# High Speed Rail Affirmative

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### Plan Text

#### The United States federal government should substantially increase its investment in a national network of high-speed passenger rail systems in the United States.

### Contention One: Knowledge Economy

#### The recession is far from over-unemployment levels and economic activity remain completely inadequate─

Stiglitz ‘10 (Joseph, New Perspectives Quarterly, “Time for a Second Stimulus”, pg. 61, <http://onlinelibrary.wiley.com/doi/10.1111/j.1540-5842.2010.01164.x/pdf>, Stiglitz is an economist and a professor at Columbia University. He was awarded the Nobel Prize for economics in 2001. He was chief economist of the World Bank and chairman of President Clinton's Council of Economic Advisers.)

ON THE PROSPECTS OF ECONOMIC RECOVERY IN THE UNITED STATES -We’ve pulled back from the precipice, but the current situation cannot be described as a strong recovery. The recession may be over in the way economists describe it—two quarters of negative growth—since growth has turned positive. But the recession is far from over for those who don’t have jobs or can’t sell the goods they produce. The official unemployment rate may be 10 percent. But when we factor in those who are no longer looking for work because the recession has gone on so long, the picture looks pretty bad. Since the US Bureau of Labor Statistics collects data on those who have given up looking for work or taken a part-time job, we can calculate that the real unemployment level stands at over 19 percent. That means one out of five Americans looking for full-time work cannot get it now. And four out of 10 who can’t find work have been out of a job for more than half a year, which means whatever savings they had will have dried up while the prospects of re-employment in a good job go way down. That is a serious situation. It is bleaker for those over 50, and bleaker still for black youth, in which one out of two are unemployed. It is commonly said that growth in jobs always lags behind recovery. The truth is that the recovery hasn’t been strong enough to create enough jobs for new entrants to the labor force, no less to bring unemployment from 10 percent back to 5 percent. For that to happen in the US, growth must be at least 3 percent a year. I don’t see growth in 2010 or 2011 being above that level.

#### Focus on fiscal and monetary policies have gotten the U.S. nowhere towards recovery-The government must foster the conditions necessary for a thriving knowledge economy─

Florida ‘10. Richard Florida is the director of the Martin Prosperity Institute at the University of Toronto’s Rotman School of Management. “The Roadmap to a High-Speed Recovery.” The New Republic 8-12-10. [http://www.tnr.com/article/economy/76961/richard-florida-reset-recovery-economy-future?page=0,0]

A year or so later, with midterm elections looming and an electorate that is as fearful and angry as any in memory, the stock market has risen, but even a breath of bad news can send it tumbling. As dismal as housing prices continue to be, they have yet to hit bottom in some places. Unemployment remains frozen at an overall level of nine-plus percent, and job creation has been anemic. If the crisis belonged to George W. Bush, the recovery has been Obama’s—and it has been a fragile and tentative one at best. Along with billions of dollars in stimulus payments, the president has spent down most of his political capital. So what is his next step? That depends upon how serious Obama is about his legacy—whether he is looking to win votes for himself and his party in the short-term, or to lay the foundation for a durable new economic and social order that is only beginning to emerge but is required for sustained prosperity. The two goals are not mutually exclusive, but neither are they always compatible. Let me say first that the bailouts and stimulus programs of the last two years were not a complete mistake. Economic policymakers don’t have the luxury of hindsight in the heat of a crisis; there is tremendous pressure on them to do something. It would have been suicidal not to give the banks the capital infusions they needed when the whole financial system was on the brink of meltdown or to refuse to help states avoid laying off thousands of teachers and police and other workers.But now we find ourselves having the wrong debate—about whether a stimulus is needed or not—and we need to shift it. The fiscal and monetary fixes that have helped mature industrial economies like the United States get back on their feet since the Great Depression are not going to make the difference this time. Mortgage interest tax credits and massive highway investments are artifacts of our outmoded industrial age; in fact, our whole housing-auto complex is superannuated. As University of Chicago economist Raghuram Rajan wrote recently in the Financial Times: “The bottom line in the current jobless recovery suggests the US has to take deep structural reforms to improve its supply side. The quality of its financial sector, its physical infrastructure, as well as its human capital, all need serious economic and politically difficult upgrades.” Now we’re getting to the nub of the matter. Why?

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Because this is no bump in the business cycle that we are going through; it is an epochal event, comparable in magnitude and scope to the Great Depression of the 1930s, and even more so, as historian Scott Reynolds Nelson has observed, to the decades-long crisis that began in 1873. Back then our economy was undergoing a fundamental shift from agriculture to industry. We are in the midst of an equally tectonic transition today, as our industrial economy gives way to a post-industrial knowledge economy—but by focusing all our attention of whether we need a bigger stimulus or a smaller deficit, we’re flying blind. These kind of epochal changes, which I have called “great resets,” are long, generational processes. They are driven by improvements in efficiency and productivity, and by the waves of innovation that Joseph Schumpeter called “creative destruction.” When economies slow down, inefficient companies go by the boards. Seeking better returns on investment, businesses redirect capital towards innovation. When the economist Alfred Kleinknecht diagrammed U.S. patents along a timeline extending through the nineteenth century, he found a huge spike in the 1870s, 1880s, and 1890s, a period of depression that also saw the invention of electric power, modern telephony, and street and cable car systems. The economic historian Alexander Field observed a similar clustering and unleashing of innovation in the 1930s, which he dubbed the most “technologically progressive decade” of the twentieth century. More R&D labs opened in the first four years of the Great Depression than in the entire preceding decade, 73 compared to 66. By 1940, the number of people employed in R&D had quadrupled, increasing from fewer than 7,000 in 1929 to nearly 28,000 by 1940, according to the detailed historical research of David Mowery and Nathan Rosenberg. Our transition from a Fordist mass production economy, based on the assembly line, to a knowledge economy, in which the driving force is creativity and technological innovation, has been under way for some time; the evidence can be seen in the physical decline of the old manufacturing cities and the boom in high-tech centers like Silicon Valley, government boomtowns like Washington DC, and college towns from Boulder to Ann Arbor. Between 1980 and 2006, the U.S. economy added some 20 million new jobs in its creative, professional, and knowledge sectors. Even today, unemployment in this sector of the economy has remained relatively low, and according to Bureau of Labor Statistics projections, is likely to add another seven million jobs in the next decade. By contrast, the manufacturing sector added only one million jobs from 1980 to 2006, and, according to the BLS, will lose 1.2 million by 2020. This is the future towards which our post-industrial economy is already trending—and government should be proposing policies that will help to create a new geography and a new way of life to sustain and support it. But that doesn’t mean we need a centralized public bureaucracy to speed the process of change. As it happens, innovation occurs not only within big companies, major laboratories, and research universities, but also on the margins of business and academia. John Seely Brown, the former director of Xerox’s storied Palo Alto Research Center (PARC), has observed that many, if not most, of today’s high-tech innovations are products of the open-ended, collaborative explorations of hackers. Steve Jobs didn’t invent the PC; he saw its components at work at PARC, realized their potential, and put the pieces together.

#### Major public investments in infrastructure are the key internal link to recovery─ targeted projects yield private investment and increased levels of economic activity. The US won’t be able to sustain debt without these initiatives.

STIGLITZ 12 University Professor at Columbia University, and a Nobel laureate in Economics

[Joseph E. Stiglitz, Stimulating the Economy in an Era of Debt and Deficit, The Economists’ Voice http://www.degruyter.com/view/j/ev March, 2012]

Any diagnosis of the current economic situation should focus on the fact that the shortfall between actual and potential unemployment is huge and that monetary policy has proven ineffective, at least in restoring the economy to anything near full employment. Under these circumstances, the traditional economists’ solution has been to advocate the use of fiscal policy—tax cuts and/or spending increases. There is an especially compelling case for increasing public investments because they would increase GDP and employment today as well as increase output in the future. Given low interest rates, the enhanced growth in GDP would more than offset the increased cost of government spending, reducing national debt in the medium term. Moreover, the ratio of debt to GDP would decrease and the ability of the U.S. economy to sustain debt (debt sustainability) would improve. This happy state of affairs is especially likely given the ample supply of high-return investment opportunities in infrastructure, technology, and education resulting from underinvestment in these areas over the past quarter century. Moreover, well-designed public investments would raise the return on private investments, “crowding in” this additional source of spending. Together, increased public and private investment would raise output and employment in the short run, and increase growth and debt sustainability in the medium and long run. Such spending would reduce (not increase) the ratio of debt to GDP. Thus, the objection that the U.S. should not engage in such fiscal policies because of the high ratio of debt to GDP is simply wrong; even those who suffer from deficit fetishism should support such measures. Critics of this standard Keynesian prescription raise two objections: (a) government is not likely to spend the money on high return investments, so that the promised gains will prove elusive and (b) the fiscal multipliers are small (perhaps negative), suggesting that the shortrun gains from fiscal policy are minimal at best. Both of these objections are easily dismissed in the current economic environment. First, the assertion that government is incapable of making high return investments is just wrong. Studies of the average returns on government spending on investments in technology show extraordinarily high returns, with returns on investments in infrastructure and education returns well above the cost of borrowing. Thus, from a national point of view, investments in these areas make sense, even if the government fails to make the investments with the absolute highest returns. Second, the many variants of the argument that the fiscal multiplier is small typically rest on the assumption that as government spending increases, some category of private expenditure will decline to offset this increase. 1 Certainly, when the economy is at full employment and capital is being fully utilized, GDP cannot increase. Hence, under the circumstances, the multiplier must be zero. But today’s economic conditions of significant and persistent resource underutilization have not been experienced since the Great Depression. As a result, it is simply meaningless to rely on empirical estimates of multipliers based on post-World War II data. Contractionary monetary policy is another reason why multipliers may be markedly larger now than they were in some earlier situations of excess capacity. In these cases, monetary authorities, excessively fearful of inflation, responded to deficit spending by raising interest rates and constraining credit availability, thus dampening private spending. But such an outcome is not inevitable; it is a result of policies, often guided by mistaken economic theories. In any case, such an outcome is irrelevant today. This is because the Federal Reserve is committed to an unprecedented policy of maintaining near-zero interest rates through at least the end of 2014, while at the same time encouraging government spending. With interest rates at record lows and the Federal Reserve committed to keeping them there, crowding out of private investment simply will not occur. On the contrary, as I have noted, public investment— for instance, in better infrastructure—is more likely to increase the returns to private investment. Such public spending crowds in private investment, increasing the multiplier. Sometimes economists claim that consumers, worried about future tax liabilities in the wake of government spending, would contract their spending. However, the applicability of this notion (referred to as Ricardian equivalence) is contradicted by the fact that when George W. Bush lowered taxes and massively increased the deficit, savings plummeted to zero. But even if one believed in the applicability of Ricardian equivalence in today’s economy, government spending on investments that increase future growth and improve the debt-toGDP ratio would induce rational to spend more today. Consumption would also be crowded in by such government expenditures, not crowded out. Indeed, if consumers had rational expectations, the multiplier would increase even more in a long-lived downturn like the current one. The reason is that some of the money that is saved this year will be spent next year, or the year after, or the year after that—periods in which the economy is still well-below capacity. This increased spending will lead to higher employment and incomes in these later years. But if individuals are rational, the realization that their future incomes will be higher will lead them to spend more today. Deficit spending today crowds in not just investment, but also consumption. Thus, a careful look at the current situation suggests that the impact of well-designed government programs will be to stimulate the economy more than is assumed to be the case in standard Keynesian models (which typically assume a short-lived downturn and yield a short run fiscal multiplier of around 1.5). Even in the current period, fiscal policy results in greater output increases because investment and consumption is crowded in, because: (a) the Federal Reserve is unlikely either to increase interest rates or reduce credit availability; (b) public investments are likely to increase the returns to private investments; and (c) rational consumers/ taxpayers may recognize that future tax liabilities will decline and that future incomes will rise as a result of these measures.

#### Only networks of megaregions sustain the transition to a knowledge economy─

Florida ‘10. Richard Florida is the director of the Martin Prosperity Institute at the University of Toronto’s Rotman School of Management. “The Roadmap to a High-Speed Recovery.” The New Republic 8-12-10. [http://www.tnr.com/article/economy/76961/richard-florida-reset-recovery-economy-future?page=0,0]

Instead of further encouraging the growth of an auto-housing-suburban complex, the government should promote those forces that are subtly causing the shift away from it. Chief among these are the creation of inter-connected mega-regions, like the Boston-Washington corridor and the Char-lanta region (Atlanta, Charlotte, and Raleigh Durham) and ten or so more across the United States. Concentration and clustering are the underlying motor forces of real economic development. As Jane Jacobs identified and the Nobel Prize-winning economist Robert Lucas later formalized, clustering speeds the transmission of new ideas, increases the underlying productivity of people and firms, and generates the diversity required for new ideas to fertilize and turn into new innovations and new industries. In fact, the key to understanding America’s historic ability to respond to great economic crises lies in what economic geographers call the “spatial fix”—the creation of new development patterns, new ways of living and working, and new economic landscapes that simultaneously expand space and intensify our use of it. Our rebound after the panic of 1873 and long downturn was forged by the transition from an agricultural nation to an urban-industrial one organized around great cities. Our recovery from the Great Depression saw the rise of massive metropolitan complexes of cities and suburbs, which again intensified and expanded our use of space. Renewed prosperity hinges on the rise of yet another even more massive and more intensive geographic pattern—the mega-region. These new geographic entities are larger than the sum of their parts; they not only produce but consume, spurring further demand.

#### High-speed rail networks are critical to development of these megaregions-This significantly contributes to economic growth─

Florida ‘10. Richard Florida is the director of the Martin Prosperity Institute at the University of Toronto’s Rotman School of Management. “The Roadmap to a High-Speed Recovery.” The New Republic 8-12-10. [http://www.tnr.com/article/economy/76961/richard-florida-reset-recovery-economy-future?page=0,0]

Infrastructure is key to powering spatial fixes. The railroads and streetcar, cable car, and subway systems speeded the movement of people, goods, and ideas in the late 19th century; the development of a massive auto-dependent highway system powered growth after the Great Depression and World War II. It’s now time to invest in infrastructure that can undergird another round of growth and development. Part of that is surely a better and faster information highway. But the real fix must extend beyond the cyber-economy to our physical development patterns—the landscape of the real economy. That means high-speed rail, which is the only infrastructure fix that promises to speed the velocity of moving people, goods, and ideas while also expanding and intensifying our development patterns. If the government is truly looking for a shovel-ready infrastructure project to invest in that will create short-term jobs across the country while laying a foundation for lasting prosperity, high-speed rail works perfectly. It is central to the redevelopment of cities and the growth of mega-regions and will do more than anything to wean us from our dependency on cars. High-speed rail may be our best hope for revitalizing the once-great industrial cities of the Great Lakes. By connecting declining places to thriving ones—Milwaukee and Detroit to Chicago, Buffalo to Toronto—it will greatly expand the economic options and opportunities available to their residents. And by providing the connective fibers within and between America’s emerging mega-regions, it will allow them to function as truly integrated economic units.

#### High speed rail represents the ideal infrastructure project-investment is key to long-term economic recovery─We have 6 internal links.

Todorvich et al. ‘11 Petra Todorovich, Director of America 2050, a national urban planning initiative to develop an infrastructure and growth strategy for the United States Daniel Schned, and Robert Lane “High-Speed Rail: International Lessons for U.S. Policy Makers.” [https://www.lincolninst.edu/pubs/dl/1948\_1268\_High-Speed%20Rail%20PFR\_Webster.pdf]

High-speed rail’s ability to promote economic growth is grounded in its capacity to increase access to markets and exert positive effects on the spatial distribution of economic activity (Redding and Sturm 2008). Transportation networks increase market access, and economic development is more likely to occur in places with more and better transportation infrastructure. In theory, by improving access to urban markets, highspeed rail increases employment, wages, and productivity; encourages agglomeration; and boosts regional and local economies. Empirical evidence of high-speed rail’s impact around the world tends to support the following theoretical arguments for high-speed rail’s economic beneﬁts. Higher wages and productivity: The time savings and increased mobility offered by high-speed rail enables workers in the service sector and in information- exchange industries to move about the megaregion more freely and reduces the costs of face-to-face communication. This enhanced connectivity boosts worker productivity and business competitiveness, leading to higher wages (Greengauge 21 2010). Deeper labor and employment markets: By connecting more communities to other population and job centers, highspeed rail expands the overall commuter shed of the megaregion. The deepened labor markets give employers access to larger pools of skilled workers, employees access to more employment options, and workers access to more and cheaper housing options outside of expensive city centers (Stolarick, Swain, and Adleraim 2010). Expanded tourism and visitor spending: Just as airports bring visitors and their spending power into the local economy, high-speed rail stations attract new tourists and business travelers who might not have made the trip otherwise. A study by the U.S. Conference of Mayors (2010) concluded that building high-speed rail would increase visitor spending annually by roughly $225 million in the Orlando region, $360 million in metropolitan Los Angeles, $50 million in the Chicago area, and $100 million in Greater Albany, New York. Direct job creation: High-speed rail creates thousands of construction-related jobs in design, engineering, planning, and construction, as well as jobs in ongoing maintenance and operations. In Spain, the expansion of the high-speed AVE system from Malaga to Seville is predicted to create 30,000 construction jobs (Euro Weekly 2010). In China, over 100,000 construction workers were involved in building the high-speed rail line that connects Beijing and Shanghai (Bradsher 2010). Sustained investment could foster the development of new manufacturing industries for rail cars and other equipment, and generate large amounts of related employment. Urban regeneration and station area development: High-speed rail can generate growth in real estate markets and anchor investment in commercial and residential developments around train stations, especially when they are built in coordination with a broader set of public interventions and urban design strategies (see chapter 3). These interventions ensure that high-speed rail is integrated into the urban and regional fabric, which in turn ensures the highest level of ridership and economic activity. For example, the city of Lille, France, experienced greater than average growth and substantial ofﬁce and hotel development after its high-speed rail station was built at the crossroads of lines linking London, Paris, and Brussels (Nuworsoo and Deakin 2009). Spatial agglomeration: High-speed rail enhances agglomeration economies by creating greater proximity between business locations through shrinking time distances, especially when the locations are within the rail-friendly 100 to 600 mile range. Agglomeration economies occur when ﬁrms beneﬁt from locating close to other complementary ﬁrms and make use of the accessibility to varied activities and pools of skilled labor. High-speed rail has also been described as altering the economic geography of megaregions. By effectively bringing economic agents closer together, high-speed rail can create new linkages among ﬁrms, suppliers, employees, and consumers that, over time, foster spatial concentration within regions (Ahlfeldt and Feddersen 2010). This interactive process creates net economic gains in addition to the other economic beneﬁts described here.

