# Affirmative – On-Case

## Inherency

### AT – MAP-21 Solves the Case

#### The recent transportation bill fails to solve the case – maintenance and funding

Gorton, former senator of Washington, Archer, former mayor of Detroit, 12

(Slade, Dennis, 7/19, The Hill, “Congress has unfinished business on the transportation front,” <http://thehill.com/blogs/congress-blog/economy-a-budget/239037-congress-has-unfinished-business-on-the-transportation-front>, Accessed: 7/20/12, GJV)

We have consistently emphasized that investments in transportation infrastructure are critically important to the nation’s productivity and economic recovery and to the creation of long-term jobs. Any grand bargain on the federal budget deficit and the national debt should incorporate investing in infrastructure. Still, we should recognize that public capital is limited and that investment resources are constrained, and there must be a premium on better transportation planning, capital programming, and targeting investments toward programs and projects that offer the greatest returns and benefits in terms of economic growth and the achievement of other key national goals. In this regard, there is reason to be concerned about areas where the new surface transportation act may have failed to make sufficient progress. We applaud certain provisions of MAP-21, including the consolidation and simplification of major highway programs, the use of federal funds more effectively to leverage other public and private sources of investment capital through a significant expansion of the TIFIA credit program, the statement of national goals for transportation policy, and the development of performance measures to evaluate investment decisions. However, in significant ways the reforms in MAP-21 fall short. A great deal depends upon on whether the Congress and the Administration that take office in 2013 build upon these foundational steps. Greater emphasis needs to be placed on the preservation and restoration of existing transportation assets. Moreover, while substantially increased funding will be available through the TIFIA program to leverage additional public and private investment in transportation, MAP-21 fails to allow states sufficiently broad or adequate discretion to establish new revenue streams through tolling or the imposition of user charges on existing, as well as on new, facilities. These user-based revenue streams could provide states with some of the greatest potential sources of new capital for investment in transportation infrastructure, and they should not be denied the capacity to tap them.

#### The recent transportation bill fails to solve the case - investment

Gorton, former senator of Washington, Archer, former mayor of Detroit, 12

(Slade, Dennis, 7/19, The Hill, “Congress has unfinished business on the transportation front,” <http://thehill.com/blogs/congress-blog/economy-a-budget/239037-congress-has-unfinished-business-on-the-transportation-front>, Accessed: 7/20/12, GJV)

Moreover, while the articulation in MAP-21 of national goals and performance measures are important first steps, there is little in this new legislation that will provide assurance that these goals and measures will make a real difference in how money is to be invested. Without further steps, there is little likelihood that these provisions will provide taxpayers with accountability or the confidence that transportation funds are being invested in the most productive and beneficial ways. Finally, we believe that two other key issues have not been adequately addressed by MAP-21. First, in the absence of strong and significant freight and metropolitan transportation discretionary grant programs, we will not be able to address adequately the issues of interstate commerce, national connectivity, metropolitan mobility, and labor market access. Improvements in these areas are critical to economic growth and enduring prosperity. These discretionary grant programs should, as recommended by BPC, be based on Congressionally-authorized criteria and measured by performance outcomes. Second, the new surface transportation authorization act continues the practice that developed over the last few years of SAFETEA-LU of dependence on transfers of general funds to the Highway Trust Fund in order to meet authorized program levels. Nothing is provided, and no new steps are proposed, toward basing these programs on renewed, reformed, and sustainable forms of user-based funding. This is a critical omission at a time of serious national fiscal and economic challenges.

U.S. is being surpassed now – the transportation bill’s compromise won’t be sufficient

Rodin, Rockefeller Foundation president, 12

(Judith, June 30, 2012, The Atlantic, “How the Transportation Bill Failed America, <http://www.theatlanticcities.com/commute/2012/06/how-transportation-bill-failed-america/2431/>, accessed 7/9/12, YGS)

America is also being left behind by the rest of the world. Developed countries are committing billions of dollars in 21st century transportation and infrastructure spending. At the recent UN conference on sustainability and development in Rio, the eight largest multilateral development banks committed to lending $175 billion over the next decade to mass transit projects in the developing world, both increasing access to opportunity and reducing pollution.
Despite the round of self-congratulation we are likely to hear from Congress, a compromise is not a win if it doesn’t give us the transportation system we actually need to fit our needs and lifestyles. Transportation rarely comes up as a hot button issue; it is rarely fodder for big presidential debates or the dynamic conversations on morning TV or radio.  But access to affordable transportation is probably one of the most fundamental issues in your life.

Transportation bill is a step backward from investment

Rodin, Rockefeller Foundation president, 12

(Judith, June 30, 2012, The Atlantic, “How the Transportation Bill Failed America, <http://www.theatlanticcities.com/commute/2012/06/how-transportation-bill-failed-america/2431/>, accessed 7/9/12, YGS)

Whether you drive to work every morning, hop on a subway or bus, or just pull the bike out for a ride around town, you need to pay attention to [the transportation bill that Congress finally passed this week](http://thehill.com/blogs/transportation-report/tsa/235683-lawmakers-exhale-after-heavy-lift-on-transportation-bill). The bill is a significant step backward and falls woefully short of creating a balanced system that serves all Americans and invests adequately in options and our growing metros.
Why does the bill matter? Because transportation is the second highest cost in American households (and the highest if you are a low-wage worker). Traffic costs Americans an estimated 4.2 billion hours and $87 billion in productivity each year. One of every nine of our highway bridges are currently deemed "structurally deficient." The multi-billion dollar surface transportation bill that Congress just passed is what pays for your road improvements, your state-of-the-art bus rapid transit, and it should create or save hundreds of thousands of jobs.

We continue to fund and build the wrong things, focusing on the needs of the loudest lobby rather than the needs of the next generation of Americans.

These transportation decisions touch every American directly, determining access to work and services, the cost of the goods we buy and the amount of emissions we release.
I commend the citizens and policymakers who fought valiantly but unsuccessfully to achieve a much better outcome than what we are left with today. Lawmakers had the opportunity to achieve transformative change. They didn’t seize it. The bipartisan bill that previously passed the Senate would have provided funds to repair structurally deficient bridges. It also imposed a needed degree of accountability on transit authorities and empowered local governments to make streets safer for all users.

In the final compromise, Congress chose to dilute some of these proposals and roll back others altogether, thereby gutting a once promising bill.

## Investment Solvency

### Bank Solves Private Investment

#### **Bank encourages private investment – solves status quo problems**

Ehrlich, ESC Company, business economist, 10

(Everett, October 2010, Progressive Policy Institute, “A National Infrastructure Bank: A Road Guide to the Destination,” <http://progressivepolicy.org/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>, p. 4, accessed 7-20-12, LH)

Second and perhaps more important in the long term, the current arrangements for infrastructure finance fail to marry the private appetite to provide infrastructure financing with the availability of potentially profitable infrastructure projects. Investors will readily confess that the risks associated with building new infrastructure assets are too large and complex for them to bear. That is because no mechanism exists to calculate and separate public (social) and private (appropriable) benefits and that distinguishes among the risks accordingly. For example, cost overruns due to public sector project management are not fair game for a private investor, but failure to achieve traffic targets might be.

A Bank, beyond rationalizing project selection, offers the prospect of finding terms on which private money can enter the active provision of capital for new projects. Advocates for a Bank often speak of gearing or leverage ratios when discussing the advantages of such an institution. But this leverage will be built from the ground up, on a project-by-project basis — if the government puts up ‘x,’ then private investors will be invited to put up ‘y.’ This is more likely than investors buying bonds or preferred stock from a Bank simply because it announces it is open for business.

And if investors do flock to offer money in such a fashion, then it is likely because they have come to believe that the Bank has the same kind of implicit guarantees that other government enterprises have famously abused. One good measure of any infrastructure proposal’s success, therefore, is its ability to bring private risk capital to these investments on a case-by-case basis.

### AT – No Investors

#### Bank encourages private investment – private lenders make a profit

Ehrlich, ESC Company, business economist, 10

(Everett, October 2010, Progressive Policy Institute, “A National Infrastructure Bank: A Road Guide to the Destination,” <http://progressivepolicy.org/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>, p. 4, accessed 7-20-12, LH)

A Bank offers the prospect of dramatic improvement in infrastructure programs, but its proponents must temper their enthusiasm. The Bank is not a fountain of free money. The Bank model works because somewhere, somehow, someone must pay something that can be turned into a stream that repays private lending, and that somewhere the salami can be sliced so that there is enough left to feed those private lenders profitably. This requires fees, bills, fares, or some other kind of payment; otherwise, private lending is only a veil for more public borrowing, and at a higher cost.

#### The plan creates private sector interest

Puentes, Metropolitan Policy Program Senior Fellow, 7-16-12

(Robert, 7-16-12, Brookings, “What Would an Infrastructure Bank Really Do?" http://www.brookings.edu/up-front/posts/2012/07/16-infrastructure-bank-puentes, accessed 7-20-12, CNM)

Third is that the establishment of an NIB would be a strong signal to the private sector that the national government is committed and open to private involvement in infrastructure financing and delivery. Today private sector financiers and investors are understandably frustrated by the lack of clarity about the rules of engagement that is--as in many states--a real hindrance to the development of the public-private partnership market.

Motivating private investors solves

Keyser, Associated Press, 7/7/12

(Jason, 7-7-12, Associated Press, MSNBC.com, “More Mega Projects Turning to Private Investors,” <http://www.msnbc.msn.com/id/48105709/ns/us_news/t/more-mega-projects-turning-private-investors/>, Accessed: 7/20/12, LPS.)

CHICAGO — For cities and states buried under mountains of debt, it has become a tantalizing proposition: invite private financial institutions to put up the money to fix aging schools, dilapidated rail lines and beat-up roads. Offer investors steady returns on the projects. And give the public the modern services its governments can no longer afford. Across the country, innovative deals are now being discussed that would put essential pieces of public infrastructure in the hands of global investment firms, the latest effort to cope with a lingering fiscal crisis that has left some communities unable to pay for their needs. Chicago, with a budget deficit of more than $600 million, is planning a private fund that would make 100 public buildings energy efficient, then move on other projects. In other parts of the country, major road construction has been funded using the model. "We absolutely have to look at other ways" to pay for infrastructure, said Shirley Ybarra, a former Virginia transportation secretary who wrote model legislation used in 32 states for public-private transportation partnerships. "There's only so much bonding you can do ... Roads have to compete with higher education, school bonds, water and all the rest of that stuff."

As financial pressures increase, cities with worn out infrastructure are weighing the possible trade-offs. Hard hit by the recession, more cities are stuck with credit ratings just a few notches above junk status, making it harder to raise money through bonds. Much of the highway system around cities dates back to the post-World War II building boom and thousands of schools are more than 50 years old. Local sales taxes and other revenues are sometimes too volatile to depend on for major local expenses. Although states have used private partnerships for toll roads in the past, ambitious plans are now emerging for everything from rebuilding dozens of schools in Yonkers, N.Y., to constructing a courthouse in Long Beach, Calif. Other metropolitan areas will be looking at transit and other projects, said David Pope, vice chair of the transportation committee for the U.S. Conference of Mayors.

#### Private investment incentivizes investment – investor revenue

Keyser, Associated Press, 7/7/12

(Jason, 7-7-12, Associated Press, MSNBC.com, “More Mega Projects Turning to Private Investors,” <http://www.msnbc.msn.com/id/48105709/ns/us_news/t/more-mega-projects-turning-private-investors/>, Accessed: 7/20/12, LPS.)

"I still think there is room for public-private partnerships," said said Marney Cox, chief economist for the San Diego Association of Governments, which wound up taking over the road in a buyout. "But you need to be careful when you put them together that you don't get your assumptions out of whack and require that growth occur at extraordinary levels." Ybarra said government representatives can try to negotiate limits on toll and fee increases. But the private investors have considerable leverage."Governments need this more than institutional investors need this, but I think there's a benefit to both," said Mark Huamani, an investment analyst at J.P. Morgan. In Yonkers, a New York suburb with a mix of affluent and poor neighborhoods, officials are looking for $1.7 billion in private investment money to fix dozens of antiquated schools, including the 88-year-old Gorton High School, and say the benefits of private funding outweigh possible problems. Investors' returns would be paid with future tax revenue."We couldn't repair the buildings faster than they were deteriorating," said Joe Bracchitta, chief administrative officer for the school district. "We think that this is a way that urban school districts that are in a state of disrepair or decay can find another way to repair themselves and build 21st century environments for their students."

#### **NIB would spur state cooperation and private investment**

Rohatyn, Center for Strategic and International Studies, American investment banker, 10

(Felix G., 9-15-10, Wall Street Journal, “The Case for an Infrastructure Bank,” <http://online.wsj.com/article/SB10001424052748703376504575491643198373362.html>, accessed 7-20-12, LH)

A national infrastructure bank could begin to reverse federal policies that treat infrastructure as a way to give states and localities resources for projects that meet local political objectives rather than national economic ones. The bank would evaluate prospective infrastructure projects on consistent terms. It would be able to negotiate with state or local sponsors of a project what their cost shares should be. The bank also could help groups of states come together for regional projects such as high-speed rail and better freight management. Such consolidation would improve project selection.

The bank also could ensure that states and localities consider all other options—from wetlands preservation to implementing tolls—before structural options are funded. It would create an avenue for private investors to put risk capital into new projects and bless their involvement with the bank's own participation. In short, it would treat infrastructure like a long-term investment, not an expense.

