work. But some policymakers are wary of the added bureaucracy and political complications the federal government's involvement would carry with it. Under a transportation reauthorization proposal from House Transportation and Infrastructure Chairman John Mica (R-Fla.), a national proposal would be replaced with expanded authority for state infrastructure banks, which Mica said would free up more money faster.

Even some of the recipients of state money agree. "I don't see any advantage to a national bank," Gilmour said. "I'm concerned that there's been a disconnect at the federal level between those benefiting from transportation investments and those paying for them. ... I can't make my debt payment to ODOT with more debt." Gilmour, who worked for the Oregon DOT for 26 years, added that he tried to do very little with the federal government because federal red tape can add up to 30 percent of time and cost to a project. Former transportation official Orski, who now publishes a transportation newsletter, said the national bank has an advantage in that it can help large, multi-state projects. But, he added, those types of projects are rare and might be better handled through existing structures. "There is a widespread sentiment both in the House and Senate, rather than creating a new federal fiscal bureaucracy, we ought to strengthen and expand existing financial instruments, primarily TIFIA," he said, referring to the popular Transportation Infrastructure Finance and Innovation Act loan program.

### Solves Economy Adv.

#### State transportation infrastructure spending can jumpstart the economy, our evidence is comparative to a National Infrastructure Bank

Katz, Brookings vice president & Metropolitan Policy Program director, et al., 10

(Bruce, Jennifer Bradley, Metropolitan Policy Program fellow, and Amy Liu, Brookings senior fellow, November 2010, Brookings- Rockefeller Project, “Delivering the Next Economy: The States stepping in”, <http://www.rockefellerfoundation.org/uploads/files/8203b162-0783-4f0b-b7f9-9730584e0445.pdf>, page 2, accessed 6-26-12, KR)

Despite notable achievements over the past two years, Washington has only partially paved the way for the next economy. Action on comprehensive climate change legislation (which would help catalyze markets for clean energy technologies through the de facto pricing of carbon) has stalled. Work to advance innovation, manufacturing, and immigration reform is either in its early stages or not even started. The much-needed multi-year authorization of the federal transportation law is more than a year overdue despite repeated calls from political, civic, and business leaders for a robust, performancebased system. Nor has Washington been as focused as it could have on the power of metropolitan areas, although the administration’s investments in regional innovation clusters and sustainable communities are promising. While it is possible that a few smart, focused federal policy actions, such as a National Infrastructure Bank, or a sharp, performance oriented, transportation law, or investments in advanced energy research, development, and commercialization could occur in the next few years, most of the unfinished federal business will almost certainly remain unfinished because of concerns about the size of the deficit and deep philosophical differences between the parties on the proper role of government. So the burden of jump-starting the next economy and supporting its metropolitan engines will shift to the states and metros. States already share responsibility with Washington for many of the public-sector investments that will move the next economy forward. There is a continuum of federal and state spending and engagement on the constituent elements of the next economy, with both levels of government involved to a greater or lesser extent. For example, the federal government dominates in research funding, with federal actual outlays for R&D in FY 2007 of $116 billion, compared to less than $700 million spent by state agencies and another $3 billion spent by state (and local) governments for R&D at colleges and universities.3 By contrast, for every dollar that the federal government spends on highways, the states spend about two.4 The federal Department of Education spent some $68 billion in FY 2008, on both K-12 and higher education, plus another $21 billion in tax expenditures related to education, but states spent more than $400 billion of their own funds for the same purpose.5

### States Solvency – Private Investment

#### States solve public-private partnerships – investor confidence

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)

But while the federal government can certainly be helpful, the real action is going to come from the states. Today three states (Virginia, California, and Michigan) have established dedicated PPP units. While too early to tell if they are successful, states are rapidly learning that they need to build capacity for development of PPP projects. We learned at a recent Brookings event that private sector firms and investors focus on what they call “can-do” states. Those are not just the ones where they can work unfettered, but those where they know the public policy risk is minimized by a fruitful legislative and institutional environment. They need to know they’ll get a fair shake and deals won’t be scuttled at the last moment.

### AT: States Can’t Fund

#### Empirically, states able to fund billions in transportation infrastructure

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. 11, accessed 6/26/12, YGS)

Spending for Operation and Maintenance. Nearly all public spending for operating and maintaining transportation and water infrastructure takes place at the state and local level. Whereas state and local governments spent $172 billion for the operation and maintenance of infrastructure in 2007, the federal government spent just $24 billion. States and localities supplied almost 90 cents of every public dollar allocated for operating and maintaining facilities related to transportation and water infrastructure. States and localities have been the primary source of that spending for the past 50 years (see Figure 8 on page 14 and Table A-6 on page 32). However, the federal government does play a large role in funding the operation and maintenance of one component of transportation and water infrastructure: the nation’s air traffic control system. The federal government spent roughly $7 billion (in nominal dollars) to operate that system in 2007, a figure that represented one-third of total public spending on the operation and maintenance of aviation infrastructure that year.

## State Infrastructure Banks CP

### State Infrastructure Banks Solve

#### States infrastructure banks solve

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)

At the same time, a dozen states have already established their own infrastructure banks, and it may be that this state-level approach represents the best path forward for New York.10 The models and best practices of these twelve states can provide a useful road map for any state looking to establish or expand its own infrastructure bank. One relevant example is the California Infrastructure and Economic Development Bank (I-Bank). Established in 1994, the California I-Bank has broad powers to issue bonds, make loans, and provide credit enhancements for a wide variety of infrastructure and economic development projects.11 The I-Bank’s operations are funded solely by fees, interest earnings, and loan repayments and it supports infrastructure projects in sixteen eligible categories, including transportation, water and wastewater.12 The California I-Bank also incorporates strict criteria to ensure that the projects that it funds help promote equity, strengthen the economy, protect the environment, and promote health and safety.13

#### States solve infrastructure banking

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. 3, http://www.fas.org/sgp/crs/misc/R42115.pdf, A.D. 6/24/12, JTF)

Many state governments have established infrastructure banks to support projects in surface transportation. Most of these were created in response to a federal state infrastructure bank (SIB) program originally established in surface transportation law in 1995 (P.L. 104-59). According to the Federal Highway Administration (FHWA), 32 states and Puerto Rico had established federally authorized SIBs by December 2008. 10 No more recent data are available. At least four states, Florida, Georgia, Kansas, and Ohio, also have SIBs that are unconnected to the federal program. 11 As part of the federal transportation program, a state can use its allocation of federal surface transportation funds to capitalize an SIB. There are some requirements in federal law for SIBs connected with the federal program (23 U.S.C. 610), but for the most part their structure and administration are determined at the state level. Most SIBs are housed within a state department of transportation, but at least one (Missouri) was set up as a nonprofit corporation and another (South Carolina) is a separate state entity. 12 A number of SIBs also provide assistance to nontransportation projects. Most SIBs function as revolving loan funds, in which money is directly loaned to project sponsors and its repayment with interest provides funds to make more loans. 13 Some SIBs, such as those in Florida and South Carolina, have the authority to use their initial capital as security for issuing bonds to raise further capital as a source of loans. This is known as a leveraged SIB, and repayment of its loans is used to repay bondholders. 14 SIBs also typically offer project sponsors other types of credit assistance, such as letters of credit, lines of credit, and loan guarantees.

#### Expert consensus proves current SIB’s solve better by eliminating federal red tape

Brown Executive Director California Construction Trucking Association 11

(Lee Brown, September 16, 2011 “A National Infrastructure Bank — Do We Need It & Would It Help?,” [http://www.cdtoa.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help accessed 6-26-12](http://www.cdtoa.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help%20accessed%206-26-12) BC)

Some also believe the federal government might be wise to move to bolster existing and already successful state infrastructure banks instead of creating a national one. That’s the way that U.S. House Transportation and Infrastructure Committee Chairman John Mica has said he would like to go. “A National Infrastructure bank run by Washington bureaucrats requiring Washington approval and Washington red tape is moving in the wrong direction,” Mica said in a statement after the President’s speech. “A better plan to improve infrastructure is to empower our states, 33 of which already have state infrastructure banks.”

## State Compacts CP

### Compacts Solve

#### Congress can enable inter-state compacts – Solves transit infrastructure.

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.

## Advantage Counterplans

### Ports Adv. CP - Amend Shipping Act

#### Amending the Shipping Act solves port infrastructure investment.

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](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=%22natio), A.D. 6/26/12, JTF)

Port authorities have not openly considered the imposition of a cargo-based fee on Port Users since 2008. 283 Prior to March 2011, no port authority had implemented this type of fee structure to fund port-related infrastructure and development projects. 284 The FMC has followed the instruction and guidance provided by courts in analyzing whether particular fees are permissible under the Shipping Act. 285 Given that the cargo-based fees as proposed or implemented by the three largest U.S. container ports do not have the express consent of Congress, they are vulnerable to challenge under the Shipping Act and Tonnage Clause. 286 In fact, on August 5, 2011, nine shipping lines challenged PANYNJ’s Cargo Facility Charge as a violation of the Shipping Act’s prohibition on unreasonable and discriminatory practices. 287

As discussed above, federal, state, and industry actors agree that investments in infrastructure and development are critical to the future competitive position of the United States. 288 The concerns expressed by stakeholders can best be mitigated through an amendment to the Shipping Act expressly providing port authorities with the power to assess cargo-based fees on Port Users for qualifying transportation projects, environmental initiatives, and port security measures. 289

Under this amendment, fees would be assessed and collected directly by port authorities and may be assessed on any individual in the supply chain (i.e., shipper, trucker, marine terminal operator, or beneficial cargo owner) at the discretion of the port authority. 290 This amendment would allow port authorities broad power to incorporate fees into their current business model in a flexible and seamless manner.