#### Action now is critical-Rising population levels makes current transportation infrastructure no longer sustainable. The plan is key to maintain US economic leadership─

Alexander ‘9. Christopher Alexander, December 9th, 2009, written for PennDesign, the University Of Pennsylvania School Of Design, “Planning for High-speed Rail in the United States,” chp.4, [<http://www.design.upenn.edu/hsr2011/planningforhsr.pdf>]

HSR has the capacity to produce economic growth on a national scale by improving connectivity and accessibility throughout an entire country and internationally. As developed countries around the globe begin to invest heavily in HSR, efficient, fast, and inexpensive transportation options will yield competitive advantages to the top players in the market. HSR systems that have generated economic benefits on a national scale, such as with the French TGV network, have done so by improving connections to centers of trade. This provides easier access for residents to both national and international markets and also creates enormous incentives for the business and other commercial interests. Although the volume of literature on the economic effects of HSR has shown that it is generally difficult to quantify the economic benefit such investment might yield, especially absent other variables, both research and the analysis of case studies demonstrate the potential for HSR to produce substantial economic growth. Furthermore, many developed and developing countries in Europe and Asia are investing heavily in HSR as they see the capacity it has to boost their economic standing. China is planning on spending an enormous amount of capital, over $300 billion, in the construction of a national HSR network linking its major metropolitan areas. 73 This amounts to nearly 7% of the country’s yearly GDP ($4.33 trillion, nominal). As the only developed country in the world experiencing notable population growth, the United States will likely add another 100-120 million people to its population by the year 2050.74 With road and air infrastructure operating at capacity (and in some cases beyond capacity), the need for new infrastructure and improvement of existing infrastructure is clear. This puts the U.S. in a unique position to gain significantly from the development of an interconnected HSR network. The demand for efficient, quick means of travel between the country’s metropolitan areas is well beyond the supply of infrastructure that currently exists. Ridership volume in excess of minimums suggested by both research and case studies is all but guaranteed in several megaregions throughout the country. And most importantly, cities, states, and regions are mobilizing to capitalize on the possibility of HSR linking them together by providing both HSR system plans and incentives for development. While the U.S. is still by far the largest economy in the world (discounting the combined EU economy), its continued economic growth is jeopardized without significant improvement in its transportation infrastructure. HSR provides a means to achieve a more robust national transportation system that can sustain the type of economic growth that will allow the U.S. to remain the world’s economic leader.

#### No other project will generate enough growth in the long-term. Failure to invest ensures fast collapse of US competitiveness─

Natale ‘10. Patrick J. Natale, December 14th, 2010, executive director, American Society of Civil Engineers, “HSR: We can’t afford to wait,” <http://transportation.nationaljournal.com/2010/12/highspeed-rail-political-footb.php#1820909>

Failing to invest in high-speed rail (HSR) may win a few political points today, but in the long run, it will only make traveling tomorrow that much more difficult. Today’s roads and airports are already congested and fuel to power cars and airplanes is already expensive. Without increased rail investment, population growth and energy concerns will choke the life out of our economy. ASCE’s Report Card for America’s Infrastructure graded our nation’s rail infrastructure a C- and estimated that it would take $63 billion over the next five years to bring it up to a good condition. While that cost may seem high, $63 billion is not out of the question when you see it as an investment in our economy. A true HSR network may take decades to complete, but it will keep people working that whole time. HSR is no different from any other category of infrastructure, the costs to build, fix or maintain are so high that we always find excuses not to invest. But this constant deferral is having very real consequences. Roads and bridges are unsafe and congested, airports are falling apart and our passenger rail system is almost non-existent. Around the world, goods, services and passengers are flowing on multi-modal systems, but continued success depends on improvements and investments being made. How long will it take our leaders to realize that failing to invest in infrastructure not only hurts our potential for economic competiveness in the future, but that it is already making an impact today? Congress has to start taking a longer-term view of our future—the kind of long-term thinking that brought us the National Highway System and the Transcontinental Railroad. Appropriators can reapportion a few billion dollars now to feel good about protecting our fiscal health, but all they’re doing is making our future worse.

#### A collapse of economic leadership will make hegemony unsustainable. This results in great power War─

Zalmay Khalilzad, February 8th, 2011, counselor at the Center for Strategic and International Studies and president of Khalilzad Associates, “The Economy and National Security,” <http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad?pg=3>

Today, economic and fiscal trends pose the most severe long-term threat to the United States’ position as global leader. While the United States suffers from fiscal imbalances and low economic growth, the economies of rival powers are developing rapidly. The continuation of these two trends could lead to a shift from American primacy toward a multi-polar global system, leading in turn to increased geopolitical rivalry and even war among the great powers. The current recession is the result of a deep financial crisis, not a mere fluctuation in the business cycle. Recovery is likely to be protracted. The crisis was preceded by the buildup over two decades of enormous amounts of debt throughout the U.S. economy — ultimately totaling almost 350 percent of GDP — and the development of credit-fueled asset bubbles, particularly in the housing sector. When the bubbles burst, huge amounts of wealth were destroyed, and unemployment rose to over 10 percent. The decline of tax revenues and massive countercyclical spending put the U.S. government on an unsustainable fiscal path. Publicly held national debt rose from 38 to over 60 percent of GDP in three years. Advertisement Without faster economic growth and actions to reduce deficits, publicly held national debt is projected to reach dangerous proportions. If interest rates were to rise significantly, annual interest payments — which already are larger than the defense budget — would crowd out other spending or require substantial tax increases that would undercut economic growth. Even worse, if unanticipated events trigger what economists call a “sudden stop” in credit markets for U.S. debt, the United States would be unable to roll over its outstanding obligations, precipitating a sovereign-debt crisis that would almost certainly compel a radical retrenchment of the United States internationally. Such scenarios would reshape the international order. It was the economic devastation of Britain and France during World War II, as well as the rise of other powers, that led both countries to relinquish their empires. In the late 1960s, British leaders concluded that they lacked the economic capacity to maintain a presence “east of Suez.” Soviet economic weakness, which crystallized under Gorbachev, contributed to their decisions to withdraw from Afghanistan, abandon Communist regimes in Eastern Europe, and allow the Soviet Union to fragment. If the U.S. debt problem goes critical, the United States would be compelled to retrench, reducing its military spending and shedding international commitments. We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution of power. These trends could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation. The stakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. leadership. By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars among the great powers. Failures of multi-polar international systems produced both world wars. American retrenchment could have devastating consequences. Without an American security blanket, regional powers could rearm in an attempt to balance against emerging threats. Under this scenario, there would be a heightened possibility of arms races, miscalculation, or other crises spiraling into all-out conflict. Alternatively, in seeking to accommodate the stronger powers, weaker powers may shift their geopolitical posture away from the United States. Either way, hostile states would be emboldened to make aggressive moves in their regions. As rival powers rise, Asia in particular is likely to emerge as a zone of great-power competition. Beijing’s economic rise has enabled a dramatic military buildup focused on acquisitions of naval, cruise, and ballistic missiles, long-range stealth aircraft, and anti-satellite capabilities. China’s strategic modernization is aimed, ultimately, at denying the United States access to the seas around China. Even as cooperative economic ties in the region have grown, China’s expansive territorial claims — and provocative statements and actions following crises in Korea and incidents at sea — have roiled its relations with South Korea, Japan, India, and Southeast Asian states. Still, the United States is the most significant barrier facing Chinese hegemony and aggression. Advertisement Given the risks, the United States must focus on restoring its economic and fiscal condition while checking and managing the rise of potential adversarial regional powers such as China. While we face significant challenges, the U.S. economy still accounts for over 20 percent of the world’s GDP.

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American institutions — particularly those providing enforceable rule of law — set it apart from all the rising powers. Social cohesion underwrites political stability. U.S. demographic trends are healthier than those of any other developed country. A culture of innovation, excellent institutions of higher education, and a vital sector of small and medium-sized enterprises propel the U.S. economy in ways difficult to quantify. Historically, Americans have responded pragmatically, and sometimes through trial and error, to work our way through the kind of crisis that we face today. The policy question is how to enhance economic growth and employment while cutting discretionary spending in the near term and curbing the growth of entitlement spending in the out years. Republican members of Congress have outlined a plan. Several think tanks and commissions, including President Obama’s debt commission, have done so as well. Some consensus exists on measures to pare back the recent increases in domestic spending, restrain future growth in defense spending, and reform the tax code (by reducing tax expenditures while lowering individual and corporate rates). These are promising options. The key remaining question is whether the president and leaders of both parties on Capitol Hill have the will to act and the skill to fashion bipartisan solutions. Whether we take the needed actions is a choice, however difficult it might be. It is clearly within our capacity to put our economy on a better trajectory. In garnering political support for cutbacks, the president and members of Congress should point not only to the domestic consequences of inaction — but also to the geopolitical implications.

#### these wars go nuclear─

Kagan 11 - Senior fellow in foreign policy at the Brookings Institution, Robert, “The Price of Power”, Weekly Standard, 1-24, http://www.weeklystandard.com/articles/price-power\_533696.html?page=3

• American forces deployed in East Asia and the Western Pacific have for decades prevented the outbreak of major war, provided stability, and kept open international trading routes, making possible an unprecedented era of growth and prosperity for Asians and Americans alike. Now the United States faces a new challenge and potential threat from a rising China which seeks eventually to push the U.S. military’s area of operations back to Hawaii andexercise hegemony over the world’s most rapidly growing economies. Meanwhile, a nuclear-armed North Korea threatens war with South Korea and fires ballistic missiles over Japan that will someday be capable of reaching the west coast of the United States. Democratic nations in the region, worried that the United States may be losing influence, turn to Washington for reassurance that the U.S. security guarantee remains firm. If the United States cannotprovidethat assurancebecause it is cutting back its military capabilities, they will have to choose between accepting Chinese dominance and striking out on their own, possibly by building nuclear weapons. In the Middle East, Iran seeks to build its own nuclear arsenal, supports armed radical Islamic groups in Lebanon and Palestine, and has linked up with anti-American dictatorships in the Western Hemisphere. The prospects of new instability in the region grow every day as a decrepit regime in Egypt clings to power, crushes all moderate opposition, and drives the Muslim Brotherhood into the streets. A nuclear-armed Pakistan seems to be ever on the brink of collapse into anarchy and radicalism. Turkey, once an ally, now seems bent on an increasingly anti-American Islamist course. The prospect of war between Hezbollah and Israel grows, and with it the possibility of war between Israel and Syria and possibly Iran. There, too, nations in the region increasingly look to Washington for reassurance, and if they decide the United States cannot be relied upon they will have to decide whether to succumb to Iranian influence or build their own nuclear weapons to resist it. In the 1990s, after the Soviet Union had collapsed and the biggest problem in the world seemed to be ethnic conflict in the Balkans, it was at least plausible to talk about cutting back on American military capabilities. In the present, increasingly dangerous international environment, in which terrorism and great power rivalry vie as the greatest threat to American security and interests, cutting military capacities is simply reckless. Would we increase the risk of strategic failure in an already risky world, despite the near irrelevance of the defense budget to American fiscal health, just so we could tell American voters that their military had suffered its “fair share” of the pain? The nature of the risk becomes plain when one considers the nature of the cuts that would have to be made to have even a marginal effect on the U.S. fiscal crisis. Many are under the illusion, for instance, that if the United States simply withdrew from Iraq and Afghanistan and didn’t intervene anywhere else for a while, this would have a significant impact on future deficits. But, in fact, projections of future massive deficits already assume the winding down of these interventions.Withdrawal from the two wars would scarcely make a dent in the fiscal crisis. Nor can meaningful reductions be achieved by cutting back on waste at the Pentagon—which Secretary of Defense Gates has already begun to do and which has also been factored into deficit projections. If the United States withdrew from Iran and Afghanistan tomorrow, cut all the waste Gates can find, and even eliminated a few weapons programs—all this together would still not produce a 10 percent decrease in overall defense spending. In fact, the only way to get significant savings from the defense budget—and by “significant,” we are still talking about a tiny fraction of the cuts needed to bring down future deficits—is to cut force structure: fewer troops on the ground; fewer airplanes in the skies; fewer ships in the water; fewer soldiers, pilots, and sailors to feed and clothe and provide benefits for. To cut the size of the force, however, requires reducing or eliminating the missions those forces have been performing. Of course, there are any number of think tank experts who insist U.S. forces can be cut by a quarter or third or even by half and still perform those missions. But this is snake oil. Over the past two decades, the force has already been cut by a third. Yet no administration has reduced the missions that the larger force structures of the past were designed to meet. To fulfill existing security commitments, to remain the “world’s power balancer of choice,” as Leslie Gelb puts it, to act as “the only regional balancer against China in Asia, Russia in eastern Europe, and Iran in the Middle East” requires at least the current force structure, and almost certainly more than current force levels. Those who recommend doing the same with less are only proposing a policy of insufficiency, where the United States makes commitments it cannot meet except at high risk of failure. The only way to find substantial savings in the defense budget, therefore, is to change American strategy fundamentally. The Simpson-Bowles commission suggests as much, by calling for a reexamination of America’s “21st century role,” although it doesn’t begin to define what that new role might be. Others have. For decades “realist” analysts have called for a strategy of “offshore balancing.” Instead of the United States providing security in East Asia and the Persian Gulf, it would withdraw its forces from Japan, South Korea, and the Middle East and let the nations in those regions balance one another. If the balance broke down and war erupted, the United States would then intervene militarily until balance was restored. In the Middle East and Persian Gulf, for instance, Christopher Layne has long proposed “passing the mantle of regional stabilizer” to a consortium of “Russia, China, Iran, and India.” In East Asia offshore balancing would mean letting China, Japan, South Korea, Australia, and others manage their own problems, without U.S. involvement—again, until the balance broke down and war erupted, at which point the United States would provide assistance to restore the balance and then, if necessary, intervene with its own forces to restore peace and stability. Before examining whether this would be a wise strategy, it is important to understand that this really is the only genuine alternative to the one the United States has pursued for the past 65 years. To their credit, Layne and others who support the concept of offshore balancing have eschewed halfway measures and airy assurances that we can do more with less, which are likely recipes for disaster.

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They recognize that either the United States is actively involved in providing security and stability in regions beyond the Western Hemisphere, which means maintaining a robust presence in those regions, or it is not. Layne and others are frank in calling for an end to the global security strategy developed in the aftermath of World War II, perpetuated through the Cold War, and continued by four successive post-Cold War administrations. At the same time, it is not surprising that none of those administrations embraced offshore balancing as a strategy. The idea of relying on Russia, China, and Iran to jointly “stabilize” the Middle East and Persian Gulf will not strike many as an attractive proposition. Nor is U.S. withdrawal from East Asia and the Pacific likely to have a stabilizing effect on that region. The prospects of a war on the Korean Peninsula would increase. Japan and other nations in the region would face the choice of succumbing to Chinese hegemony or taking unilateral steps for self-defense, which in Japan’s case would mean the rapid creation of a formidable nuclear arsenal. Layne and other offshore balancing enthusiasts, like John Mearsheimer, point to two notable occasions when the United States allegedly practiced this strategy. One was the Iran-Iraq war, where the United States supported Iraq for years against Iran in the hope that the two would balance and weaken each other. The other was American policy in the 1920s and 1930s, when the United States allowed the great European powers to balance one another, occasionally providing economic aid, or military aid, as in the Lend-Lease program of assistance to Great Britain once war broke out. Whether this was really American strategy in that era is open for debate—most would argue the United States in this era was trying to stay out of war not as part of a considered strategic judgment but as an end in itself. Even if the United States had been pursuing offshore balancing in the first decades of the 20th century, however, would we really call that strategy a success? The United States wound upintervening with millions of troops, first in Europe, and then in Asia and Europe simultaneously, in the two most dreadful wars in human history. It was with the memory of those two wars in mind, and in the belief that American strategy in those interwar years had been mistaken, that American statesmen during and after World War II determined on the new global strategy that the United States has pursued ever since. Under Franklin Roosevelt, and then under the leadership of Harry Truman and Dean Acheson, American leaders determined that the safest course was to build “situations of strength” (Acheson’s phrase) in strategic locations around the world, to build a “preponderance of power,” and to create an international system with American power at its center. They left substantial numbers of troops in East Asia and in Europe and built a globe-girdling system of naval and air bases to enable the rapid projection of force to strategically important parts of the world. They did not do this on a lark or out of a yearning for global dominion. They simply rejected the offshore balancing strategy, and they did so because they believed it had led to great, destructive wars in the past and would likely do so again. They believed their new global strategy was more likely to deter major war and therefore be less destructive and less expensive in the long run. Subsequent administrations, from both parties and with often differing perspectives on the proper course in many areas of foreign policy, have all agreed on this core strategic approach. From the beginning this strategy was assailed as too ambitious and too expensive. At the dawn of the Cold War, Walter Lippmann railed against Truman’s containment strategy as suffering from an unsustainable gap between ends and means that would bankrupt the United States and exhaust its power. Decades later, in the waning years of the Cold War, Paul Kennedy warned of “imperial overstretch,” arguing that American decline was inevitable “if the trends in national indebtedness, low productivity increases, [etc.]” were allowed to continue at the same time as “massive American commitments of men, money and materials are made in different parts of the globe.” Today, we are once again being told that this global strategy needs to give way to a more restrained and modest approach, even though the indebtedness crisis that we face in coming years is not caused by the present, largely successful global strategy. Of course it is precisely the success of that strategy that is taken for granted. The enormous benefits that this strategy has provided, including the financial benefits, somehow never appear on the ledger. They should. We might begin by asking about the global security order that the United States has sustained since Word War II—the prevention of major war, the support of an open trading system, and promotion of the liberal principles of free markets and free government. How much is that order worth? What would be the cost of its collapse or transformation into another type of order? Whatever the nature of the current economic difficulties, the past six decades have seen a greater increase in global prosperity than any time in human history. Hundreds of millions have been lifted out of poverty. Once-backward nations have become economic dynamos. And the American economy, though suffering ups and downs throughout this period, has on the whole benefited immensely from this international order. One price of this success has been maintaining a sufficient military capacity to provide the essential security underpinnings of this order. But has the price not been worth it? In the first half of the 20th century, the United States found itself engaged in two world wars. In the second half, this global American strategy helped produce a peaceful end to the great-power struggle of the Cold War and then 20 more years of great-power peace. Looked at coldly, simply in terms of dollars and cents, the benefits of that strategy far outweigh the costs. The danger, as always, is that we don’t even realize the benefits our strategic choices have provided. Many assume that the world has simply become more peaceful, that great-power conflict has become impossible, that nations have learned that military force has little utility, that economic power is what counts. This belief in progress and the perfectibility of humankind and the institutions of international order is always alluring to Americans and Europeans and other children of the Enlightenment. It was the prevalent belief in the decade before World War I, in the first years after World War II, and in those heady days after the Cold War when people spoke of the “end of history.” It is always tempting to believe that the international order the United States built and sustained with its power can exist in the absence of that power, or at least with much less of it. This is the hidden assumption of those who call for a change in American strategy: that the United States can stop playing its role and yet all the benefits that came from that role will keep pouring in. This is a great if recurring illusion, the idea that you can pull a leg out from under a table and the table will not fall over. Much of the present debate, it should be acknowledged, is not about the defense budget or the fiscal crisis at all. It is only the latest round in a long-running debate over the nature and purposes of American foreign policy. At the tactical level, some use the fiscal crisis as a justification for a different approach to, say, Afghanistan. Richard Haass, for instance, who has long favored a change of strategy from “counterinsurgency” to “counterterrorism,” now uses the budget crisis to bolster his case—although he leaves unclear how much money would be saved by such a shift in strategy. At the broader level of grand strategy, the current debate, though revived by the budget crisis, can be traced back a century or more, but its most recent expression came with the end of the Cold War. In the early 1990s, some critics, often calling themselves “realists,” expressed their unhappiness with a foreign policy—first under George H.W. Bush and then under Bill Clinton—that cast the United States as leader of a “new world order,” the “indispensable nation.” As early as 1992, Robert W. Tucker and David C. Hendrickson assailed President Bush for launching the first Persian Gulf war in response to Saddam Hussein’s invasion and occupation of Kuwait. They charged him with pursuing “a new world role .  .  . required neither by security need nor by traditional conceptions of the nation’s purpose,” a role that gave “military force” an “excessive and disproportionate .  .  . position in our statecraft.” Tucker and Hendrickson were frank enough to acknowledge that, pace Paul Kennedy, the “peril” was not actually “to the nation’s purse” or even to “our interests” but to the nation’s “soul.” This has always been the core critique of expansive American foreign policy doctrines, from the time of the Founders to the present—not that a policy of extensive global involvement is necessarily impractical but that it is immoral and contrary to the nation’s true ideals. Today this alleged profligacy in the use of force is variously attributed to the influence of “neoconservatives” or to those Mearsheimer calls the “liberal imperialists” of the Clinton administration, who have presumably now taken hold of the Obama administration as well. But the critics share a common premise: that if only the United States would return to a more “normal” approach to the world, intervening abroad far less frequently and eschewing efforts at “nation-building,” then this would allow the United States to cut back on the resources it expends on foreign policy. Thanks to Haass’s clever formulation, there has been a great deal of talk lately about “wars of choice” as opposed to “wars of necessity.” Haass labels both the war in Iraq and the war in Afghanistan “wars of choice.” Today, many ask whether the United States can simply avoid such allegedly optional interventions in the future, as well as the occupations and exercises in “nation-building” that often seem to follow. Although the idea of eliminating “wars of choice” appears sensible, the historical record suggests it will not be as simple as many think. The problem is, almost every war or intervention the United States has engaged in throughout its history has been optional—and not just the Bosnias, Haitis, Somalias, or Vietnams, but the Korean War, the Spanish-American War, World War I, and even World War II (at least the war in Europe), not to mention the many armed interventions throughout Latin America and the Caribbean over the course of the past century, from Cuba in 1898 to Panama in 1989. A case can be made, and has been made by serious historians, that every one of these wars and interventions was avoidable and unnecessary. To note that our most recent wars have also been wars of choice, therefore, is not as useful as it seems. In theory, the United States could refrain from intervening abroad. But, in practice, will it? Many assume today that the American public has had it with interventions, and Alice Rivlin certainly reflects a strong current of opinion when she says that “much of the public does not believe that we need to go in and take over other people’s countries.” That sentiment has often been heard after interventions, especially those with mixed or dubious results. It was heard after the four-year-long war in the Philippines, which cost 4,000 American lives and untold Filipino casualties. It was heard after Korea and after Vietnam. It was heard after Somalia. Yet the reality has been that after each intervention, the sentiment against foreign involvement has faded, and the United States has intervened again. Depending on how one chooses to count, the United States has undertaken roughly 25 overseas interventions since 1898: Cuba, 1898 The Philippines, 1898-1902 China, 1900 Cuba, 1906 Nicaragua, 1910 & 1912 Mexico, 1914 Haiti, 1915 Dominican Republic, 1916 Mexico, 1917 World War I, 1917-1918 Nicaragua, 1927 World War II, 1941-1945 Korea, 1950-1953 Lebanon, 1958 Vietnam, 1963-1973 Dominican Republic, 1965 Grenada, 1983 Panama, 1989