Private companies aren’t investing now because of current funding methods – NIB is key

Department of the Treasury with the Council of Economic Advisors 12

(March 23, 2012, “A New Economic Analysis of Infrastructure Investment,” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf>, p. 17, accessed 7/20/12, YGS)

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

Additionally, with a few notable exceptions, federal funding for infrastructure investments is not distributed on the basis of a competition between projects using rigorous economic analysis or costbenefit comparisons. The current system virtually ensures that the distribution of investment in infrastructure is suboptimal from the standpoint of raising the productive capacity of the economy.

To address the lack of merit-based funding, a National Infrastructure Bank would develop a framework to analytically examine potential infrastructure projects using a cost-benefit analysis, and would evaluate the distributional impact of both the costs and benefits of each project. Of course, not all costs and benefits from infrastructure projects can be quantified, but an effort should be made to quantify those that can be quantified and to take account of any additional benefits and costs to society. A rigorous analytical process would result in support for projects that yield the greatest returns to society, and would avoid investing taxpayer dollars in projects where total costs exceed total societal benefits. A National Infrastructure Bank would select projects along a sliding scale of support that most effectively utilizes the bank’s limited resources, targeting the most effective and efficient investments.

#### Private investors are rushing to invest in highways, roads, and other transportation infrastructure – lots of private money available

Carter, Professor of Law at Yale University, 4/26/12

(Stephen L., Professor of law at Yale University and a Bloomberg View columnist, Yale Law School, “Buy, Sell or Hold: How Can Governments Decide?” 4/26/12, <http://www.law.yale.edu/news/15416.htm>, Accessed: 7/20/12, LPS.)

The rush to invest in infrastructure is hardly news. Buoyed by predictions that the world will need tens of billions of private dollars over the next few decades to build and maintain roads, railroads, airports and so on, banks and hedge funds have been rolling out suitable investment products. By some estimates, the amount of private money available for infrastructure investment is in excess of $180 billion.

### Private Investment Key to Intermodal

#### Investment in intermodal transportation is key to leverage private companies

Laird, Research Editor at Mississippi State University, 12

(Jim, Research Editor at Mississippi State University, National Center for Intermodal Transportation for Economic Competitiveness, “MSU Researcher: Intermodal Critical Economic

Development Tool,” 4/5/12, <http://www.ncitec.msstate.edu/msu-researcher-intermodal-critical-economic-development-tool/>, Accessed: 7/20/12, LPS.)

STARKVILLE, Miss.–A Mississippi State researcher is praising a Magnolia State city at the literal crossroads of modern interstate, rail and air connections for the economic development aspects of its intermodal and multimodal transportation systems.¶ While recently in Meridian, Burak Eksioglu, an associate professor in the university’s industrial and systems engineering department, gave special attention to the downtown area around Union Station.¶ His guide was Gil Carmichael, a local businessman and leading national intermodal transportation authority. Their exploration took place during the 40th anniversary of Amtrak, whose Crescent passenger line traverses the east Mississippi municipality between its New Orleans and New York City terminals.¶ “During my visit, I was able to see how investment in intermodal infrastructure projects can leverage public and private investments to enhance both passenger and freight transportation, encourage local redevelopment, and set the stage for job creation,” said Eksioglu, director of MSU’s new National Center for Intermodal Transportation for Economic Competitiveness.

#### Private sector investment in intermodal transportation is key to economic competitiveness

Laird, Research Editor at Mississippi State University, 12

(Jim, Research Editor at Mississippi State University, National Center for Intermodal Transportation for Economic Competitiveness, “MSU Researcher: Intermodal Critical Economic

Development Tool,” 4/5/12, <http://www.ncitec.msstate.edu/msu-researcher-intermodal-critical-economic-development-tool/>, Accessed: 7/20/12, LPS.)

Mississippi State is the lead institution for the NCITEC, which is funded by a $3.5-million competitive University Transportation Center grant from the U.S. Department of Transportation.¶ NCITEC’s mission is to promote development of an economically competitive, efficient, sustainable, and safe national intermodal transportation network by integrating all transportation modes for freight and passenger mobility. Among other tasks, it will study how intermodal transportation investments promote jobs and economic development.¶ Carmichael, a Federal Railroad Administrator member under President George H.W. Bush, is the founding chairman of the Intermodal Transportation Institute at the University of Denver, which is one of MSU’s NCITEC partners.¶ “Having the new national center located in Mississippi, a state that always has provided strong bipartisan leadership in transportation issues, will allow us to study what works and why,” Carmichael said.¶ “We’ll need this research so we can better link our state, region and nation, and provide the mobility that keeps us economically competitive for the future,” Carmichael added.¶ The Meridian Union Station redevelopment project began 15 years ago with construction of a new multimodal transportation center. Over the years, it has been recognized nationally as an infrastructure investment model that has spurred millions of dollars in public and private partnerships for rural city redevelopment.¶ “The initial investment in the multi-modal transportation center in Meridian has been a catalyst for additional private investment in the city, including office and retail space, apartments and restaurants,” Eksioglu said.¶ “Union Station is the hub that ties all of it together,” he observed.¶ While in the Lauderdale County seat of some 40,000 residents, Eksioglu and Carmichael met with Meridian Mayor Cheri Barry and other leaders.¶ “We have an outstanding rail network in our country, and our intermodal freight system is the best in the world,” Carmichael said. “However, in the 21st century, we’ll need to learn to use this system differently to better move freight but also passengers around our country as part of the global economy.”¶ Carmichael emphasized that “connecting our airports, railroads, and roadways in a seamless way with our city centers will be a big project, but one that we must do.”

### AT – TIFIA Solves

#### Bank necessary – TIFIA is failing in the status quo

**DeMint, US Senator, 3-7-12**

(Jim, 3-7-12, Fox News, “The Senate must say ‘no’ to another big government construction program that isn’t properly vetted,” http://www.foxnews.com/opinion/2012/03/07/senate-must-say-no-to-another-big-government-construction-program-that-isnt/, accessed: 7-18-12, CAS)

**The**[**White House**](http://www.foxnews.com/topics/politics/white-house.htm#r_src=ramp)**is**[**already expecting projects to fail at a rate of 41 percent**](http://www.bloomberg.com/news/2012-01-12/toll-road-woes-show-risk-of-u-s-loans-lawmakers-aim-to-expand.html)**, budgeting 10 percent to cover losses from TIFIA**. As Bloomberg News [notes](http://www.bloomberg.com/news/2012-01-12/toll-road-woes-show-risk-of-u-s-loans-lawmakers-aim-to-expand.html) **TIFIA’s projected failure rate is similar to the “45.6 percent default rate estimated for the Energy Department program that backed Solyndra.”** Compare those figures to the private market standard of 2.69 percent in loan losses. **The White House knows that many of these programs will go belly up and taxpayers will be left holding the bag.**

#### TIFIA doesn’t take externalities into account

**Baxandall, Tax & Budget Policy Senior Analyst, 6-10-12**

(Phineas, 6-10-12, U.S. PIRG, “New TIFIA Rules Will Hurt the Public,” http://www.uspirg.org/blogs/blog/usp/new-tifia-rules-will-hurt-public, accessed: 7-18-12, CAS).

There are downsides to converting TIFIA into a financing pool for the first applications that show they can generate a profit. **Transportation systems are interconnected and create externalities that aren’t reflected in the bottom line of each individual project.** The benefits of the FasTracks light rail system in Denver, for instance, include encouraging more efficient compact development and reducing the number of cars on the road at peak commuting hours. That added value is nowhere expressed on the ledger of its credit worthiness.  **A new toll road, while generating profits, may also generate more pollution and asthma. It may leave poorer drivers who can’t pay higher tolls stranded.** A new toll highway in Seattle will [reportedly](http://seattletimes.nwsource.com/html/localnews/2018544988_99tolls28m.html) divert large volumes of toll-avoiding traffic onto overburdened downtown streets. The point isn’t that new toll roads are necessarily bad – they’re not – but that none of the externalized costs or benefits will be considered under the new rules.

**A program that ignores externalized costs and benefits will be biased toward projects that impose their true costs on the general public. Projects that include public benefits that can’t be monetized and transferred to creditors will be at a disadvantage**. It is a win for the investment banks and law firms that lobbied for these provisions, but **a loss for the public interest.**

### AT – No Private Investment in High Speed Rail

#### Privates want to invest in high speed rail

Cahn, Roll Call editorial assistant, 11

(Emily, 5-23-12, The Hill, “GOP pushes private rail investment,” <http://thehill.com/business-a-lobbying/162817-gop-makes-case-for-private-bids-on-117b-rail-project>, accessed: 7-18-12, CAS)

Republicans on the House Transportation and Infrastructure Committee will press the Obama administration this week to rely more on **private investment for a high-speed rail project** in the Northeast. Committee leaders noted the benefits high-speed rail would provide to cities in the Northeast in a memo distributed by Republican staff, stressing that the corridor between Boston and Washington is an ideal location for the investment. Still, the memo says, a future project must be supported by private investors and not rely too heavily on federal funds. “While the need and opportunity for a successful true high-speed rail project exists, the federal government cannot carry the full financial burden of public infrastructure projects,” the memo states. **“Private industry must step up and help fill the gaps in high-speed rail funding and operations**.” President Obama has made the **creation of a high-speed rail line a priority** of his administration, but has received backlash from Republican governors, who said they were worried their states would be hit with some of the costs for the railroad upgrades. The for-profit company Amtrak announced last week that it would look to private investors to help fund a high-speed rail line on the Northeast Corridor — one of the busiest rail lines in the country. But a company spokesman said Amtrak does not know how large a percentage of the project’s funding will come from private investors and won’t know until after June 10, when proposals from interested backers are due. **Transportation Committee Chairman John Mica** (R-Fla.) scheduled the Thursday hearing before the Amtrak announcement, Justin Harclerode, a spokesman for the committee, said in an email. “Mica **has long supported a strong private sector lead for high-speed rail development** in the [Northeast Corridor], and has been very skeptical of Amtrak’s plan and ability to effectively deliver true high-speed service there or anywhere,” Harclerode said. According to **the committee**, the project will cost a “staggering” $117 billion and would take 30 years to complete. It **suggests a** different **public-private partnership strategy for** putting together the **high-speed rail project.** Under the plan, bids for the system would be made by private companies, with Northeast states managing infrastructure and operations.

#### Private sector interested in high speed rail

**Et. Al Weinstock, Institute for Transportation and Development Policy Program Manager, 11**

(Annie, Walter Hook, Michael Replogle, and Ramon Cruz, May 2011, Institute for Transportation and Development Policy, “Recapturing Global Leadership in Bus Rapid Transit: A Survey of Select U.S. Cities,” http://www.brti.usf.edu/docs/pdf/ITDP\_report\_BRT\_rating\_2011.pdf, accessed: 7-20-12, CAS).

In some locations, like Montgomery Country, Maryland, groups of business leaders have joined together to push for BRT projects. But in general, there is not a cohesive group of companies actively pushing governments to implement BRT. While **the private sector rail lobby** is far weaker in the United States than the road lobby, **it is able to advance specific projects in specific corridors where beneficiary interests can be mobilized**. The New Starts Working Group, a coalition of more than sixty transit authorities, local government entities, architectural and engineering firms, and rail car manufacturers, has had some success in shaping federal regulations and law to favor investment in large rail projects**. The annual “Rail~Volution” conference manages to attract an impressive list of private sector sponsors and exhibitors, including Siemens and most major American engineering firms.** There is no similar annual BRT meeting in the United States, and no group of private sector bus industry supporters for similar efforts.

### AT – No Private Investment in Aviation

#### Privates needed to invest in aviation

**World Economic Forum, 11**

(February 2011, World Economic Forum, “Policies and collaborative Partnership for Sustainable Aviation,” http://www3.weforum.org/docs/WEF\_ATT\_SustainableAviation\_Report\_2011.pdf, p. 24, accessed: 7-20-12, CAS)

**funding will need to come from governments**, at least **initially**. **However, as governments will unlikely be able to provide all the required funds, priority has to be put on involving capital markets and private equity (PE) players as soon as possible.** MDBs can play a major role in developing countries, e.g. through the establishment of specific green funds. MDBs already finance airport infrastructure to some extent today, but specific green funds like those established by the World Bank in the past have not yet been used to finance aviation projects.

**On the partnership side, more PPPs should be established for new airport development, infrastructure improvements, the implementation of new ATM technologies and partnerships with the financial community** (e.g. special programmes set up for aviation by development banks).

### AT – Private Investment Bad

#### Private investment is the way to of the future – the federal government can’t pay to keep transportation infrastructure intact

Carter, Yale law professor, 4-26-12

(Stephen L., Professor of law at Yale University and a Bloomberg View columnist, Yale Law School, “Buy, Sell or Hold: How Can Governments Decide?” 4/26/12, <http://www.law.yale.edu/news/15416.htm>, Accessed: 7/20/12, LPS.)

No doubt there would be advantages to continuing the tradition of public ownership of infrastructure. But Cowen’s point holds: We don’t have the money. Railing against “privatization” won’t make the cash appear. As for Fernandez’s decision to nationalize YPF, yes, she is going against the grain of history, and one hopes that the government will run the oil company efficiently: the growth penalty that countries pay for inefficient use of infrastructure has been long understood and repeatedly confirmed. But whatever happens in Argentina, the occasional nationalization is not likely to dull the appetite of infrastructure investors. A 2004 study of 1,000 Latin American infrastructure concessions showed that in nearly a third of the cases the contracts were renegotiated, and often to the benefit of the private contractor. In short, the YPF contretemps will not scare away investors who search the world for lucrative infrastructure investments. And because a large chunk of that $180 billion is likely to be invested in the U.S., it’s an opportune moment for a serious conversation about which resources must, and which need not, stay in public hands.

