### 1NC Transportation PIC

**Text: The United States Federal Government should increase the gas tax by $1 and use revenue on deficit reduction.**

**Solves the case- both advantages are based off raising the gas tax, neither requires federal infrastructure fundinds**

**And, infrastructure advatnages are all non-unique- no solvency deficit**

RTTNews 6/29

"Congress Passes Transportation, Student Loan Rate Bill," 6/29/12 [www.rttnews.com/1915066/congress-passes-transportation-student-loan-rate-bill.aspx?type=usp&pageNum=1](http://www.rttnews.com/1915066/congress-passes-transportation-student-loan-rate-bill.aspx?type=usp&pageNum=1) AD 6/29/12

(RTTNews) - In an unusual show of bipartisan compromise and agreement, the Congress passed a bill Friday designating additional funds to highway and transport infrastructure, halting a hike of student loan interest rates and shoring up federal flood protection programs. The bill, which passed 74-19 in the Senate Friday afternoon, approves a $120 billion, 27-month package to fund highway and transport projects and also preserves a 3.4 percent cap on Stafford student loan interest rates. The bill also extends the federal flood insurance program. Senate Majority Leader Harry Reid, D-Nev., hailed the passage Friday, saying, "This legislation proves that when Republicans decide to work with Democrats, we can do a lot to move our economy forward."

#### Debt crisis guarantees global wars- only adopting responsible growth strategies solve

Ashley J. **Tellis**, Spring **2009**, Senior Associate at Carnegie Endowment for International Peace, specializing in international security, defense and Asian strategic issues, Research Director of the Strategic Asia program at the National Bureau of Asian Research, “Preserving Hegemony: The Strategic Tasks Facing the United States,” Global Asia, Vol.4 No. 1,

Precisely because the desire for dominance is likely to remain a permanent feature of US geopolitical ambitions — even though how it is exercised will certainly change in comparison to the Bush years — the central task facing the next administration will still pertain fundamentally to the issue of US power. This concern manifests itself through the triune challenges of: redefining the United States’ role in the world, renewing the foundations of US strength, and recovering the legitimacy of US actions. In other words, the next administration faces the central task of clarifying the character of US hegemony, reinvigorating the material foundations of its power, and securing international support for its policies. The challenge of comprehensively strengthening US power at this juncture, when the United States is still in the early phase of its unipolar role in global politics, arises importantly from the fact that the hegemony it has enjoyed since 1991 represents a “prize” deriving from victory in intense geopolitical competition with another great power. The historical record suggests that international politics can be unkind to such victors over the long term. A careful scrutiny of the hegemonic cycles since 1494 confirms quite clearly that power transitions at the core of the global system often occur because successes in systemic struggles — of which the Cold War is but one example — can irreparably weaken otherwise victorious hegemonies. The annals of the past actually corroborate the surprising proposition that no rising challenger, however capable, has ever succeeded, at least thus far, in supplanting any prevailing hegemony through cold or hot war. Over the centuries, Spain, France, Germany, Japan and the Soviet Union all tried in different ways but failed. This reassuring fact notwithstanding, hegemonic transitions still occurred regularly in international politics, a reality that points to two critical insights about succession struggles in the international system — which is a subject that ought to be of great significance to the United States and its allies as well as to its adversaries. First, struggles for hegemony in global politics are rarely limited to dyadic encounters between states. These struggles involve not only the existing hegemon and the rising challenger as the preeminent antagonists — roles that many expect will be played respectively by the United States and China over the long term — but also the entire cast of international characters, including non-state actors involved in economic processes, and the nature of their involvement in the competition become relevant to the succession process. Thus, the nature of the alliances orchestrated and managed by the United States (and possibly China as well) in the future, the relationship between state entities and the global economic system and the relative burdens borne by every actor involved in this contest become relevant to the outcome. Second, and equally importantly, who wins in the ensuing struggle — whether that struggle is short or long, peaceful or violent — is as important as by how much. This is particularly relevant because the past record unerringly confirms that the strongest surviving state in the winning coalition usually turns out to be the new primate after the conclusion of every systemic struggle. Both Great Britain and the United States secured their respective ascendancies in this way. Great Britain rose through the wreckage of the wars with Louis XIV and with Napoleon. The United States did so through the carnage of the hot wars with Hitler and Hirohito, finally achieving true hegemony through the detritus of the Cold War with Stalin and his successors. If the United States is to sustain this hard-earned hegemony over the long term, while countering as necessary a future Chinese challenge should it emerge, Washington will need to amass the largest differential in power relative not only to its rivals but also to its friends and allies. Particularly in an era of globalization, this objective cannot be achieved without a conscious determination to follow sensible policies that sustain economic growth, minimize unproductive expenditures, strengthen the national innovation system, maintain military capabilities second to none and enjoin political behaviors that evoke the approbation of allies and neutral states alike. The successful pursuit of such policies will enable the United States to cope more effectively with near-term challenges as well, including the war on terrorism and managing threatening regional powers, and will ineluctably require — to return full circle — engaging the central tasks identified earlier as facing the new US administration.