### Amend Shipping Act – Public/Private Partnerships

#### Amending the Shipping Act doesn’t foreclose private-public ventures.

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)

Finally, the proposed amendment would not preclude the ability of port authorities to form private-public ventures to generate funding and develop infrastructure. The amendment would provide port authorities with complete discretion as to whether the fees should be assessed at all. 306 The amendment would only provide port authorities with Congress’ express authority to impose fees within reasonable parameters established by the amendment and the Constitution’s Export Clause. 307 In this way, port authorities could modernize the way goods are transported through U.S. ports with the requisite flexibility and authority to maximize the benefits for all stakeholders and shareholders.

## Energy Infrastructure Bank CP

### Solves Climate and Economy

#### National Infratructure Bank for Energy Key to climate mitigation—electricity grid, renewable energy and jumpstarts economy

Kahn, Ph.D and Senior Investment Analyst, et al. 8

(Bruce, Mark Fulton, Managing Director Global Head of Climate Change Investment Research New York, Mark Dominik, Brunswick, Vice President and Senior Research Analyst, Lucy Cotter, DB Climate Change Advisors, Research Analyst, Emily Soong, DB Advisors, Research Analyst, Jake Baker, DB Advisors, Research Analyst, November 2008, DB Advisors, “Economic Stimulus: The Case for ‘Green’ Infrastructure, Energy Security and ‘Green’ Jobs,” <http://utahcleanenergy.org/files/u1/Economic_Stimulus_and_Green_Infrastructure.pdf>, p. 14, Date Accessed: 6/29/2012, JS)

In order to mitigate climate change, the power generation landscape will need to shift, and current generation practices will need to be made more efficient. It is expected that over the few decades, large investments of capital will be deployed into power generating infrastructure, including coal with carbon capture and storage (CCS), nuclear, wind, and other renewables. The current electricity grid suffers from inefficiency, disrepair and capacity constraints. According to a Sandia National Laboratory report, around $150 billion is lost each year from power outages and disturbance. 4 This trend is set to be exacerbated as electric power demand increases. Revolutionary developments in information technology, materials science and engineering present the potential for significant improvements in the security, reliability, efficiency and cost effectiveness of the transmission system. New Energy Finance estimates that in the US alone, $450 billion will be needed over the next 15 years to modernize the electric power grid. Investment opportunities exist throughout the value chain. As a way to jumpstart economic activity, critical investments in the electric power grid could be brought forward under the ægis of the National Infrastructure Bank. These investments can be used to prepare the electric power grid for the scale-up of renewable energy, as detailed below. A. Creating a smart grid Digitizing and automating the electric power grid could greatly reduce wastage, carbon emissions and cost. A smartgrid would deploy networks, microprocessors and digital sensing technologies to create a web of hi-tech components that would communicate with each other to accomplish real-time balancing of energy and production. There are many benefits of the smart grid of ‘tomorrow’ in comparison to the system of ‘yesterday’ – most importantly, reduced wastage and lower carbon emissions. See exhibit 9.

## Executive Order CP

### Infrastructure Solvency

#### Executive order are key to solving transportation infrastructure – reduces red tape

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

(“A New Economic Analysis Of Infrastructure Investment,” 3/23/12, pgs. 13-4, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf, A.D. 6/24/12, JTF)

In addition, the President is making it easier for states and localities to undertake infrastructure projects by accelerating project permitting and environmental review by federal departments and agencies. The August 31, 2011 Presidential Memorandum directed the heads of all executive departments and agencies to: “(1) identify and work to expedite permitting and environmental reviews for high-priority infrastructure projects with significant potential for job creation; and (2) implement new measures designed to improve accountability, transparency, and efficiency through the use of modern information technology. Relevant agencies should monitor the progress of priority projects; coordinate and resolve issues arising during permitting and environmental review; and develop best practices for expediting these decisions that may be instituted on a wider scale, consistent with applicable law”. In addition, in this year’s State of the Union address, the President announced his intention to “sign an executive order clearing away the red tape that slows down too many construction projects.”

## Transportation Infrastructure Finance and Innovation Act CP

### TIFIA CP 1NC

#### Text: The United States federal government should substantially increase funding for the Transportation Infrastructure Finance and Innovation Act.

#### CP solves the case quicker—has years of empirical successes

Yarema, chair of the Infrastructure Practice Group at the law firm, Nossaman LLP 11 (10/12/2011, Geoffrey, Congressional Documents and Publications, House Transportation and Infrastructure Subcommittee on Highways and Transit Hearing - "National Infrastructure Bank: More Bureaucracy and More Red Tape" Proquest, Factiva, Date Accessed: 6/25, JS)

C. TIF1A Offers Significant Advantages That Can Be Realized Today

While promoting the concept of a national infrastructure bank, the President has rightly noted that "building a world class transportation system is part of what made us an economic superpower." I would suggest, however, that building a new bureaucracy to improve that system is an entirely avoidable diversion of limited federal resources. Instead, we should use the TIFIA program to help restore our nation's transportation infrastructure and regain the competitive advantage of a mobile economy.

1. Use Our Existing Tools

Unlike a newly-conceived national infrastructure bank, TiFIA - and all of the necessary authorizations and organizations required to implement and administer it - already exists. By using TIFIA to help finance improvements to the nation's surface transportation system, we avoid incurring the costs, delays and bureaucratic struggles inherent in creating a brand new governmental institution. The TIFIA program already has in place an established decision-making process, administrative regulations, a dedicated staff, guiding policies and procedures, and a successful 12-year track record as an institution. In a phrase, TIFIA is a proven, valuable and essential commodity.

2. Turn the Backlog into Blueprints - Now

What the TIFIA program also has, as discussed in more specific detail below, is a backlog of applications for nationally significant projects totaling nearly $30 billion. Although we do not typically think of an inventory of unrequited demand as an asset, the existing backlog means that the TIFIA program is already positioned to quickly help finance billions of dollars in new projects that might otherwise be delayed or deferred due' to their size, complexity or the unpredictability of their revenue streams. These are large projects of regional or national significance that are cleared or are close to obtaining environmental clearance, have project sponsors assembling state, local and private capital to substitute for the diminished availability of federal tax dollars, and provide critical improvements to passenger and freight mobility in this country. With additional resources, TIFIA could get more projects currently stalled at the proposal stage to their groundbreaking ceremonies - and in short order.

3. Focus on Transportation

In addition to transportation infrastructure, the President's proposed national infrastructure bank would entertain applications for financing assistance from projects ranging from dams and levees to energy efficiency enhancements and transmission lines. What we conclude from the breadth of infrastructure classes that would be eligible to apply for the bank's maximum $10 billion volume of annual loans and loan guarantees, is that transportation will be fighting for this limited resource in much the same way constituencies of diverse interests and conflicting agendas fight over the General Fund.

TIFIA resources are dedicated to highways and transit projects. With TIFIA serving as the "national infrastructure bank" for transportation projects, the struggle for federal assistance among other forms of infrastructure would be eliminated.

4. Create Jobs

The projects financed through TIFIA will create jobs in enormous numbers -and quickly. According to the FHWA, 28,000 jobs are created for every billion dollars in transportation construction. If TIFIA were funded only to the extent of its existing $30 billion backlog, it could create nearly one million jobs.

### TIFIA CP --- Solvency

#### CP solves the case quicker—empirics go negative

Yarema, chair of the Infrastructure Practice Group at the law firm, Nossaman LLP 11 (10/12/2011, Geoffrey, Congressional Documents and Publications, House Transportation and Infrastructure Subcommittee on Highways and Transit Hearing - "National Infrastructure Bank: More Bureaucracy and More Red Tape" Proquest, Factiva, Date Accessed: 6/25, JS)

Chairman Duncan, Ranking Member DeFazio and members of the Subcommittee, thank you for inviting me to testify today. My name is Geoff Yarema. I chair the Infrastructure Practice Group at the law firm, Nossaman LLP. We advise state and regional transportation agencies around the country in the innovative procurement, contracting and financing of large transportation projects in ways that minimize the use of federal gas tax revenues.

Nossaman has assisted in the delivery of many of the signature projects that have utilized the foundational mechanisms provided by the existing surface transportation authorization bill, SAFETEA-LU, helping to build the next generation of transportation infrastructure. I was also privileged to serve, at the behest of former Secretary of Transportation Mary Peters, as a Commissioner on the 'National Surface Transportation Infrastructure Financing Commission (the "Financing Commission"). My testimony today reflects my experience on the ground advising public agencies and my two years of work on the Commission.

A. The Evolution of Federal Infrastructure Funding.

As the Subcommittee is well aware, the role of the federal government in delivering large transportation infrastructure projects is changing. Historically, the function of the federal government has been to provide both funding and to regulate how that funding is spent.

Today, federal resources for transportation infrastructure fall far short of need and the expectation that the federal government would or could fix the nation's aging surface transportation system with a direct infusion of federal dollars is fading. Compelled by these very real fiscal constraints, the federal government has been moving away from the traditional, apportionment-based funding paradigm and toward a credit assistance and incentives-based model that leverages fewer federal dollars to maximize local, state and private contributions to finance large transportation projects of regional and national significance.

B. The Evolution Is Already Underway.

This shift in thinking about the federal government's role in financing transportation infrastructure is evidenced by one of the key components of President Obama's proposed Jobs Act: the much-buzzed about national infrastructure bank. The concept, as the President has explained it, would be to use federal dollars to leverage private investment to finance large public works projects. The President has touted the ability of an infrastructure bank to harness substantial private and other non-Federal dollars for capital-intensive projects, including transportation projects that are critical to mobility, goods movement and economic growth. Frankly, I couldn't agree more.

I couldn't agree more because, as far as transportation projects are concerned, we already have a national infrastructure bank - it's called TIF1A. Authorized by the Transportation Infrastructure Finance and Innovation Act, the TIFIA program has been providing federal credit assistance to large-scale highway, transit and rail projects since 1998. In the 12 years that the U.S. Department of Transportation (the "USDOT") has been administering the TIFIA program, we have seen how effective federal offerings of tow-cost financing can be in accelerating the delivery of qualified projects - projects that generate significant economic benefits, implement new technologies and attract private and non-Federal investment.