## Projects Solvency

### Project Selection and Funding Solvency

#### **Bank will use optimal methods to fund projects**

Tyson, American economist, 11

(Laura D., former Chair of the US President’s Council of Economic Advisors, 2011, Harvard Business Review, “A Better Stimulus Plan for the U.S. Economy,” <http://hbr.org/web/extras/hbr-agenda-2011/laura-d-tyson>, accessed 7-20-12, LH)

The bank would provide the most appropriate form of financing for each project, drawing on a flexible set of tools such as direct loans, loan guarantees, grants, and interest subsidies for Build America Bonds. It should be given the authority to form partnerships with private investors, which would increase funding for infrastructure investments and foster efficiency in project selection, operation, and maintenance. That would enable the bank to tap into the significant pools of long-term private capital in pension funds and dedicated infrastructure equity funds looking for such investment opportunities.

#### **NIB would choose projects that create jobs and strengthen our infrastructure**

Indiviglio, The Atlantic, associate editor, 10

(Daniel, 9-15-10, The Atlantic, “Would a National Infrastructure Bank Help?,” <http://www.theatlantic.com/business/archive/2010/09/would-a-national-infrastructure-bank-help/63052/>, accessed 7-20-12, LH)

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

NIB selects projects with the greatest return

National Economic Council 11

(National Economic Council, Council of Economic Advisors, and Office of Science and Technology Policy, February 2011, “A Strategy for American Innovation: Securing Our Economic Growth and Prosperity,” <http://www.whitehouse.gov/sites/default/files/uploads/InnovationStrategy.pdf>, p. 36, accessed 7/20/12, YGS)

Create a National Infrastructure Bank The President has proposed the creation of a National Infrastructure Bank, which will provide a new way to leverage investments in the nation’s highest priority infrastructure projects, supplementing reformed formula-grant transportation programs The proposal marks an important complement to traditional federal investment in infrastructure, as the Bank will base its investment decisions on clear analytical measures, selecting those projects with the greatest return for American taxpayers and leveraging private, state, and local dollars to complete projects as efficiently as possible. The Bank will also promote multi-modal projects, which currently face significant obstacles and bureaucratic delays due to the narrow focus of existing programs that fund specific infrastructure modes.

NIB would fund most projects – states inadequate

Rosen, freelance writer, 11

(Armin, July 8, 2011, “New Republican Highway Bill Nixes National Infrastructure Bank,” <http://alttransport.com/2011/07/new-republican-highway-bill-nixes-national-infrastructure-bank/>, accessed 7/20/12, YGS)

This sounds like an excuse. Almost by definition, a national infrastructure bank would fund projects that no state could individually undertake—things like highway improvements, rail lines and the [construction](http://alttransport.com/2011/07/new-republican-highway-bill-nixes-national-infrastructure-bank/) of new roads and bridges. And it would fund projects from which more than one state would benefit. Mica assumedly realizes that a national infrastructure bank, which would be both privately and publically capitalized and give out low-interest loans for major infrastructural projects, wouldn’t replace the state banks, but supplement them by providing a rational means for both funding and authorizing major projects at the national level. So his opposition must be ideological. [Mica, who also introduced last month’s Amtrak privatization bill](http://alttransport.com/2011/06/amtrak-privatization-debate-continues/), probably disagrees with any centralized control over infrastructure—even if it’s the relatively soft control of a privately-capitalized government bank.

### AT – No Projects Ready Now

#### **Projects are ready to be funded now – strong public support**

Halsey III, Washington Post, 12

(Ashley, April 23, 2012, Washington Post, “Infrastructure projects need public support, transportation experts say,” <http://www.washingtonpost.com/local/trafficandcommuting/experts-want-to-build-public-support-for-infrastructure-projects/2012/04/23/gIQAvmMXcT_story.html>, accessed 7/19, YGS)

The plan to energize public support was outlined Monday in a report by transportation experts brought together by the [Miller Center](http://millercenter.org/policy/transportation/2011) at the University of Virginia. After a [conference](http://www.washingtonpost.com/local/experts-struggle-to-express-direness-of-infrastructure-problem-to-a-wary-public/2011/12/01/gIQATflfZO_story.html) this past November, the group concluded that most Americans are aware of the infrastructure crisis and support spending to address it.

“Recent public-opinion surveys have found overwhelming support for the idea of [infrastructure investment](http://www.washingtonpost.com/local/billions-needed-to-upgrade-americas-leaky-water-infrastructure/2011/12/22/gIQAdsE0WP_story.html),” the report said. “After the ‘bridge to nowhere’ controversies of recent years, the public has become sensitized to issues of pork-barrel spending and understandably demands to see a clear connection between federal expenditures, actual transportation needs, and economic benefits.”

Despite apprehension about wasteful spending, the report said, more than two-thirds of voters surveyed by the Rockefeller Foundation said [infrastructure improvement](http://www.washingtonpost.com/local/trafficandcommuting/aging-baltimore-tunnel-a-threat-to-shipping-economy-for-the-city-and-maryland/2012/03/28/gIQAjYCVhS_story.html) was important and 80 percent said spending on it would create millions of jobs.

The transportation group, co-chaired by former transportation secretaries Norman Y. Mineta and Samuel K. Skinner, compiled a [comprehensive study](http://www.washingtonpost.com/wp-dyn/content/article/2010/10/04/AR2010100402269.html?nav=emailpage) on infrastructure in 2010. [That report](http://web1.millercenter.org/conferences/report/conf_2009_transportation.pdf) estimated that an additional $134 billion to $262 billion must be spent per year through 2035 to rebuild and improve roads, rail systems and air transportation.

Since then, the [American Society of Civil Engineers](http://www.asce.org/default.aspx) [has estimated](http://www.washingtonpost.com/local/gargantuan-large-investment-in-infrastructure-needed-experts-say/2011/10/14/gIQAwHn2kL_story.html) that $1.7 trillion must be invested between now and 2020 to rebuild roads, bridges, water lines, sewage systems and dams that are reaching the ends of their planned life cycles. The [Urban Institute](http://www.urban.org/) puts the price tag at $2 trillion.

The spending needs cited by those three groups is in sharp contrast to what Congress is considering as it struggles to come up with new sources to pay for transportation needs: about $54 billion in annual spending.

Monday’s Miller Center report said “the right mix of compelling voices on the local and national stage could spur political leaders to set aside their differences, rise above the current quagmire of inaction, and take steps to adopt and pursue a vision of transportation policy for the 21st century.”

Despite “extreme political polarization and intense resistance to public spending of all kinds,” the group hopes to use social and mainstream media to deliver a message that infrastructure investment will create jobs and save the United States from a competitive decline in global markets. Their goal is to link the larger issue to local projects, the benefit of which are more readily apparent to voters.

State infrastructure banks can’t fund projects – need national investment now

Freemark, independent researcher, 12

(Yonah, writes for Huffington Post, January 2, 2012, The Atlantic Cities, “How to Pay for America’s Infrastructure,” <http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/>, accessed 7/20/12, YGS)

America's transportation infrastructure is in desperate need of [an update](http://www.infrastructurereportcard.org/), and most politicians would agree that more funding should be dedicated the nation’s highways and mass transit systems. Yet there is little consensus about where to find those new funds and Democrats and Republicans disagree stridently over whether Washington should increase its role.

One potentially fertile place for compromise may be in the form of [state infrastructure banks](http://www.fhwa.dot.gov/safetealu/factsheets/sibs.htm), which have gained support from both the left and right in recent months. These public agencies, provided some [government funds](http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/), would be designed to encourage significant private investment. And they would do so with little interference from the national government.

"I-banks" could lend states, municipalities, and perhaps even private sector agencies a significant portion of project funds that would later be paid back through user fees, public-private partnerships, or dedicated taxes.

The idea is to get more transportation projects under construction without significantly expanding the national deficit. And the idea is not particularly new: Infrastructure banks have been on the [radar](http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/) [since 1995](http://www.transportation-finance.org/funding_financing/financing/credit_assistance/state_infrastructure_banks.aspx), when state banks were initially authorized to receive federal funds. Now, more than thirty states have them in operation.

But most operate on a small scale, and are unprepared to fund large-scale projects. They are also strongly tilted toward highway infrastructure, not multimodal needs.

Yet recent proposals have been much more ambitious. President Obama has made the case strongly throughout his first term that a national bank run by the U.S. Department of Transportation would be most effective, since it would be staffed by experts and backed by the federal government. A proposal announced by the White House earlier this year [would put $10 billion](http://www.whitehouse.gov/blog/2011/11/03/five-facts-about-national-infrastructure-bank) in the coffers of such an agency.
Democrats in the Congress [introduced a bill](http://thehill.com/blogs/floor-action/house/189831-dems-introduce-bill-creating-obamas-infrastructure-bank) to fund such an organization in October, but John Mica (R-FL), chairman of the Committee on Transportation and Infrastructure, [has said that](http://transportation.house.gov/news/PRArticle.aspx?NewsID=1421) he would refuse to endorse such a concept. Mica suggests that states are up to the task and that Washington’s involvement would get in the way. Some Democrats have articulated a compromise. Senator Ron Wyden (D-OR), for instance, [introduced a bill](http://wyden.senate.gov/issues/issue/?id=dc854fc4-9c46-4050-b341-e886a6c16b31) that would pass one billion dollars to each state to set up their own infrastructure banks.
A review of the current work of state infrastructure banks, though, raises the question of whether state governments are ready to significantly expand their infrastructure banks.
Consider the experience of five state infrastructure banks in [Florida](http://www.dot.state.fl.us/financialplanning/finance/FHWA-BIENNIAL-2010.pdf), [Ohio](http://www.dot.state.oh.us/Divisions/Finance/SIB%20Annual%20Statements/2010%20SIB%20Annual%20Report.pdf), [Oregon](http://www.oregon.gov/ODOT/CS/FS/docs/other/OTIB2010AnnualReport.pdf), Pennsylvania, and [Texas](http://ftp.dot.state.tx.us/pub/txdot-info/library/pubs/gov/sib/approved.pdf). Total investments have ranged from $60 million in Oregon to $1.1 billion in Florida, which are about a decade old on average. In the case of Pennsylvania, which has had a bank since 1998 and loaned a total of $132 million in 13 years, a $1 billion allocation from Washington such as has been suggested by Senator Wyden would represent a rapid eight-fold increase in spending.

### AT – No Short-term Solvency

#### **NIB would fund shovel-ready projects in the short-term and enhance the economy and competitiveness in the long-term**

Puentes, Brookings Institution Senior Fellow, 11

(Robert, [Felix G. Rohatyn](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7623), Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC [Richard Little](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7624), Director, Keston Institute for Public Finance and Infrastructure Policy [Stephen Goldsmith](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585#expert_roundup_author_7625), New York City Deputy Mayor for Operations
Interviewer(s): [Jonathan Masters](http://www.cfr.org/experts/world/jonathan-masters/b16706), Associate Staff Writer, April 5, 2011, Council on Foreign Relations, “Infrastructure Investment and U.S. Competitiveness,” <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>, accessed 7/20, YGS)

Most experts agree the United States must address the nation's aging network of roads, bridges, airports, railways, power grids, water systems, and other public works to maintain its global economic competitiveness. In 2010, President Barack Obama proposed a national infrastructure bank (PDF) that would leverage public and private capital to fund improvements, and in April 2011 a bipartisan coalition of senators put forward a [similar concept (NYT)](http://www.nytimes.com/2011/03/16/us/politics/16infrastructure.html?partner=rss&emc=rss).

Four experts discuss how the United States can best move forward on infrastructure development. Robert Puentes of the Brookings Institution suggests focusing on increasing exports, low-carbon technology, innovation, and opportunity. Renowned financier Felix Rohatyn endorses the concept of a federally [owned](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585) but independently operated national infrastructure bank that would provide a "guidance-system" for federal dollars. Infrastructure policy authority Richard Little argues that adequate revenue streams are the "first step in addressing this problem," stressing "revenue-based models" as essential. Deputy Mayor of New York City Stephen Goldsmith says that the "most promising ideas" in this policy area involve public-private partnerships.

**[Robert Puentes](http://www.brookings.edu/experts/puentesr.aspx%22%20%5Ct%20%22_blank)**, Senior Fellow, Brookings Institution

Infrastructure is central to U.S. prosperity and global competitiveness. It matters because state-of-the-art transportation, telecommunications, and energy networks--the connective tissue of the nation--are critical to moving goods, ideas, and workers quickly and efficiently and providing a safe, secure, and competitive climate for business operations.

But for too long, the nation's infrastructure policies have been kept separate and apart from the larger conversation about the U.S. economy. The benefits of infrastructure are frequently framed around short-term goals about job creation. While the focus on [employment](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585) growth is certainly understandable, it is not the best way to target and deploy infrastructure dollars. And it means so-called "shovel ready projects" are all we can do while long-term investments in the smart grid, high-speed rail, and modern ports are stuck at the starting gate.

We often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important.

So in addition to the focus on job growth in the short term, we need to rebalance the American economy for the long term on several key elements: higher exports, to take advantage of rising global demand; low-carbon technology, to lead the clean-energy revolution; innovation, to spur growth through ideas and their deployment; and greater opportunity, to reverse the troubling, decades-long rise in inequality. Infrastructure is fundamental to each of those elements.

Yet while we know America's infrastructure needs are substantial, we have not been able to pull together the resources to make the requisite investments. And when we do, we often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important. If designed and implemented appropriately, it would be a targeted mechanism to deal with critical [new investments](http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585) on a merit basis, while adhering to market forces and leveraging the private capital we know is ready to invest here in the United States.