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First Persian Gulf war, 1991 Somalia, 1992 Haiti, 1994 Bosnia, 1995 Kosovo, 1999 Afghanistan, 2001-present Iraq, 2003-present That is one intervention every 4.5 years on average. Overall, the United States has intervened or been engaged in combat somewhere in 52 out of the last 112 years, or roughly 47 percent of the time. Since the end of the Cold War, it is true, the rate of U.S. interventions has increased, with an intervention roughly once every 2.5 years and American troops intervening or engaged in combat in 16 out of 22 years, or over 70 percent of the time, since the fall of the Berlin Wall. The argument for returning to “normal” begs the question: What is normal for the United States? The historical record of the last century suggests that it is not a policy of nonintervention. This record ought to raise doubts about the theory that American behavior these past two decades is the product of certain unique ideological or doctrinal movements, whether “liberal imperialism” or “neoconservatism.” Allegedly “realist” presidents in this era have been just as likely to order interventions as their more idealistic colleagues. George H.W. Bush was as profligate an intervener as Bill Clinton. He invaded Panama in 1989, intervened in Somalia in 1992—both on primarily idealistic and humanitarian grounds—which along with the first Persian Gulf war in 1991 made for three interventions in a single four-year term. Since 1898 the list of presidents who ordered armed interventions abroad has included William McKinley, Theodore Roose-velt, William Howard Taft, Woodrow Wilson, Franklin Roosevelt, Harry Truman, Dwight Eisenhower, John F. Kennedy, Ronald Reagan, George H.W. Bush, Bill Clinton, and George W. Bush. One would be hard-pressed to find a common ideological or doctrinal thread among them—unless it is the doctrine and ideology of a mainstream American foreign policy that leans more toward intervention than many imagine or would care to admit. Many don’t want to admit it, and the only thing as consistent as this pattern of American behavior has been the claim by contemporary critics that it is abnormal and a departure from American traditions. The anti-imperialists of the late 1890s, the isolationists of the 1920s and 1930s, the critics of Korea and Vietnam, and the critics of the first Persian Gulf war, the interventions in the Balkans, and the more recent wars of the Bush years have all insisted that the nation had in those instances behaved unusually or irrationally. And yet the behavior has continued. To note this consistency is not the same as justifying it. The United States may have been wrong for much of the past 112 years. Some critics would endorse the sentiment expressed by the historian Howard K. Beale in the 1950s, that “the men of 1900” had steered the United States onto a disastrous course of world power which for the subsequent half-century had done the United States and the world no end of harm. But whether one lauds or condemns this past century of American foreign policy—and one can find reasons to do both—the fact of this consistency remains. It would require not just a modest reshaping of American foreign policy priorities but a sharp departure from this tradition to bring about the kinds of changes that would allow the United States to make do with a substantially smaller force structure. Is such a sharp departure in the offing? It is no doubt true that many Americans are unhappy with the on-going warfare in Afghanistan and to a lesser extent in Iraq, and that, if asked, a majority would say the United States should intervene less frequently in foreign nations, or perhaps not at all. It may also be true that the effect of long military involvements in Iraq and Afghanistan may cause Americans and their leaders to shun further interventions at least for a few years—as they did for nine years after World War I, five years after World War II, and a decade after Vietnam. This may be further reinforced by the difficult economic times in which Americans are currently suffering. The longest period of nonintervention in the past century was during the 1930s, when unhappy memories of World War I combined with the economic catastrophe of the Great Depression to constrain American interventionism to an unusual degree and produce the first and perhaps only genuinely isolationist period in American history. So are we back to the mentality of the 1930s? It wouldn’t appear so. There is no great wave of isolationism sweeping the country. There is not even the equivalent of a Patrick Buchanan, who received 3 million votes in the 1992 Republican primaries. Any isolationist tendencies that might exist are severely tempered by continuing fears of terrorist attacks that might be launched from overseas. Nor are the vast majority of Americans suffering from economic calamity to nearly the degree that they did in the Great Depression. Even if we were to repeat the policies of the 1930s, however, it is worth recalling that the unusual restraint of those years was not sufficient to keep the United States out of war. On the contrary, the United States took actions which ultimately led to the greatest and most costly foreign intervention in its history. Even the most determined and in those years powerful isolationists could not prevent it.

#### Collapse causes lash-out. The U.S. will go down fighting─

Goldstein ‘7 (Avery, Professor of Global Politics and International Relations @ University of Pennsylvania, “Power transitions, institutions, and China's rise in East Asia: Theoretical expectations and evidence,” Journal of Strategic Studies, Volume 30, Issue 4 & 5 August)

Two closely related, though distinct, theoretical arguments focus explicitly on the consequences for international politics of a shift in power between a dominant state and a rising power. In War and Change in World Politics, Robert Gilpin suggested that peace prevails when a dominant state’s capabilities enable it to ‘govern’ an international order that it has shaped. Over time, however, as economic and technological diffusion proceeds during eras of peace and development, other states are empowered. Moreover, the burdens of international governance drain and distract the reigning hegemon, and challengers eventually emerge who seek to rewrite the rules of governance. As the power advantage of the erstwhile hegemon ebbs, it may become desperate enough to resort to the ultima ratio of international politics, force, to forestall the increasingly urgent demands of a rising challenger. Or as the power of the challenger rises, it may be tempted to press its case with threats to use force. It is the rise and fall of the great powers that creates the circumstances under which major wars, what Gilpin labels ‘hegemonic wars’, break out.13 Gilpin’s argument logically encourages pessimism about the implications of a rising China. It leads to the expectation that international trade, investment, and technology transfer will result in a steady diffusion of American economic power, benefiting the rapidly developing states of the world, including China. As the US simultaneously scurries to put out the many brushfires that threaten its far-flung global interests (i.e., the classic problem of overextension), it will be unable to devote sufficient resources to maintain or restore its former advantage over emerging competitors like China. While the erosion of the once clear American advantage plays itself out, the US will find it ever more difficult to preserve the order in Asia that it created during its era of preponderance. The expectation is an increase in the likelihood for the use of force – either by a Chinese challenger able to field a stronger military in support of its demands for greater influence over international arrangements in Asia, or by a besieged American hegemon desperate to head off further decline. Among the trends that alarm those who would look at Asia through the lens of Gilpin’s theory are China’s expanding share of world trade and wealth (much of it resulting from the gains made possible by the international economic order a dominant US established); its acquisition of technology in key sectors that have both civilian and military applications (e.g., information, communications, and electronics linked with the ‘revolution in military affairs’); and an expanding military burden for the US (as it copes with the challenges of its global war on terrorism and especially its struggle in Iraq) that limits the resources it can devote to preserving its interests in East Asia.14 Although similar to Gilpin’s work insofar as it emphasizes the importance of shifts in the capabilities of a dominant state and a rising challenger, the power-transition theory A. F. K. Organski and Jacek Kugler present in The War Ledger focuses more closely on the allegedly dangerous phenomenon of ‘crossover’– the point at which a dissatisfied challenger is about to overtake the established leading state.15 In such cases, when the power gap narrows, the dominant state becomes increasingly desperate to forestall, and the challenger becomes increasingly determined to realize the transition to a new international order whose contours it will define. Though suggesting why a rising China may ultimately present grave dangers for international peace when its capabilities make it a peer competitor of America, Organski and Kugler’s power-transition theory is less clear about the dangers while a potential challenger still lags far behind and faces a difficult struggle to catch up. This clarification is important in thinking about the theory’s relevance to interpreting China’s rise because a broad consensus prevails among analysts that Chinese military capabilities are at a minimum two decades from putting it in a league with the US in Asia.16 Their theory, then, points with alarm to trends in China’s growing wealth and power relative to the United States, but especially looks ahead to what it sees as the period of maximum danger – that time when a dissatisfied China could be in a position to overtake the US on dimensions believed crucial for assessing power. Reports beginning in the mid-1990s that offered extrapolations suggesting China’s growth would give it the world’s largest gross domestic product (GDP aggregate, not per capita) sometime in the first few decades of the twentieth century fed these sorts of concerns about a potentially dangerous challenge to American leadership in Asia.17 The huge gap between Chinese and American military capabilities (especially in terms of technological sophistication) has so far discouraged prediction of comparably disquieting trends on this dimension, but inklings of similar concerns may be reflected in occasionally alarmist reports about purchases of advanced Russian air and naval equipment, as well as concern that Chinese espionage may have undermined the American advantage in nuclear and missile technology, and speculation about the potential military purposes of China’s manned space program.18 Moreover, because a dominant state may react to the prospect of a crossover and believe that it is wiser to embrace the logic of preventive war and act early to delay a transition while the task is more manageable, Organski and Kugler’s powertransition theory also provides grounds for concern about the period prior to the possible crossover.19

#### credible US economic leadership is key to maintaining capitalism, interdependence, and every level of global cooperation-The alternative is competitive mercantilism and a complete collapse of multilateralism─

Posen ‘9. Adam-Deputy Director & Senior Fellow of the Peterson Institute for International Economics. “Economic Leadership, Beyond the Crisis.” Available Online @

<http://clients.squareeye.com/uploads/foresight/documents/PN%20USA\_FINAL\_LR\_1.pdf>

In the postwar period, US power and prestige, beyond the nation’s military might, have been based largely on American relative economic size and success. These facts enabled the US to promote economic openness and buy-in to a set of economic institutions, formal and informal, that resulted in increasing international economic integration. With the exception of the immediate post-Bretton Woods oil-shock period (1974-85), this combination produced generally growing prosperity at home and abroad, and underpinned the idea that there were benefits to other countries of following the American model and playing by American rules. Initially this system was most influential and successful in those countries in tight military alliance with the US, such as Canada, West Germany, Japan, South Korea, and the United Kingdom. With the collapse of Soviet communism in 1989, and the concomitant switch of important emerging economies, notably Brazil, China, India, and Mexico, to increasingly free-market capitalism, global integration on American terms through American leadership has been increasingly dominant for the last two decades. The global financial crisis of 2008-09, however, represents a challenge to that world order. While overt financial panic has been averted, and most economic forecasts are for recovery to begin in the US and the major emerging markets well before end of 2009 (a belief I share), there remain significant risks for the US and its leadership. The global financial system, including but not limited to US-based entities, has not yet been sustainably reformed. In fact, financial stability will come under strain again when the current government financial guarantees and public ownership of financial firms and assets are unwound over the next couple of years. The growth rate of the US economy and the ability of the US government to finance responses to future crises, both military and economic, will be meaningfully curtailed for several years to come. Furthermore, the crisis will accelerate at least temporarily two related long-term trends eroding the viability of the current international economic arrangements. First, perhaps inevitably, the economic size and importance of China, India, Brazil, and other emerging markets (including oil-exporters like Russia) has been catching up with the US, and even more so with demographically and productivity challenged Europe and northeast Asia. Second, pressure has been building over the past fifteen years or so of these developing countries’ economic rise to give their governments more voice and weight in international economic decision-making. Again, this implies a transfer of relative voting share from the US, but an even greater one from overrepresented Western Europe. The near certainty that Brazil, China, and India, are to be less harmed in real economic terms by the current crisis than either the US or most other advanced economies will only emphasise their growing strength, and their ability to claim a role in leadership. The need for capital transfers from China and oil-exporters to fund deficits and bank recapitalisation throughout the West, not just in the US, increases these rising countries’ leverage and legitimacy in international economic discussions. One aspect of this particular crisis is that American economic policymakers, both Democratic and Republican, became increasingly infatuated with financial services and innovation beginning in the mid-1990s. This reflected a number of factors, some ideological, some institutional, and some interest group driven. The key point here is that export of financial services and promotion of financial liberalisation on the US securitised model abroad came to dominate the US international economic policy agenda, and thus that of the IMF, the OECD, and the G8 as well. This came to be embodied by American multinational commercial and investment banks, in perception and in practice. That particular version of the American economic model has been widely discredited, because of the crisis’ apparent origins in US lax regulation and over-consumption, as well as in excessive faith in American-style financial markets. Thus, American global economic leadership has been eroded over the long-term by the rise of major emerging market economies, disrupted in the shortterm by the nature and scope of the financial crisis, and partially discredited by the excessive reliance upon and overselling of US-led financial capitalism. This crisis therefore presents the possibility of the US model for economic development being displaced, not only deservedly tarnished, and the US having limited resources in the near-term to try to respond to that challenge. Additionally, the US’ traditional allies and co-capitalists in Western Europe and Northeast Asia have been at least as damaged economically by the crisis (though less damaged reputationally). Is there an alternative economic model? The preceding description would seem to confirm the rise of the Rest over the West. That would be premature. The empirical record is that economic recovery from financial crises, while painful, is doable even by the poorest countries, and in advanced countries rarely leads to significant political dislocation. Even large fiscal debt burdens can be reined in over a few years where political will and institutions allow, and the US has historically fit in that category. A few years of slower growth will be costly, but also may put the US back on a sustainable growth path in terms of savings versus consumption. Though the relative rise of the major emerging markets will be accelerated by the crisis, that acceleration will be insufficient to rapidly close the gap with the US in size, let alone in technology and well-being. None of those countries, except perhaps for China, can think in terms of rivaling the US in all the aspects of national power. These would include: a large, dynamic and open economy; favorable demographic dynamics; monetary stability and a currency with a global role; an ability to project hard power abroad; and an attractive economic model to export for wide emulation. This last point is key. In the area of alternative economic models, one cannot beat something with nothing – communism fell not just because of its internal contradictions, or the costly military build-up, but because capitalism presented a clearly superior alternative. The Chinese model is in part the American capitalist (albeit not high church financial liberalisation) model, and is in part mercantilism.

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There has been concern that some developing or small countries could take the lesson from China that building up lots of hard currency reserves through undervaluation and export orientation is smart. That would erode globalisation, and lead to greater conflict with and criticism of the US-led system. While in the abstract that is a concern, most emerging markets – and notably Brazil, India, Mexico, South Africa, and South Korea – are not pursuing that extreme line. The recent victory of the incumbent Congress Party in India is one indication, and the statements about openness of Brazilian President Lula is another. Mexico’s continued orientation towards NAFTA while seeking other investment flows (outside petroleum sector, admittedly) to and from abroad is a particularly brave example. Germany’s and Japan’s obvious crisis-prompted difficulties emerging from their very high export dependence, despite their being wealthy, serve as cautionary examples on the other side. So unlike in the1970s, the last time that the US economic performance and leadership were seriously compromised, we will not see leading developing economies like Brazil and India going down the import substitution or other self-destructive and uncooperative paths. If this assessment is correct, the policy challenge is to deal with relative US economic decline, but not outright hostility to the US model or displacement of the current international economic system. That is reassuring, for it leaves us in the realm of normal economic diplomacy, perhaps to be pursued more multilaterally and less high-handedly than the US has done over the past 20 years. It also suggests that adjustment of current international economic institutions is all that is required, rather than desperately defending economic globalisation itself. For all of that reassurance, however, the need to get buy-in from the rising new players to the current system is more pressing on the economic front than it ever has been before.Due to the crisis, the ability of the US and the other advanced industrial democracies to put up money and markets for rewards and side-payments to those new players is also more limited than it has been in the past, and will remain so for at least the next few years. The need for the US to avoid excessive domestic self-absorption is a real concern as well, given the combination of foreign policy fatigue from the Bush foreign policy agenda and economic insecurity from the financial crisis. Managing the post-crisis global economy Thus, the US faces a challenging but not truly threatening global economic situation as a result of the crisis and longer-term financial trends. Failure to act affirmatively to manage the situation, however, bears two significant and related risks: first, that China and perhaps some other rising economic powers will opportunistically divert countries in US-oriented integrated relationships to their economic sphere(s); second, thata leadership vacuum will arise in international financial affairs and in multilateral trade efforts, which will over time erode support for a globally integrated economy. Both of these risks if realised would diminish US foreign policy influence, make the economic system less resilient in response to future shocks (to every country’s detriment), reduce economic growth and thus the rate of reduction in global poverty, and conflict with other foreign policy goals like controlling climate changeor managing migration and demographic shifts. If the US is to rise to the challenge, it should concentrate on the following priority measures.