Under TIFIA, the USDOT helps project sponsors, including state departments of transportation, transit operators, local governments and private entities, to assemble project capital by providing long-term financial assistance in the form of secured loans, loan guarantees and letters of credit. Currently, TIFIA credit assistance is available to finance only 33% of the eligible costs of a project, the applicant needing to demonstrate the creditworthy means of repaying the TIFIA loan and funding the remaining two-thirds of eligible project costs from private investment, commercial loans, federal-aid highway or transit grants. In this way, TIFIA loans provide foundational financing that encourages public sponsors to identify and dedicate project funding from non-federal sources. Costs the U.S. Treasury incurs to provide TIFIA credit assistance typically amount to about 10% of the face value of the credit provided.

Therefore, every $1 of TIFIA credit subsidy creates $10 in the face amount of a loan, which in turn, helps finance a $30 project. In terms more proportional to the scale of project eligible for TIFIA assistance, $100 million in federal credit subsidy can result in $1 billion in federal loans to support a $3 billion project. With this unique level of leverage, TIFIA helps build major projects of regional and national significance at a relative bargain price to the federal government.

#### TIFIA saves money

Snyder, Streetsblog Capitol Hill Editor, 11

(10/28/2011, Tanya, “Why Create an Infrastructure Bank When We Could Just Expand TIFIA?” <http://dc.streetsblog.org/2011/10/28/why-create-an-infrastructure-bank-when-we-could-just-expand-tifia/,Date> Accessed: 6/25, JS)

Highways and Transit Subcommittee Chair John Duncan (R-TN) went as far as to ask, “Is TIFIA the first perfect federal program?” He noted, “Everyone has had glowing comments about TIFIA, and it’s a program that I support as well.”

Geoffrey Yarema of Nossaman LLP (a law firm specializing in public-private partnerships for infrastructure projects) told Duncan TIFIA wasn’t perfect but that it did have 12 years of solid experience. He suggested it be “right-sized” by adding staff and he wants to “change it from a discretionary decision-making process that has the potential for being politicized – and some would say the reality of being politicized – to a first-come-first-served program.”

That change, however, would eliminate the part of TIFIA reformers like most: The fact that it has the power to encourage innovation and goal-oriented, performance-based strategic transportation planning.

Yarema also noted that the Treasury “has actually made money off the TIFIA program,” as opposed to many other federal programs that end up costing taxpayers. He’s all in favor of casting off the idea of an infrastructure bank. “We already have a national infrastructure bank for transportation,” he said. “It’s called TIFIA.”

One thing he and other transportation advocates like about TIFIA is that it’s only for transportation. While the Rockefeller-Lautenberg infrastructure bank proposal in the Senate is transportation-only (at least at first), the dominant I-bank proposal is the Kerry-Hutchison version, which would include other forms of infrastructure like energy and water treatment. Yarema admitted that some may see the breadth of scope as a strength of the bank concept, but he was concerned that “transportation would be in there competing for loans, not just with other transportation projects, but with dams and levees and ports and all kinds of infrastructure.”

### TIFIA CP --- Politics NB

#### Republicans like TIFIA—comparative with an NIB

Patton, Washington Editor, 11 (10/13/2011, Oliver B., Washington Editor, “Infrastructure Bank Going Nowhere in House,” <http://www.truckinginfo.com/news/news-detail.asp?news_id=74979,Date> Accessed: 6/25, JS)

The sole proponent of the bank among the witnesses at yesterday's hearing, Scott Thomasson of the Progressive Policy Institute, remarked that the Republican reaction to the proposal is a symbol of partisan divide in Congress.

Thomasson noted that business leaders, including the U.S. Chamber of Commerce, support the bank.

"A properly structured national infrastructure bank is an innovative and sound investment tool that represents the next step in the evolution of federal financing programs for transportation, energy and other infrastructure projects," he said in his statement.

The Republican majority on the committee, and the other witnesses, think it makes more sense to improve current financing methods such as state infrastructure banks and the Transportation Infrastructure Finance and Innovation Act federal credit program.

"Rather than create a new national agency, send the money to the states," said Mica. He said 33 states already have infrastructure banks, and most don't have enough money to finance them.

#### Massive congressional support for expanding TIFIA

Snyder Streetsblog's Capitol Hill editor, 11(10/28/2011, Tanya, “Why Create an Infrastructure Bank When We Could Just Expand TIFIA?” <http://dc.streetsblog.org/2011/10/28/why-create-an-infrastructure-bank-when-we-could-just-expand-tifia/>, Date Accessed: 6/26, JS)

There’s been a lot of adulation heaped upon the TIFIA loan program lately. Both houses of Congress are ready to increase funding for the program nine times over, from $100 million to $1 billion a year – despite warnings from outside groups that there may not be enough eligible projects to use up all that money.

The TIFIA program has been around since 1998 but money pressures have led to a steep uptick in applications over the past few years. Some have criticized it for its lack of transparency in decision-making and suggested that it might be more effective housed outside of USDOT and functioning independently.

“Is TIFIA the first perfect federal program?”

Nevertheless, Congressional Republicans have thrown their full support behind the program, mainly as a counterweight to the president’s proposed infrastructure bank. Consistent with their desire to limit the growth of the federal bureaucracy, they resist the idea of creating an entirely new entity, even though the bank would be independent from the government, a la the Export-Import Bank.

There are two competing infrastructure bank bills in the Senate and a new one introduced earlier this week in the House. The Senate is planning to vote next week on a bill to spend $50 billion on infrastructure with another $10 billion in seed money for a bank – pieces of President Obama’s jobs bill, which has been dismembered for separate votes. Next week’s bill isn’t expected to pass. Indeed, many members think TIFIA is the way to go.

At a House Transportation Committee hearing earlier this month, nearly every Republican present spoke out in favor of expanding TIFIA instead of creating a new bank. Chair John Mica asked why a bank was needed when “we have a successful example” in TIFIA.

#### Congress wants to use existing programs—doesn’t support a national bank

Plautz NY Times Greenwire Writer, 11

9/8/2011, Jason --- of Greenwire, “In I-Bank Debate, States Provide Successful Model,” <http://www.nytimes.com/gwire/2011/09/08/08greenwire-in-i-bank-debate-states-provide-successful-mod-49268.html?pagewanted=all>, Date Accessed: 6/26, JS)

Former transportation official Orski, who now publishes a transportation newsletter, said the national bank has an advantage in that it can help large, multi-state projects. But, he added, those types of projects are rare and might be better handled through existing structures.

"There is a widespread sentiment both in the House and Senate, rather than creating a new federal fiscal bureaucracy, we ought to strengthen and expand existing financial instruments, primarily TIFIA," he said, referring to the popular Transportation Infrastructure Finance and Innovation Act loan program.

Work on the federal level would also eliminate the easy "set-off" of using gas tax funding to back up a loan, since it would go to projects that might not get a stream of federal money.

#### Congressional support for reform TIFIA

Brown Executive Director California Construction Trucking Association 11

(Lee Brown, September 16, 2011 “A National Infrastructure Bank — Do We Need It & Would It Help?,” [http://www.cdtoa.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help accessed 6-26-12](http://www.cdtoa.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help%20accessed%206-26-12) BC)

Others question the need to create an infrastructure bank as a new entity when resources already exist that allow the federal government to accomplish many of the same things a bank would.

“We already have a national infrastructure bank,” Geoffrey Yarema, a partner with the infrastructure-oriented law firm Nossaman LLP, told the public finance newspaper The Bond Buyer following the President’s speech. “It’s called the TIFIA program.”

TIFIA, which stands for Transportation Infrastructure Finance and Innovation Act, is a program originally created in 1998 that sets up loan partnerships between the federal government and state and local governments, transit agencies, railroads, special districts or authorities, and private entities to provide financing for transportation projects of regional and national significance.

Veteran transportation analyst Ken Orski told Energy and Environment Daily that “there is a widespread sentiment both in the House and Senate, rather than creating a new federal fiscal bureaucracy, we ought to strengthen and expand existing financial instruments, primarily TIFIA.”

### TIFIA CP --- Competition / Description

#### TIFIA different than a national bank—3 reasons

Puentes, senior fellow with the Brookings Institution’s Metropolitan Policy Program, 10 (5/13/2010, Robert, “Hearing on Infrastructure Banks,” <http://www.brookings.edu/research/testimony/2010/05/13-infrastructure-puentes,Date> Accessed: 6/25, JS)

The mandate of an NIB in practice would also overlap with the mandates of other existing programs. There are two major issues arising from this problem: how would an NIB use the existing agency expertise and how would other federal agencies relate to this new entity? If the sharing-of-expertise is accomplished through detailing personnel from other agencies, the other federal agencies may have indirect control over NIB.

One example is the Transportation Infrastructure Finance and Innovation Act program. TIFIA, which dates from 1998, was created to help finance transportation projects of national or regional significance. The program is managed by the Federal Highway Administration and provides three forms of credit assistance – secured (direct) loans, loan guarantees, and standby lines of credit to a wide range of public and private entities. TIFIA has proven very popular this year with a record 39 loan applications, requesting $13 billion in finance assistance—far more than the program’s $1.5 billion dollar annual budget [8]. The recently-announced National Infrastructure Investments program (also known as the TIGER II Discretionary Grant Program) recognizes demand for the federal finance assistance, allowing up to $150 million of its funds to be used for TIFIA payments [9].

TIFIA is illustrative because it highlights the significant demand for this type of financing tool for infrastructure projects. There are, however, three important differences between TIFIA and the general concept of an NIB. One is that TIFIA is only available for transportation projects and other infrastructure sectors such as water are not eligible. The second related point is that TIFIA is run out of the Department of Transportation and not a stand-alone entity or housed in the Treasury Department, as some have proposed an alternative for an NIB. Third is that an NIB is generally expected to also provide grants to uniquely eligible projects whereas TIFIA is only a credit program.