### 2NC Econ YES NB

#### Only the counterplan solves economic collapse- raises taxes to $1 dumps billions into transportation infrastructure in the short term- that means they can’t use that tax revenue for anything else- the counterplan targets all of the money from the tax to deficit reduction- that solves the unsustainable debt burden on the US economy

#### And, their green tech internal link can’t turn the net benefit- it’s too long term, the direct effect of the counterplan is to reduce the deficit, which solves econ collapse

#### Too high of a debt burden causes economic collapse- squo uses spending to offset debt- tax revenue needs to grow to offset growth in spending programs

**Alesina 12 (Professor Economics at Harvard)**

International Journal of Central Banking; Discussion of “Consequences of Government Deficits and Debt” Alberto Alesina Harvard University. January 2012

Overall these results should give pause to those who hold a textbook Keynesian view of public finance. According to the latter, spending multipliers should be larger than tax multipliers, and spending multipliers should be (much) larger than one. The wide range of estimates does not allow us to draw firm conclusions on how much one should use discretionary government spending as a countercyclical tool, but they certainly are not an endorsement of a very proactive stand. In addition, those estimates do not deal with two additional issues. One is the “long and variable lags” and the effect on deficits. That is, by the time an expansionary fiscal package is designed, approved, implemented, and spent, it may take so long that it may reach the wheels of the economy when it is too late, i.e., in the wrong part of the cycle. In addition, deficit spending (including the effect of automatic stabilizers) should be compensated by surplus during expansions. But often, for political reasons, it is not, and deficit spending during recessions accumulates in large debts, because they are never compensated. Therefore my reading of this evidence is that one should be careful in using discretionary spending as a countercyclical fiscal policy tool, above and beyond automatic stabilizers. Let’s now turn to the second issue, namely how costly it’s going to be to reduce deficits. Virtually everyone would agree that in the medium run, having a solid fiscal position facilitates public policies and growth. The most hotly debated issue is what are the short-run costs of the kind of large deficit-reduction policies that are needed both in several European countries and in the United States. Once again, this is not the place for a survey of the rather vast literature on these issues. Much of this literature, starting in the early nineties, has studied several examples of large fiscal adjustments that have occurred in OECD countries. My reading of the results is as follows: • Spending based on adjustments is less costly in terms of shortrun recessions than tax-based adjustments. Vol. 8 No. S1 Discussion: Alesina 241 • Only spending-based adjustments are likely to lead to a longlasting stabilization and reduction of the debt/GDP ratio. This is because without putting a break on programs which automatically grow, tax revenues cannot keep up with spending increases, especially with an aging population. Which programs are better candidates for cuts vary across countries but typically include pensions, health spending, and various other types of subsidies. In many European countries, government employment is overextended and public-sector wages have grown more than private-sector ones. • In some cases, spending-based adjustments have been much less costly than a standard Keynesian model would predict, and in fact they have been accompanied by expansionary effects on the economy. • In these cases, a swift response of private-sector investment (in addition to private consumption) has “crowded in” aggregate private demand. • These “expansionary” fiscal contractions are helped when they are accompanied by a structural reform package that indicates a “regime change.” • In small open economies, exchange rate devaluations helped in the short run. These results are sometimes labeled as “non-Keynesian effects” of fiscalpolicy, namelythepossibilitythat a fiscal adjustmentdoes not bring about a deep recession even in the short run. Several non-Keynesian channels that could counteract the standard effects of spending cuts on aggregate demand have been discussed in the literature. The first one goes through an expectation effect. A spendingbased adjustment today indicates a decreased need for a bigger one tomorrow and reduces expectations of future tax increases. This may have some positive effects on expected profits for firms and expected disposable income for consumers. Stabilization of the budget may also bring about positive effects on confidence for investors. The removal of uncertainty about the future stance of taxes and regulatory policy may bring about a boost of confidence. This is an issue that deserves further study.