#### **Bank is key – expert authors agree – it focuses on merits, not politics, it will fund ready projects within the next year, it is the ONLY way to boost competitiveness – states and the private sector solely won’t solve**

PR Newswire, 10

(Cites a plethora of expert authors, including Puentes, January 20, “Coalition Urges Congress and Obama Administration to Create National Infrastructure Bank,” <http://www.smartgridnews.com/artman/uploads/1/NIB.pdf>, p. 1-3, accessed 7/20/12, YGS)

WASHINGTON, Jan. 20 /PRNewswire-USNewswire/ -- Today, at a news conference on Capitol Hill, a broad coalition of members of Congress, experts and stakeholders called on Congress and the Obama Administration to create a National Infrastructure Bank (NIB) to help generate the investment needed for infrastructure projects of regional and national importance.

"America needs a variety of methods -- action by the government and private sector, current and new revenues, and federal leadership and local innovation -- to repair and modernize our nation's infrastructure," said Governor Ed Rendell (PA), Co-chair, Building America's Future. "A National Infrastructure Bank should play a role as a funding and financing vehicle for projects that have major national or regional impact. This is an important reform that is urgently needed to address our nation's infrastructure funding shortfalls."

A National Infrastructure Bank would help improve the nation's roads and highways, bridges, ports, rail (freight and passenger), drinking and waste water treatment plants, smart grid, broadband, and schools.

 "Too many of our cities have structurally deficient bridges and outdated water and sewer pipes still made of wood," said Governor Arnold Schwarzenegger (CA), Co-chair, Building America's Future. "Faced with shrinking revenues and budget deficits, the National Infrastructure Bank could help finance projects that will allow cities and states to provide the high quality of life and safety our citizens deserve."

A National Infrastructure Bank could also serve as an effective vehicle to ensure that long-term funding was maximized and allocated to projects based on merit, rather than politics.

"Funding infrastructure projects that are in the pipeline and can be started in the next year is one of the most effective ways Congress can support job creation and economic growth," said Mayor Michael Bloomberg (NYC), Co-chair, Building America's Future. "But we have to go further, with long-term reform of how projects get built in this country. One way to do that is through creation of an independent, nonpartisan entity -- a National Infrastructure Bank -- that would fund our most vital needs based on merit, not politics."

"Any strategy for long-term job creation and economic growth must be centered on moving from a consumption economy to an economy that puts people to work building things again," said Representative Rosa DeLauro (DCT). "That is why I introduced the National Infrastructure Development Bank Act, to establish an independent entity that can objectively leverage significant investment into the transportation, environmental, energy and telecommunications infrastructure systems critical to rebuilding America and keeping us competitive in the 21st century. The coalition assembled today demonstrates the broad support behind moving forward with the establishment of a National Infrastructure Bank as part of a bold, forward-looking and transformative U.S. infrastructure policy." "With a National Infrastructure Bank, Los Angeles and other cities could jump start sustainable transit and infrastructure projects and energize the economic recovery," said Los Angeles Mayor Antonio Villaraigosa (D). "It's a win-win for everyone -- for jobs, the environment, public health, and the economy."

"A national infrastructure that facilitates America's competitive position in the 21st century will be essential for our future," said former Senator Chuck Hagel (R-NE). "New and creative thinking and institutions, like a National Infrastructure Bank, will be required to finance this critical infrastructure." "Establishing a National Infrastructure Bank is a solution that both sides of the aisle can readily embrace for the simple fact that it is sure-fire economic policy," stated former House Democratic Leader Dick Gephardt (D-MO), President and CEO, Gephardt Government Affairs. "The urgency for jobs felt by individuals on Main Street is more acute than ever. A National Infrastructure Bank will fuel economic opportunities at the local, state and national levels. We need the smartest policies in place now to ensure that the federal government does what it can to improve our nation's infrastructure while at the same time improving our economy."

"An independent, adequately capitalized National Infrastructure Bank could leverage significant private investment to rebuild America, strengthening our global competitiveness and creating jobs on a large scale," said Ambassador Felix Rohatyn, President, FGR Associates LLC.

"Whether we're talking about billions of dollars lost as a result of traffic each year or billion gallons of water lost through leaky pipes, failing infrastructure has a negative impact on the checkbook and quality of life of each and every American. Despite this, we have continued to woefully under-invest," said Andrew W. Herrmann, P.E., F.ASCE, Chair of the American Society of Civil Engineers' 2009 Report Card for America's Infrastructure Advisory Council. "Creating an Infrastructure Bank, however, will provide a dedicated source of finance and funding tools we can use to support projects of regional and national significance. We're all familiar with that concept from the work we've done to maintain our own homes or cars, so it shouldn't be surprising that it's going to take the same kind of long-term, sustained investment to improve the nation's infrastructure."

"It will continue to be difficult, if not impossible, to build the kind of complex, multi-year infrastructure projects we need to remain globally competitive without having a viable National Infrastructure Bank," said Stephen E. Sandherr, CEO, Associated General Contractors of America (AGC). "We need a comprehensive approach to tackling our infrastructure that includes robust multi-year funding, significant regulatory reforms and a National Infrastructure Bank."

"While a National Infrastructure Bank is no silver bullet, if appropriately designed and with sufficient political autonomy, it could improve both the efficiency and effectiveness of future federal infrastructure projects of national significance," said Robert Puentes, Senior Fellow, Brookings Institution's Metropolitan Policy Program.

"As the nation struggles to address its growing transportation infrastructure needs, policymakers need to consider all current and new opportunities to support investments in these areas," said Pete Ruane, President and CEO, American Road & Transportation Builders Association (ARTBA). "A National Infrastructure Bank must be included in that evaluation."

"In this era of constrained finances and mounting needs on a national scale, the Infrastructure Bank would spur innovation in funding large-scale transportation projects critical to job creation and to our future economy," said James Corless, Director, Transportation for America. "Because projects would compete based on merit, it would help to select the investments that do the most to advance our national goals, whatever the mode: rail, highway, ports or public transportation."

"Sound water and wastewater infrastructure is necessary to public health, a successful economy, and our way of life," said Tom Curtis, Deputy Executive Director, American Water Works Association (AWWA). "A National Infrastructure Bank would provide America's water and sewer systems with low-cost capital to increase investment in this vital sector."

"Investing in infrastructure creates jobs in the short term and economic growth in the long term," said Robert L. Borosage, Co-Director, Campaign for America's Future. "A National Infrastructure Bank is a vital step to rebuilding our economy and keeping us competitive in the global marketplace."

"Working people across the country are anxious to see what their elected representatives will do to address the crisis in American manufacturing," said United Steelworkers International President Leo W. Gerard. "Creating a National Infrastructure Bank and passing the jobs bill are two ways the current Congress can demonstrate their commitment to workers and their families."

"History has shown that when our nation invests in its core infrastructure needs, economic progress inevitably follows," said Mark H. Ayers, President, Building and Construction Trades Department (AFL-CIO). "This is important to remember as we grapple to address the twin problems of economic growth and job creation. Infrastructure development was the key driver that fueled our nation's industrial dominance in the 20th century, and it can be poised to do so again in the 21st century. To meet our long-term infrastructure needs we need the establishment of a National Infrastructure Bank, whereby federal resources will be allocated more efficiently and effectively. When the National Infrastructure Bank is operational, America's Building Trades Unions and our members will be ready to build the infrastructure that our 21st century economy so desperately needs."

"CMAA strongly supports creation of a National Infrastructure Bank because it would depoliticize infrastructure investment and create major new opportunities to fund vitally important projects," said Bruce D'Agostino, President and CEO, Construction Management Association of America (CMAA). "We simply must make it a national priority to repair, modernize, and expand our transportation and other resources. We need a sound long-term strategy that devotes adequate and consistent funding to these tasks. They cannot be dealt with successfully through any series of quick fixes. We also need to assure that this major funding is spent with accountability, transparency, and maximum application of recognized Construction Management Standards of Practice."

"America's infrastructure faces critical needs that unfortunately go well beyond the capacity of the traditional funding mechanisms currently in existence," said David A. Raymond, President, American Council of Engineering Companies (ACEC), the business association of America's engineering industry, representing more than 5, 500 engineering companies and more than half a million engineers and related professional services employees nationwide. "We need to expand those core funding programs, but it's absolutely essential that we go further and employ new financing tools like the National Infrastructure Bank to meet urgent and critical infrastructure needs."

"If we're going to maintain the ability to move people, goods, and ideas that allowed America to become the most prosperous nation in the world, we need to make significant investments in a 21st century infrastructure," said Jim Kessler, Vice President for Policy, Third Way. "A National Infrastructure Bank would make a critical contribution by supporting projects on merit and harnessing public and private capital to bridge the infrastructure gap."

### Bank Solves Multi-Regional Projects

#### NIB solves multi-regional projects

Puentes, Metropolitan Policy Program Senior Fellow, 7-16-12

(Robert, 7-16-12, Brookings, “What Would an Infrastructure Bank Really Do?" http://www.brookings.edu/up-front/posts/2012/07/16-infrastructure-bank-puentes, accessed 7-20-12, CNM)

The related second point is that an NIB would ideally focus on projects that are truly national in scope. Not that they're giant mega projects traversing the continent but that they connect to larger national goals. If we truly had a multi-modal freight plan, one could envision the NIB supporting projects necessary to fulfill its goals. Or else projects that are part of a national renewable energy strategy. Then because the projects have national purpose and intent, they should be granted priority and expedited through the federal review process. The point here is that a NIB shouldn't be established to enable us to keep doing what we've always done.

## Competitiveness

### Bank Solves Competitiveness

#### **NIB boosts competiveness – makes movement of goods streamlined**

Puentes et al., Brookings Institute Senior Fellow, 11

(Robert Puentes, Senior Fellow, Brookings Institution Felix G. Rohatyn, Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC Richard Little, Director, Keston Institute for Public Finance and Infrastructure Policy Stephen Goldsmith, New York City Deputy Mayor for Operations, April 5, 2011, “Infrastructure Investment and U.S. Competitiveness,” <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>, Date Accessed: 7/20, JS)

Infrastructure is central to U.S. prosperity and global competitiveness. It matters because state-of-the-art transportation, telecommunications, and energy networks--the connective tissue of the nation--are critical to moving goods, ideas, and workers quickly and efficiently and providing a safe, secure, and competitive climate for business operations.

 But for too long, the nation's infrastructure policies have been kept separate and apart from the larger conversation about the U.S. economy. The benefits of infrastructure are frequently framed around short-term goals about job creation. While the focus on employment growth is certainly understandable, it is not the best way to target and deploy infrastructure dollars. And it means so-called "shovel ready projects" are all we can do while long-term investments in the smart grid, high-speed rail, and modern ports are stuck at the starting gate.

 We often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important.

 So in addition to the focus on job growth in the short term, we need to rebalance the American economy for the long term on several key elements: higher exports, to take advantage of rising global demand; low-carbon technology, to lead the clean-energy revolution; innovation, to spur growth through ideas and their deployment; and greater opportunity, to reverse the troubling, decades-long rise in inequality. Infrastructure is fundamental to each of those elements.

 Yet while we know America's infrastructure needs are substantial, we have not been able to pull together the resources to make the requisite investments. And when we do, we often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important. If designed and implemented appropriately, it would be a targeted mechanism to deal with critical new investments on a merit basis, while adhering to market forces and leveraging the private capital we know is ready to invest here in the United States.

 Building the next economy will require deliberate and purposeful action, across all levels of government, in collaboration with the private and nonprofit sectors. Infrastructure is a big piece of that.

Bank solves competitiveness

United States Senate Committee on Banking, Housing & Urban Affairs 10

(September 21, 2010, “DODD STATEMENT ON NATIONAL INFRASTRUCTURE BANK HEARING,” <http://banking.senate.gov/public/index.cfm?FuseAction=Newsroom.PressReleases&ContentRecord_id=34b7d974-ca0b-17bc-cc68-41d538a3e278>, accessed 7/20/12, YGS)

Below is Chairman Dodd’s full statement as prepared for delivery:

 “Today, we are here to discuss how investing in our public infrastructure can help to strengthen our economic recovery and create well-paying jobs for American workers.

“In 1955, President Dwight Eisenhower sent a message to Congress.  In it, he called on Congress to meet the challenge presented by a national economy that was rapidly outgrowing its capacity to transport people and goods.  The result of that message was a monumental federal investment in our national infrastructure--our Interstate Highway System.

“Eisenhower’s initiative was broad in scope, and bold in conception. It built upon over a century of investments in our railroads, ports, water and sewer systems, and other infrastructure.  These investments helped build the world’s strongest economy.

“Now other nations are catching up and focusing a greater share of resources on infrastructure investment than the United States.  China puts 9 percent of its GDP towards infrastructure projects and India contributes 5 percent.

“These countries are focused on providing their citizens with fast, reliable transit options.  They are lowering their reliance on fossil fuels.

“They are making investments on the scale that our nation made early in the 20th century—but they are focusing on the needs of a 21st century economy.

“We cannot afford to lose our competitive advantage.

“We need to do better.  This includes passing a long-term surface transportation bill which will remain the backbone of our transportation policy.  Only a long-term bill can give our state and local governments the certainty they need to ramp up investments in our road, transit, and rail infrastructure.  While these investments are vital to the health of our transportation systems, we also need a new approach to infrastructure finance.

“A National Infrastructure Bank will build on our nation’s legacy of bold, innovative investments in public infrastructure.  It would complement our current infrastructure financing programs in a manner that delivers taxpayers the best bang for their buck.