Lastly, there has been some discussion of an NIB using tax-preferred bonds or federal bonds in order to capitalize the bank. Here there is some overlap with a new federal program known as Build America Bonds (BABs). This committee recently supported a bill to extend that program through 2013. Started up in the stimulus package with issuance expectations of $4 to $5 billion, uptake of this new lower-cost borrowing tool now exceeds $97 billion [10]. While the BABs are very popular they are largely funding local improvements such as school and sewer improvements, many of which would not meet an NIB’s criteria for regionally or nationally significant projects.

### AT: Solvency Deficit

#### Existing infrastructure financing programs can be effectively enhanced—the plan just creates more bureaucracy and spending

Ridley, Secretary, Oklahoma Department of Transportation 11 (10/12/2011, Gary, Congressional Documents and Publications, House Transportation and Infrastructure Subcommittee on Highways and Transit Hearing - "National Infrastructure Bank: More Bureaucracy and More Red Tape,” Proquest, Factiva, Date Accessed: 6/26, JS)

Mr. Chairman and Members of the Committee, my name is Gary Ridley. I am Secretary of Transportation in Oklahoma. I am here today to testify on behalf of the Oklahoma Department of Transportation.

First, we want to thank you, Mr. Chairman, for your work towards identifying ways to increase the efficiency of investing transportation funding and to accelerate project and program delivery. We appreciate that you, Congressman Lankford and the Members of your Committee recognize the important contribution of the transportation system in improving the Nation's economic viability and sustaining our quality of life.

Today, I want to emphasize several points -

. The nation requires new and effective transportation revenue streams, but does not need new ideas about how to go into debt.

. The utilization of GARVEE, TIFIA, Public / Private Partnerships, state infrastructure banks and other such financing methodologies have proven effective in delivering certain, well defined transportation system needs and our work should focus on enhancing the effectiveness of these existing programs.

. The proposition that an additional federal Authority is necessary to organize, support and provide states with insight into innovative financing options is ill conceived.

Understanding the Fundamental Difference Between Funding and Financing

Dedicated public funding, innovative financing and opportunistic partnerships have important roles in the development and management of a modern, world class transportation system. Depending on the conditions, each method can be equally effective in facilitating infrastructure implementations and each has both positive aspects and drawbacks. For example, pay as you go infrastructure delivery has minimal up front risk, but may be slow to deliver the desired results. Infrastructure financing accepts a higher level of risk but can sometimes implement large scale and expensive improvements in a vastly expedited manner.

First and foremost, it is imperative we recognize that the success of dedicated funding initiatives, financing methodologies and partnerships are all dependent on the identification and stability of long term supporting revenue streams. When a system exists in a state of disrepair at a defined funding level, it should not be expected that the government can incur enough debt to influence those conditions without introducing new, long term revenue streams. Much the same, a defined funding level that is inadequate to support the development, expansion and maintenance of a system in the near term certainly will not improve those conditions in the long term without reducing the scope of that system or adding some type of new resources.

The federal interstate and national highway systems have been predominantly constructed and operated on a publicly funded basis with the majority of projects designed, operated and maintained by public sector transportation agencies. Most of the mileage of these critical transportation systems was originally conceived and delivered through a pay as you go process facilitated by the dedicated funding revenues provided by the States and the Federal Highway Trust Fund.

The important work of creating those systems as originally conceived is now largely complete and the country has benefitted greatly. However, the aging core transportation infrastructure of this nation has developed an enormous backlog of unaddressed deficiencies that are commonly and consistently recognized. This country's CORE infrastructure is in a state of disrepair and we have no fiscal pay as you go solution for making wholesale improvements. Simply put, it is no secret that the revenues being deposited to the once stable Highway Trust Fund are consistently being outstripped by demand.

Therefore, as we turn our attention to the work of identifying ways to modernize, expand and maintain our aging and deteriorating infrastructure, we must remain mindful that long term, consistent funding is critically important to the development and delivery of transportation improvement projects. Extremely difficult decisions related to the care, preventative maintenance, reconstruction and expansion of the transportation system must be made every hour of every day. These decisions and investment strategies are predicated on the basic, critical needs of the system and the clear understanding of long term resources available to address these needs.

Certainly, when properly vetted and administered, a variety of financing methodologies can be brought to bear in order to help successfully deliver significant transportation improvements that are out of the reach of immediately available transportation funding sources. In recent times, the utilization of Grant Anticipated Revenue Vehicle bonds (GARVEE), Transportation Infrastructure Finance and Innovation Act (TIFIA) financing, Public / Private Partnerships, Build America Bonds, state infrastructure banks and other such methodologies have proven effective in financing certain, well defined transportation system needs.

The difference between identifying new near and long term sources of transportation revenue and simply creating new ways to incur debt without providing for new revenue streams capable of retiring the debt must be acknowledged. None of the referenced financing opportunities specifically provides for any new or additional funding. Bonds still must be repaid with interest. Government guaranteed loans are still loans and the associated long term repayment plan reduces available resources. Capitalizing an infrastructure bank duplicates other financing methodologies and does not generate new revenue. Therefore, attempting to address the dilemma by citing partnerships and innovative financing options simply cannot be the federal government's best or only solution to stemming the further deterioration of our national transportation system.

Transportation Departments across the country are hopeful that the Congress will make every effort to at least fund transportation at the historic levels. However, we understand the difficulties that are presented by the limitations of the Highway Trust Fund revenues. Therefore, we are greatly appreciative of the work to find ways to get more of the scarce transportation dollars to the core transportation infrastructure through reducing or eliminating bureaucracy and transportation funding diversions and increasing the efficiency of project delivery. In addition, the continuation and enhancement of the federally facilitated transportation financing tools that exist and that are already available to the States today represents an important component of this current and on-going discussion.

Enhancing the Existing Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Program verses the Creation of a National Infrastructure Bank

As excerpted from the United States Department of Transportation's (USDOT) TIFIA Program Guide -

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a Federal credit program (referenced hereafter as the TIFIA program) for eligible transportation projects of national or regional significance under which the U.S. Department of Transportation (DOT) may provide three forms of credit assistance - secured (direct) loans, loan guarantees, and standby lines of credit. The program's fundamental goal is to leverage Federal funds by attracting substantial private and other non-Federal co-investment in critical improvements to the nation's surface transportation system. The DOT awards credit assistance to eligible applicants, which include state departments of transportation, transit operators, special authorities, local governments, and private entities.

In the current form (extension acts and continuing resolutions recognized), TIFIA receives $122 million each year and can support an estimated $1 billion in average annual credit assistance. In recent years a more widely recognized and mature TIFIA program has received a considerable level of interest and has successfully participated in important transportation improvement projects. Most recently in 2011 the program received over $14 billion in Letter of Interest requests for participation in projects with an estimated value of more than $48 billion.

While TIFIA is generating interest, the relatively low levels of funding availability and the low participating percentages along with narrowly defined project eligibility have potentially constrained the effectiveness of the program. Oklahoma has yet to submit a Letter of Interest to utilize the TIFIA program. This fact is primarily because we have a very limited number of projects that would fit the criteria and have had reasonable success in financing transportation projects through other available mechanisms. However, under the right set of project circumstances we would not hesitate to enter the competitive TIFIA consideration.

Based on the summary information currently available, both the House and Senate reauthorization bills include plans to build upon and improve the TIFIA loan program. It is very appropriate to utilize the existing and successful program and format to deliver an enhanced financing opportunity along with a more robust set of eligibility criteria. Providing additional funding for TIFIA will help meet demand for credit assistance for transportation projects and enable an increased leveraging of Highway Trust Fund dollars with state, local and private-sector funding.

Even with the success of TIFIA, nothing in federal transportation law should inhibit or restrict the way a state is allowed to fund or seek financing for the transportation improvement projects and transportation facilities of today. In a time of such overall funding uncertainty, federal law should be permissive and States should be empowered to look outside the federal government for desperately needed transportation investment dollars.

Conversely, the concept that a new "government corporation" and Federal Authority will somehow enhance the ability to finance infrastructure seems untimely and entirely unnecessary. Especially when considering that many of the proclaimed new ideas encompassed by the Authority already appear to closely parallel the provisions of other existing federal financing programs.

In addition to recognizing the apparent federal duplications of the proposed National Infrastructure Bank, most States already have or can easily obtain the expertise necessary to facilitate infrastructure banks and other innovative transportation financing methodologies. States can choose to work with the existing federal bureaucracy or seek the assistance of private financial institutions, knowledgeable investors and even other experienced states. If Oklahoma determines that innovative financing advice and counsel is necessary, we will consult with other states that have demonstrated success along with the private financial sector. It has been our experience that they will gladly share their information and knowledge with us and we have been effectively and efficiently arranging financing for transportation improvements within our borders for more than 50 years.

Quite simply, the bureaucracy is already in place to finance public infrastructure projects and an additional federal layer in the form of a new "government corporation" will add no value. It is time to face the fact that if we are unable to repay our debts now, government loan guarantees and financial innovation are incapable of improving those conditions.

Conclusions

For financing transportation projects, the states only require clear federal guidance in the law and the continued and enhanced utilization of existing financing opportunities. A bold, new vision will be necessary to meet the increasing transportation challenges ahead and it is unlikely that such a vision will be defined by an easy payment plan.

The resolution of our national transportation funding crisis is not yet at hand. The crafting of new, more effective project and program funding, financing and delivery protocols will be slow to develop and must be forged in a renewed and fundamental State and Federal partnership. It is much more likely that efficiencies will be gained through regulatory reforms and red tape reductions, rather than through the creation of new government corporations and additional bureaucracy. The nation requires new and effective transportation revenue streams and delivery mechanisms, but does not need new ideas about how to go into debt. Now more than ever, extreme care and caution must be exercised in order to avoid over projecting and over extending our limited resources.