#### The impact is great power war, terrorism, and a collapse of the global economy─

Panzner ‘8, faculty at the New York Institute of Finance, 25-year veteran of the global stock, bond, and currency markets who has worked in New York and London for HSBC, Soros Funds, ABN Amro, Dresdner Bank, and JPMorgan Chase (Michael, Financial Armageddon: Protect Your Future from Economic Collapse, Revised and Updated Edition, p. 136-138, googlebooks)

Continuing calls for curbs on the flow of finance and trade will inspire the United States and other nations to spew forth protectionist legislation like the notorious Smoot-Hawley bill. Introduced at the start of the Great Depression, it triggered a series of tit-for-tat economic responses, which many commentators believe helped turn a serious economic downturn into a prolonged and devastating global disaster, But if history is any guide, those lessons will have been long forgotten during the next collapse. Eventually, fed by a mood of desperation and growing public anger, restrictions on trade, finance, investment, and immigration will almost certainly intensify.   Authorities and ordinary citizens will likely scrutinize the cross-border movement of Americans and outsiders alike, and lawmakers may even call for a general crackdown on nonessential travel. Meanwhile, many nations will make transporting or sending funds to other countries exceedingly difficult. As desperate officials try to limit the fallout from decades of ill-conceived, corrupt, and reckless policies, they will introduce controls on foreign exchange, foreign individuals and companies seeking to acquire certain American infrastructure assets, or trying to buy property and other assets on the (heap thanks to a rapidly depreciating dollar, will be stymied by limits on investment by noncitizens. Those efforts will cause spasms to ripple across economies and markets, disrupting global payment, settlement, and clearing mechanisms. All of this will, of course, continue to undermine business confidence and consumer spending. In a world of lockouts and lockdowns, any link that transmits systemic financial pressures across markets through arbitrage or portfolio-based risk management, or that allows diseases to be easily spread from one country to the next by tourists and wildlife, or that otherwise facilitates unwelcome exchanges of any kind will be viewed with suspicion and dealt with accordingly.  The rise in isolationism and protectionism will bring about ever more heated arguments and dangerous confrontations over shared sources of oil, gas, and other key commodities as well as factors of production that must, out of necessity, be acquired from less-than-friendly nations. Whether involving raw materials used in strategic industries or basic necessities such as food, water, and energy, efforts to secure adequate supplies will take increasing precedence in a world where demand seems constantly out of kilter with supply. Disputes over the misuse, overuse, and pollution of the environment and natural resources will become more commonplace. Around the world, such tensions will give rise to full-scale military encounters, often with minimal provocation.  In some instances, economic conditions will serve as a convenient pretext for conflicts that stem from cultural and religious differences. Alternatively, nations may look to divert attention away from domestic problems by channeling frustration and populist sentiment toward other countries and cultures. Enabled by cheap technology and the waning threat of American retribution, terrorist groups will likely boost the frequency and scale of their horrifying attacks, bringing the threat of random violence to a whole new level.  Turbulent conditions will encourage aggressive saber rattling and interdictions by rogue nations running amok. Age-old clashes will also take on a new, more healed sense of urgency. China will likely assume an increasingly belligerent posture toward Taiwan, while Iran may embark on overt colonization of its neighbors in the Mideast. Israel, for its part, may look to draw a dwindling list of allies from around the world into a growing number of conflicts. Some observers, like John Mearsheimer, a political scientist at the University of Chicago, have even speculated that an "intense confrontation" between the United States and China is "inevitable" at some point.  More than a few disputes will turn out to be almost wholly ideological. Growing cultural and religious differences will be transformed from wars of words to battles soaked in blood. Long-simmering resentments could also degenerate quickly, spurring the basest of human instincts and triggering genocidal acts. Terrorists employing biological or nuclear weapons will vie with conventional forces using jets, cruise missiles, and bunker-busting bombs to cause widespread destruction. Many will interpret stepped-up conflicts between Muslims and Western societies as the beginnings of a new world war.

### Contention Two: Energy Efficiency

#### Scenario 1- Oil

#### Demand for oil will double over the next 20 years and current sources remain vulnerable to shocks–The plan is the only comprehensive solution.

Erin Kent Magee, March 17th, 2012, 2012 presidential candidate, previous educational services officer @ the DoD, previous royal ambassador to Japan, HRP, Western Australia “High Speed Rail: The Time is Now,” <http://tbqy.com/?p=2236>

The American economy is extremely vulnerable to oil price hikes, supply disruptions, and shortages due to our huge daily oil dependency. We use 20 million barrels of oil everyday in America, 70% of which is for transportation. We import 2/3 of our oil, much of it from unstable regions half way around the world. Current events across the Middle East and North Africa make our oil supply that much more vulnerable. The countries that produce oil, many of which have been steadily declining in overall production numbers, are producing less and less oil each year. This is due to the fact that many of the world’s leading oil fields have, or are currently maxing out and in decline. This makes it increasingly difficult to meet current American oil demand, and impossible to meet future increases in demand - expected to double over the next 20 years. High-Speed Rail will allow us to expand transportation options as we reduce our daily demand for oil. Since increasing oil supply is proving to be practically impossible, reducing demand is the only viable solution. Ramping up forms of transportation that consume little or no oil is the heart of the solution. Creating a national transportation network based on a system of electric trains throughout the country will take a huge bite out of our unsustainable appetite for oil, while increasing mobility, efficiency, global competitiveness and national security. In conjuction with butanol production, High-Speed Rail will reduce our dependence on foreign oil by more than 50% (2,3) High-Speed Rail is the large-scale, comprehensive solution to the oil supply problem, and is the most significant way to reduce our daily consumption of oil quickly and efficiently while maintaining our prosperity and economic growth. High-Speed Rail will mean: Less Money Spent on Gasoline, More Business & Real Jobs for Real People

#### The plan solves oil dependence quickly-Alternative energies won’t come fast enough and conflicts are inevitable if action isn’t taken in the short-term─

Perl ‘11. Dr. Anthony Perl is Professor of Urban Studies and Political Science at Simon Fraser University in Vancouver, British Columbia, Canada, where he directs the Urban Studies Program. His latest book, co-authored with Richard Gilbert, is "Transport Revolutions: Moving People and Freight Without Oil." November 19, 2011 “How green is high-speed rail?” [http://www.cnn.com/2011/11/18/world/how-green-is-hsr/index.html]

Since electricity is an energy carrier, it can be generated from a mix of sources that incorporate the growing share of geothermal, hydro, solar, and wind energy that will be produced in the years ahead. And because electric motors are three to four times more efficient than internal combustion engines, an immediate improvement will precede introducing renewable energy into transportation. Grid-connected traction offers the only realistic option for significantly reducing oil use in transportation over the next 10 years. If such a shift does not begin during this decade, the risk of a global economic collapse and/or geo-political conflict over the world's remaining oil reserves would become dangerously elevated. Making a significant dent in transportation's oil addiction within 10 years is sooner than fuel cells, biofuels, battery-electric vehicles and other alternative energy technologies will be ready to deliver change. Biofuels that could power aircraft now cost hundreds of dollars per gallon to produce. Batteries that a big enough charge to power vehicles between cities are still too big and expensive to make electric cars and buses affordable. But grid-connected electric trains have been operating at scale and across continents for over a century. And when the Japanese introduced modern high-speed trains through their Shinkansen, in 1964, the utility of electric trains was greatly extended.

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Since the 1980s, countries across Asia and Europe have been building new high-speed rail infrastructure to deploy electric mobility between major cities up to 1,000 kilometers apart. For intercity trips between 200 and 1,000 kilometers, high-speed trains have proven their success in drawing passengers out of both cars and planes, as well as meeting new travel demand with a much lower carbon footprint than driving or flying could have done. If we are serious about reducing oil's considerable risks to global prosperity and sustainability, we will not miss the opportunity offered by high-speed rail to decrease transportation's oil consumption sooner, rather than later.

#### Continued dependence and oil shocks will result in great power conflicts and rapid warming. This independently makes US-Sino war inevitable─

King 8 [Neil King, Jr. “Peak Oil: A Survey of Security Concerns” CNAS Energy Security Visionaries Series. July 2008. http://www.aspousa.org/aspousa4/proceedings/\_CNAS\_King\_Peak\_Oil\_WorkingPaper.pdf]

Many commentators in the United States and abroad have begun to wrestle with the question of whether soaring oil prices and market volatility could spark an outright oil war between major powers—possibly ignited not by China or Russia, but by the United States. In a particularly pointed speech on the topic in May, James Russell of the Naval Postgraduate School in California addressed what he called the increasing militarization of international energy security. “Energy security is now deemed so central to ‘national security’ that threats to the former are liable to be reflexively interpreted as threats to the latter,” he told a gathering at the James A. Baker Institute for Public Policy at Houston’s Rice University. 6 The possibility that a large-scale war could break out over access to dwindling energy resources, he wrote, “is one of the most alarming prospects facing the current world system.” 7 Mr. Russell figures among a growing pool of analysts who worry in particular about the psychological readiness of the United States to deal rationally with a sustained oil shock. Particularly troubling is the increasing perception within Congress that the financial side of the oil markets no longer functions rationally. It has either been taken over by speculators or is being manipulated, on the supply side, by producers who are holding back on pumping more oil in order to drive up the price. A breakdown in trust for the oil markets, these analysts fear, could spur calls for government action—even military intervention. “The perceptive chasm in the United States between new [oil] market realities and their impact on the global distribution of power will one day close,” Mr. Russell said. “And when it does, look out.” 8 The World at Peak: Taking the Dim View For years, skeptics scoffed at predictions that the United States would hit its own domestic oil production peak by sometime in the late 1960s. With its oil fields pumping full out, the U.S. in 1969 was providing an astonishing 25 percent of the world’s oil supply—a role no other country has ever come close to matching. U.S. production then peaked in December 1970, and has fallen steadily ever since, a shift that has dramatically altered America’s own sense of vulnerability and reordered its military priorities. During World War II, when its allies found their own oil supplies cut off by the war, the United States stepped in and made up the difference. Today it is able to meet less than a third of its own needs. A similar peak in worldwide production would have far more sweeping consequences. It would, for one, spell the end of the world’s unparalleled economic boom over the last century. It would also dramatically reorder the wobbly balance of power between nations as energychallenged industrialized countries turn their sights on the oil-rich nations of the Middle East and Africa. In a peak oil future, the small, flattened, globalized world that has awed recent commentators would become decidedly round and very vast again. Oceans will reemerge as a hindrance to trade, instead of the conduit they have been for so long. An energy-born jolt to the world economy would leave no corner of the globe untouched. Unable to pay their own fuel bills, the tiny Marshall Islands this summer faced the possibility of going entirely without power. That is a reality that could sweep across many of the smallest and poorest countries in Africa, Asia, and Latin America, reversing many of the tentative gains in those regions and stirring deep social unrest. Large patches of the world rely almost entirely on diesel-powered generators for what skimpy electricity they now have. Those generators are the first to run empty as prices soar. A British parliamentary report released in June on “The Impact of Peak Oil on International Development” concluded that “the deepening energy crisis has the potential to make poverty a permanent state for a growing number of people, undoing the development efforts of a generation.” 9 We are seeing some of the consequences already in Pakistan – a country of huge strategic importance, with its own stash of nuclear weapons – that is now in the grips of a severe energy crisis. By crippling the country’s economy, battering the stock market, and spurring mass protests, Pakistan’s power shortages could end up giving the country’s Islamic parties the leverage they have long needed to take power. It is not hard to imagine similar scenarios playing out in dozens of other developing countries. Deepening economic unrest will put an enormous strain on the United Nations and other international aid agencies. Anyone who has ever visited a major UN relief hub knows that their fleets of Land Rovers, jumbo jets and prop planes have a military-size thirst for fuel. Aid agency budgets will come under unprecedented pressure just as the need for international aid skyrockets and donor countries themselves feel pressed for cash. A peaking of oil supplies could also hasten the impact of global climate change by dramatically driving up the use of coal for power generation in much of the world. A weakened world economy would also put in jeopardy the massively expensive projects, such as carbon capture and storage, that many experts look to for a reduction in industrial emissions. So on top of the strains caused by scarce fossil fuels, the world may also have to grapple with the destabilizing effects of more rapid desertification, dwindling fisheries, and strained food supplies. An oil-constricted world will also stir perilous frictions between haves and have-nots. The vast majority of all the world’s known oil reserves is now in the hands of national oil companies, largely in countries with corrupt and autocratic governments. Many of these governments—Iran and Venezuela top the list—are now seen as antagonists of the United States. Tightened oil supplies will substantially boost these countries’ political leverage, but that enhanced power will carry its own peril. Playing the oil card when nations are scrambling for every barrel will be a far more serious matter that at any time in the past. The European continent could also undergo a profound shift as its needs—and sources of energy—diverge all the more from those of the United States. A conservation-oriented Europe (oil demand is on the decline in almost every EU country) will look all the more askance at what it sees as the gluttonous habits of the United States. At the same time, Europe’s governments may have little choice but to shy from any political confrontations with its principal energy supplier, Russia. An energy-restricted future will greatly enhance Russia’s clout within settings like the UN Security Council but also in its dealings with both Europe and China. Abundant oil and gas have fueled Russia’s return to power over the last decade, giving it renewed standing within the UN and increasing sway over European capitals. The peak oil threat is already sending shivers through the big developing countries of China and India, whose propulsive growth (and own internal stability) requires massive doses of energy. For Beijing, running low on fuel spells economic chaos and internal strife, which in turn spawns images of insurrection and a breaking up of the continent-sized country. Slumping oil supplies will automatically pit the two largest energy consumers—the United States and China—against one another in competition over supplies in South America, West Africa, the Middle East, and Central Asia. China is already taking this competition very seriously. It doesn’t require much of a leap to imagine a Cold War-style scramble between Washington and Beijing—not for like-minded allies this time but simply for reliable and tested suppliers of oil. One region that offers promise and peril in almost equal measure is the Artic, which many in the oil industry consider the last big basin of untapped hydrocarbon riches. But the Artic remains an ungoverned ocean whose legal status couldn’t be less clear, especially so long as the United States continues to remain outside the international Law of the Sea Treaty. As the ices there recede, the risk increases that a scramble for assets in the Artic could turn nasty.

#### War with China goes nuclear and destroys civilization─

Strait Times, June 25, 2000, p. Lexis

The high-intensity scenario postulates a cross-strait war escalating into a full-scale war between the US and China. If Washington were to conclude that splitting China would better serve its national interests, then a full-scale war becomes unavoidable. Conflict on such a scale would embroil other countries far and near and -horror of horrors -raise the possibility of a nuclear war. Beijing has already told the US and Japan privately that it considers any country providing bases and logistics support to any US forces attacking China as belligerent parties open to its retaliation. In the region, this means South Korea, Japan, the Philippines and, to a lesser extent, Singapore. If China were to retaliate, east Asia will be set on fire. And the conflagration may not end there as opportunistic powers elsewhere may try to overturn the existing world order. With the US distracted, Russia may seek to redefine Europe's political landscape. The balance of power in the Middle East may be similarly upset by the likes of Iraq. In south Asia, hostilities between India and Pakistan, each armed with its own nuclear arsenal, could enter a new and dangerous phase. Will a full-scale Sino-US war lead to a nuclear war? According to General Matthew Ridgeway, commander of the US Eighth Army which fought against the Chinese in the Korean War, the US had at the time thought of using nuclear weapons against China to save the US from military defeat. In his book The Korean War, a personal account of the military and political aspects of the conflict and its implications on future US foreign policy, Gen Ridgeway said that US was confronted with two choices in Korea -truce or a broadened war, which could have led to the use of nuclear weapons. If the US had to resort to nuclear weaponry to defeat China long before the latter acquired a similar capability, there is little hope of winning a war against China 50 years later, short of using nuclear weapons. The US estimates that China possesses about 20 nuclear warheads that can destroy major American cities. Beijing also seems prepared to go for the nuclear option. A Chinese military officer disclosed recently that Beijing was considering a review of its "non first use" principle regarding nuclear weapons. Major-General Pan Zhangqiang, president of the military-funded Institute for Strategic Studies, told a gathering at the Woodrow Wilson International Centre for Scholars in Washington that although the government still abided by that principle, there were strong pressures from the military to drop it. He said military leaders considered the use of nuclear weapons mandatory if the country risked dismemberment as a result of foreign intervention. Gen Ridgeway said that should that come to pass, we would see the destruction of civilization. There would be no victors in such a war. While the prospect of a nuclear Armageddon over Taiwan might seem inconceivable, it cannot be ruled out entirely, for China puts sovereignty above everything else.

#### Scenario 2-Congestion

#### Air and highway transportation use has completely outpaced capacity-High-Speed rail is the only alternative capable of solving─

Kobzantsev ‘9. Zlata Kobzantsev. December 9th, 2009, written for PennDesign, the University Of Pennsylvania School Of Design, “Planning for High-speed Rail in the United States,” Chapter 1: Metropolitan Congestion as a Factor for Successful Highspeed Rail.

Current automobile and air transportation traffic is congested, contributing to lost time and money and the inefficient use of resources. The demand for simultaneous highway use by private cars, trucks, and public transit, especially at peak hours, clogs roadways. Highway use has outpaced increased road capacity and growth in public transit. Everyday operations and unfortunate crashes can influence greater congestion. In 2007, 2.8 gallons of fuel were wasted, which is equivalent to 370,000 18-wheeler fuel delivery trucks lined up between Houston, Boston, and Los Angeles. The yearly amount of time that an individual is delayed by congestion has increased from 14 hours in 1982 to 36 hours in 2007. This time spent in congestion is equal to a work week and increases in larger metropolitan regions.12 For air travel, congestion influences increased departure and arrival delays. For every year since 2000, at least 15% of flights have been delayed at least 15 minutes.13 With future population growth and the expected traffic that will be generated from it, congestion of America’s roads and air corridors will increase. Past trends indicate that congestion on highways will outpace population growth because vehicle miles traveled in the 100 largest metropolitan regions in the U.S. increased by 28% between 1992-2002, which was twice as fast as the population of the metropolitan regions grew.14 The policies that have been used to reduce congestion on the nation’s roads have not matched the increasing rates of congestion. Increasing road width where possible, adding more public transit, and making transportation operations more efficient has helped decrease congestion, but only for a limited time and in smaller metro regions when increased capacity matches the rates of congestion growth.15 In order to deal with congestion, reduce delays, and improve safety, especially from air shuttle flights, some airports are redesigning their airspace.16 However, increasing capacity for both automobile and air travel is an expensive investment. High-speed rail (HSR) is an alternative mode that can alleviate congestion by filling the gap between automobile and air travel. HSR has been used in Europe and Asia to mitigate congestion. This system works best – that is, meeting and exceeding ridership projections – between cities that are highly congested and well connected to transit.17 Regions with congestion and with existing or planned transit systems will have the best potential to support proposed service by HSR in an emerging U.S. HSR system, since they will be able to readily provide HSR passengers -- who value transit, convenience, and savings in trip-times -- with convenient and fast intercity and inter-region travel.