“First, an infrastructure bank would create a competitive, merit-based process to distribute money.  Projects would be subject to cost-benefit analysis to determine their national and regional economic impact.

“Second, a well-designed National Infrastructure Bank would leverage state, local, and private funds to support these investments.  With the current system of formula grants, states often simply substitute federal funding for state funding.  The Infrastructure Bank’s competitive selection process can reward those projects that best leverage new public or private funding to expand the pie, not just rearrange the slices.

“Lastly, it would allow us to shift our focus from the near-term to the long-term.  This will provide opportunities to fund large projects of national and regional significance, projects that require vision and patience. Investments like these will fuel our economy and create jobs over the long-term.

“With my former colleague Senator Chuck Hagel, I originally proposed legislation that would have established such a bank on August 1st, 2007.  Our announcement received little notice or fanfare—until a few hours later when the tragic I-35 bridge collapse happened in Minnesota.  I’d like to applaud President Obama—who cosponsored my 2007 legislation—for his continued support of this important idea.

“This is our opportunity to embrace the legacy of big-picture thinking that led to investments on the scale of the Interstate Highway System.  By establishing a National Infrastructure Bank, we’re affirming our commitment to building a prosperous 21st century economy.”

## Economy Advantage

### Bank Solvency – Jobs

#### **NIB would choose projects that create jobs and strengthen our infrastructure**

Indiviglio, The Atlantic, associate editor, 10

(Daniel, 9-15-10, The Atlantic, “Would a National Infrastructure Bank Help?,” <http://www.theatlantic.com/business/archive/2010/09/would-a-national-infrastructure-bank-help/63052/>, accessed 7-20-12, LH)

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

### AT – Infrastructure Doesn’t Boost the Economy

#### **Status quo projects don’t help the economy – project selection problem – plan’s focus on projects solves**

Ehrlich, ESC Company, business economist, 10

(Everett, October 2010, Progressive Policy Institute, “A National Infrastructure Bank: A Road Guide to the Destination,” <http://progressivepolicy.org/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>, p. 4, accessed 7-20-12, LH)

An associated source of delay is the carrying capacity of the jurisdiction in question. It seems unlikely that good, overdue projects in Illinois or Harrisburg – places in different stages of insolvency – will get built anytime soon. More generally, funds allocated to infrastructure projects too often follow the creditworthiness of the jurisdiction, not that of the project itself. This makes it harder for communities and regions to make the investments that might help in their economic improvement.

### Double Dip Coming

#### Double dip coming now – many reasons

Philips, Bloomberg Businessweek associate editor, 7-19-12

(Matthew, Bloomberg, "Economists Argue If U.S. Economy Recovering or Back in Recession," http://www.bloomberg.com/news/2012-07-19/economists-argue-if-u-s-economy-recovering-or-back-in-recession.html, accessed 7-20-12, CNM)

“This is the most bizarre business cycle I’ve ever seen,” says David Rosenberg, chief economist at Gluskin Sheff & Associates, who thinks the U.S. is “uncomfortably close” to a recession, Bloomberg Businessweek reports in its July 23 edition. The question Rosenberg and some other economists are now asking is not if the U.S. will dip back into recession, but when. Or whether it already has.

After a promising start to the year, economic activity has faded considerably. Job growth is down. Growth forecasts have been pared back. And manufacturing, a bright spot in an otherwise meager recovery, has weakened. “I believe the economy is in a recession already,” says Lakshman Achuthan, co-founder of the Economic Cycle Research Institute. A poll conducted by the Washington Post in April found that 76 percent of Americans still believed the U.S. was in recession, even though the economy has been growing since June 2009. Achuthan sees plenty of evidence showing the economy is shrinking. A few data points that back up his assertion:

Falling Sales

- Declining consumption. June marked the third consecutive month of falling retail sales, the first time that’s happened since 2008. Household consumption still accounts for roughly 70 percent of U.S. economic activity. Consumers have spent much of the past three years working off the huge amounts of debt they took on during the boom years, so their spending has been sporadic, and they still have a long way to go toward deleveraging. The U.S. household debt-to-income ratio is still 114 percent, down from 133 percent at its peak. Until that comes down, consumer spending is likely to be depressed.

- Factory output is slumping. The manufacturing index of the Institute for Supply Management dipped in June to 49.7. Any figure below 50 means the sector is shrinking. It was the first sub-50 reading in nearly three years.

- Consumers remain gloomy. Despite an upward blip earlier this year, Bloomberg’s weekly Consumer Comfort Index is still around levels seen early in the recession that ended in June 2009.

#### Signs of economic recovery now

Philips, Bloomberg Businessweek associate editor, 7-19-12

(Matthew, Bloomberg, "Economists Argue If U.S. Economy Recovering or Back in Recession," http://www.bloomberg.com/news/2012-07-19/economists-argue-if-u-s-economy-recovering-or-back-in-recession.html, accessed 7-20-12, CNM)

Little Optimism

Although most economists scoff at Achuthan’s early recession call, they’re not exactly countering it with optimism. Joseph LaVorgna, chief U.S. economist at Deutsche Bank, recently revised down his GDP forecast for the second quarter by a full percentage point to 1.4 percent. On July 13, LaVorgna told Bloomberg Businessweek that he was worried his revision wasn’t low enough. Two days later he pushed it down to 1 percent. Goldman Sachs Chief Economist Jan Hatzius, only slightly less bearish, has revised his second-quarter estimate to 1.1 percent. On July 16 bond king Bill Gross of Pimco tweeted that the U.S. is “approaching recession.”

Still, there are reasons to believe we’re not there yet:

- The housing sector is healing. More than six years after the bubble burst, home prices appear to have bottomed for real this time. The S&P/Case-Shiller Home Price Index showed that average home prices rose 1.3 percent in April, ending seven consecutive months of declines. A lot of the vacant and unsold homes that were weighing on the market have been bought up over the past year, fueling fresh construction. Housing starts in June were at their highest level since October 2008.

Gasoline Prices

- Consumers are getting some relief at the pump. The national average price for a gallon of gasoline has fallen more than 50¢ since April. It typically takes a while for those savings to flow through the economy, but it should add some room for consumers to spend a bit more this summer.

- Pay is up. Though incomes have stagnated through the recovery, the most recent jobs report showed that not only did employees work longer hours in June, but wages also grew. Over the last 12 months, average hourly earnings for private-sector employees grew 2 percent.

### Double-Dip Timeframe Booster

#### Once the double dip recession occurs, collapse happens in a week

Chestney, Reuters, 12

(Nina, writer for Reuters, the news agency, “Global economy could endure disaster for a week-report,” <http://www.reuters.com/article/2012/01/06/disasters-economy-idUSL6E8C53VG20120106>, Date Accessed: 7/20, JS) \*citing Chatham house, a UK-based government think-tank.

**"One week seems to be the maximum tolerance of the 'just-in-time' global economy**," Chatham House said. The world's economy is currently fragile, leaving it particularly vulnerable to unforeseen shocks. Up to 30 percent of developed countries' gross domestic product could be directly threatened by crises, especially in the manufacturing and tourism sectors, it said.

### AT – Growth Now – GDP

#### GDP doesn’t indicate economic growth

Philips, Bloomberg Businessweek associate editor, 7-19-12

(Matthew, Bloomberg, "Economists Argue If U.S. Economy Recovering or Back in Recession," http://www.bloomberg.com/news/2012-07-19/economists-argue-if-u-s-economy-recovering-or-back-in-recession.html, accessed 7-20-12, CNM)

The thing about a recession is that you typically don’t know you’re in one until it’s been around for a while. Broadly defined, an economy is in recession not just when it’s operating below capacity, but when it’s outright shrinking. Exactly what constitutes that shrinkage, though, can be fuzzy. The most cited rule of thumb, two consecutive quarters of declining output, doesn’t always apply. Gross domestic product is often positive when a recession starts. That’s why recoveries sometimes don’t feel much different than recessions.

### US Economy Key to Global Economy

#### US key to the global economy

Bayer, KAFAN Information Services head, ’10

(Alexei, head of KAFAN FX Information Services, “If the U.S. No Longer Leads, Who Will?”, 4-1, [http://www.researchmag.com/Issues/2010/April-1-2010/Pages/If-the-US-No-Longer-Leads,-Who-Will.aspx](http://www.researchmag.com/Issues/2010/April-1-2010/Pages/If-the-US-No-Longer-Leads%2C-Who-Will.aspx), Date Accessed: 7/20, JS)

The United States is indeed suffering a period of economic drift, but it isn’t a real problem. True, we have been living beyond our means, running enormous budget deficits and getting a free ride on the dollar, buying more abroad than we can afford and letting others support the global reserve currency. But none of this would have prevented the United States from carrying on as a global leader. In fact, by running budget deficits and sustaining domestic consumption, the United States has provided a market for the rest of the world to develop — which many countries have done successfully, most notably Mexico, India and China. Since the end of World War II, the United States has been consistently running trade deficits, providing dollars which the rest of the world needed in order to invest at home and to stabilize their domestic financial systems. Finally, even excessive government borrowing is not a major problem over the short term. The U.S. Treasury supplies the global financial system with safe and secure instruments which savers around the world use to keep their savings. The United States has been getting paid dividends for setting up the global economic and financial system and acting as its guarantor. The system has been working well, and both the United States and its creditors benefit from it. In the 1960s, European central banks — with the notable exception of the Bank of France — held on to their paper dollars even though they could exchange them for gold at the U.S. Federal Reserve. In the 1970s, oil exporters held vast amounts of U.S. debt. Now, Japan, China, Russia and other exporters keep buying U.S. Treasuries because they all have an interest in preserving this system. Political Instability Nevertheless, the United States has lost its ability to lead — and did so all of a sudden, seemingly overnight. A decade ago, when the dot.com bubble burst and corporate malfeasance came to light, the U.S. government implemented tough measures, notably the Sarbanes-Oxley Act. Even though U.S. regulators were criticized for excessive zeal and unfavorably compared to hands-off regulation in the U.K., the subsequent financial crisis, which hit London-listed shares especially hard, showed which approach was correct. But in the current crisis, the United States seems unable to provide any useful solutions or models not only for the rest of the world but, most importantly, for its own economy. It has no plausible way to achieve sustainable growth and bring back the 8.4 million domestic jobs lost since the start of 2008. The government is gridlocked. None of the crucial issues dividing society and weighing on the economy — from immigration laws to overhaul of the financial sector to health care reform — have been resolved. New York Times columnist Thomas Friedman wrote recently that foreign participants of the 2010 World Economic Forum in Davos, Switzerland, kept taking him aside and asking what was going on in Washington. For the first time, he notes, the rest of the world has started to worry about political stability in the U.S. — words that used to be reserved for Third World countries. Replacing the Leader With the United States losing its leadership role, a preoccupation with a new leader (or a group of leaders in a collective leadership function) and a new reserve currency is understandable. But it has been a pitiful, unedifying and somewhat comic exercise in circular reasoning. To get away from a U.S.-dominated world you need a leader to rally others and to lead the process. Unfortunately, no such leader has been able to emerge. No nation has been willing or able to assume responsibility or take on the cost of leadership. Nor are there many people in the world who would want to voluntarily entrust their fate to China or Russia — not to mention Germany or Japan. As to a collective leadership, world bodies such as the United Nations are notoriously fractious and incapable of effective decision-making. Time and time again, in every issue of international politics or economics, we have seen that unless Washington steps in very little gets done. In addition to political will, the sheer weight of the United States in the global economy ensures that no other nation can step into its shoes. Early on, the International Monetary Fund came up with a synthetic currency, the SDR. However, since the composite currency has to reflect global economic realities, the dollar still dominates the SDR. Its weighting in the currency fell below 40 percent in the 1990s, but it is now up to 44 percent once more. Leaderless = Rudderless The United States has a resilient political system and a highly flexible economic system, which is still ahead of the rest of the world in what counts most — science, technology and innovation. The dollar, despite the free ride the United States has been enjoying at its expense over the past two decades, still fluctuates within a fairly narrow corridor. Whenever it falls to the bottom of its historic fluctuation range, U.S. productive and financial assets become cheap from the perspective of foreign investors and they bid up the dollar once more. Nevertheless, over the near and medium term, the United States will go through a period of inaction while the country remains bitterly divided and unsure as to the kind of economy or even political entity it wants to be. Until it makes up its mind, it will not be able to recover fully from this downturn and to maintain international economic leadership. As a result, the world economy, too, will remain weak and unstable. Indeed, it is a dangerous illusion to expect the world to grow without a U.S. recovery. China and India avoided a recession, and a number of economies, notably Brazil, bounced back by mid-2009 after an initial slump. However, Chinese leaders have acknowledged that their domestically led recovery is running into problems, as consumer debt becomes unsustainable and real estate and financial bubbles are starting to develop. The Chinese central bank is moving to curb the orgy of lending which Chinese banks enjoyed last year on the urging of the government. Without a recovery in the export sector — meaning, a rebound in U.S. demand — no sustainable growth in China is likely. On the contrary, China will have to mothball or destroy productive capacities which were created over the past decade to meet U.S. demand. While this happens, we may see a series of price wars which could lead to falling consumer prices in the global economy, collateral damage to other manufacturers in Asia, Latin America and elsewhere and a blow to commodities producers such as Brazil, Australia, South Africa and oil exporters. Even though some central banks around the world, notably in Australia, Israel and Norway, started to raise their interest rates in the second half of last year, the world economy is not out of the woods yet. **Without the United States to lead the world out of a recession, a double-dip downturn remains a distinct possibility.**

#### U.S. economy key to global economy – perception of slowdown spills over

Dees, DG-Economics Principle Economist, and Saint-Guilhem, European Central Bank research, 09

(Stephan and Arthur, March 2009, European Central Bank, "THE ROLE OF THE UNITED STATES IN THE GLOBAL ECONOMY AND ITS EVOLUTION OVER TIME," www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1034.pdf, accessed 7-20-12, CNM)

The U.S. economy is very often seen as “the engine” of the world economy. AS a result, any sign of slowdown in the United States raises concerns about harmful spillovers to the other economies. The current economic recession in the United States has questioned the ability of the global economy to “decouple” from U.S. cyclical developments. While there were some signs of decoupling in the first quarters following the U.S. downturn, they disappeared rapidly towards the end of 2008, when the crisis became more global and the economic cycles turned out to be more synchronous across the world.