### 2NC A2: Infrastructure Spending Good

#### New infrastructure spending fails to create new jobs or boost the economy

Riedl (Grover M. Hermann Fellow in Federal Budgetary Affairs in the Thomas A. Roe Institute for Economic Policy Studies atHeritage Foundation) 2010

Brian, Wall Street Journal, January 8

<http://online.wsj.com/article/SB10001424052748703481004574646551469288292.html?mod=WSJ_latestheadlines>

Spending-stimulus advocates claim that Congress can "inject" new money into the economy, increasing demand and therefore production. This raises the obvious question: From where does the government acquire the money it pumps into the economy? Congress does not have a vault of money waiting to be distributed. Every dollar Congress injects into the economy must first be taxed or borrowed out of the economy. No new spending power is created. It is merely redistributed from one group of people to another.[7] Congress cannot create new purchasing power out of thin air. If it funds new spending with taxes, it is simply redistributing existing purchasing power (while decreasing incentives to produce income and output). If Congress instead borrows the money from domestic investors, those investors will have that much less to invest or to spend in the private economy. If they borrow the money from foreigners, the balance of payments will adjust by equally raising net imports, leaving total demand and output unchanged. Every dollar Congress spends must first come from somewhere else. For example, many lawmakers claimthat every $1 billion in highway stimulus can create 47,576 new construction jobs. But Congress must first borrow that $1 billion from the private economy, which will then lose at least as many jobs.[8] Highway spending simply transfers jobs and income from one part of the economy to another. As Heritage Foundation economist Ronald Utt has explained, "The only way that $1 billion of new highway spending can create 47,576 new jobs is if the $1 billion appears out of nowhere as if it were manna from heaven."[9] This statement has been confirmed by the Department of Transportation[10] and the General Accounting Office (since renamed the Government Accountability Office),[11] yet lawmakers continue to base policy on this economic fallacy. Removing water from one end of a swimming pool and pouring it in the other end will not raise the overall water level. Similarly, taking dollars from one part of the economy and distributing it to another part of the economy will not expand the economy.

#### Infrastructure funding inevitable- private sources are more efficient and the plan trades off with them

Riedl (Grover M. Hermann Fellow in Federal Budgetary Affairs in the Thomas A. Roe Institute for Economic Policy Studies atHeritage Foundation) 2010

Brian, Wall Street Journal, January 8

<http://online.wsj.com/article/SB10001424052748703481004574646551469288292.html?mod=WSJ_latestheadlines>

First, if money is not going to be printed, it has to come from somewhere. If the government borrows a dollar from you, that is a dollar that you do not spend, or that you do not lend to a company to spend on new investment. Every dollar of increased government spending must correspond to one less dollar of private spending. Jobs created by stimulus spending are offset by jobs lost from the decline in private spending. We can build roads instead of factories, but fiscal stimulus can't help us to build more of both. This form of "crowding out" is just accounting, and doesn't rest on any perceptions or behavioral assumptions. Second, investment is "spending" every bit as much as is consumption. Keynesian fiscal stimulusadvocates want money spent on consumption, not saved. They evaluate past stimulus programs by whether people who got stimulus money spent it on consumption goods rather than save it. But the economy overall does not care if you buy a car, or if you lend money to a company that buys a forklift.

### 2NC A2: Long Term Growth Turn

#### Government spending cannot cause a short, or long-term economic gain – history and studies are on our side

Riedl (Grover M. Hermann Fellow in Federal Budgetary Affairs in the Thomas A. Roe Institute for Economic Policy Studies atHeritage Foundation) 2010

Brian, Wall Street Journal, January 8

<http://online.wsj.com/article/SB10001424052748703481004574646551469288292.html?mod=WSJ_latestheadlines>