#### Current efforts won’t come close to alleviating this-high speed rail can decrease congestion while simultaneously reducing emissions and oil dependence─

Rodda ‘9. Bryan Rodda December 9th, 2009, written for PennDesign, the University Of Pennsylvania School Of Design, “Planning for High-speed Rail in the United States,” Executive Summary

There is increasing acceptance in the field of transportation planning that continuing to build ever more highways and ever more runways is unsustainable and will not result in a solution for congestion.3 Introducing HSR as a new, viable alternative, however, offers the opportunity to relieve congestion at our nation’s busiest airports and on our busiest highways through diverting trips to the new rail mode, which is naturally suited for highcapacity travel through America’s densest, most congested travel corridors (see chapters 1 and 4). America’s airports are clogged. Newark International Airport is a good example of severely constrained American airport—it already operates at full capacity complete with a cap on the number of allowed flights per hour, and it physically landlocked with few options for adding any new runway space. The situation is similar in California’s largest cities, and the California’s High‐Speed Rail Authority has emphasized the potential cost savings of building HSR relative to expanding airport and highway capacity, noting: “California's planned 220 mph highspeed train system will cost less than half as much as building more freeway lanes and airport runways and will increase mobility while cutting air pollution and reducing the greenhouse gas emissions that cause global warming.” Highspeed rail is the most convenient, environmentally friendly way to travel across America’s megaregions, especially for trips of between 100 and 600 miles. Among current intercity transportation modes, America’s existing rail services are already the most energy‐efficient mode of travel on a per‐passenger‐mile basis, requiring 30 percent less energy on average than automobiles and 23 percent less energy than air.4 Creating a network of HSR lines using clean diesel or electric trains will result in additional energy benefits, helping the country to reduce greenhouse gas emissions and lessening our economic dependence on foreign sources of oil (see chapter 3). Also, the potential to upgrade existing rights‐of‐way and stations, rather than building new everywhere, offers additional environmental and economic benefits as well as the opportunity to preserve America’s historic railroad assets.

#### Emissions from congestion and transportation represent some of the largest contributions to warming-

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Surface transportation in the United States is a large source of greenhouse gas emissions, and therefore a large contributor to global climate change. Roughly a third of America’s carbon dioxide (CO2) emissions come from moving people or goods, and 80 percent of these emissions are from cars and trucks. To reduce CO2 emissions from the transportation sector, policy makers are primarily pushing for more efficient vehicles, alternative fuels, and reducing vehicle miles traveled (VMT). Those who promote vehicle improvements have focused on building lighter and smaller vehicles (while maintaining safety), improving powertrain efficiency, and introducing alternative technologies such as hybrid and fuel cell vehicles. Alternative fuel possibilities include many low-carbon options such as biofuels and synthetic fuels. Policy makers have placed less attention on reducing CO2 emissions by reducing traffic congestion. As traffic congestion increases, so too do fuel consumption and CO2 emissions. Therefore, congestion mitigation programs should reduce CO2 emissions. The key question is how big of an emissions reduction we can get by reducing congestion. This question is difficult to answer, because CO2 emissions, and the fuel consumption that causes them, are very sensitive to several factors. These factors include individual driving behavior, vehicle and roadway types, and traffic conditions. Because of these factors, a table that estimates CO2 emissions based only on a single variable, such as trip distance, cannot provide an accurate estimate. Rather, a comprehensive methodology that takes advantage of the latest vehicle activity measurements and detailed vehicle emission factors can create a more accurate emissions inventory for different types of vehicles and different levels of traffic congestion. With this methodology, we can accurately estimate how congestion mitigation programs will reduce CO2 emissions.

#### high speed rail can reduce CO2 emissions by 6 billion pounds per year─ We have the only comprehensive data─

CCAP ‘6. Center for Clean Air Policy & Center for Neighborhood Technology. CCAP has over

20 years of experience addressing climate change, air emissions, and energy policy. CNT serves as the umbrella for a number of projects and affiliate organization. They work in the areas of energy, transportation, materials conservation and housing preservation “High Speed Rail and Greenhouse Gas Emissions in the U.S.” January 2006 [http://www.cnt.org/repository/HighSpeedRailEmissions.pdf]

High speed rail is often cited as a solution to many transportation problems: It can reduce congestion on roads and at airports, is cost effective and convenient, improves mobility and has environmental benefits. While greenhouse gas (GHG) emissions are likely to be reduced as travelers switch to high speed rail from other modes of travel, little modeling has been done to estimate this potential impact in the U.S. Those estimates that have been made simply assume a percentage of trips nationally will be diverted to rail from other modes. The Center for Neighborhood Technology (CNT) and the Center for Clean Air Policy (CCAP) have, alternatively, estimated on a corridor-by-corridor basis the annual GHG benefits of high speed rail systems in the U.S. using current plans for high speed rail development in the federally designated high speed rail corridors. To estimate high speed rail’s net emissions impact, we calculated the carbon dioxide (CO2) emissions saved from passengers switching to high speed rail from other modes (air, conventional rail, automobile and bus) and subtracted the estimated emissions generated by high speed rail. Our calculations were based on passenger projections and diversion rates for each corridor and typical emissions rates for each mode of travel, including several different high speed rail technologies. Current projections show that passengers would take 112 million trips on high speed rail in the U.S. in 2025, traveling more than 25 billion passenger miles. This would result in 29 million fewer automobile trips and nearly 500,000 fewer flights. We calculated a total emissions savings of 6 billion pounds of CO2 per year (2.7 MMTCO2) if all proposed high speed rail systems studied for this project are built. Savings from cancelled automobile and airplane trips are the primary sources of the emissions savings; together these two modes make up 80 percent of the estimated emissions savings from all modes.

#### Warming causes extinction─

Brown, Director and Founder of the global institute of Environment in the U.S., 2008

[Lester E. Brown, “Plan B 3.0: Mobilizing to Save Civilization”]

In 2004, Stephen Pacala and Robert Socolow at Princeton Uni­versity published an article in Science that showed how annual carbon emissions from fossil fuels could be held at 7 billion tons instead of rising to 14 billion tons over the next 50 years, as would occur with business as usual. The goal of Pacala, an ecol­ogist, and Socolow, an engineer, was to prevent atmospheric CO2 concentrations, then near 375 ppm, from rising above 500 ppm. I They described *IS* ways, all using proven technologies, that by 20S4 could each cut carbon emissions by 1 billion tons per year. Any seven of these options could be used together to pre­vent an increase in carbon emissions through 2054. Pacala and Socolow further theorize that advancing technology would allow for annual carbon emissions to be cut to 2 billion tons by 2104, a level that can be absorbed by natural carbon sinks in land and oceans. The Pacala/Socolow conceptualization has been extraordi­narily useful in helping to think about how to cut carbon emis­sions. During the three years since the article was written, the urgency of acting quickly and on a much larger scale has become obvious. We also need now to go beyond the conceptu­al approach that treats all potential methods of reducing carbon emissions equally and concentrate on those that are most prom­ising. Researchers such as James Hansen, a leading climate scien­tist at NASA, believe that global warming is accelerating and may be approaching a tipping point, a point at which climate change acquires a momentum that makes it irreversible. They think **we** may have a decade to turn the situation around before this threshold is crossed. I agree.?3 We often hear descriptions of what we need to do in the decades ahead or by 2050 to avoid "dangerous climate change," but we are already facing this. Two thirds of the glaciers that feed the Yellow and Yangtze rivers of China will disappear by 2060 if even the current 7 percent annual rate of melting con­tinues. Glaciologists report that the Gangotri glacier, which supplies 70 percent of the ice melt that feeds the Ganges River during the dry season, could disappear entirely in a matter of decades.74 What could threaten world food security more than the melt­ing of the glaciers that feed the major rivers of Asia during the dry season, the rivers that irrigate the region's rice and wheat fields? In a region with half the world's people, this potential loss of water during the dry season could lead not just to hunger but to starvation on an unimaginable scale. Asian food security would take a second hit because its rice­-growing river deltas and floodplains would be under water. The World Bank tells us that a sea level rise of only 1 meter would inundate half of the riceland in Bangladesh. While a 1-meter rise in sea level will not happen overnight, what is worrisome is that if ice melting continues at today's rates, at some point such a rise in sea level will no longer be preventable. The melting that would cause this is not just what may happen if the earth's tem­perature rises further; this is something that is starting to hap­pen right now with the current temperature. As summer neared an end in 2007, reports from Greenland indicated that the flow of glaciers into the sea had accelerated beyond anything glaciologists had thought possible. Huge chunks of ice weighing several billion tons each were breaking off and sliding into the sea, causing minor earthquakes as they did so.!6 With melt-water lubricating the surface between the glaciers and the rocks on which they rested, ice flows were accelerating, flowing into the ocean at a pace of 2 meters an hour. This accel­erated flow, along with the earthquakes, shows the potential for the entire ice sheet to break up and collapse?? Beyond what is already happening, the world faces a risk that some of the feedback mechanisms will begin to kick in, fur­ther accelerating the warming process. Scientists who once thought that the Arctic Ocean could be free of ice during the summer by 2100 now see it occurring by 2030. Even this could turn out to be a conservative estimate.78 This is of particular concern to scientists because of the albedo effect, where the replacement of highly reflective sea ice with darker open water greatly increases heat absorbed from sunlight. This, of course, has the potential to further accelerate the melting of the Greenland ice sheet. A second feedback loop of concern is the melting of per­mafrost. This would release billions of tons of carbon, some as methane, a potent greenhouse gas with a global warming effect per ton 25 times that of carbon dioxide.79 The risk facing humanity is that climate change could spiral out of control and it will no longer be possible to arrest trends such as ice melting and rising sea level. At this point, the future of civilization would be at risk. This combination of melting glaciers, rising seas, and their effects on food security and low-lying coastal cities could over­whelm the capacity of governments to cope. Today it is largely weak states that begin to deteriorate under the pressures of mounting environmental stresses. But the changes just described could overwhelm even the strongest of states. Civilization itself could begin to unravel under these extreme stresses.

### Contention Three: Solvency

#### Committed federal funding is key to jumpstart high-speed rail projects-it injects confidence into the market for its developement─

Todorvich et al. ‘11 Petra Todorovich, Director of America 2050, a national urban planning initiative to develop an infrastructure and growth strategy for the United States Daniel Schned, and Robert Lane “High-Speed Rail: International Lessons for U.S. Policy Makers.” [https://www.lincolninst.edu/pubs/dl/1948\_1268\_High-Speed%20Rail%20PFR\_Webster.pdf]

Like other modes of transportation and public goods, high-speed rail generally does not pay for itself through ticket fares and other operating revenues. Reliable federal funding is needed for some portion of the upfront capital costs of constructing rail infrastructure, but operating revenues frequently cover operating and maintenance costs. Two well-known examples of highly successful high-speed rail lines—the Tokyo– Osaka Shinkansen and Paris–Lyon TGV—generate an operating proﬁt (JR Central 2010; Gow 2008). German high-speed trains also have been proﬁtable on an operating basis, with revenues covering 100 percent of maintenance costs and 30 percent of new track construction (University of Pennsylvania 2011). Moreover, as long as the HSIPR Program combines funding for both high-speed and conventional rail, federal grants, not loans, will be required to support its initiatives. Since conventional rail services are likely to need continued operating subsidies, it is even more important to secure a federal funding source for capital infrastructure costs. A small but reliable transportation tax for high-speed and conventional passenger rail would demonstrate the federal government’s commitment to a comprehensive rail program, giving states the assurance they need to plan high-speed rail projects and equipment manufacturers the conﬁdence they require to invest in the industry.

#### No other form of funding solves-Federal involvement is critical for coordination and sustaining projects─

Sweet ‘9. Matthias N. Sweet, Ph.D. candidate at the University of Pennsylvania City and Regional Planning “Planning for High-speed Rail in the United States.” Chapter 13: Financing High-speed Rail [<http://www.design.upenn.edu/hsr2011/planningforhsr.pdf>]

Capital costs for HSR are high and will likely need to be primarily born at the federal level, although states should also be expected to share a cost of initial capital costs. Corridors will cross state boundaries and benefits may also include spatial spillovers, therefore the federal role will also be important in facilitating coordination, standardizing bidding and labor pr.actices, and regulating relationships between state operating authorities and privately owned freight railroads which own many of the rights-of-way that will be used by HSR trains. Dedicated Funding Source While existing HSR funding is not dedicated, previous transportation program experience (see Interstate System discussion) suggests that if no dedicated federal funding source is identified, funding levels will not sustain the HSR program over the long-term. The Interstate Highway System’s success was largely due to the Highway Trust Fund, funded through a dedicated gas tax and other transportation related excise taxes, which financed highway construction for more than 50 years. The availability of a dedicated funding source impacts not only the decisions of the future, but immediate decisions about investing in projects requiring short-term or long-term support.

#### High-speed rail is competitive, efficient, and feasible in the short term.

Kobzantsev ‘9. Zlata Kobzantsev, University of Pennsylvania, Cornell University December 9th, 2009, written for PennDesign, the University Of Pennsylvania School Of Design, “Planning for High-speed Rail in the United States,” Chapter 1: Metropolitan Congestion as a Factor for Successful Highspeed Rail.

In the spectrum of transit modes, HSR fills a gap between short-distance flights and longdistance surface transit trips. The high speeds of HSR, at 125 miles per hour or higher (200 kilometer per hour or higher) shrink the functional distance of trips so that they can connect a megaregion.22 This provides a competitive advantage to HSR over cars because the faster trains achieve shorter trip times. The threshold of passengers for intercity and commuting travel is about an hour. This increases the number of passengers willing to travel on HSR and potential trips that could occur within this time threshold. This allows for HSR to connect a series of congested cities within a megaregion where there is demand for intercity travel, especially outside the immediate metropolitan region.23 When HSR operates at its fastest speeds of 186 miles per hour (300 kilometers per hour), then it can compete with air travel. When the trip time achieved by HSR is around three hours, it is comparable to the check-in, departure, flight, arrival, and check-out time of short-haul flights. The loading and unloading time needed to HSR is minimized and security check-in occurs more quickly. The services that HSR offers can be comparable to airplanes because HSR rides are also concerned with passenger comfort.24 The implementation of HSR lines in Asia and Europe have indicated that between 65%-80% of short-haul air travelers switch from air shuttles to HSR.25 Moreover, HSR has the advantage of connecting central business districts (CBD). This removes the need for supplementary travel arrangements between airports and cities or surrounding areas. When HSR is connected to a CBD and transit, this eliminates the need for parking. Locating HSR in city centers also reduces door-to-door trip time, which is an important factor in the modal choice of passengers.26

## \*\*\*Knowledge Economy ADV\*\*\*

### Uniqueness-More Stimulus K2 Growth

#### Economic recovery’s happening now, but it could fail at any time – more stimulus is needed

Michael S. Derby and John Letzing, March 2nd, 2012, writers, Wall Street Journal, “Fed’s Williams: More Stimulus Needed if Recovery Falters,” <http://blogs.wsj.com/economics/2012/03/02/feds-williams-more-stimulus-needed-if-recovery-falters/>

NEW YORK -- While the economy's prospects have brightened, it remains very possible the [we] Federal Reserve may have to provide fresh stimulus to the economy by way of more balance sheet expansion, a key central bank official said Thursday. "We may need to do more if the recovery falters or if inflation stays well below 2%," Federal Reserve Bank of San Francisco President John Williams said. "If the economy does need more stimulus, restarting our program of purchasing mortgage-backed securities would probably be the best course of action," he said, although he added, "the policy actions the Fed takes will depend on how economic conditions develop." Williams's comments came from the text of a speech he was to give in Honolulu, Hawaii, before a gathering of financial analysts. The official is a voting member of the interest-rate-setting Federal Open Market Committee this year. He spoke in the wake of two days of testimony before congress by Fed chief Ben Bernanke. In his comments to legislators, the central bank leader acknowledged the recovery and said he expected its pace to be modest. He kept open his options when it came to the Fed taking steps beyond its current programs. The recent turn of improved economic data has caused many in markets to mark down the odds the Fed will provide stimulus by buying bonds, to grow a balance sheet that already stands at $2.9 trillion. With borrowing rates already at rock-bottom levels, there have been real questions about what the Fed could achieve by following such a strategy. But even so, it remains the most likely way forward if the Fed chooses to follow it. In his speech, Williams offered his full support to current Fed actions. "The economy currently needs an extraordinarily supportive policy," he said, even as he noted "we'll reverse course when the time comes to remove this support." Williams was upbeat about recent economic news. "The economy is growing, and the recent economic news has been increasingly positive," he said. He expects U.S. gross domestic product to rise by 2 1/4% this year and by 2 3/4% next year. The official said he was "especially encouraged" by job market developments, although he said what is now a 8.3% unemployment rate will likely stay above 8% into 2013, and hold above 7% "for several years to come." Williams said inflation is "relatively contained," and observed "with the economy still underperforming and wage growth modest, inflation should remain subdued" at a 1 3/4% rise this year and 1 1/2% increase next year. The policymaker said housing is still "depressed" but added the sector "appears to have stabilized and is showing some signs of life." What worries Williams most about the outlook is Europe's debt crisis. He noted progress has been made in stopping a broader crisis, although issues there are far from solved.

### HSR K2 Knowledge Economy

#### Traditional stimulus strategies are only short term in their economic benefits. HSR is key to transition to a knowledge economy which fosters long-term growth and competitiveness─

Tierney ‘12. Sean Tierney, Prof. of Geography @ University of North Texas. Ph.D in Geography from University of Denver. “High-speed rail, the knowledge economy and the next growth wave.” Journal of Transport Geography Volume 22, May 2012, Pages 285–287.

For all the controversy surrounding the 2009 stimulus bill, one of its noteworthy flaws was its focus on ‘shovel ready’ projects. Shovel ready projects are relics of the 20th century economy designed to prop up or expand the existing built environment. Acknowledging that crisis management is inherently reactionary, the stimulus failed to anticipate the next economic landscape. What we need now, what HSR offers, is infrastructure that primes the knowledge economy, designed to enhance idea-exchange in the face of rising populations and global competition. Globalization is already reshuffling our national urban hierarchy. Some cities and regions are grappling with decaying industries, plummeting tax receipts and laborers with inadequate skills. Meanwhile, other places with deep and diversified economic roots are repositioning themselves for the next round of consolidation and growth. For better or worse, ideas have replaced tangible goods as our primary export and there is a growing divide between those places with long traditions of economic adaptation and those with mono-industry concentrations and declining productivity. HSR is not appropriate for regions in decline, places like the industrial mid-west or the sand-states (Florida, Arizona, and Nevada), but HSR is well suited to strengthen the competitive advantages of those places that are winning. For some, economic development is a euphemism for industrial policy. Undoubtedly, the government will have an important role to play, for financing, technological standardization, eminent domain and others. Many oppose any form of industrial policy, but not doing so cedes considerable ground to those countries with whom we are trying to compete. Compare the $8 billion that President Obama set aside in the stimulus bill as a down payment for HSR, with the estimated $500–700 billion that China plans to invest for its 19,000 km HSR network (Economist, 2011), or the $21 billion that Brazil will spend for just one line, a 225 mile spur connecting Rio with Sao Paulo (Magalhaes and Winterstein, 2011). But industrial policy is not about business cycles or stimulus, nor is it about corporate welfare or picking winners; done correctly, industrial policy is about steering public resources to lubricate an innovative economic ecosystem that benefits all fields over long periods of time (Porter, 2008).