While the increasing economic integration at the world level and the resulting emergence of large economic players, like China, is likely to have weakened the role of the U.S. economy as a driver of global growth, the influence of the United States on other economies remains however larger than direct trade ties would suggest. Third-market effects together with increased financial integration tends to foster the international transmission of cyclical developments.

#### US is key to the world economy – 2008 proves

Caploe, American Centre for Applied Liberal Arts and Humanities in Asia CEO, 9

(David, written articles on the economy for the New York Times Magazine, Daily Yomiuri in Tokyo, and Strait Times in Singapore, 4/23/2009, My Trading Scrap Blog," Focus still on America to lead global recovery," http://thisblogmyblog.blogspot.com/2009/04/focus-still-on-america-to-lead-global.html, accessed 7-20-12, CNM)

IN THE aftermath of the G-20 summit, most observers seem to have missed perhaps the most crucial statement of the entire event, made by United States President Barack Obama at his pre-conference meeting with British Prime Minister Gordon Brown: 'The world has become accustomed to the US being a voracious consumer market, the engine that drives a lot of economic growth worldwide,' he said. 'If there is going to be renewed growth, it just can't be the US as the engine.' While superficially sensible, this view is deeply problematic. To begin with, it ignores the fact that the global economy has in fact been 'America-centred' for more than 60 years. Countries - China, Japan, Canada, Brazil, Korea, Mexico and so on - either sell to the US or they sell to countries that sell to the US. To put it simply, Mr Obama doesn't seem to understand that there is no other engine for the world economy - and hasn't been for the last six decades. If the US does not drive global economic growth, growth is not going to happen. Thus, US policies to deal with the current crisis are critical not just domestically, but also to the entire world. This system has generally been advantageous for all concerned. America gained certain historically unprecedented benefits, but the system also enabled participating countries - first in Western Europe and Japan, and later, many in the Third World - to achieve undreamt-of prosperity. At the same time, this deep inter-connection between the US and the rest of the world also explains how the collapse of a relatively small sector of the US economy - 'sub-prime' housing, logarithmically exponentialised by Wall Street's ingenious chicanery - has cascaded into the worst global economic crisis since the Great Depression. To put it simply, Mr Obama doesn't seem to understand that there is no other engine for the world economy - and hasn't been for the last six decades. If the US does not drive global economic growth, growth is not going to happen. Thus, US policies to deal with the current crisis are critical not just domestically, but also to the entire world. Consequently, it is a matter of global concern that the Obama administration seems to be following Japan's 'model' from the 1990s: allowing major banks to avoid declaring massive losses openly and transparently, and so perpetuating 'zombie' banks - technically alive but in reality dead. As analysts like Nobel laureates Joseph Stiglitz and Paul Krugman have pointed out, the administration's unwillingness to confront US banks is the main reason why they are continuing their increasingly inexplicable credit freeze, thus ravaging the American and global economies. Team Obama seems reluctant to acknowledge the extent to which its policies at home are failing not just there but around the world as well. Which raises the question: If the US can't or won't or doesn't want to be the global economic engine, which country will? The obvious answer is China. But that is unrealistic for three reasons. First, China's economic health is more tied to America's than practically any other country in the world. Indeed, the reason China has so many dollars to invest everywhere - whether in US Treasury bonds or in Africa - is precisely that it has structured its own economy to complement America's. The only way China can serve as the engine of the global economy is if the US starts pulling it first. Second, the US-centred system began at a time when its domestic demand far outstripped that of the rest of the world. The fundamental source of its economic power is its ability to act as the global consumer of last resort. China, however, is a poor country, with low per capita income, even though it will soon pass Japan as the world's second largest economy. There are real possibilities for growth in China's domestic demand. But given its structure as an export-oriented economy, it is doubtful if even a successful Chinese stimulus plan can pull the rest of the world along unless and until China can start selling again to the US on a massive scale. Finally, the key 'system' issue for China - or for the European Union - in thinking about becoming the engine of the world economy - is monetary: What are the implications of having your domestic currency become the global reserve currency? This is an extremely complex issue that the US has struggled with, not always successfully, from 1959 to the present. Without going into detail, it can safely be said that though having the US dollar as the world's medium of exchange has given the US some tremendous advantages, it has also created huge problems, both for America and the global economic system. The Chinese leadership is certainly familiar with this history. It will try to avoid the yuan becoming an international medium of exchange until it feels much more confident in its ability to handle the manifold currency problems that the US has grappled with for decades. Given all this, the US will remain the engine of global economic recovery for the foreseeable future, even though other countries must certainly help. This crisis began in the US - and it is going to have to be solved there too. The writer is the CEO of the Singapore-incorporated American Centre for Applied Liberal Arts and Humanities in Asia.

#### US economy key to Asian economies – financial and commercial ties

Bradsher and Peters, New York Times, 7

(Keith and Jeremy, 7-17-07, New York Times, " Asia Seen as Better Able to Deflect Waves From U.S.," http://www.nytimes.com/2007/08/17/business/worldbusiness/17global.html?\_r=1&pagewanted=2, accessed 7-20-12, CNM)

Although Asian economies may not need the United States as much as they once did, financial and commercial ties remain strong and could prove to be a drag on the region. Moreover, said Lewis S. Alexander, chief economist at Citigroup, “if the United States economy were to go into a recession, you’d see a bigger impact abroad. The fact the world has done relatively well when the U.S. has had a slowdown does not mean if the U.S. had a recession, the rest of the world could go on relatively unaffected.”

Indeed, as a percentage of its total economic output, China is still more than 25 times as dependent on exports to the United States as the United States is on exports to China.

The bulk of Chinese exports to the United States are products for which the components are largely imported from elsewhere in Asia and snapped together by rows of Chinese workers under fluorescent lights. A serious slowdown in such businesses, for which China supplies little more than cheap labor, could still result in large-scale layoffs.

### Economic Collapse Impact

#### Economic collapse causes nuclear war

**Harris, Cambridge Ph.D, and Burrows, NIC’s Long Range Analysis Unit, ‘9**

(Mathew, PhD European History at Cambridge, counselor in the National Intelligence Council (NIC) and Jennifer, member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf>, Date Accessed:7/20, JS)

Increased Potential for Global Conflict

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample Revisiting the Future opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups\_inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks\_and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises. 36 Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

### Economic Decline Causes Nuclear War

#### A decreased domestic economy invites foreign economic dominance; causes the US to lash out with nuclear weapons, causing extinction

Roberts, Assistant Secretary of the Treasury in the Reagan Administration, 7/9/12

(Dr. Paul Craig Roberts is an American economist and a columnist for Creators Syndicate. He served as an Assistant Secretary of the Treasury in the Reagan Administration earning fame as a co-founder of Reaganomics.[1] He is a former editor and columnist for the Wall Street Journal, Business Week, and Scripps Howard News Service who has testified before congressional committees on 30 occasions on issues of economic policy. July 9, 2012, Centre for Research on Globalization, "The Collapsing US Economy and the 'End of the World,'" http://www.globalresearch.ca/index.php?context=va&aid=31825, accessed 7-20-12, CNM)

Politicians and the Federal Reserve are making the outlook even worse. At a time of high unemployment and debt-stressed households, politicians at local, state, and federal levels are cutting back on government provision of health care, pensions, food stamps, housing subsidies and every other element of the social safety net. These cutbacks, of course, further reduce aggregate demand and the ability of income-stressed Americans to survive.

The Federal Reserve has interest rates so low that retirees and others living on their savings can earn nothing on their money. The interest rates paid on bank CDs and government and corporate bonds are lower than the rate of inflation. To live on interest income, a person has to purchase Greek, Spanish, or Italian bonds and run the risk of capital loss. The Federal Reserve’s policy of negative interest rates forces retirees to spend down their capital in order to live. In other words, the Fed’s policy is destroying personal savings as people are forced to spend their capital in order to cover living expenses.

In June the Federal Reserve announced that it was going to continue its policy of driving nominal interest rates even lower, this time focusing on long-term Treasury bonds. The Fed said it would be purchasing $400 billion of the Treasury’s 30-year bonds.

Driving interest rates down means driving bond prices up. With 5-year Treasury bonds paying only seven-tenths of one percent and 10-year Treasuries paying only 1.6%, below even the official rate of inflation, Americans desperate for yield move into 30-year bonds currently paying 2.7%. However, the the high bond prices mean that the risk of capital loss is very high.

The Fed’s debt monetization, or a drop in the exchange value of the dollar as other countries move away from its use to settle their balance of payments, could set off inflation that would take interest rates out of the Fed’s control. As interest rates rise, bond prices fall.

In other words, bonds are now the bubble that real estate, stocks, and derivatives were. When this bubble pops, Americans will take another big hit to their remaining wealth.

It makes no sense to invest in long-term bonds at negative interest rates when the federal government is piling up debt that the Federal Reserve is monetizing and when other countries are moving away from the flood of dollars. The potential for a rising rate of inflation is high from debt monetization and from a drop in the dollar’s exchange value. Yet, bond fund portfolio managers have to follow the herd into longer term maturities or see their performance relative to their peers drop to the bottom of the rankings.

Some individual investors and foreign central banks, anticipating the dollar’s loss of value, are accumulating gold and silver bullion. Realizing the danger to the dollar and its policy from the rapid rise in the price of bullion during 2011, the Federal Reserve has arranged offsetting action. When the demand for physical bullion drives up the price, short sales of bullion in the paper market are used to drive the price back down.

Similarly, when investors begin to flee Treasuries, thus causing interest rates to rise, J.P. Morgan and other dependencies of the Federal Reserve sell interest-rate swaps, thus offsetting the effect on interest rates of the bond sales. (Keep in mind that interest rates rise when bond prices fall and vice versa.)

The point of all this information is to establish that except for the 1 percent, the incomes and wealth of Americans are being cut back across the board. From 2002 through 2011 the economy lost 3.5 million manufacturing jobs. These jobs were replaced with lower-paying waitress and bartender jobs (1,189,000), ambulatory health care service jobs (1,512,000) and social assistance jobs (578,000).

These replacement jobs in domestic services mean that on a net basis US consumer income was moved out of the country. Potential aggregate demand in the US dropped by the differences in pay in the job categories. Clearly and unambiguously, jobs offshoring lowered US disposable income and US GDP and, thereby, employment.

Despite the lack of an economic base, Washington’s hegemonic aspirations continue unabated. Other countries are amused at Washington’s unawareness. Russia, China, India, Brazil, and South Africa are forming an agreement to abandon the US dollar as the currency for international settlement between themselves.

On July 4 the China Daily reported: "Japanese politicians and prominent academics from China and Japan urged Tokyo on Tuesday to abandon its outdated foreign policy of leaning on the West and accept China as a key partner as important as the United States. The Tokyo Consensus, a joint statement issued at the end of the Beijing-Tokyo Forum, also called on both countries to expand trade and promote a free-trade agreement for China, Japan and South Korea."

This means that Japan is in play.

The Chinese government, more intelligent than Washington, is responding to Washington’s military threats by enticing away Washington’s two key Asian allies. As the Chinese economy is now as large as the US and on far firmer footing, and as Japan now has more trade with China than with the US, the enticement is appealing. Moreover, China is next door, and Washington is distant and drowning in its hubris.

Washington, which flicked its middle finger to international law and to its own law and Constitution with its arrogance and gratuitous and illegal wars and with its assertion of the right to murder its own citizens and those of its allies, such as Pakistan, has made the United States a pariah state.

Washington still controls its bought-and-paid-for NATO puppets, but these puppet states are overwhelmed with derivative debt problems brought to them by Wall Street and by sovereign debt problems, some of which were covered up by Wall Street’s Goldman Sachs.

Europe is on the ropes and has no money with which to subsidize Washington’s wars of hegemony.

Washington is becoming an isolated and despised element of the world community. Washington has purchased Europe, Canada, Australia, the former Soviet state of Georgia (and almost Ukraine), and Colombia, and continues its effort to purchase the entire world, but sentiment is turning against the rising Gestapo state that has shown itself to be lawless, ruthless, and indifferent, even hostile, to human life and human rights.

A government, whose military was unable with the help of the UK to occupy Iraq after eight years and was forced to end the conflict by putting the “insurgents” on the US military payroll and to pay them to stop killing American troops, and a government whose military has been unable to subdue a few thousand lightly armed Taliban after 11 years, is over the top when it organizes war against Iran, Russia, and China.

The only prospect Washington has of prevailing in such an undertaking is first use of nuclear weapons, of catching its demonized opponents off guard by nuking them out of the blue. In other words, by the elimination of life on earth.