#### Funding needs to be increased—best way to solve the infrastructure problem

Department of Transportation 12 (Department of Public Affairs, “Overwhelming Demand for TIFIA Loans Underscores Need for More Transportation Investment,” <http://www.fhwa.dot.gov/pressroom/fhwa1207.htm>, Date Accessed: 6/26, JS)

ASHINGTON - U.S. Transportation Secretary Ray LaHood today announced that the overwhelming demand for TIFIA (Transportation Infrastructure Finance and Innovation Act) program loans has greatly exceeded the dollars available, underscoring President Obama's call for greater transportation investment. The Department of Transportation received 26 TIFIA letters of interest exceeding $13 billion. "President Obama has challenged us to build an economy that works for everyone, and the tremendous demand for TIFIA loans shows how much communities across America want to upgrade their roads, transit and rail," said Secretary LaHood. "We have critical transportation work that needs to be done and Americans who are ready to do the work." The high number of applicants for TIFIA credit assistance in response to a Notice of Funding Availability (NOFA) for 2012 follows the trend in recent years of overwhelming demand for the program. Requests in 2010 were more than $12 billion and more than $14 billion in 2011. In light of the increased demand, the President's FY 2013 budget proposes to increase the program's funding level to $500 million which will leverage into approximately $5 billion in TIFIA loans. "TIFIA has been instrumental in moving projects forward," Federal Highway Administrator Victor Mendez said. "The program offers an additional finance option to states to meet transportation needs at a time when funds are lacking." The TIFIA program provides Federal credit assistance to nationally or regionally significant surface transportation projects, including highway, transit and rail. The program is designed to fill market gaps and leverage substantial private co-investment by providing projects with supplemental or subordinate debt.

## Real Estate Investment Trusts CP

### 1NC Solvency Advocate

CP causes large increases in private funding support

Rohatyn and Slater, former advisers to the former US transportation secretary, 12

(Felix and Rodney, 2/20/12, "America needs its own infrastructure bank," accessed 6/25/12, <http://www.ft.com/cms/s/0/c61b2084-5bb3-11e1-a447-00144feabdc0.html#axzz1yqMKVMhg>, CNM)

Second, Congress can expand the definitions of Real Estate Investment Trusts (Reits) and Master Limited Partnerships to include investments in assets such as roads, water, ports, airports, transmission lines, waste water and bridges. Reits are publicly traded corporate entities that invest in commercial real estate and pay a reduced or zero rate of tax on their earnings. In turn, Reits must distribute 90 per cent of their income to investors. Similarly, MLPs are publicly traded partnership vehicles that do not pay federal and state income taxes and return income to partners. Applying the Reit/MLP model to infrastructure assets would attract investment from the deep US retail and institutional investor market, dramatically increasing funding support for new projects. Projects that were once unable to attract support could become financially viable, and more infrastructure projects could be supported.

### REIT’s Solve – Creates Effective Investment

#### Creates effective form of investment

Gregor, New York Times, 11

(Alison, 12-20-11, "Specialty REITs, Exploiting Niche Categories, Outperform the Mainstream Players," accessed 6-25-12, http://www.nytimes.com/2011/12/21/realestate/commercial/specialty-real-estate-investment-trusts-excel-beyond-the-usual.html, CNM)

Real estate investment trusts, or REITs, have largely outperformed other investment vehicles in the sluggish economy of the last few years. But one subset — “specialty” trusts that invest in real estate other than the four major groups of office, retail, residential and industrial — has been exceptionally solid. Such trusts that fall into the specialty category can have trouble attracting investors, who often perceive them as being risky, real estate experts said. Typical investment assets are cellphone towers, cold storage warehouses, or transportation and energy infrastructure, among other things. “What we’ve seen is these specialty or noncore property types have actually done pretty well this year,” said Steve Shigekawa, a co-manager of the Neuberger Berman Real Estate fund, which has about $378 million under management and has invested in several unusual REITs, for timber, self-storage properties and data centers. “You’ve seen pretty consistent demand, and growth in net operating income has actually been better than in the more traditional sectors.” While the Dow Jones U.S. Real Estate Investment Trusts index shows a year-to-date total return of 3.32 percent, the Dow Jones U.S. Specialty REITs index shows a return of 7.94 percent.

### REIT’s Solve – Other Sectors Prove

#### Other sectors prove solvency

#### a) Self storage businesses

Gregor, New York Times, 11

(Alison, 12-20-11, "Specialty REITs, Exploiting Niche Categories, Outperform the Mainstream Players," accessed 6-25-12, http://www.nytimes.com/2011/12/21/realestate/commercial/specialty-real-estate-investment-trusts-excel-beyond-the-usual.html, CNM)

Markets that drive the demand for assets of the specialty REITs tend to be different from the four core trust classes, which can make some of them particularly good investment opportunities in tough economic times, real estate experts said. Self-storage businesses, for example, are obvious beneficiaries of the increase in housing foreclosures and the downsizing of American homes, said Stacy Chitty, a managing partner at Blue Vault Partners, a Georgia company that tracks the performance of public nontraded REITs.

#### b) data storage centers

Gregor, New York Times, 11

(Alison, 12-20-11, "Specialty REITs, Exploiting Niche Categories, Outperform the Mainstream Players," accessed 6-25-12, http://www.nytimes.com/2011/12/21/realestate/commercial/specialty-real-estate-investment-trusts-excel-beyond-the-usual.html, CNM)

Another sector is data storage centers, which are growing because of increased Internet usage, which seems to be recession-proof. Mr. Chitty mentioned mortgage and real estate-related debt instruments and health care assets as other areas that could flourish in the coming year despite a poor economy.

#### c) Mexico proves

Trevino, Haynes and Boone leader of real estate, 10

(Luis F. Moreno Trevino, 12/07/10, "The Infrastructure and Real Estate Trust in Mexico (FIBRA)," accessed 6-25-12, http://www.haynesboone.com/fibra\_english/, CNM)

After nearly five years of legislative effort in Mexico, particularly in the area of tax, a structure has been established that will make it attractive for companies to issue, and investors to acquire, securities based on a beneficial interest in an Infrastructure and Real Estate Trust (known by its Spanish acronym “FIBRA”). FIBRAs are modeled after investment vehicles used in other countries that have worked very effectively, such as the Real Estate Investment Trusts or “REITS” used in the United States. These types of instruments have enabled investors to participate in large real estate projects, with good returns, a favorable tax regime, and low risk. FIBRAs are trusts into which one can contribute lease revenue-generating real property; they allow trust share certificates to be issued to investors at large in initial public offerings. It is also possible to conduct private offerings of FIBRA securities, provided they meet the following requirements: (i) the trust shares must be acquired by a group of at least ten investors; (ii) members of the group must not be related to each other; and (iii) none of the investors may own more than 20 percent of the total number of shares issued. The issuance and placement of FIBRA shares on the Mexican Stock Exchange will be backed up by the real estate portfolio comprising the trust assets. These securities will give their holders the right to the revenue stream from the lease payments generated by the real estate in the trust. They will also be able to trade them on the secondary market and earn profit from price fluctuations in the securities. Companies that choose to issue trust share certificates based on FIBRAs will be able to earn money on the placement of those securities, use the proceeds to acquire real estate, undertake construction, or obtain the right to receive lease revenue generated by the real estate.

### REIT’s Solve – Comparative Evidence

#### REIT’s solve better than funding models and public private partnerships – many reasons

Deloitte, group of professionals in independent firms, no date

("REITs and infrastructure projects The next investment frontier?" accessed 6-25-12, p. 3, [http://www.deloitte.com/view/en\_US/us/industries/Real-Estate/ba1319fbf6fb7210VgnVCM100000ba42f00aRCRD.htm#](http://www.deloitte.com/view/en_US/us/industries/Real-Estate/ba1319fbf6fb7210VgnVCM100000ba42f00aRCRD.htm), CNM)

To date, pooled or syndicated capital raised in the United States to invest in infrastructure projects has largely used the fund model: a privately offered investment pool structured to be taxed as a partnership for U.S. tax purposes. This allows losses, which are common in a project’s early years, to flow directly up to investors as a shelter against other income. In addition, income and proceeds from an ultimate sale would be distributed without tax penalties at the entity level, as would be the case if a corporation served as the syndication vehicle. Although rarely applied until recently, a REIT is another vehicle that can be used to raise capital for infrastructure investments in P3 transactions. In the abstract, REITs have certain advantages over the fund model. Recently, several favorable IRS private letter rulings sanctioning the use of REITs to own electric and gas distribution systems have increased interest in their role in infrastructure investments. Advantages of REIT investments in P3 infrastructure transactions REITs offer several advantages over the Fund model as a way to raise and distribute capital: • Liquidity — If publicly traded, REIT stock can be sold through recognized securities channels. • Incremental scalability — Future capital raised for incremental investments after a project’s start-up can be scaled to the size of the projected activities of the investment pool and its advisors through follow-on offerings without the complexity associated with Fund structures. • Capital market access — REITs can access capital markets made up of the entire range of institutional and individual investors. • Taxation – The dividends paid deduction under Internal Revenue Code section 561 allows a REIT to effectively operate without tax at the entity level as long as it distributes its taxable income annually. – Since ownership is via investment in stocks and income comes in the form of dividends, REITs provide a way to avoid characterization of a foreign owner as having a U.S. branch or effectively connected income. – No tax is imposed under the Foreign Investment in Real Property Tax Act (FIRPTA) on the sale of a non-U.S. Taxpayer’s investment if either (i) the REIT stock is publicly traded and the investor owns less than 5 percent or (ii) the REIT is domestically controlled. If enacted, recently proposed legislation will lessen the adverse affect of FIRPTA on non-U.S. investors who use REITs to own U.S. real estate. – REIT dividends generally do not constitute unrelated business taxable income under IRC section 512 to tax-exempt entity owners, even where the REIT’s property is leveraged. – Unlike Fund owners, REIT shareholders do not have to file tax returns in each state where a REIT owns assets or generates income. In short, REITs offer certain advantages over partnerships in their ability to raise capital from diverse sources, particularly foreign investors. This may be especially helpful in the P3 market, where many of the current equity investors and project developers are global corporations that often need complex tax structuring to optimize their participation in P3s. In addition, expanding the investor base to individual investors may increase the availability of equity capital for infrastructure projects.