### HSR K2 Economy-Laundry List

#### Plan soles the economy – Housing prices, connectivity, worker efficiency

Roger Vickerman and Andreu Ulied 2006 [“Indirect and wider economic impacts of High-Speed Rail” Vickerman: Centre for European, regional and transport economics @ university of Kent, Canterbury. Ulied: Mcrit. (<http://www.mcrit.com/doc_home/Impacts_HSR.pdf>)]

Indirect impacts, especially on regional economic performance, are often used as a justification for additional benefits from high-speed rail (HSR) projects – sometimes to make the difference between a project which is not justifiable on a strict user benefits basis and viability. Regional authorities have been especially vocal in using this argument in favour of projects; for example, regional claims for the priorities in the development of the Schéma Directeur LGV in France. . Similar arguments have been made in Italy and have surfaced in the recent discussion for a new north-south line in the UK. In Spain, indirect economic impacts, and territorial balance, have been key political arguments used also by different National Governments to launch very ambitious HSR projects. For most cities, HSR investments are great opportunities to start major renewal projects, develop new tertiary centres around new stations or even remove the negative impacts of pre-existing railway lines. Even when regional authorities understand that being connected to a HSR is not an economic prioritity for them, short-term real-estate business opportunities linked to urban renewal projects provide convincing evidence. Since HSR is mainly financed by National and European funds, it is politically unavoidable that all regional authorities push in favour of HSR. The usual economic assumption is that, in the short term, the time savings made by all travellers will result in a direct increase in productivity and, in the longer term, the improvements in accessibility which the creation of an HSR link makes will enlarge market areas, increase the implicit competitiveness and productivity of firms in a newly connected region and attract new economic activities, more tourists or new residents.. These assumptions may lead to three possible outcomes: an overestimation of potential demand which inflates predicted user benefits; an overestimation of non-user or induced benefits; an assumption that all potential non-user benefits accrue to one region, ignoring any redistribution which the changing pattern of accessibility brings about. The social and political impact of “being connected” to a HSR tend to lead to these overoptimistic assumptions. More recent theories of the role of infrastructure and transport improvements in regional development have stressed the way that transport costs (and hence accessibility) interact with other determinants of economic development, particularly scale economies and the size of market areas, in an imperfectly competitive world. Improvements in transport may thus benefit firms in more developed core regions more than those in less developed peripheral regions. Thus transport improvements to (and within) core city regions not only provide a direct benefit in terms of the enhanced productivity of existing workers and an increase in employment, but through agglomeration effects they raise the productivity differential of the core city relative to the rest of the economy. This reflects the positive relationship between city size and productivity. Transport improvements may thus be as likely to lead to an increase in regional disparities as they do to increasing cohesion. This is not a universal or inevitable outcome, it will depend on the specific situation of the region, the initial levels of accessibility and the change in them and the existence of other policy measures which may accompany the transport improvement. Most analysis tends to have been undertaken of individual links of HSR developments, or at most of what are in most cases simple national networks. As the networks have developed they have begun, in both north-west Europe and southern Europe, to form international HSR networks linked to other transportation and communication networks. This poses new issues for analysis and appraisal. In this paper we begin to address these issues by looking at the evidence on the impacts on development the emerging European HSR network has had. We look in particular at evidence on the links between changes in accessibility and changes in regional economic activity for a selection of regions which have benefited from the introduction of HSR services. In doing this we identify some of the limitations of existing modelling approaches. A particular focus is on the relationship between HSR networks and regional and local transport networks and the role of accompanying policies towards economic development. We also identify the way that some intermediate regions may suffer from the introduction of HSR services which form a corridor through the region with little or no benefit and often considerable costs. The broad conclusion from the paper is that HSR can be an element in improving the economic performance of regions, but there is no guarantee that all the impacts on any one region are positive in the long term, or that regions not connected to HSR will suffer any evident economic competitive disadvantage This leads to some suggestions for improvements to the techniques of appraisal for HSR projects.

### HSR K2 Economy-Laundry List

#### Plan is key to the economy – Links regions together to cause a growth of jobs that then spills over to other sectors, making it the most important sector of the economy to stimulate – the plan is REQUIRED to get the economy jump started

Sands 1993 [Brain D. “The Development Effects of High-Speed Rail Stations and Implications for California” (<http://www.uctc.net/research/papers/115.pdf>) Sands: Institute of Urban and Regional development, University of California at Berkeley]

As a review of high-speed rail systems in Japan, France, and Germany, has indicated, the development effects of high-speed rail are highly variable and depend on a range of factors, making it difficult, without detailed analysis, to specify development effects by location. However, a number of general statements about the potential development effects of a high-speed rail system in California are possible. 1. The current recession will reduce all development effects, from the regional to station level. The importance of the economy for development to occur has been repeatedly highlighted in the preceding sections. However, considering the amount of time necessary to plan and construct such a system, the state will probably be well on the way to recovery by the time operations begin. In fact, according to one theory, infrastructure investments at the scale of a high-speed rail system may be required for economic recovery. According to the Center for the Continuing Study of the California Economy (1992), California will add an additional three million jobs and six million residents during the 1990s, increases of approximately 20 percent each, despite the fact that the recession is more sever e in California than in the rest of the nation. Although the state will experience numerical growth, prosperity and quality of life may suffer if the state does not take action to increase investment by the public and private sectors in education, production facilities, research and development, and infrastructure. 2. A high-speed rail system would increase population and employment growth rates in the regions it serves above the statewide average. Actually, according to the Center for the continuing Study of the California Economy (1992), the regions that such a system would serve have been and will continue to be the fastest-growing in the state. The Center divides the state into economic regions similar to those identified by the CalSpeed study. In the 1980s, the Sacramento and San Diego regions led the state in population growth rates, and they will do so again in the 1990s, followed closely by the San Joaquin Valley, which dominates growth in the “Rest of State” group. The Los Angeles Basin and San Francisco Bay Areas will grow more slowly, but will still account for 60 percent of the state’s absolute population gain during the next decade. The situation for employment growth is similar, although the “Rest of State” group experienced below average job growth during the 1980s. This trend is expected to reverse as employment growth in the major regions spills out into the San Joaquin valley. These trends are likely to continue into the following decade. A high-speed rail system would reinforce this growth and channel it within regions to cities with stations, which would then have significant advantages in accessibility over their neighbors and be in a better position to attract growth. Once this point was recognized, competition for a high-speed rail station would probably be fierce between cities within a region. 3. Employment growth rates will be highest in those regions with large concentrations of information-related economic activities and centers of higher education. The information-related sector is the fastest-growing sector of the economy, accounting for one million new basic jobs (exporting products/services outside of California) during the period 1979-89, approximately 85 of basic job growth in the state. During the period 1989-200, this sector is expected to provide approximately .8 million new basic jobs, over 90 percent of the new basic jobs in California (Center for the Continuing Study of the California Economy, 1991). The majority of these types of jobs will be found in the Los Angeles basin and San Francisco Bay Area thereby further reinforcing their economic advantages in these sectors. However, this effect will be mitigated somewhat by the dispersion of “back-office” information-related activities out of the two regions to others where there are lower land and labor costs.

### HSE K2 Economy-Laundry List

#### HSR key to the economy – competitiveness, job growth, tourism – it’s the backbone of the American economy

Thaniel 10 [Ron, June 28. Report on the United States Conference of Mayors “USCM Releases Groundbreaking Report Detailing Benefits of high-speed Rail on Cities” (<http://www.usmayors.org/usmayornewspaper/documents/06_28_10/pg20_rail.asp>)]

Four cities studied — L.A., Chicago, Orlando, and Albany (NY) — could significantly benefit from high-speed rail with as many as 150,000 new jobs and some $16 billion in new business revenues created in total. At the Business Plenary Session on June 14, The U.S. Conference of Mayors released a new report (www.usmayors.org/highspeedrail) positively assessing the economic impact of high-speed rail (HSR) passenger rail on cities. The report, entitled The Economic Impacts of high-speed Rail on Cities and Metropolitan Areas examined job creation, the effects of improved market access, greater connectivity, travel time savings, as well as increased income and business sales. Study findings show that HSR in the U.S. could significantly increase jobs and business sales if fully implemented as planned by 2035. Higher potential impacts were noted when travel times between cities were reduced to less than three hours. The report, prepared by the Economic Development Research Group and sponsored by Siemens, analyzed the potential economic impact of HSR in the four cities of Los Angeles, Chicago, Orlando, and Albany. The study also demonstrated that HSR service could help drive higher-density, mixed-use development projects surrounding the stations, ranging from current station additions in Chicago, to new hotel development in Orlando and Albany, as well as additional large scale developments adjacent to Union Station in Los Angeles. Such local development could help create approximately 30,000 new jobs across these four cities alone. "Transportation is the backbone of America's economy," explained The United States Conference of Mayors CEO and Executive Director Tom Cochran. "Our country cannot successfully compete in the global economy if we fail to invest adequately in our domestic transportation infrastructure, particularly in cities and their metropolitan areas — which underpin so much of our country's economic input." "With the release of this study, the Conference is ratcheting-up our long-term lobbying efforts for a high-speed intercity rail program equal to the investment our nation made a half-century ago building the Interstate Highway System," said Conference of Mayors President Burnsville Mayor Elizabeth B. Kautz. "This effort should start with dedicated funding in the pending authorization of the surface transportation law," she continued. Total new business and job growth projections include: \* In Los Angeles, up to $7.6 billion per year in new business, including $4.3 billion per year in Gross Regional Product (GRP) growth and up to 55,000 jobs. \* In Chicago, up to $6.1 billion per year in new business, including up to $3.6 billion per year in GRP growth and up to 42,000 jobs. \* In Orlando, up to $2.9 billion per year in new business, including up to $1.7 billion per year in GRP growth and up to 27,500 jobs. \* In Albany, up to $2.5 billion per year in new business, including up to $1.4 billion per year in GRP growth and up to 21,000 jobs. Additionally, HSR's projected larger flow of passengers will lead to increased tourism and business travel, generating additional spending at local hotels, restaurants and retail stores. Projections show that by 2035, HSR can annually add roughly $255 million in the Orlando area; $147 million in the Los Angeles area; more than $100 million in the Albany'saratoga area; and $42 million in the Chicago area.

Benefits to both Business and the Environment

### HSR K2 Economy-Labor Markets

#### HSR increases productivity and efficiency of labor Markets-this is the BACKBONE of the American economy

Roger Vickerman and Andreu Ulied 2006 [“Indirect and wider economic impacts of High-Speed Rail” Vickerman: Centre for European, regional and transport economics @ university of Kent, Canterbury. Ulied: Mcrit. (<http://www.mcrit.com/doc_home/Impacts_HSR.pdf>)]

Wider economic benefits can be viewed in two ways. On the one hand they involve an increase in total welfare which is greater than the measured increase in consumers’ surplus to users through time savings, reductions in accident rates etc. On the other hand these benefits can be seen as the increase in GDP which occurs as a result of the changes in economic activity which derive from the transport change. These represent different ways of measuring benefits and typically give different numerical results. For example, time savings accruing in the course of commuting or leisure travel are welfare gains to the user, but do not have a direct effect on GDP unlike time savings in the course of work. However, where such time savings lead to an overall gain in productivity because people can access more productive jobs more easily, this will be recorded as a change in GDP. For the economy as a whole the overall impact will be broadly similar, but the ratio of total benefits to user benefits will differ. There could also be important differences in the impact on individual regions such that the welfare gain accrues in one place but the GDP benefits accrue in another. If improved transport infrastructure leads to greater concentration of employment this could have different relative impacts on central and more peripheral regions. Wider benefits are those which typically cannot be recouped from users through charging and they arise in a number of ways, through impacts on the labour market, through direct impacts on productivity and competition in product markets and through changes in patterns of agglomeration. In each of these cases the main reasons for wider benefits occurring is due to the absence of perfect competition. As Jara-Diaz (1986) has shown, where there is perfect competition in transport using markets then user benefits will be an accurate and sufficient measure of total benefits from transport improvements. We stress the importance of the labour market, because it has frequently been ignored in studies of wider benefits. Labour market effects in imperfectly competitive labour markets arise in three possible ways: changing participation rates, increased working hours and moves to more productive jobs (Department for Transport, 2005). Improved transport can enable access to jobs which would not otherwise have been possible. If this enables workers from employment deficient regions to access jobs in labour-deficient regions there will be gains to the workers, to employers and to the public sector which gains tax revenue and faces lower social security payments. Similarly if easier commuting encourages existing workers to work longer hours there will be potential gains to all three groups, although it might seem more likely that in practice workers would takes the gains in increased leisure rather than increased work. Possibly of greatest importance, however, is the impact on productivity which arises thorough workers being able to move more easily from less productive to more productive jobs. HSR has the important effect of creating a potential step-change in the size of labour markets, not just for daily commuting, but also for reinforcing the possibility of long-distance weekly commuting where the constraints.

### HSR K2 Economy-Stimulus

#### HSR key to stimulate economic activity and reduce dependence on oil

Poole 10 [Robert Poole, director of transportation policy, Reason Foundation; Originally in the Christian Science Monitor on October 26, 2010, Lexus Nexis]

High-speed rail is a big part of the answer During the Great Depression, businesses and governments agreed that transportation modernization was essential to restoring prosperity. The 1930s saw the emergence of the freeway (the first one opening in Los Angeles in 1940) and the airport as important modes of transportation. Together with the National Interstate and Defense Highways Act of 1956, these Depression Era investments helped produce the long postwar economic boom and brought widespread prosperity to the United States. As we face another dire economic crisis, we have a similar need for modernization and economic recovery. When gas prices soared in 2008, it helped push the unstable economy over the edge. Even in the depths of the worst recession in 60 years, gas prices remain at 2006 levels. Analysts such as those at Deutsche Bank predict that oil prices will rise again once job growth returns, threatening to strangle a recovery in its infancy. High-speed rail will not only stimulate the economy during construction, but it will reduce our dependence on foreign oil, helping our economy to avoid future oil price shocks. It will also tie together the economies of mid-sized urban areas to the economies of large metropolitan cities through increased accessibility. ONE MINUTE DEBATE: Should America's illegal immigrants be offered legal status? High-speed rail will do for us what the Interstate did. It will increase access and stimulate economic activity at a transformative level. All over the world, industrialized countries have already invested heavily in high-speed rail and are continuing to expand existing networks to modernize their transportation systems. There is little debate around the world about the benefits of high-speed rail. It is time we step up to assure the environmental and economic prosperity of our future generations in these United States. - Robert Cruickshank, chairman; and Daniel Krause, cofounder, Californians For High Speed Rail Get smarter about mobility and make users pay Across the country, needed infrastructure projects are bogged down by politics and a system that prioritizes pork over mobility. But we need a 21st-century transportation system and here are several ways to get there: ·Rethink the federal role in transportation to focus federal gas-tax money on highway projects that deliver the largest benefits to mobility and congestion relief. Taxpayers have lost confidence in transportation spending because they've seen too many "Bridges to Nowhere" built while their own commutes get longer. ·Tap private capital and public-private partnerships to finance highway improvements. President Obama has smartly promoted a National Infrastructure Bank. If it is set up to leverage private investments in megaprojects that will deliver the highest benefit-cost ratios, America's mobility will be greatly enhanced. ·Make greater use of congestion pricing, high-occupancy toll lanes, toll roads, and truck-only lanes that charge drivers and truckers the full cost of the transportation services they use. ·Reduce waste. Reason Foundation's Annual Highway Report finds states spend millions on bureaucratic costs, money that never reaches roads. California spends $93,464 in administrative costs per mile of state road. ·Ignore gimmicks like high-speed rail. America's so-called high-speed trains won't be high-speed at all compared with those in Asia and Europe and won't reduce our "dependence" on cars. Trains will, however, require massive subsidies that worsen state and federal budget deficits. Infrastructure for trains, planes, and cars should be self-supporting. The nation will be on a better path when major projects are guided by benefit-cost ratios and users pay the full costs for the services they consume.

### HSE K2 Economy-business Activity/State budgets

#### High-speed rail increases critical business activity and alleviates state budgets-

Boushey ’11 (Heather, September 22, Center for American Progress, ”Now Is the Time to Fix Our Broken Infrastructure”, <http://www.americanprogress.org/issues/2011/09/aja_infrastructure.html>, Boushey is a Senior Economist at American Progress.)

Investing in infrastructure not only creates jobs; it increases the productivity of businesses small, medium, and large. At the most basic level, infrastructure investments make it possible for firms to rely on well-maintained roads to move their goods, on an electricity grid that is always on to run their factories, and water mains that provide a steady stream of clean water to supply their restaurants. There is a large body of empirical work that documents this. Although the specific effect differs across studies, European Investment Bank economists Ward Romp and Jakob de Haan conclude that “there is now more consensus than in the past that public capital furthers economic growth.”[10] Because infrastructure investments create jobs and boost productivity, these investments have historically had bipartisan support. In early 2011, for example, AFL-CIO President Richard Trumka and U.S. Chamber of Commerce President Thomas Donohue issued a joint statement in favor of greater infrastructure investment in the near-term: “With the U.S. Chamber of Commerce and the AFL-CIO standing together to support job creation, we hope that Democrats and Republicans in Congress will also join together to build America’s infrastructure.”[11] But investments in infrastructure are now being pared back as states and localities struggle with budget constraints. Even so, there is a long list of infrastructure projects that municipalities, states, and the federal government can invest in. The American Society of Civil Engineers estimates that we need to spend at least $2.2 trillion over the next five years just to repair our crumbling infrastructure.[12] This doesn’t even include things like high-speed rail, mass transit, and renewable energy investments we need to free ourselves from foreign oil and climate change.