## Sector Advantages

### Airport and Cybersecurity Vulnerability Now

#### Air traffic control is vulnerable to cyberspace attacks now

Abeyratne, International Civil Aviation Organization Coordinator Senior Legal Officer 11

(Ruwantissa, PhD, Professor at Concordia University, has worked in the field of aviation law and management for thirty years, April 18, 2011, “Cyber terrorism and aviation—national and international responses,” <http://aviationdevelopment.org/eng/sites/default/files/2011070102_Publication.pdf>, p. 3-4, accessed 7/18/12, YGS)

The events of 11 September 2001 revealed that the three most vulnerable targets for terrorist attacks are people, infrastructure and technology as they are the preeminent elements of a functional economy in this century. They also brought to bear the inextricable interdependencies between physical and cyber infrastructures. Cyber terrorism represents a “clear and present danger” 14 and the issue has even been raised as to whether 9/11 was a result of cyber terrorism. 15

Cyberspace, which comprises millions of fibre optic cables enabling servers, computers and routers, is the nervous system of any nation’s critically important infrastructures, prominent among which is transportation. Attacks on cyberspace can cause immeasurable harm, particularly by disrupting essential services such as banking and finance, telecommunications, health and health care, transportation, religious places of worship, infrastructures, government services, education centers, power and energy generation and distribution, manufacturing, agriculture and food, electricity and water supply, and military defence. Of these, aerospace activities 16 and air traffic control 17 are significant targets.

### Private Investment Key to Solve Highways

#### Private investors are key to highway, railroad, and other types of transportation infrastructure investment – solve for what the government sector trade off and- lets the federal government deal with other competing pressing social issues

Keyser, Associated Press, 7/7/12

(Jason, Associated Press, MSNBC.com, “More Mega Projects Turning to Private Investors,” 7/7/12, <http://www.msnbc.msn.com/id/48105709/ns/us_news/t/more-mega-projects-turning-private-investors/>, Accessed: 7/20/12, LPS.)

CHICAGO — For cities and states buried under mountains of debt, it has become a tantalizing proposition: invite private financial institutions to put up the money to fix aging schools, dilapidated rail lines and beat-up roads. Offer investors steady returns on the projects. And give the public the modern services its governments can no longer afford. Across the country, innovative deals are now being discussed that would put essential pieces of public infrastructure in the hands of global investment firms, the latest effort to cope with a lingering fiscal crisis that has left some communities unable to pay for their needs. Chicago, with a budget deficit of more than $600 million, is planning a private fund that would make 100 public buildings energy efficient, then move on other projects. In other parts of the country, major road construction has been funded using the model. "We absolutely have to look at other ways" to pay for infrastructure, said Shirley Ybarra, a former Virginia transportation secretary who wrote model legislation used in 32 states for public-private transportation partnerships. "There's only so much bonding you can do ... Roads have to compete with higher education, school bonds, water and all the rest of that stuff."

As financial pressures increase, cities with worn out infrastructure are weighing the possible trade-offs. Hard hit by the recession, more cities are stuck with credit ratings just a few notches above junk status, making it harder to raise money through bonds. Much of the highway system around cities dates back to the post-World War II building boom and thousands of schools are more than 50 years old. Local sales taxes and other revenues are sometimes too volatile to depend on for major local expenses. Although states have used private partnerships for toll roads in the past, ambitious plans are now emerging for everything from rebuilding dozens of schools in Yonkers, N.Y., to constructing a courthouse in Long Beach, Calif. Other metropolitan areas will be looking at transit and other projects, said David Pope, vice chair of the transportation committee for the U.S. Conference of Mayors.

#### Private investment in highways is economically better for both the public and private sectors – the benefits outweigh

Keyser, Associated Press, 7/7/12

(Jason, Associated Press, MSNBC.com, “More Mega Projects Turning to Private Investors,” 7/7/12, <http://www.msnbc.msn.com/id/48105709/ns/us_news/t/more-mega-projects-turning-private-investors/>, Accessed: 7/20/12, LPS.)

"I still think there is room for public-private partnerships," said said Marney Cox, chief economist for the San Diego Association of Governments, which wound up taking over the road in a buyout. "But you need to be careful when you put them together that you don't get your assumptions out of whack and require that growth occur at extraordinary levels." Ybarra said government representatives can try to negotiate limits on toll and fee increases. But the private investors have considerable leverage."Governments need this more than institutional investors need this, but I think there's a benefit to both," said Mark Huamani, an investment analyst at J.P. Morgan. In Yonkers, a New York suburb with a mix of affluent and poor neighborhoods, officials are looking for $1.7 billion in private investment money to fix dozens of antiquated schools, including the 88-year-old Gorton High School, and say the benefits of private funding outweigh possible problems. Investors' returns would be paid with future tax revenue."We couldn't repair the buildings faster than they were deteriorating," said Joe Bracchitta, chief administrative officer for the school district. "We think that this is a way that urban school districts that are in a state of disrepair or decay can find another way to repair themselves and build 21st century environments for their students."

#### Maintaining the highways has required federal money that needed to be spent elsewhere – private investment solve public debt and pay for themselves

Carter, Yale law professor, 4-26-12

(Stephen L., Professor of law at Yale University and a Bloomberg View columnist, Yale Law School, “Buy, Sell or Hold: How Can Governments Decide?” 4/26/12, <http://www.law.yale.edu/news/15416.htm>, Accessed: 7/20/12, LPS.)

It isn’t clear quite why. Roads are expensive to maintain. As a 2011 report prepared for the U.S. PIRG Education Fund points out, the frequent claim that the highways pay for themselves is a myth. The various “user fees” (such as gasoline taxes and tolls) pay only half the cost of building and maintaining our thoroughfares. Over the past 60 years, the amount spent on roads has exceeded the user fees by more than $600 billion (in 2005 dollars). In other words, maintaining the highways has required public money that could have been spent elsewhere. Privately controlled highways would have to pay for themselves -- in most cases with higher tolls. This would be most inconvenient for drivers, but at least the costs would be borne principally by those who actually use the roads -- including trucking companies, who would pass the costs on to consumers -- instead of invisibly, through taxes and borrowing.

**Roads and Highways are terrible- The federal government can’t afford to fix them**

(Stephen L., Professor of law at Yale University and a Bloomberg View columnist, Yale Law School, “Buy, Sell or Hold: How Can Governments Decide?” 4/26/12, <http://www.law.yale.edu/news/15416.htm>, Accessed: 7/20/12, LPS.)

Libertarians have long favored private highways on ideological grounds. But now there are practical arguments for selling them off. Our roads are in terrible condition. According to a report from Transportation for America, a coalition of groups lobbying for better investment in infrastructure, nearly 70,000 highway bridges -- about one in nine -- are classified as “structurally deficient.” (That was the rating, remember, of the Interstate 35W bridge that collapsed in Minneapolis in 2007.) The cost of repairs may run as high as $70 billion. The money has to come from somewhere -- and remember Cowen’s astute observation.

# Affirmative – Off-Case

## AT – States CP

### Plan and/or Perm Solves States

#### **Bank would spur state cooperation and private investment**

Rohatyn, Center for Strategic and International Studies, American investment banker, 10

(Felix G., 9-15-10, Wall Street Journal, “The Case for an Infrastructure Bank,” <http://online.wsj.com/article/SB10001424052748703376504575491643198373362.html>, accessed 7-20-12, LH)

A national infrastructure bank could begin to reverse federal policies that treat infrastructure as a way to give states and localities resources for projects that meet local political objectives rather than national economic ones. The bank would evaluate prospective infrastructure projects on consistent terms. It would be able to negotiate with state or local sponsors of a project what their cost shares should be. The bank also could help groups of states come together for regional projects such as high-speed rail and better freight management. Such consolidation would improve project selection.

The bank also could ensure that states and localities consider all other options—from wetlands preservation to implementing tolls—before structural options are funded. It would create an avenue for private investors to put risk capital into new projects and bless their involvement with the bank's own participation. In short, it would treat infrastructure like a long-term investment, not an expense.

#### Perm solves best – provides key expertise

Puentes, Metropolitan Policy Program Senior Fellow, 7-16-12

(Robert, 7-16-12, Brookings, “What Would an Infrastructure Bank Really Do?" http://www.brookings.edu/up-front/posts/2012/07/16-infrastructure-bank-puentes, accessed 7-20-12, CNM)

The fourth point is that an NIB would provide technical assistance and expertise to states and other public entities that cannot develop internal capacity to deal with the projects themselves. Some of the most potentially transformative investments are inherently complex and require a mix of investors from all levels of government, across different federal programs, combined with the private sector, and even from other nations' sovereign wealth funds. Expertise to consider such deals and fully protect the public interest is paramount.

### No Solvency – Investment

#### **Bank would invest in projects states couldn’t fund**

Poole, Reason Foundation, director of transportation policy, 10

(Robert, 2-11-10, Reason Foundation, “A National Infrastructure Bank Is a Good Idea, In Theory,” <http://reason.org/news/show/a-national-infrastructure-bank-1>, accessed 7-20-12, LH)

Second, if the NIB were set up as a genuine bank, operated on commercial principles, it would fund only projects that met pretty rigorous investment criteria, including well-documented revenues that would repay the bank’s investment. That way the NIB would be a going concern, like state revolving loan funds for infrastructure. As a national entity, the bank should be chartered to concentrate on projects too large to be readily funded by a state department of transportation, projects involving multi-state corridors, etc. So this whole set of factors would target the investments to projects with high ratios of benefits to costs.

NIB would fund most projects – states inadequate

Rosen, freelance writer, 11

(Armin, July 8, 2011, “New Republican Highway Bill Nixes National Infrastructure Bank,” <http://alttransport.com/2011/07/new-republican-highway-bill-nixes-national-infrastructure-bank/>, accessed 7/20/12, YGS)

This sounds like an excuse. Almost by definition, a national infrastructure bank would fund projects that no state could individually undertake—things like highway improvements, rail lines and the [construction](http://alttransport.com/2011/07/new-republican-highway-bill-nixes-national-infrastructure-bank/) of new roads and bridges. And it would fund projects from which more than one state would benefit. Mica assumedly realizes that a national infrastructure bank, which would be both privately and publically capitalized and give out low-interest loans for major infrastructural projects, wouldn’t replace the state banks, but supplement them by providing a rational means for both funding and authorizing major projects at the national level. So his opposition must be ideological. [Mica, who also introduced last month’s Amtrak privatization bill](http://alttransport.com/2011/06/amtrak-privatization-debate-continues/), probably disagrees with any centralized control over infrastructure—even if it’s the relatively soft control of a privately-capitalized government bank.

### No Solvency – Project Delays

#### State and local governments delay projects in hope of federal funding – New Orleans proves

Ehrlich, ESC Company, business economist, 10

(Everett, October 2010, Progressive Policy Institute, “A National Infrastructure Bank: A Road Guide to the Destination,” <http://progressivepolicy.org/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>, p. 4, accessed 7-20-12, LH)

The current funding system has a tendency to encourage state and local governments to put off needed projects in hope that they can secure federal appropriations funding in the future. The absence of an alternative to the current infrastructure project funding system holds state and local governments captive to that system, and leads good and important projects to be deferred or delayed.

Many believe that an improved levy system in New Orleans was postponed because there was always the chance that the city would be able to grab the brass ring in the merry-go-round of the annual appropriations process. Certainly, the state’s political apparatus preferred that federal money first go to the state’s barge navigation system (even if any calculations that demonstrated the superiority of that project, if they exist, were subsequently proved false).

## AT – REIT CP

### CP Results in the Plan

#### Expanding the REIT to include transportation infrastructure results in the plan

Association for Consultancy and Engineering 9

(2009, “The Infrastructure Investment Trust: Enhancing the UK infrastructure investment environment the REIT way,” <http://www.acenet.co.uk/Documents/Files/Policy%20and%20Operations%20Guides/IIT%20paper%20summary%20FINAL.pdf>, Page 9, Date Accessed: 7/18, JS)

The IIT could also borrow some of the functions that we would identify with an infrastructure bank. It could use its capital—accrued from the money markets, organs of government or local communities—to fund viable infrastructure projects. Understood in this way, it would be similar to a Mortgage REIT, which invests in loans secured by the underlying real estate assets, or Hybrid REIT which combines such mortgage income (interest) with returns from an equity stake. With equity shares in infrastructure projects potentially also being owned by public bodies then this would be a true public finance initiative. The public or community stake could take a similar form to a split investment with different classes of equity capital. This would prioritise the collective equity in the public good (a power station or new road for instance) in a similar way that contingent convertible capital securities can be converted into equity when certain triggers are met. Such instruments hold down the cost of capital (through public guarantees) as well as providing a buffer against stochastic events. This interpretation of the IIT could lead to the development of not only one infrastructure bank, but multiple. Commentators, including Vince Cable et al, have stated that a national infrastructure bank would leverage public funds to draw in private capital. The IIT would be perfectly placed to have such a capacity.

### Solvency Deficit – Ports

#### REITS can’t solve ports—they don’t qualify as tax deductible projects

Association for Consultancy and Engineering 9

(2009, “The Infrastructure Investment Trust: Enhancing the UK infrastructure investment environment the REIT way,” <http://www.acenet.co.uk/Documents/Files/Policy%20and%20Operations%20Guides/IIT%20paper%20summary%20FINAL.pdf>, Pages 13-14, Date Accessed: 7/18, JS)

We envisage not a REIT holding certain infrastructure assets but a potential IIT holding certain real estate assets—particularly distribution systems and industrial parks—and degrees of listed and non-listed infrastructure in a diversified portfolio. This could make more sense as investing in such real estate assets can be “analogous” to infrastructure. Furthermore, although some infrastructure assets can be REIT-compliant, the process is not optimally transparent and a lot of other infrastructure assets such as bridges and ports cannot be included. In addition, the critical importance of infrastructure may somewhat necessitate a unique and explicit tax designation for these assets. A designation which provides augmented advantages for the right type of capital flows in the sector to all vital listed and non-listed infrastructure assets. Neither the current REIT model nor infrastructure trusts have this capacity. There is, of course, some work to be done on creating a properly structured IIT model, but bearing in mind the size of the UK’s infrastructure gap it would be a very much worthwhile and eminently sensible endeavor. A specific IIT designation would also ensure that the vehicle could be improved from the REIT and optimized for infrastructure.