# Disadvantages

## Federalism

### Federalism Link

#### **Bank shifts power 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. 16, accessed 6-23-12, LH)

A fourth possible disadvantage is that a national infrastructure bank may shift some decision making from the state and local level to the federal level. Although the initiation of projects will come from state and local decision-makers, a national infrastructure bank will make the final determination about financing. Some argue that this will reduce state and local flexibility and give too much authority to centralized decision-makers divorced from local conditions. 54

## Politics/Elections

### Link - Unresponsive to Voters

#### Links to politics – viewed as unresponsive to voters

Utt, Heritage Foundation senior research fellow, 11

(Ronald Utt, PhD, is the Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation, October 30 2011, "The Limited Benefits of a National Infrastructure Bank," http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123, accessed 6/25/12, CNM)

Previous sections have already touched on the management challenges confronting any of these banks. If these banks are allowed to borrow on their own, or if they are funded by a large, one-time appropriation that can be leveraged into more debt and loan guarantees, it seems that Congress and the President would have little say in what they did and how they did it. Indeed, the nation has already experienced a couple of such incidents, and they are commonly referred to as Fannie Mae and Freddie Mac. All of the bills to create infrastructure banks include many pages of exhaustive detail on the prospective management structure, a pseudo-corporate board, and its duties. Degrees of independence vary from one proposal to another, but the greater the independence, the more likely it is that the bank may wander away from the changed priorities of future Congresses and Presidents and instead pursue opportunities that are not necessarily in the public interest. In a democratic society where voters periodically get to pick the people and policies that govern them, it might not be appropriate to have entities supported by taxpayers that are not responsive to the voters.

### AT – Bipartisan Support

#### No bipartisanship support for National Infrastructure Bank

Orski, Innovation NewsBriefs editor and publisher, 11

[Ken, 8/30/11, Newgerography, “INFRASTRUCTURE BANK: LOSING FAVOR WITH THE WHITE HOUSE” <http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house>, accessed, 6/28/12,LPS]

Eighteen months ago, **on January 20, 2010, a group of influential politicians, accompanied by a large coterie of representatives of the Washington transportation community, gathered at the Capitol to urge Congress and the Obama Administration to create a "National Infrastructure Bank" to help finance infrastructure investments.** The speakers included all the well-known advocates of the Bank: Pennsylvania’s Governor Ed Rendell, Senator Chris Dodd (D-CT), Rep. Rosa DeLauro (D-CT), author of an Infrastructure Bank bill (H.R. 2521), former House Majority Leader Dick Gephardt (D-MO) and Felix Rohatyn, the spiritual godfather of the movement. Standing beside them, in a gesture of support and solidarity, was a large group of executives representing the transportation industry, labor unions and advocacy groups.For a while, it seemed like their plea would be answered. A proposal for a $30 billion infrastructure bank focused on transportation-related investments was included in the President’s FY 2011 budget proposal unveiled last September. As recently as last month, Mr. Obama was mentioning the Infrastructure Bank as part of his job stimulus plan to be unveiled after Labor Day. **But today, the idea is on life support. Neither the Senate nor the House have seen fit to include the Bank in their proposed transportation bills. Congressional Democrats and Republicans alike are in agreement that decisionmaking control over major federal investments should not be ceded to a group of "unelected bureaucrats."** Rather than creating a new federal bureaucracy, they think the focus should be placed on expanding federal credit assistance tools already in place, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation & Improvement Financing Program (RRIF).

#### Republicans won’t vote on the NIB proposal – they oppose spending

Orski, Innovation NewsBriefs editor and publisher, 11

[Ken, 8/30/11, Newgerography, “INFRASTRUCTURE BANK: LOSING FAVOR WITH THE WHITE HOUSE” <http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house>, accessed, 6/28/12,LPS]

There are other reasons for congressional skepticism. **House Republicans are suspicious that the Obama-proposed Bank is nothing more than a vehicle for more stimulus spending, disguised as "capital investment." They want the Administration to be more specific about its proposal: how the Bank would be funded, what kind of investments it would fund and how the $30 billion capital would be repaid. "If this is more of the same stimulus spending, we won’t support it," Kevin Smith, spokesman for House Speaker John Boehner (R-OH) has been quoted as saying.**House Transportation and Infrastructure Committee chairman John Mica (R-FL) thinks state-level infrastructure banks would be a more appropriate means of financing major transportation projects at the state and local level. Decentralized infrastructure financing would "keep the federal financing bureaucracy at a minimum and maximize states’ financial **capabilities," according to the House transportation reauthorization proposal.**

#### Senate Democrats won’t vote on NIB – they think it would be too slow for the fiscal stimulus

Orski, Innovation NewsBriefs editor and publisher, 11

[Ken, 8/30/11, Newgerography, “INFRASTRUCTURE BANK: LOSING FAVOR WITH THE WHITE HOUSE” <http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house>, accessed, 6/28/12,LPS]

**Senate Democrats, while not necessarily opposed to another fiscal stimulus, want quick results. They fear that a centralized Infrastructure Bank, with its complex governance structure and layers of bureaucratic conditions, requirements and approvals would be far too slow and cumbersome to be an effective job generator.** One or two years could pass before large-scale projects appropriate for Bank financing would get evaluated, selected, approved and under construction, one Senate aide told us. **What is more, there is a lack of agreement on how the proposed Infrastructure Bank should function.** The Administration wants a mechanism that would serve several different purposes. In the words of Undersecretary for Transportation Policy Roy Kienitz who testified at a September 21, 2010 hearing of the Senate Banking Committee, "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 out of a revenue stream. In short, we need the Infrastructure Bank that the President has proposed."But, "banks don’t give out grants, they give out loans. There is already a mechanism for giving out federal transportation grants — it’s called the highway bill," countered Sen. James Inhofe (R-OK), ranking member of the Senate Environment and Public Works (EPW) Committee.

#### Their solvency claims are too big- if the NIB is even feasible, it wouldn’t be enough to solve for all their advantages- no solvency for creating jobs and reviving the economy

Orski, Innovation NewsBriefs editar and publisher, 11

[Ken, 8/30/11, Newgerography, “INFRASTRUCTURE BANK: LOSING FAVOR WITH THE WHITE HOUSE” <http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house>, accessed, 6/28/12,LPS]

**If the proposed entity is to be a true bank – as proposed in a recent bill sponsored by Senators John Kerry (D-MA) and Kay Bailey Hutchison (R-TX) and endorsed by the AFL-CIO and the U.S. Chamber of Commerce**– its scope would be confined to projects that can repay interest and principal on their loans with a dedicated stream of revenue — in other words, **the Bank could finance only income-generating facilities such as toll roads and bridges. By all estimates, such projects will constitute only a small fraction of the overall inventory of transportation improvements needed to be financed in the years ahead, the bulk of which will be reconstruction of existing toll-free Interstate highways.** **Hence, a true Infrastructure Bank would be of limited help in creating jobs and reviving the economy,** critics argue. “**A national infrastructure bank must garner broad bipartisan support to move forward,"** says Michael Likosky, Director of NYU's Center on Law & Public Finance and author of a recent book, Obama's Bank:Financing a Durable New Deal. "This means no grants, a multi-sector reach and a realistic idea of what projects will benefit straight away."

#### NIB has taken a back seat for Obama in the status quo- no bi-part support not fast enough for the stimulus and job creation

Orski, Innovation NewsBriefs editar and publisher, 11

[Ken, 8/30/11, Newgerography, “INFRASTRUCTURE BANK: LOSING FAVOR WITH THE WHITE HOUSE” <http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house>, accessed, 6/28/12,LPS]

**President Obama was expected to include the infrastructure bank among his recommended stimulus measures when he lays out his new job-creation plan before the congressional deficit reduction committee in early September. But lately, he seems to have put the idea on the back burner** and turned his attention to more traditional "shovel-ready" highway investments using existing financing programs. **His advisers may have concluded that the Bank will do little to stimulate immediate job creation--- and that the proposal will find little support among congressional Democrats and Republicans alike. If so, check off the Infrastructure Bank as an idea whose time had come and gone..**

### Link - GOP Backlash

#### GOP dislikes the plan – viewed as adding a new bureaucracy, expanding executive power, and stimulus spending

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 president's budget proposal in February suggested the bank reside in the Transportation Department and be controlled by an executive director and board of officials from various federal agencies. Projects would need to meet "rigorous" criteria to ensure they benefit the maximum number of people, preventing more "bridges to nowhere."

Some Republicans say that such a bank would simply add a new bureaucracy in Washington and shift decision-making from Congress to the executive branch.

"How this project would be funded, what it would fund and how those funds would be repaid are critical questions the Obama administration has not answered yet," said Kevin Smith, a spokesman for House Speaker John Boehner (R., Ohio). "If this is more of the same 'stimulus' spending, we won't support it."

The White House didn't respond to a request for comment.

#### Bank unpopular with republicans

Yost 11 Columnist The Tech

(Keith Yost, September 20, 2011, MIT newspaper, “Opinion: No national infrastructure investment bank: Infrastructure investment is a state responsibility,” <http://tech.mit.edu/V131/N38/yost.html> accessed 6/25/12 BC)

Democratic activists are thrilled with Obama’s supposedly new “toughness.” But getting tough is only a good strategy if you’ve got an idea that’s actually worth fighting for. Two weeks from now, every leading Republican is going to have worked out the obvious counter-argument to a national infrastructure bank, and two weeks after that they’re going to have integrated the bank into their stump speeches as yet another example of intellectually bankrupt federal overreach.

### Unpopular in Congress

#### Politically unpopular - backlash against new programs

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)

Yesterday, U.S. Rep. John Mica (R-Fla.), who chairs the House Transportation and Infrastructure Committee, said at a committee hearing that President Obama’s proposal for a “national infrastructure bank” to help finance infrastructure maintenance and improvements is “dead on arrival in Congress.”

“We do not need more federal bureaucracy,” said Mica in a prepared statement. “The federal government also has existing financing programs that serve the same purpose as a national infrastructure bank, such as TIFIA, RRIF and others, that we can improve and strengthen.”