### HSR K2 Competitiveness-Efficiency

#### Further investments are critical to become the global leader in railways through further R &D.

Money Morning 09 (“Will Obama’s High-Speed Railroad Investment Get U.S. Back on Track?”, May 14th, 2009, <http://jutiagroup.com/20090514-will-obamas-high-speed-railroad-investment-get-us-back-on-track/> |SK)

Railroad companies have been some the best performers in the recent rally of U.S. equities. Canadian National Railway (NYSE: CNI) CSX Corp. (NYSE: CSX), and Burlington Northern Santa Fe Corp. (NYSE: BNI) – a favorite of Warren Buffett – are all up a about 30% since early March. And even though the current rally is beginning to lose some steam, there are still plenty of reasons to like railroads over the long haul. They’re clean, efficient, and their development is a fixture of President Barack Obama’s economic, political, and social agendas. President Obama envisions high-speed rail as a big part of the United States economic recovery, as well as the country’s societal progression. Earlier this year, Obama outlined his plan to devote at least $13 billion to developing high-speed rail over the next five years. “Railroads were always the pride of America, and stitched us together. Now Japan, China, all of Europe have high-speed rail systems that put ours to shame,” Obama said. While most passenger trains in the United States travel at the maximum allowable speed of 79mph, trains in Europe and Asia typically travel in excess of 125mph. In France, for example, the Train Ga Grande Vitesse (TGV) travels at an average speed of 133 mph. Another French train actually reached 357.2mph in 2007, setting a new world record, The Associated Press reported. Japan, which opened its first high-speed rail in the 1960s, transports more passengers than any other rail system on earth, and its Shinkansen trains travel at an average speed of 180mph. And Germany, Spain and China all of have trains capable of traveling as fast as 140mph. There are 10 “potential” 100-600 mile corridors in the United States that could be carrying similar high-speed trains sometime in the not-so-distant future, according to a fact sheet released by the Federal Railroad Administration (FRA). Developing a high-speed rail system, “similar to how interstate highways and the U.S. aviation system were developed in the 20th century,” would bring a host benefits including more manufacturing jobs, more choices for travelers, and less dependence on oil, the fact sheet said. “The potential economic benefits of a high-speed rail link between Chicago and Milwaukee, so that people are avoiding I-94, or the link between Chicago and St. Louis, Detroit, all those Midwestern cities, I think is enormous and is a very real option,” Obama, a Chicago native, said. “Although gas prices are low right now, it becomes a very meaningful option for people who don’t want to take off their shoes (for screening), drive to an airport, pay for parking, and suffer delays.” High-speed passenger trains also figure in to the administration’s “green” agenda. Developing all 10 high-speed corridors could eliminate 6 billion pounds, or about 3 million tons, of greenhouse gas emissions each year. “My high-speed rail proposal will lead to innovations that change the way we travel in America,” the President said. “We must start developing clean, energy-efficient transportation that will define our regions for centuries to come.” The American Recovery and Reinvestment Act (ARRA) set aside $8 billion as part of what the Obama administration called a “down payment” on a new, cleaner high-speed railroad system, with another $5 billion included in the president’s budget to be dispersed over the next five years. “To have the federal government now coming out even with $8 billion is great. It lets us look to the future and see what we could really do to develop high-speed,” Washington state rail division deputy director Andrew Wood told the BBC. “When I was at school in England teachers always said whatever America does Europe will do in 15 years. This is the roles reversed – the Obama plan’s the first step.” While many U.S. rail companies, such as Burlington Northern, are focused primarily on freight transportation, they still stand to benefit from the Obama administration’s railroad revolution, because the first phase of development means upgrading existing track. “It’s very likely that all of the money will go to significant improvements of existing tracks,” Ross Capon, head of the National Association of Railroad passengers, told The AP. “It’s not going to build bullet trains.” That’s good news for companies like BNSF, whose railway system alone adds up to more than 50,000 miles of operated track. These companies also have long histories of operations in the Pacific Northwest and Midwest. Shortly after the announcement by the Obama administration, Oregon Governor Ted Kulongoski and Washington Governor Chris Gregoire sent the White House a letter applauding its “bold rail vision and supporting critical infrastructure investments that will improve mobility, create and preserve jobs, and benefit air quality across our country,” the Northwest Progressive Institute Advocate reported. “Our states, along with British Columbia, have a committed partnership with BNSF [Burlington Northern Santa Fe] and Amtrak,” the letter said. “Together, we welcome federal ARRA funds – and the jobs that we’ll create with those funds – to help advance our service and improve our infrastructure.” Burlington Northern’s focus on clean energy further aligns its goals with that of the Obama administration and local politicians. BNSF last year acquired 200 fuel-efficient locomotives from General Electric Co. (GE). The engines burn 20% less fuel than their predecessors, BusinessWeek reported. And this year, Burlington Northern will become the first company in the industry to deploy a hydrogen-powered locomotive. For years now, Burlington has provided potential customers with data showing exactly how much more carbon-friendly their hauls would be if they used trains instead of trucks. For instance, a train carrying 100 tons over 1,000 miles produces 45% less pollution than a long-haul truck does, according to BNSF. And unlike trucks, trains don’t get stuck in traffic. “Congestion costs the industry $8 billion a year,” said Ray Kuntz, president of the American Trucking Association. “And it’s growing at 8% to 10% per year.” CSX has also developed a low-emissions locomotive with three clean diesel engines. “We’re already three to four times more fuel efficient than trucks and we want to take to the next level and really put a green product out there,” Michael Ward, Chairman and CEO of CSX told Fox Business. “This locomotive will reduce the emissions of particulates and NOx (nitrogen oxide) by 80% and the emissions of CO2 by 50%.” Ward said his company is investing $1.6 billion in clean technology this year. “We think long-term more and more people are going to turn to the railroads to relieve highway congestion and because of our small environmental footprint,” he said. “So we’re making investments in the future even in this tougher time.”

### HSR K2 Competitiveness-Action Now Key

#### Investments in the rail industry will revive US competitiveness, must act now to control the market for the projected rise in 2016.

WWI 11 (World Watch Institute, Worldwatch is an independent research organization based in Washington, D.C. that works on energy, resource, and environmental issues., “How To Make America’s Rail Industry Competitive Again”, 2011, <http://www.worldwatch.org/node/6539> |SK)

Washington, D.C. — A new report prepared by the Worldwatch Institute and the Apollo Alliance, Global Competitiveness in the Rail and Transit Industry, draws on lessons from dominant international rail manufacturing countries to conclude that greater investment in the U.S. rail industry could revive America’s former leadership in the world rail industry—and potentially create hundreds of thousands of jobs. “Rail and transit is a fast-growing international market in which the United States currently has little role,” said Worldwatch senior researcher and lead author of the report, Michael Renner. “Our study shows the path forward if the U.S. is to reclaim some of its past glory as a railroad pioneer.” For the full copy of the report, email Supriya Kumar at skumar@worldwatch.org. Case studies of four of the leading countries in intercity rail and urban transit—Germany, Spain, Japan, and China—illuminate a set of common principles that those countries have used to nurture and grow some of the largest, most successful railroad manufacturing companies in the world. Among them are: Sustained, long-term national investment in rail and transit far and above the one-time injection of $8.3 billion provided by the 2009 American Recovery and Reinvestment Act. In terms of investment in rail infrastructure, the United States currently lags far behind countries like Austria, the Netherlands, and Russia, and just ahead of Turkey. China alone is investing as much as $149 billion every year for the next five years. Commitment to protecting and nurturing young industries until they have achieved the economies of scale necessary to compete globally. All of the countries in the report were served for decades by strong and competent national rail monopolies, which helped ensure robust demand for rail products and technologies. A national vision that ensures that rail development will be linked with other forms of urban transit; use an integrated, uniform system of operations; provide extensive geographic coverage; and be well run. The report shows that systems that do this help produce a strong domestic market for rail transit, thus ensuring continued growth. “Growing a strong rail transit industry demands large and sustained capital investment combined with national vision. Rail ridership in the U.S. is going up, but that demand alone won’t generate the private investment necessary to compete globally,” Renner said. “The federal government needs to be committed to building a strong, national system with competitive prices, solid geographic reach, and reliable trains. If it does that, not only will people ride it, but the United States will create hundreds of thousands of new jobs as well as internationally competitive companies.” The report contains a wealth of facts and statistics that show the U.S. position relative to other countries, as well as the potential for growth. The global market for passenger and freight rail equipment, infrastructure, and related services was $169 billion in 2007 and is projected to grow to $214 billion by 2016. China invests far and above the most money in its rail network relative to its economy, spending $12.5 dollars for every $1,000 of GDP. In contrast, the United States spends $0.8 dollars per $1,000 of GDP. By 2015, the number of high-speed train sets in operation worldwide is expected to rise by 70 percent. In 2009, the United States was the single largest national rail market, with 15 percent of the global share; however, this was oriented primarily to freight rail operations. The United States is home to not a single leading passenger railcar manufacturer. European high-speed rail travel grew from 9.3 billion passenger miles in 1990 to 61 billion passenger miles in 2008. Measured in passenger miles, Spanish rail travel increased 55 percent between 1990 and 2008, far outstripping population growth. Spain will double the length of its high-speed rail network over the next three years, to 2,136 miles by 2012. Government plans call for an expansion to 6,200 miles of high-speed track by 2020. Some 600 Spanish companies generate products or provide services for the Spanish rail sector. Spain’s rail network managing agency, ADIF, estimates that the Spanish rail expansion has created 600,000 jobs during the last five years. Germany’s rail transit and related construction and operations industries employ some 580,000 people. Total passenger miles for rail transit in Japan increased 29 percent between 1980 and 2007, while population expanded by just 9.1 percent. China’s intercity rail system carries a quarter of the world’s rail traffic on just 6 percent of the world’s rail track length, making it the largest conveyor of rail passengers in the world. Chinese investment in rail construction has been growing steadily, from $14 billion in 2005 to $26 billion in 2007, $49 billion in 2008, and $88 billion in 2009. China’s investment in intercity rail, subway infrastructure, and rail transit vehicles is set to climb even more in coming years.

### HSR K2 Competitiveness-North East Corridor

#### Investment in the NEC is key to sustain US leadership in transportation infrastructure and to relieve 70% of our nation’s congestion to revitalize domestic trade.

TIC 11 (Transportation and Infrastructure Committee, “Statements of Chairman Mica & Chairman Shuster from Hearing on Northeast Corridor High-Speed Rail”, January 27, 2011, <http://transportation.house.gov/News/PRArticle.aspx?NewsID=1042> |SK)

Washington, DC – The following are the opening statements of Transportation and Infrastructure Committee Chairman John L. Mica (R-FL) and Railroads, Pipelines and Hazardous Materials Subcommittee Chairman Bill Shuster (R-PA) from this morning’s Congressional hearing in New York City on developing high-speed passenger rail in the Northeast Corridor. This hearing is being conducted as a follow-up to a Transportation and Infrastructure Committee Congressional report produced last year entitled, “Sitting on Our Assets: The Federal Government’s Misuse of Taxpayer-Owned Assets.” One of the most valuable and potentially productive federal assets in the United States is the Northeast Rail Corridor. This 437-mile stretch of incredibly valuable real estate covers the distance between Washington, D.C., our nation’s capital, and Boston, Massachusetts. Halfway up the corridor, here in New York City, is America’s business and financial center. This is also our nation’s most congested and densely populated area. Yet New York City is not served by true high-speed rail – and true high-speed rail may not be realized here for more than three decades. Unfortunately, this valuable national transportation asset, and the development of true high-speed passenger rail on the Northeast Corridor, has been largely ignored. In January of last year, President Obama said, “There’s no reason why Europe or China should have the fastest trains when we can build them right here in America.” While high-speed trains in Europe travel at 186 miles per hour, Amtrak’s Acela chugs along at an average speed between D.C. and New York of 83 miles per hour – a snail’s pace by comparison. Amtrak’s current plan to bring high-speed rail to the Northeast Corridor would require $117 billion, and would not be completed until the year 2040. This slow-speed schedule for bringing true high-speed rail service to the Northeast Corridor will never allow President Obama to meet his goal announced in Tuesday’s State of the Union address that, “Within 25 years, our goal is to give 80 percent of Americans access to high-speed rail.” Just do the math. It is my hope that this timetable can be dramatically improved. Entering into public-private partnerships to assist in financing high-speed rail development on the corridor will get it built much faster and bring down costs. Unfortunately, one of our nation’s most valuable assets, including some of the most prime real estate in the world, has been left behind. Instead of providing a visionary transportation link in America’s most crowded corridor, we continue to support an antiquated and unproductive corridor that struggles to meet the needs of its many users. Finally, why should Members of Congress from more than a dozen states here today care about the Northeast Corridor? Let me state some of those reasons: The Northeast Corridor is an incredibly valuable asset. As stewards of these assets, we have an obligation to all federal taxpayers and the citizens of these great cities. This is our nation’s most congested corridor, on land and in the air. 70% of our chronically delayed flights begin in New York airspace. Amtrak will never be capable of developing this corridor to its true high-speed potential. The task is complex and large-scale, and can only be addressed with the help of private sector expertise and funding. Bringing true high-speed rail to the Northeast Corridor will benefit the entire nation. The large turnout today by Members of the Transportation and Infrastructure Committee and New York area Members is a testament to the high level of interest and commitment to new and innovative transportation solutions. Thank you for attending this hearing. I thank the witnesses in advance, and look forward to your testimony. I particularly want to thank Mayor Bloomberg and Governor Rendell for their long-term support on this project. Thank you to New York City for hosting us here today at historic Grand Central Station and to Chairman Mica for holding this important hearing today on true high-speed rail in the Northeast Corridor and the importance of competition and private sector investment. It is also my pleasure to welcome our distinguished witnesses today, included Mayor Bloomberg and Governor Rendell. It is truly an exciting time to be on the House Transportation Committee and to be the Chairman of the Railroads, Pipelines, and Hazardous Materials Subcommittee. It is particularly exciting because our nation is finally moving ahead in the areas of intercity passenger rail, and specifically high-speed rail. High-speed rail is essential to our nation’s transportation future and our best hope for easing crowding on our congested highways and airspace. There is simply no better way to move large numbers of people from city-center to city-center than on high-speed rail. In my home state of Pennsylvania, upgrades to the Keystone Corridor to speeds of 110 mph have resulted in significantly higher ridership that only continues to grow. Higher speeds would only make this service more attractive. Now when I travel to Philadelphia, I refuse to drive and the Keystone Corridor train is my preferred method of transportation. Unfortunately, the United States is far behind the international curve on high-speed rail. Our friends in Europe have been at work for decades on an impressive high-speed rail network. Japan is working on a new high-speed train that will carry passengers at up to 310 miles per hour between Osaka and Tokyo, augmenting their existing bullet trains. And China is spending nearly $300 billion to develop 8,000 miles of new high-speed track by 2020. That’s enough rail to go from here to Los Angeles – three times over.

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For nearly 100 years, America was the unquestioned global leader in passenger rail and trains were the primary, and in many cases only, mode of transportation available for medium and long distance travel. But the advent of commercial aviation and the interstate highway system changed the equation. In the face of this stiff competition, our nation’s passenger rail system faded into disuse and disrepair. However, today things are beginning to change. The population concentration in our urban areas is increasing, in particular on the eastern seaboard and the Northeast Corridor between Washington, DC and New York City. In 2006, the Unites States population reached 300 million people. And by 2039 we are expected to break the 400 million mark. Congestion costs continue to rise. Crippling congestion and poor roads cost businesses and commuters almost $115 billion a year in wasted time and fuel – that is up from $24 billion in 1982 (adjusted for inflation). And Americans spend more than 4 billion hours per year stuck in traffic. It is clear the time for investment in high-speed rail and improvements to our intercity passenger rail system is now. Unfortunately, instead of focusing on key corridors, scarce federal dollars have been spread too thin among too many different projects, leading to incremental progress that could slow our already delayed entrance into high-speed rail. Perhaps the biggest missed opportunity was the failure to invest in the Northeast Corridor, which, for the most part was kept out of the selection process. Failing to invest in the critical Northeast Corridor will ensure continued congestion in our nation’s most densely populated region and on the corridor that presents the best opportunity for true high-speed rail and profitable service. Most importantly, we must focus on how we can bring private sector investment to this critical corridor by introducing competition and incentives for investment. In this constrained budget environment, it is more important than ever for us to leverage private sector funds so we can continue to move forward in the area of high-speed rail and intercity passenger rail In the Passenger Rail Investment and Improvement Act (PRIIA) of 2008, I was proud to author a provision regarding competition. My provision, Section 214, created a pilot program to allow two Amtrak intercity routes to be opened up to private sector competition for up to five years. Unfortunately, my provision has thus far been ignored by the Federal Railroad Administration (FRA) and this competition has yet to take place. I am particularly interested to hear from our witnesses today regarding their thoughts and interest in partnering to help finance true high-speed rail in the Northeast Corridor and how high-speed rail development can bring economic development.

### NEC K2 Economy

#### NEC k2 national economy---20% of nation’s GDP, k2 biomedical and tech industries nationally, tourism, and national security. Investment in HSR solves revitalization.

Voorhees No Date (Alan, Edward J. Bloustein School of Planing and Public Policy @ Rutgers, The State University of New Jersey, “Northeast Corridor Action Plan: A Call for a New Federal-State Partnership”, <http://policy.rutgers.edu/vtc/reports/REPORTS/NECAP.pdf> |SK)

The Northeast region includes the nation’s capital and major financial and corporate centers, accounting for more than 20 percent of the nation’s population and GDP despite including only about 2 percent of its total land area. The Northeast urban core produces 10 times more GDP per square mile than the national average. Densely concentrated Northeast cities and their suburbs support critical national service and manufacturing industries and serve as gateways to the U.S. Washington, D.C.’s concentration of federal government activity attracts travel from individuals, corporations, state and local governments and academic institutions located on the NEC. Financial services are centered in New York City, but are also closely linked to financial centers, centers of government, and related industries in Boston, Washington, Philadelphia, Wilmington and Baltimore. Technology and biomedical centers, from greater Washington’s information technology cluster to the bioscience clusters of Boston, New Jersey and Philadelphia, also rely on the Northeast’s large professional workforce and high-speed travel between these places. Northeastern cities are more dependent on non-auto transportation than most other parts of the nation due to the compact nature of their communities, which were developed prior to the ascendancy of the automobile. Intercity passenger rail is particularly critical for the heavy volume of medium-distance business travel along the corridor. Rail is often the most convenient and fastest way to travel between city centers along the corridor. For many cities, airports are located a considerable distance from the business centers, and interstate highways that connect these cities are plagued by congestion. Commuter rail further enhances regional mobility by providing an efficient means of transporting workers daily between the center cities and surrounding residential communities. Commuter rail also connects medium and large sized business centers within a region, such as Providence and Boston (MBTA); Stamford and New York City (Metro-North); Trenton, Newark and New York City (NJ TRANSIT); Wilmington and Philadelphia (SEPTA); and Baltimore and Washington (MARC). One notable example of rail’s importance to the business community is in Philadelphia, where the only commercial office tower to be constructed in the last decade is adjacent (and connected) to the 30th Street Station shared by Amtrak, SEPTA and NJ TRANSIT. Without excellent intercity rail services, the attractiveness of central city locations throughout the Northeast would be reduced. If cities become less attractive, growth would be concentrated in suburban and exurban areas and lead to subsequent pressures for greater expansion of road capacity, despite public opposition and limited financing for such expansion even today. The benefits of rail services in the Northeast accrue not only to rail passengers, but also to drivers and air passengers. Rail serves to reduce road congestion by providing an alternative that removes vehicles from the road. Additionally, airports in the Northeast are some of the nation’s busiest, and the 6040 rail-air market share helps to alleviate congestion and congestion-related delays in the national air system. Rail provides an accessible transportation alternative if highway or airline travel is disrupted by natural disasters, terrorism or breakdowns. Rail’s importance was particularly apparent after September 11, 2001, when air transportation was grounded for several days, security restrictions were imposed at certain tunnels and bridges and rail was the only viable public carrier option for thousands of stranded intercity and commuter passengers.