## AT – TIFIA CP

### No Solvency – Multipurpose Ev

#### (Perm do both) TIFIA is not a 50 state program so it cannot solve for the sectors, economy, or competitiveness like NIB

**Lemov, Governing Correspondent, 12**

(Penelope, 3-1-12, Governing States and Localities, “A Bank for Infrastructure Funding,” http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html, accessed: 7-18-12, CAS)

**The TIFIA program** has generally been for large marquis projects. **To date,** it **has been a 10- to 12-state program.** **The states that have needs for TIFIA loans generally are high population states that can sustain it. The infrastructure bank has been conceived as a 50-state bank, and so it has a much broader reach.** It is going to be more about volume and less about doing a cluster of projects. That said, the two are complementary in that **a TIFIA project can pick up support from the infrastructure bank at the same time**. Including another federal agency or federal program in a TIFIA package makes the package more attractive to investors, particularly if a water or energy component gets added.

### No Solvency – Selection Process

#### No solvency – TIFIA project selection criteria eliminated making it unproductive

**Rusch, State Director, 12**

(Emily, 1-31-12, CalRIPG, “House Transportation Bill is a Step Backwards, Lacks a Serious Funding Mechanism,” http://www.calpirg.org/blogs/blog/cap/house-transportation-bill-step-backwards-lacks-serious-funding-mechanism, accessed: 7-18-12, CAS).

“The short-sightedness of this bill is on full display when it comes to changes to the one program that would receive a massive funding increase. **The federal program for “innovative” transportation loans (TIFIA)** would be **expanded more than eight-fold to $1 billion annually,** and much like a parallel bill passed by the Senate’s Environment and Public Works Committee**, the House would eliminate almost all the selection criteria that currently steer limited funds to the projects that deliver the best bang for the buck.  Given the backlog of private toll road projects that have applied for past TIFIA funds, coupled with new provisions in the House bill to add tolls on federal highways, the likely result would be a spate of publicly subsidized private toll roads and few TIFIA funds directed to anything else. The House bill would also eliminate a provision that currently ensures taxpayers get paid back first when private projects face bankruptcy**.

#### TIFIA no longer prioritizes projects based on public benefits

**Baxandall, Tax & Budget Policy Senior Analyst, 6-10-12**

(Phineas, 6-10-12, U.S. PIRG, “New TIFIA Rules Will Hurt the Public,” http://www.uspirg.org/blogs/blog/usp/new-tifia-rules-will-hurt-public, accessed: 7-18-12, CAS).

**The one major transportation program that was significantly expanded in last week's new surface transportation bill was TIFIA, the federal loan program meant to complement other forms of financing for major transportation projects**. Funding for this loan pool was increased from $122 million annually to $750 million in the first year and $1 billion in the second. But **in expanding the program, Congress also transformed the program from one in which performance critieria were used to select which proposals most deserved tax dollars into a first-come-first-served pool that will no longer prioritize projects that provide the most public benefits**.

#### TIFIA lacks a decision making entity

**Alexander, Center Forward President, 12**

(Ryan, 3-19-12, Center Forward, “Taxpayers for Common Sense,” http://www.center-forward.org/2012/03/19/issue-counterpoint-example/, accessed: 7-18-12, CAS).

Furthermore, as we consider the required safeguards to protect taxpayers if an infrastructure bank were enacted, it leads us to at least one existing federal program that might make a bank duplicative**. The Transportation Infrastructure Finance and Innovation Act (TIFIA) has been in place since 1999, and provides more than $100 million annually to leverage billions in private financing for transportation projects. Though there are fundamental differences between TIFIA and a proposed infrastructure bank – chief among them that TIFIA lacks an independent decision-making entity, with lending decisions within the Department of Transportation** – an expanded TIFIA may be adequate to attract private financing and improve project selection without establishing a whole new government bureaucracy. TIFIA’s stringent funding criteria helps dilute the influence of any political or ideological agendas and ensures the most worthy projects receive funding.

### No Solvency – Capacity

#### No solvency – TIFIA doesn’t have the funds for all the transportation projects that need to be done

**Baxandall, Tax & Budget Policy Senior Analyst, 6-10-12**

(Phineas, 6-10-12, U.S. PIRG, “New TIFIA Rules Will Hurt the Public,” http://www.uspirg.org/blogs/blog/usp/new-tifia-rules-will-hurt-public, accessed: 7-18-12, CAS).

In past years **TIFIA has had far more applications for funds than were available, especially because of billions of dollars in eligible applications seeking to build private toll roads.** Many of these applications, previously rejected because they couldn’t compete based on broader performance criteria, can now be quickly resubmitted. Newly eligible transit systems like LA’s, by contrast, must navigate new rules for public revenue sources and grouped project applications, **and may wind up being too late to receive a penny. When next year’s project list is announced, TIFIA may come to stand for “Tolling Is Faster In Applications.”**

#### Bank necessary – TIFIA is failing in the status quo

**DeMint, US senator, 3-7-12**

(Jim, 3-7-12, Fox News, “The Senate must say ‘no’ to another big government construction program that isn’t properly vetted,” http://www.foxnews.com/opinion/2012/03/07/senate-must-say-no-to-another-big-government-construction-program-that-isnt/, accessed: 7-18-12, CAS)

**The**[**White House**](http://www.foxnews.com/topics/politics/white-house.htm#r_src=ramp)**is**[**already expecting projects to fail at a rate of 41 percent**](http://www.bloomberg.com/news/2012-01-12/toll-road-woes-show-risk-of-u-s-loans-lawmakers-aim-to-expand.html)**, budgeting 10 percent to cover losses from TIFIA**. As Bloomberg News [notes](http://www.bloomberg.com/news/2012-01-12/toll-road-woes-show-risk-of-u-s-loans-lawmakers-aim-to-expand.html) **TIFIA’s projected failure rate is similar to the “45.6 percent default rate estimated for the Energy Department program that backed Solyndra.”** Compare those figures to the private market standard of 2.69 percent in loan losses. **The White House knows that many of these programs will go belly up and taxpayers will be left holding the bag.**

#### Restructuring of transportation spending is needed. NIB would be the solution

**Alexander, Center Forward President, 12**

(Ryan, 3-19-12, Center Forward, “Taxpayers for Common Sense,” http://www.center-forward.org/2012/03/19/issue-counterpoint-example/, accessed: 7-18-12, CAS).

We agree **a restructuring of how transportation dollars are distributed is desperately needed. For too long, lawmakers’ self-interest has won out over adequate prioritization of transportation needs. The 6,000 earmarks in the last transportation bill provide ample evidence, as most of these projects bypassed cost-benefit review and many ignored the states’ individual funding priorities**.

**A national infrastructure bank** — theoretically — **would solve these abuses by subjecting projects to the type of financial review that would be required to attract private dollars into the nation’s infrastructure. A bank would almost certainly improve project selection and create new streams of**[**funding**](http://www.surfcanyon.com/search?f=sl&q=infrastructure%20bank%20funding&partner=wtigck)**: projects with a high benefit to cost ratio** (while also meeting the bank’s public benefit criteria) **would be more likely to secure both infrastructure bank and private funding**, while ‘Bridges to nowhere’ and other politically-driven boondoggles would not.

# Negative

## Solvency Answers

### AT – Project Selection Solvency

Many projects wouldn’t be funded – wouldn’t generate revenue

American Association of State Highway and Transportation Officials 12

(July 20, 2012, AASHTO Journal, “CBO Report Finds a National Infrastructure Bank Would Be Duplicative of Current Programs,” <http://www.aashtojournal.org/Pages/072012CBO.aspx>, accessed 7/20/12, YGS)

A new Congressional Budget Office report released last Thursday finds the creation of a national infrastructure bank could pose some benefits but would ultimately duplicate many programs that already exist while also proving troublesome for many projects looking to secure funding.

The report, "Infrastructure Banks and Surface Transportation," explains how this infrastructure bank would work, as some policymakers have suggested this might be a way to fund transportation in the future. It would be federally funded and controlled, and would select locally proposed transportation construction projects for funding based on a set of criteria, such as cost and benefit. Financing would then be provided in the form of loans and loan guarantees. In order to repay those loans, any project financed through the new infrastructure bank would need a solid revenue stream such as taxes or tolls. Other partners could lend financial assistance as well.

The report outlines multiple limitations to setting up a national infrastructure bank. CBO states that only some surface transportation projects would be seen as good candidates for the loans, as a majority of projects don't include funding means such as tolls. Also a disadvantage is the fact that the financial assistance (in the form of loans) wouldn't be much different than what the U.S. Department of Transportation currently offers with the Transportation Infrastructure Finance and Innovation Act (TIFIA) program.

As the report states, "As an alternative to creating a federal infrastructure bank, that program could be expanded to meet most of the same goals."

#### No solvency – duplicates existing projects

AASHTO 7-20-12

(American Association of State Highway and Transportation Office, AASHTO Journal, " CBO Report Finds a National Infrastructure Bank Would Be Duplicative of Current Programs," http://www.aashtojournal.org/Pages/072012CBO.aspx, accessed 7-20-12, CNM)

The report outlines multiple limitations to setting up a national infrastructure bank. CBO states that only some surface transportation projects would be seen as good candidates for the loans, as a majority of projects don't include funding means such as tolls. Also a disadvantage is the fact that the financial assistance (in the form of loans) wouldn't be much different than what the U.S. Department of Transportation currently offers with the Transportation Infrastructure Finance and Innovation Act (TIFIA) program.

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## Economy Answers

### No Economic Growth Now

#### No growth now – 5 reasons

Roubini, New York University School of Business professor of economics, 7-20-12

(Nouriel, 7-20-12, Guardian, "US economic recovery is a dangerous mirage," http://www.guardian.co.uk/business/economics-blog/2012/jul/20/us-economic-growth-mirage-roubini?newsfeed=true, accessed 7-20-12, CNM)

While the risk of a disorderly crisis in the eurozone is well recognized, a more sanguine view of the United States has prevailed. For the last three years, the consensus has been that the US economy was on the verge of a robust and self-sustaining recovery that would restore above-potential growth. That turned out to be wrong, as a painful process of balance-sheet deleveraging – reflecting excessive private-sector debt, and then its carryover to the public sector – implies that the recovery will remain, at best, below-trend for many years to come.

Even this year, the consensus got it wrong, expecting a recovery to above-trend annual GDP growth – faster than 3%. But the first-half growth rate looks set to come in closer to 1.5% at best, even below 2011's dismal 1.7%. And now, after getting the first half of 2012 wrong, many are repeating the fairy tale that a combination of lower oil prices, rising auto sales, recovering house prices, and a resurgence of US manufacturing will boost growth in the second half of the year and fuel above-potential growth by 2013.

The reality is the opposite: for several reasons, growth will slow further in the second half of 2012 and be even lower in 2013 – close to stall speed. First, growth in the second quarter has decelerated from a mediocre 1.8% in January-March, as job creation – averaging 70,000 a month – fell sharply.

Second, expectations of the "fiscal cliff" – automatic tax increases and spending cuts set for the end of this year – will keep spending and growth lower through the second half of 2012. So will uncertainty about who will be President in 2013; about tax rates and spending levels; about the threat of another government shutdown over the debt ceiling; and about the risk of another sovereign rating downgrade should political gridlock continue to block a plan for medium-term fiscal consolidation. In such conditions, most firms and consumers will be cautious about spending – an option value of waiting – thus further weakening the economy.

Third, the fiscal cliff would amount to a 4.5%-of-GDP drag on growth in 2013 if all tax cuts and transfer payments were allowed to expire and draconian spending cuts were triggered. Of course, the drag will be much smaller, as tax increases and spending cuts will be much milder. But, even if the fiscal cliff turns out to be a mild growth bump – a mere 0.5% of GDP – and annual growth at the end of the year is just 1.5%, as seems likely, the fiscal drag will suffice to slow the economy to stall speed: a growth rate of barely 1%.

Fourth, private consumption growth in the last few quarters does not reflect growth in real wages (which are actually falling). Rather, growth in disposable income (and thus in consumption) has been sustained since last year by another $1.4tn (£891bn) in tax cuts and extended transfer payments, implying another $1.4tn of public debt. Unlike the eurozone and the United Kingdom, where a double-dip recession is already under way, owing to front-loaded fiscal austerity, the US has prevented some household deleveraging through even more public-sector releveraging – that is, by stealing some growth from the future.

In 2013, as transfer payments are phased out, however gradually, and as some tax cuts are allowed to expire, disposable income growth and consumption growth will slow. The US will then face not only the direct effects of a fiscal drag, but also its indirect effect on private spending.

Fifth, four external forces will further impede US growth: a worsening eurozone crisis; an increasingly hard landing for China; a generalized slowdown of emerging-market economies, owing to cyclical factors (weak advanced-country growth) and structural causes (a state-capitalist model that reduces potential growth); and the risk of higher oil prices in 2013 as negotiations and sanctions fail to convince Iran to abandon its nuclear program.