### Link - Rural Backlash

#### Will face backlash from rural lawmakers

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)

Both proposals probably would face resistance from rural lawmakers, whose states are less likely to have large-scale projects able to draw private investors. They fear that the funding would go to the most populous regions, such as California and the Northeast.

### Link – Mica Dislikes the Plan

#### Mica dislikes the plan

Clark et al, McClatchy Newspapers, 11

(Lesley Clark, David Lightman and William Douglas, The McClatchy Company is the third-largest newspaper company in the United States, "Obama rallies crowd to his jobs plan - in Rep. Cantor's hometown," http://www.mcclatchydc.com/2011/09/09/123673/obama-rallies-crowd-to-his-jobs.html, accessed 6-26-12, CNM)

Outright resistance surfaced to some of his proposals. Rep. John Mica, R-Fla., chairman of the House Transportation and Infrastructure Committee, was unenthusiastic about plans for an infrastructure bank to help provide financing for road, bridge and other public works projects.

"I don't like the idea of a national bank," he said. "People don't need to parade to Washington on bended knee for this help."

<Need Mica key to transportation infrastructure agenda>

#### An infrastructure bank is extremely unpopular in Congress

Lovaas, Natural Resources Defense Council, Transportation Policy Director, 2011

(Deron, 6-29-2011, The Energy Collective, “An Infrastructure Bank for Transportation,” <http://theenergycollective.com/deronlovaas/60343/infrastructure-bank-transportation>, accessed 6-24-12, LH)

The problem is that in our current political climate, talk of using public funds to create a government bank is a total turn-off to many Republicans. No matter how great its potential benefits, a large, national infrastructure bank is exceedingly unlikely to pass muster with this Congress.

#### **NIB unpopular among smaller, rural states**

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)

Similar considerations will make it a challenge to get members of Congress from smaller states to support the Infrastructure Bank. The focus on projects with revenue potential and smart growth worries some rural lawmakers whose districts and states rely on federal largess to maintain long stretches of remote highway and water infrastructure. If the purse strings for infrastructure were ever completely controlled by a five-member board–however impartial–the outcry over earmarks could be replaced by an equal and opposite outcry against “tunnel vision” and “elitism.”

### Link Outweighs Link Turn

#### Public cares more about deficit spending than infrastructure investment

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)

Sadly, these factors are increasingly endemic in the execution of major infrastructure projects. **America’s infrastructure has fallen into a state of disrepair, and will be insufficient to meet future demands and foster competitive growth without significant new investment. However, the public is fed up with massive deficits and cost overruns, and increasingly consider deficit reduction to be a bigger economic priority than infrastructure investment.**2 They have lost confidence in government’s ability to choose infrastructure projects wisely, complete them, and bring them in on budget.

#### **Opposition in the House – blocking spending outweighs benefits of the plan**

Miller, Kaminski Partners LLC Managing Direct for Infrastructure and Energy, 11

(Joyce, Sallan Foundation, 12-1-11, "The Sad Story Of The National Infrastructure Bank," http://www.sallan.org/Snapshot/2011/12/the\_sad\_story\_of\_the\_national\_infrastructure\_bank\_1.php accessed 6-26-12, CNM)

The bank would be an innovative way to incentivize private investment in new infrastructure projects, especially for new alternative energy and energy efficiency projects. It would blast away the sector silos created by existing legislation and agency priorities, which erect major barriers to creative alternative energy infrastructure projects because they force projects into narrowly defined sectors such as energy, water, transportation and agriculture. In turn, this would facilitate cross-sector projects - for example conversion of municipal solid waste into biodiesel fuel which could reduce reliance on fossil fuel for transportation or generating electricity, or the use of agricultural water reservoirs to generate power for local use by covering them with microfiber covers embedded with photovoltaic cells (PV) which could generate solar power as well as conserve water by reducing evaporation. Covering reservoirs with PV generators would also cut the distance over which power is transmitted, increasing available power, and reduce costs and demand on the grid.

So how was this important bill derailed? Republicans have not allowed any legislation proposed by the President to pass, hence the party-line negative vote in the Senate, even by those Republicans who support the bank. Opposition has come from conservatives and tea party supporters, particularly in the House, who view the bank as an undesirable expansion of the role of government and as a new form of government expenditure, something seen as inherently bad. The conservative priority of reducing the national debt creates pressure to block any new spending, no matter how necessary the program. Senator Hatch (Rep-Utah) argued during the floor debate that the proposal was just another spending bill while Senator Lieberman stated "While the goals of the infrastructure bill are worthy, I believe that the most important thing we can do to improve our economy... is to dramatically reduce the debt... unless we can put our economy on sound financial footing by reining in our debt, all additional stimulus efforts will be for naught."[1]

### AT: Link Turn

#### No risk of a link turn – no one is supporting the plan

Orski, Innovation NewsBriefs editor and publisher, 11

(Ken, NewsBriefs, 8-30-11, "Infrastructure Bank: Losing Favor with the White House?" http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house accessed 6-26-12, CNM)

President Obama was expected to include the infrastructure bank among his recommended stimulus measures when he lays out his new job-creation plan before the congressional deficit reduction committee in early September. But lately, he seems to have put the idea on the back burner and turned his attention to more traditional "shovel-ready" highway investments using existing financing programs. His advisers may have concluded that the Bank will do little to stimulate immediate job creation--- and that the proposal will find little support among congressional Democrats and Republicans alike. If so, check off the Infrastructure Bank as an idea whose time had come and gone.

### AT: Insulated From Political Agenda

#### NIB isn’t insulated from political agendas.

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)

Second, while it seems plausible that the national infrastructure bankers would be less susceptible to political influence than Congress, it's doubtful they would remain completely untainted. Presumably, you would need to have its management appointed by each incoming administration. As a result, whatever party is in power might have the ear of those bankers, and continue to influence spending.

#### NIB is unpopular – fiscal constraints and Congressional hesitancy.

Cooper, New York Times, ‘11

(Michael, writer, New York Times, “Group Wants New Bank to Finance Infrastructure,” 3/15/11, http://www.nytimes.com/2011/03/16/us/politics/16infrastructure.html?\_r=2&partner=rss&emc=rss, A.D. 6/26/12, JTF)

The proposal — sponsored by Senator John Kerry, Democrat of Massachusetts, and Senator Kay Bailey Hutchison, Republican of Texas — would establish an independent bank to provide loans and loan guarantees for projects of regional or national significance. The idea is to attract more infrastructure investment from the private sector: by creating an infrastructure bank with $10 billion now, they say, they could spur up to $640 billion worth of infrastructure spending over the next decade.

“We have a choice,” Mr. Kerry said at a news conference in Washington. “We can either build, and compete, and create jobs for our people, or we can fold up, and let everybody else win. I don’t think that’s America. I don’t believe anybody wants to do that.”

To underscore the need for better infrastructure, two frequent rivals were on hand at the news conference: Richard Trumka, the president of the A.F.L.-C.I.O., and Thomas J. Donohue, the president of the U.S. Chamber of Commerce, the main business lobby. With a nod to the strange-bedfellows experience of having a labor leader as an ally, Mr. Donohue said, “He and I are going to take our show on the road as the new ‘Odd Couple.’”

But the proposal may not have clear sailing. While Senators Harry Reid of Nevada, the majority leader, and Charles E. Schumer of New York, the No. 3 Democrat, will undoubtedly support the measure, Senate officials said the outlook for such a program is dim, given the current fiscal constraints. And Congress, like state governments, has been hesitant to cede control of choosing which projects to finance, even as their spending priorities have often been questioned.

### Link – High Speed Rail

#### **High speed rail has fierce opposition**

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)

Funding for the upkeep and expansion of passenger rail--which receives significantly [less in federal subsidies](http://www.infrastructurist.com/2011/01/27/why-cutting-rail-funding-would-hurt-americas-transportation-network/) than other transportation modes--has remained a controversial issue in Washington. The Obama administration's plan to expand high-speed rail (sustained speeds of more than 125 miles per hour) faces fierce opposition. Supporters cite the unique benefits of high-speed rail, including energy savings, more efficient mobility, and greater manufacturing opportunities for U.S. companies. Moreover, many U.S. economic competitors in Asia and Europe are[making significant investments in HSR (WashPost)](http://www.washingtonpost.com/business/economy/high-speed-rail-around-the-world/2012/01/13/gIQAbyYf1P_gallery.html#photo=1). **Opponents argue the economic benefits of HSR rarely surpass the costs, and point out that most systems do not turn a profit and rely heavily on government subsidies**.

### Link – Mass Transit

#### **Mass transit unpopular with Republicans**

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)

There was a time when business-minded conservatives understood that, ultimately, government did serve some purpose – if only to create an environment favorable to business. Members of both parties have for decades supported basic funding of the nation's trains and buses. But Corbett's counterparts in Washington now deliver that same heady combination of obliviousness and hostility. The derision of mass transit as a socialist import of European origin, which happens to be perceived also as a welfare subsidy for the black and urban poor, has now seized the entire Republican body politic. Most bizarrely, Tea Party activists around the country have attacked everything from bike lanes to high-speed trains as part of a [United Nations conspiracy to create a "one-world order"](http://www.nytimes.com/2012/02/04/us/activists-fight-green-projects-seeing-un-plot.html?pagewanted=all).

"Federal transportation and infrastructure policy has traditionally been an area of strong bipartisan agreement," Aaron Naparstek, a Loeb Fellow at Harvard University's Graduate School of Design and founder of[Streetsblog.org](http://www.salon.com/2012/02/13/the_tea_partys_war_on_mass_transit/www.streetsblog.org) told [Salon](http://www.salon.com/2012/02/13/the_tea_partys_war_on_mass_transit/):

"Now, it seems, [Republicans](http://www.guardian.co.uk/world/republicans) want to turn cities into a part of the culture wars. Now it's abortion, gay marriage and subways."