Government Spending Can Have a Long-Term Impact. Although it cannot immediately increase economic growth, government spending can have a long-term impact. Economic growth results from producing more goods and services (not from redistributing existing income), and that requires productivity growth and growth in the labor supply. Productivity growth requires some combination of: (1) a more educated and efficient workforce; (2) more private physical capital, such as factories and tools; (3) increased use of new technology; (4) more public infrastructure like roads and other utilities; and (5) markets to set prices and rule of law to enforce contracts. Government's effect on economic growth is determined by its effect on productivity and labor supply. Only in the rare instances where the private sector fails to provide those inputs in adequate amounts is government spending necessary. Government spending on education, physical infrastructure, and research and development, for instance, could increase long-term productivity rates--but only ifgovernment invests more competently than businesses, nonprofit organizations, and private citizens would have if those investment dollars had stayed in the private sector. Historically, governments have rarely outperformed the private sector in generating productivity growth. Thus, mountains of academic studies show that government spending typically reduces long-term economic growth.

### 2NC A2: Perm Do Both

#### Perm links to the net benefit or its severance- the plan says all tax funding is used on infrastructure- the counterplan uses all of the funds on deficit reduction. “All the money” means you can only choose one- severance is a voter because it destroys stable DA and counterplan ground

### 2NC A2: Perm Do CP

#### Perm do the counterplan is severance-

**The plan text has to put all funding from the gas tax into transportation or its severance-**

**A.) Plan says “all” which means the total amount of- you can’t put all of the revenue into two projects**

**B.) Topicality- the aff’s not topical if it uses the gas tax to fund anything other than transportation infrastructure- they can only support roads, rail, air, water, canals or pipelines with the gas tax**

GC 12 (Global Cargo & Commodities Limited, “Haulage & Transport”, http://www.globalcargogh.com/index.php?option=com\_content&view=article&id=44&Itemid=132)

**The field of transport** has several aspects; loosely they **can be divided into a kind of infrasture, vehicles, and operations. Infrastructure includes the transport networks (roads, railways, airways, waterways, canals, pipelines, etc) that are used, as well as the nodes or terminals (such as airports, railway stations, bus stations and seaports).** The **vehicles** generally **ride on** the **networks, such as automobiles**, bicycles, **buses, trains, aircrafts**. The **operations deal with the way** the **vehicles are operated** on the network **and** the **procedures set** for this purpose **including the legal environment** (Laws, Codes, Regulations, etc) **Policies**, such as how to finance the system (for **e.g.** the **use of** tolls or **gasoline taxes**) may be considered part of the operations.

### \*\*\*AFF

### No Default

#### Default won’t happen—they are just alarmist

Elkin 11

Larry, financial analyst, Wall street Pit, Insane Chatter, 1/5, http://wallstreetpit.com/55801-insane-chatter

Austan Goolsbee, Obama’s chief economic adviser, went so far as to warn on television this week that failing to raise the debt ceiling would trigger “the first default in history caused purely by insanity.” A lot of bad things are likely to happen if government borrowing abruptly slams into the ceiling, but Goolsbee is both wrong and alarmist when he claims that default would automatically follow. As for insanity, well, perhaps Goolsbee can tell us exactly what meds were necessary to bring Obama back to free-spending reality after his apparent breakdown less than five years ago. Or maybe Goolsbee can muster enough candor to acknowledge that this controversy is not about much more than posturing, on both sides. The debt ceiling currently rests at $14.3 trillion, where Congress pegged it last February. If the government wishes to borrow more than $14.3 trillion, Congress must approve another increase. Currently, the Treasury’s total borrowing is around $13.9 trillion. That leaves about $400 billion of borrowing potential, which not very long ago would have provided a lot of breathing room. At the current rate of deficit spending, the Treasury will hit the limit in a few months. While Republican House Speaker John Boehner has expressed support for raising the ceiling, newly elected Tea Party Republicans are putting up a fight. They want to show budget-conscious supporters that they mean business. Meanwhile, last month, Obama’s debt-reduction panel failed to agree on a plan, proposed by its chairmen, that would have reduced the annual deficit to about $400 billion in 2015, leaving Democrats without a clear plan to get spending under control once the ceiling goes up. Of course, some relatively minor near-term reductions aside, at present Republicans have no such plan either, apart from a long-term proposal by new House Budget Chairman Paul Ryan, R-Wisc., that has not gotten much support from either party. This is not the first time a budget debate has turned into a debt ceiling standoff. In 1995 congressional Republicans, led by then-Speaker of the House Newt Gingrich, responded to Clinton’s veto of their budget by holding up an increase in the limit. Clinton still refused to budge, sending the government into a “shutdown,” during which workers were furloughed and non-essential services were put on hold. In the end, the public saw Gingrich as the bad guy. The debt ceiling increase was eventually approved, and a strong economy produced surging tax revenues that soon brought the federal budget into surplus. Boosted by his successful showdown with Gingrich, Clinton easily won reelection in 1996. A modern reenactment of this face-off, however, could turn out quite differently. Economic growth is not going to make our current enormous deficit go away. Clinton did not have to contend with two wars, a nearly double-digit unemployment rate, and an unresolved mortgage crisis. Also, in the mid-1990s, the baby boomers were entering the peak earning years of their careers and the stock market was surging, both of which helped drive up federal income tax revenues. Now the stock market is trying to recover from a historic crash, while the boomers are beginning to turn 65, at which point many will sign up to spend the rest of their lives on the government dole. Only spending restraint, including unpopular cuts in Social Security, Medicare and other entitlements, can slow or stop the growth of the federal debt heap. Refusing to raise the debt ceiling is one way to achieve that spending restraint, but it is also the harshest way – which is why, except possibly for a brief period when somebody wants to make a point (as in 1995), the ceiling is certain to be increased. What would happen if the ceiling remained unchanged? Not the government default that Goolsbee predicted. There was no default in 1995. Maturing debt can be replaced with new debt without breaching the ceiling. But because incremental borrowing would be prohibited, the government could not spend more money than it takes in through taxes or other revenue sources. The budget would have to be instantly balanced. Given the massive scale of today’s deficits, this would mean considerably more disruption than occurred during the last so-called “shutdown” in 1995. But it would not mean default, unless Goolsbee intends to imply that the Treasury would rather stiff its creditors than, say, curtail unemployment benefits for Americans who expect to receive them. This would be an Argentina-style breach of faith that, until recently, was utterly inconceivable for the world’s leading economic power. Now, it is merely very unlikely. When the president’s top economic guru puts stiffing the creditors on the table and declares that this is the inevitable result of the administration not getting what it wants, you can’t completely dismiss the possibility.

#### Markets wouldn’t panic—US would reassure markets**Foster 11**

JD, Norman B. Ture Senior Fellow in the Economics of Fiscal Policy in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation, “Congress Has Time and Options on Debt Limit,” 2/2, http://online.wsj.com/article/SB10001424052748703445904576118533071051152.html

A key consideration for any course of action is how markets would react. For this it is important to recognize which measures of debt are relevant. As noted earlier, two measures of government debt are common to the debt limit discussion: debt that is sold in the credit markets (typically called "publicly held debt") and "gross debt" (also called the "public debt"), which includes publicly held debt plus debt the federal government has issued internally to record certain intergovernmental transfers such as transfers from the general fund to the Social Security trust fund. Credit markets are concerned with the publicly held debt, its growth over time, and that net interest payments are made on time.[17] Publicly held debt stood at $9.018 trillion at the end of 2010.[18] While publicly held debt is the relevant measure of the debt for credit markets, the debt limit applies to the gross debt. If the federal government were forced to operate indefinitely at the current debt limit, the early reaction in credit markets could be unfavorable. Credit markets value certainty and carefully evaluate and price uncertainty. Despite the recent run-up in federal debt and the tremendous difficulties the federal government faces due to promises made in major entitlement programs, U.S. government debt is still the global benchmark for safety. The uncertainty surrounding how the federal government would operate if it were unable to issue debt would likely rattle markets initially, leading to adverse movements in interest rates and the dollar exchange rate. The news would not be all grim, however, as the passage of time probably would make clear. As noted, the Treasury Department would surely affirm that all interest payments on government debt would be made, thus reassuring bond holders. While spending cuts required to align total spending with revenues would be deep, triggering a huge political brouhaha, from the credit markets' perspective the overarching consideration would be that a government previously bent on issuing destabilizing amounts of debt would be running an enforced balanced budget. Once the novelty wore off—and how long this would take is uncertain— markets ultimately might see the forced austerity as beneficial, especially if they concluded that the result would be congressional action to put the government, after decades of endless spending and borrowing, on a sound financial footing.