### AT: Mobilizes Democrats

#### Democrats won’t push – they want immediate results that the plan can’t provide

Orski, Innovation NewsBriefs editor and publisher, 11

(Ken, NewsBriefs, 8-30-11, "Infrastructure Bank: Losing Favor with the White House?" http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house accessed 6-26-12, CNM)

Senate Democrats, while not necessarily opposed to another fiscal stimulus, want quick results. They fear that a centralized Infrastructure Bank, with its complex governance structure and layers of bureaucratic conditions, requirements and approvals would be far too slow and cumbersome to be an effective job generator. One or two years could pass before large-scale projects appropriate for Bank financing would get evaluated, selected, approved and under construction, one Senate aide told us.

## Spending DA

### Link – Plan Expensive

#### NIB is expensive and would require increased taxes

Rep. Tiberi, 10

(Patrick J., R-OH, Federal News Service, HEARING OF THE SUBCOMMITTEE ON SELECT REVENUE MEASURES OF THE HOUSE WAYS AND MEANS COMMITTEE , 5-13-2010, p.2, Lexis, CAS).

Looking forward to the testimony of our witnesses on our two panels today as we discuss another potential method to fix our nation's infrastructure needs. As we proceed, I think it is important to keep in mind that a national infrastructure bank or any other financing method that we look at, for that matter, is not free. It would be presumably -- we would presumably need to be capitalizing this initially. To that extent, it was used to disperse federal subsidies such as grants or tax incentives, rather than revolving loans. It would also need an ongoing revenue stream. This would result ultimately in higher taxes, user fees or deficit spending going forward. Federal guaranteed borrowing and lending could place taxpayers on the hook should it fail. We have unfortunately already been down this road in another area of government with Fannie Mae and Freddy Mac. My comments, Chairman Neal, are not meant to put a damper on the discussion. I just think we should proceed with our eyes as wide open as possible and recognize that additional spending doesn't come without a cost down the line. Thank you and thank you to our witnesses for being here today. I look forward to your testimony.

## Sector TradeOff DA

### TradeOff DA Links

No economic benefit – boosts tradeoff with declines elsewhere

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)

From a national perspective, and over time, gains that are immediate and obvious can be—and often are—outweighed by diffuse losses elsewhere. Suppose federal money was used to build a new highway link between a port and freight rail hub. The new link might cut delivery time within the region. The prospect of improved inventory management, increased sales, and other sources of profit would draw cargo to that port, increase port jobs, expand employment related to regional highway goods movement, and increase business at the rail hub. At the same time, it would likely reduce traffic to competing ports in other regions and create exactly the same chain reaction—in reverse—in those other areas. Employment would be lost as business is attracted to the competing port. The economy as a whole would be better off only if the increased productivity in the target area exceeded the cost of the highway investment and the loss of business in competing regions.

#### Localized benefits don’t outweigh larger tradeoffs

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)

Not all transportation investments meet these criteria. In the example above, suppose the highway link was built not at the high-productivity port, but instead, because of political considerations, in a region that has a less-busy port with little congestion. While more people in the less-productive region are employed in the construction of the facility, people in the more-productive region are likely to lose jobs, and the overall effect is likely to be negative. That is precisely why a "bridge to nowhere" in one particular state is a poor national investment even though it may benefit construction workers and others where it is built. In Los Angeles, the Alameda Corridor freight rail project greatly improved connectivity between the ports and the ground freight shipment system, but some of its benefits must be offset by calculating the growth that it redirected away from other ports such as Seattle or Oakland, given that shipping is a highly competitive economic sector.

#### Transportation investments take money away from other sectors

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)

One way to judge a public investment is to determine whether or not it generates a rate of return to society that exceeds the return earned on other investments in the private or public sectors. Resources for government transportation investments are ultimately drawn from citizens and businesses through taxes or fees (like tolls), or borrowing. Had these dollars not been collected for transportation investments, they would have been put to other uses. Thus, the dollars used for these public investments constitute foregone opportunities to earn returns through private investments in businesses, or public investments in other programs ranging from schools to national parks. To be worthwhile undertakings, transportation investments should demonstrate that they raise the standard of living in the future as much, or more than, alternative private or public sector uses of the funds. To ensure the best use of taxpayer dollars, responsible officials should choose those projects yielding the highest returns. Most often that means transportation dollars should be spent on programs that most enhance long-term economic productivity.

#### Transportation investment takes jobs away from other sectors

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)

By building an effective transportation network, government transportation spending draws jobs to those industries that benefit from the investment. At the same time, this shift of resources moves jobs away from activities that would have been financed in the absence of the transportation investment. So while transportation investment can "create jobs," it can also destroy them. The overall effect is positive only when it creates more and better jobs, or more and better economic activity, than it eliminates.

#### Transportation investment shifts jobs from other sectors

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)

Determining whether a project's effects are going to be positive or negative can be difficult. A transportation investment might shift jobs, not just across industries and sectors, but also across counties and states. Even a transportation investment that destroys more jobs than it creates can look good, especially in the short term, from the perspective of the winning state or city. Gains and losses might be unevenly distributed, temporally as well as spatially. For example, building an ill-advised rail line might give a local economy a short-term boost in employment, only to saddle taxpayers with large operating deficits in the future.

### Water Infrastructure TradeOff

#### NIB transportation infrastructure funding would crowd out water funding – water can’t provide revenue and doesn’t compete

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. 16, <http://www.brookings.edu/~/media/Files/rc/reports/2009/1210_infrastructure_puentes/1210_infrastructure_puentes.pdf>, accessed 6-25-12, CNM)

Sectors. There is also a concern that an NIB would favor transportation over other infrastructure modes, due to potentially larger projects and associated revenue streams. The wastewater and drink- ing water advocates are worried that water projects would not be able to compete with transportation, because the water projects have a localized effect and usually do not reach the size of transportation construction projects.

# Kritiks

### Equity K Link

#### **Projects wouldn’t be selected for social benefits- only based on profit**

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. 16, accessed 6-23-12, LH)

Selecting projects through an infrastructure bank has possible disadvantages as well as advantages. First, it would direct financing to projects that are the most viable financially rather than those with greatest social benefits. Projects that are likely to generate a financial return through charging users, such as urban water systems, wastewater treatment, and toll roads, would be favored if financial viability is the key element for project selection. Conversely, projects that offer extensive spillover benefits for which it is difficult to fully charge users, such as public transit projects and levees, would be disfavored. 53

#### Transportation infrastructure exacerbates inequalities between people in cities and towns

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)

The Interstate Highway System, the nation's greatest transportation investment project, created jobs near interchanges when new businesses took advantage of the improved accessibility. At the same time, other towns that were bypassed "died on the vine." Most analysts and lay citizens believe that, overall, the gains exceeded the losses by an enormous margin, and thus that the Interstate System was justified as a national investment. But not every city, road, or interchange benefited equally.

### Equity Link

#### We must examine the problems that Stimulus can have for racial inequity

Johnson, Columbia Law School Associate Professor of Law, 9

(Olatunde C.A., “Stimulus and Civil Rights,” [Vol. 111:154, Columbia Law Review, 2009, <http://columbialawreview.org/assets/pdfs/111/1/Johnson.pdf>, p. 185-188, Date Accessed: 6/27/12, JS)

The speed of spending can operate to exclude small and disadvantaged businesses, including those run by minorities and women in transportation development programs. The Recovery Act requires states to use fifty percent of their transportation funds within 120 days of apportionment, and to give funding priority to projects that can be completed within three years. 155 Additionally, many transportation projects are subject to longstanding federal affirmative action requirements. 156 Yet, in part because of the priority placed on quick disbursement of funds (as well as some states’ emphasis on funding rural projects), some states are failing to meet goals for equitable hiring of minorities and women.

157C. Implications This account reveals the potential effect of specific stimulus programs on racial inequity. Ultimately, this Essay does not claim that the stimulus will necessarily lead to racial harm, but seeks to point out specific areas in which the stimulus risks reproducing and entrenching forms of racial inequality by excluding particular groups from full participation in the benefits of federal programs. Given these risks, policymakers and equity advocates should think about the stimulus’s broad economic recovery goal as an occasion to interrupt, rather than reproduce, patterns of inequity and to advance social inclusion. The goal here is to suggest that the stimulus—particularly given its size—should prompt a set of questions about federal spending programs’ effects on equity. These questions include who benefits from federal spending, and how federal spending operates to shape patterns of equality in various communities. These questions should be part of the executive and legislative design of federal spending programs. But, as a practical matter, it is too late to reshape the stimulus’s essential design. Instead these questions remain relevant to the federal administrative agencies implementing the stimulus, as well as to state and local governments that will spend stimulus funds. In the next Part, this Essay examines the capacity of legal tools and norms to prompt governments to examine the equity effects of federal spending

### Ruralism K

#### **Bank’s projects exclude rural areas**

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. 16, accessed 6-23-12, LH)

Third, financing projects through an infrastructure bank may serve to exclude small urban and rural areas because large, expensive projects tend to be located in major urban centers. Because of this, an infrastructure bank might be set up to have different rules for supporting projects in rural areas, and possibly also to require a certain amount of funding directed to projects in rural areas. For example, S. 652 proposes a threshold of $25 million for projects in rural areas instead of $100 million in urban areas. Even so, the $25 million threshold could exclude many rural projects

# Topicality

### Its

#### Bank could be independently owned, not USFG investment

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.23, LPS)

Congress has established numerous banking entities taking a wide range of institutional forms. To cite four examples: • The National Credit Union Administration Central Liquidity Facility was established in 1978 through statute (12 U.S.C. 1795) as a **cooperative corporation** that is owned by federal credit unions. It is managed by the board of the National Credit Union Administration (12 U.S.C. 1751) and can borrow from the U.S. Treasury. Its purpose is narrow—to serve as a lender of last resort to credit unions needing liquidity due to unforeseen or unusual circumstances.55 • **Government-sponsored enterprises, such as the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Agricultural Mortgage Corporation (Farmer Mac), are structured as privately held, for-profit corporations designed to serve a public purpose.56 Some of these entities were designed to be investor owned, while others, such as the Federal Home Loan Bank System and the Farm Credit System, are owned cooperatively by their borrowers. The extent of direct federal involvement varies.** •