### HSR K2 Competitiveness-Empirics

#### Empirics prove that railroads are the lynchpin of economic competitiveness and growth.

DOT 12 (The Department of Transportation, “High Speed Rail: America’s rail legacy continues”, February 21, 2012, <http://fastlane.dot.gov/2012/02/high-speed-rail-an-extension-of-the-american-rail-legacy.html> |SK)

In addition to having represented Illinois in Congress, President Obama and I have in common a fondness for one our state's greatest heroes, Abraham Lincoln. In particular, the President likes to quote notes from Lincoln in 1854 when he wrote, “The legitimate object of government is to do for the people what needs to be done, but which they cannot, by individual effort, do at all, or do so well, by themselves.” Lincoln went on to list some of these items, including “Making and maintaining roads, bridges, and the like..." Yes, our 16th President knew that transportation must be a high priority for a growing nation. In fact, Lincoln even patented an invention--the only President thus far to do so--that would help maritime vessels free themselves upon running aground. Lincoln's leadership in preserving the Union often overshadows the important fact that he chartered the transcontinental railroad that proved so vital to our nation's economic growth. He had a vision for American rail that would connect our nation from the sunshine and surf of California to what is now the Northeast Corridor. That vision was not shared by everyone. From the first mention, in 1832, of a possible line from New York to Oregon, the critics dismissed the transcontinental railroad as the fantasies of overheated imaginations. At that time, America had a grand total of 229 miles of track, and the prospect of laying 3,000 miles of track seemed impossible. Getting Congress to agree to finance such an immense undertaking was an uphill fight; the technology to build the line didn't even exist; and much of the territory the railroad would traverse was considered of no economic potential. But In 1862, Lincoln signed into existence the product of that initial vision, which eventually brought America thousands of new towns along the corridor, agricultural domination that we have sustained for more than 150 years, and a strong sense of national unity. So, yesterday, celebrating the anniversary of Lincoln’s birth (and the birthday of George Washington) on Presidents' Day, I remembered a President who loved transportation, with his words as well as his actions, and who understood its importance to our nation's economy. President Obama’s vision for High Speed Rail is an extension of that legacy. It offers benefits very similar to those of the original transcontinental rail: economic development along the corridors, economic competitiveness; and accessible connections among major cities and the communities between them. And it faces similar opposition from the naysayers who doubt this nation's ability to achieve the kind of global competitiveness we need to continue thriving. The reality is that high speed passenger rail is critical to continue improving the lives of our next generation. Squeezed between our burgeoning population and our limited road and airport capacity, it's no longer a question of if America will develop such a 21st century system. It is only a question of whether we can realize this vision in time. President Obama and I think we can. Several projects are already underway. Just last week, we celebrated the advent of 110 mph service between Portage, Indiana, and Kalamazoo, Michigan, along the Chicago to Detroit line – marking the first high speed rail service in the country outside of the Northeast Corridor. But there's still a lot of work to do. We need Congress to pass the high speed rail provisions of President Obama's budget. This train is leaving the station, and it's time for Congress to get on board.

### HSR K2 Competitiveness-Comparative Evidence

#### Here is the actual comparative evidence that says that efficient transportation is more important to competitiveness than any other internal link---prefer our evidence b/c it makes actual comparative analysis.

Blum, Haynes, & Karlsson 97 (U. Blum\*, K.E. Haynes\*, C.Karlsson\*\*\*, \*Technische Universita¨t Dresden, \*\*Institute of Public Policy, George Mason University, \*\*\*Jo¨nko¨ping International Business School, Jo¨nko¨ping University, The regional and urban effects of high-speed trains, Received: December 1996 / Accepted: January 1997, Ann Reg Sci (1997) 31:1–20, LEXUS |SK)

Most analyses of the consequences of specialisation, trade and economic integration have traditionally focused on trade in goods. This was quite natural during the days of the traditional industrial economy when the mobility of consumers and workers was quite limited. For France, around the year 1900, Gru¨bler (1990) has estimated that the average daily travel distance with public means of transportation was around 1 km per inhabitant. In Sweden at the same time the average daily travel distance was around 0.5 km per inhabitant per day (Andersson and Stro¨mqvist, 1988). Under such conditions an equalisation of living conditions between different regions by necessity must take place via trade in goods. In the service field the normal situation was that there in general existed partial local monopoly situations in the labour market, the housing market and in the markets for private and public services. Given the huge deficiencies in the transport system in the form of high costs and slow means of transportation it was natural that the interest in trade in services and to specialisation in service production was, by necessity, very limited. Today the situation is quite different. Commercial service production is substantial and the employment in service production is large and growing. As a result, the question of efficient infrastructure for the transportation of persons has, relatively speaking, become much more important. Forecasts for Sweden (and Denmark) give evidence that the average individual daily travel distance in the year 2000 might be as high as 50 km (Andersson and Stro¨mqvist, 1988). In the case of France estimates point in the direction of average individual daily travel distance increasing to 60 km (Gru¨bler, 1990). It is expected that travel to high-order private services will become as important as commuting and business travel. Of course, in the future freight transportation will also play an important role for the economic integration in high-speed train corridors. However, in the future it will in general not be the conditions for heavy bulk transportation that will determine the degree of economic integration but instead the conditions for rapid transportation of high value goods. When the effects of new conditions for regional integration are to be valued it is, however, vital to have a perspective about the transportation of people. This is central in the European debate on economic integration where themes such as the deregulation of air traffic and investments in high-speed trains have become very important. Even the conditions for the transportation of people in the larger European cities is a central question in connection with the analysis of the internal integration of these regions with respect to common housing, labour and service markets.

### HSR K2Competetiveness-business competition

#### HSR is key to business competition----the expansion of city bands into large functional regions promotes job recruiting, creates regional economic stability, and creates more labor opportunities with new labor markets.

Blum, Haynes, & Karlsson 97 (U. Blum\*, K.E. Haynes\*, C.Karlsson\*\*\*, \*Technische Universita¨t Dresden, \*\*Institute of Public Policy, George Mason University, \*\*\*Jo¨nko¨ping International Business School, Jo¨nko¨ping University, The regional and urban effects of high-speed trains, Received: December 1996 / Accepted: January 1997, Ann Reg Sci (1997) 31:1–20, LEXUS |SK)

High-speed trains can be used to solve two different accessibility problems. In the first case, where a point to point link is dominant, each train is a potential substitute for an air connection between two cities1, i.e. it connects cities (or rather CBD’s) at long distance with a direct train connection. The high-speed train links between Paris and Lyon, Paris and London and, Tokyo and Osaka could be seen as examples of this first type of train connection. For this type of high-speed connection the train trip together with the trip to the train station at the trip origin and the trip from the train station at the trip destination should be compared with the competing solution which consists of the air trip plus the trip to the airport at the trip origin and the trip from the airport at the trip destination. This kind of highspeed train lines are successful if they can supply a sufficient number of trips in a more efficient, more comfortable and more environmentally friendly way than the competing means of transportation, i.e. mainly air transportation. In such cases the number of regions directly affected by a high-speed train link is normally quite small. In the extreme case only two regions are affected. In the second case, where a high-speed network is dominant, the train system links together many cities and CBD’s and, hence, creates a new type of region with a high intra-regional accessibility. In this case the highspeed train binds together cities in a band, where each pair of cities is at a time distance of between 20 and 40 min, i.e. a time distance that allows daily commuting. In, for example, Germany a number of cities are connected in exactly this manner by a high-speed train. Such a solution gives rise to a band of cities and, hence, creates a large functional region formed like a string of pearls.2 According to established models for regional development the expected competitive advantage is large, in particular, for a band of cities formed by a railway for high-speed trains combined with a highway. Such bands of cities are in the literature described as corridors (Andersson and Matthiessen, 1993; Cheshire, 1995; Haynes, 1997). The authors have in this connection stressed the existence of specific corridor effects, where the economic development in the regions forming the corridor are favoured by the improved internal accessibility and the improved conditions for face-to-face contacts in the corridor. The advantages that in particular the private but also the public sector can gain from improved accessibility do on the one hand come from the possibilities to carry through a larger number of contacts with other firms, i.e. with customers and suppliers, and on the other hand from the improved opportunities to recruit labour with a suitable competence profile. Hence, we may note that improved accessibility also leads to a widening of the regional labour markets. Firms can search for labour in wider circles and people in the labour force can supply their labour within a larger geographical area. Wider labour markets, of course, mean more frequent and longer commuting trips. This is an important starting point for analysing the regional and urban development effects of the establishment of a new corridor economy. The business trips that a larger number of contacts lead to and the increased commuting that the improved accessibility give rise to are in their turn two of the basic roots for direct financial justification of high-speed train traffic. An important hypothesis for the discussion in this introduction chapter is the degree to which cities that are linked together into a band of cities by means of a high-speed train are transformed to an extended functional region. The implications of this hypothesis are far reaching. At a general level we should expect two effects when small functional regions are integrated to form a larger functional region. Firstly, we expect the travel intensity to increase and, secondly, we expect the economic growth in the region to be stimulated when labour and service markets are extended. International studies seem to show that one gets the strongest growth stimuli when there is a corridor that combines highway linkage with a high-speed train access and where all important high-speed train stations have well-developed and well-functioning feeder systems (Cheshire, 1995). At the same time we can observe that people living in a corridor with a high-speed connection make more medium- and long-distance trips per person and year by train than people living in other types of regions. When the supply of train traffic is of high quality with high traffic frequency and multiple attractive destinations (which a band of cities normally provide) one could expect train travel to increase substantially not least due to induced traffic (Blum 1995).

### HSR K2 MegaRegions

#### HSR is key to maintain the health of megaregions-This is critical to economy─

Tierney ‘12. Sean Tierney, Prof. of Geography @ University of North Texas. Ph.D in Geography from University of Denver. “High-speed rail, the knowledge economy and the next growth wave.” Journal of Transport Geography Volume 22, May 2012, Pages 285–287.

On April 14, 2011, Cambridge, MA based Zipcar, soared on its first day as a publically traded company. Zipcar owns a fleet of cars in nearly 100 cities and charges a monthly fee to its members who reserve and use it only when needed. A critical underlying aspect of Zipcar’s vision is reliant on population density, as people must walk to and from cars that are strategically parked around town. What does Zipcar have to do with high-speed rail? High-speed rail (HSR) will form the corridors of housing, employment and recreation that will transform our regional geographies; a landscape where suburbs and detached single family housing are still the norm, but people and businesses are more densely aligned around stations making car-ownership less necessary. More than simply links and nodes, transportation is deeply embedded in the texture of the American experience, and HSR is the next logical iteration in the nexus between infrastructure and an expanding economic geography. History has shown that new transportation technologies improve exchange while accommodating growing urban populations. Street and trolley cars enabled the first bedroom communities along rail lines after which the early automobile expanded the perimeter a bit further. The Eisenhower highway system created the suburbs, while beltways brought us edge cities and exurbs. Urban boundaries have now pushed out so far that they often overlap with neighboring cities. People living in the boomburb of Castle Rock, CO are within an hour of both Denver and Colorado Springs, while Princeton, NJ splits the difference between New York and Philadelphia. It is axiomatic that agglomerations spur innovation and growth (Audretsch, 1998), but creativity has been pushing outward for decades as evidenced by Redmond, WA (Microsoft), Stamford, CT (UBS Bank) or Round Rock, TX (Dell). The landscape is extending yet again and where we used to associate economic vibrancy with cities, and then metropolitan areas, we now think of mega-regions. Charlotte is not part of the research triangle (Raleigh, Durham, and Chapel Hill) but is home to the country’s largest bank (Bank of America) and is only 250 miles from Atlanta. Los Angeles and San Diego are part of a web extending across southern California. Southwest Airlines got its start serving traveler demand in the triangle between Dallas, Houston and San Antonio; with triple digit oil prices, rail could serve these three fast-growing cities (a triangle that also contains Austin and Ft. Worth), none of which are more than 275 miles apart. Florida (2009) identifies 40 global mega-regions, of which nine are located in the US (seven are purely US and two included parts of Canada). These places are not just driving global economic growth, they are doing it with a fraction of the people; home to less than 20% of the world’s population, these mega-regions produce 2/3 of the economic output. It is naïve to believe the populations of these regions will remain static, which is why it would be irresponsible not to start constructing HSR. Intelligent transportation systems or alternate fuel vehicles may obviate an oil crisis, but we would still have a highway and congestion crisis. There is a reason that highway construction has its own ‘black hole theory’ (Plane, 1995). And it is not just congestion that is costing us money, but also lost economic output. By equipping trains with Wi-Fi, as competitor countries have already done, HSR enhances productivity. In addition to being congested, cities like Boston, Seattle and Chicago are also expensive. HSR enables these cities to extend the benefits of urbanization economies, by making them available further into the hinterland where housing and commercial space is more affordable. Regional agglomeration benefits will be necessary as rising rents and labor costs choke off access, collaboration and opportunities for would-be entrepreneurs.

### MegaRegions K2 Economy

#### Megaregions allow businesses to connect with each other and increase spending

Sassen 07[Saskia, Professor of Sociology at UChicago; “MEGAREGIONS: BENEFITS BEYOND SHARING TRAINS AND PARKING LOTS?”, pg. 5]

Now the question becomes: Can a megaregion seek to accommodate a larger range of the operations constituting a firm’s value chain –from those subject to agglomeration economies to those that do not evince such economies. Practically speaking this points to the possibility of bringing into (in some cases, back to) a megaregion some of the services and goods now produced offshore to get at lower wages and less regulations. Can these be reinserted in the low-growth, low-cost areas of a megaregion. What type of planning would it take, and can it be done so as to optimize the benefits for all involved, firms, workers, localities. This would expand the project of optimizing growth beyond the usual suspects –office and science parks being one notable example—and move accross far more and more diverse economic sectors. It would use the lever of the megaregional scale to provide diverse spaces catering to different types of activities, ranging from those subject to high to those subject to low agglomeration economies. And, finally, the megaregional scale would help in optimizing the growth effect arising from the interactions of some of these diverse agglomeration economies. This growth effect would be optimized by re-regionalizing some of the low-cost operations of firms today spread across the country and/or the world. If this type of thesis does indeed capture a potential of megaregions, it would be the making of new economic history. The possibility of this type of potential is easily obscured by the prevalence of national level economic indicators, data sets, and policies. Identifying the megaregion produces an intermediate level, one that even though partly dependent on national macro-policies also inserts a far more specific set of issues into the economic picture.7 A megaregion can combine a very large share of the diverse economies that are very much part of our current era. And it can incorporate growth effects arising from the interactions of some of these diverse economies.

#### Megaregions allow businesses to increase locations-thus increasing revenue

Sassen 07[Saskia, Professor of Sociology at UChicago; “MEGAREGIONS: BENEFITS BEYOND SHARING TRAINS AND PARKING LOTS?”, pg. 8]

On the other hand, in the case of sectors subject to agglomeration economies, it may well be the case that the megaregion does not contain distinctive advantages over other scales, notably cities and metro areas. What these sectors seem to need is a bundle of resources that correlate with high-density, and, at its extreme, very dense central places –such as global cities and silicon valleys. The question then becomes whether there is one or several specific types of agglomeration economies, that can develop, and be enhanced, at the scale of the megaregion. The megaregions identified by RPA all contain high-density locations; a firm subject to agglomeration economies my well find the mix of highly specialized diverse resources it needs in one of those locations. But does it need a whole megaregion attached to that location? Here we enter new theoretical and empirical territory. One critical hypothesis I developed for my global city model is that insofar as the geographic dispersal of the operations of global firms (whether factories, offices, or service outlets) feeds the complexity of central headquarter locations, the more globalized a firm the higher the advantages its headquarters derive from central locations (see footnote 6).9 If I were to adapt this to the megaregion, one inference is that the advantage of a megaregional scale is that it could, in principle, contain both the central headquarters and at least some of those dispersed operations of global firms. In other words, is a megaregion a scale at which such firms can actually also “outsource jobs” and suburbanize headquarter functions—both in search of cheaper costs—and benefit from the region’s major city(s), including in some cases, global cities (New York City, Chicago, Los Angeles, Boston, San Francisco), or cities with significant global-city functions (Minneapolis, Miami, Atlanta, among others).

### MegaRegions K2 Economy

#### Functional regions are the lynchpin of economic stability and leadership----key for labor markets, R & D, business deals, and negotiations between firms.

Blum, Haynes, & Karlsson 97 (U. Blum\*, K.E. Haynes\*, C.Karlsson\*\*\*, \*Technische Universita¨t Dresden, \*\*Institute of Public Policy, George Mason University, \*\*\*Jo¨nko¨ping International Business School, Jo¨nko¨ping University, The regional and urban effects of high-speed trains, Received: December 1996 / Accepted: January 1997, Ann Reg Sci (1997) 31:1–20, LEXUS |SK)

A functional region [is] distinguishes itself by being a common ground for a number of important economic and social functions, in particular, markets for local services, the market for labour and markets to satisfy the demand for proximity. In our definition, a functional region is consequently the basis for comparative advantage as through its size, all non-tradeables are incorporated, i.e. it is the area where production equals consumption of local goods. A robust labour market with a well-differentiated supply of various categories of specialised labour offers, for example, both firms and households richer and economically safer development and expansion possibilities than regions with smaller and thinner labour markets. Proximity within a functional region has a fundamental importance for many economic activities. Even if access through information networks has grown rapidly in importance, transaction activities, negotiations and business deals have not ceased to be concentrated to city environments offering opportunities for face-to-face contacts. A city region still offers a specialised arena for all kinds of economic transactions between firms. It offers among other things support functions for transactions, for head office activities, and for negotiations between firms. It also offers cash, capital and property services, as well as different kinds of R&D services. The location decisions seem in this case to be governed by a striving for mutual accessibility.

### Stimulus K2 Economy-Laundry List

#### Deficit spending within the transportation sector is crucial to create the federal reserves needed to sustain economic growth and prevent economic collapse in the long term.

Stliglitz and Weisman 10 (Joseph E., Professor at Columbia University; Author, "Freefall: America, Free Markets, and the Sinking of the World Economy", Steven R., Editorial Director and Public Policy Fellow, Peter G. Peterson Institute For International Economics, “Global Economic Trends: A Conversation with Joseph E. Stiglitz”, Thursday, January 21, 2010, New York, Council on Foreign Relations, <http://www.cfr.org/united-states/global-economic-trends-conversation-joseph-e-stiglitz/p21301> |SK)

But, you know, the basic Keynesian idea is that, if you have a weak economy, spend, and spend very cleverly, because in the long run -- you know, what they're doing is they're trying to stimulate the economy in the short run, but do investments that provide the basis of long-run economic growth. So one of the things they're spending on, one of the major things, is creating a high-speed railroad system. And just like the cross -- the intercontinental railroads changed America's economic geography, they're doing the same. And they now have the fastest trains in the world. And it really is -- you can really see how it is changing their economic geography, and is going to lead them to be in a position to have faster growth. But now, to return to the question of the global imbalances, there are two aspects I want to comment on. You know, the first is, why are they saving so much? One of the reasons that -- one of the reasons that many of the countries in East Asia are saving so much is because they recognize that there's a lot of volatility in the world, and they have to rely on themselves for insurance, for self-insurance. WEISMAN: And of course, their experience in the Asian crisis which led them to that, right? STIGLITZ: That -- exactly. In fact, one -- the prime minister of one of these countries told me quite frankly, he said -- the way he put it was very amusing. He said, "We were in the class of '97." (Laughter.) You know, "We learned what happened when you don't have enough reserves." And he said, "Well, now, never again," he said, "would we allow that to happen." And so they built up the reserves, hundreds of billions of dollars a year put in reserves: increases their security, but that's money that's not spent, and money that's not spent doesn't -- leads to weaknesses in global aggregate demand. That's part of globalization; it's the whole global aggregate demand that matters. Now, the way we've managed this crisis, the way things have evolved, things are worse, because which countries did better? The countries that had large reserves could undertake stimulus actions. And they've fared better. Russia had about $600 billion of reserves before the crisis. They've lost a large fraction of that. But you know, you talk to any Russian government official. If they hadn't had those reserves, they would be in another -- they would really be back in '98, in the Ruble crisis. So everybody looking at those examples, say, you have to have more reserves. Well, what does that mean? That means what you call a savings glut. But now this is -- the final point I want to make, the issue is not a savings glut. When you talk about savings glut, it's a balance of savings on the one hand and investment. And I'd rather call it an investment dearth and a shortage of investment, not of investment needs. I look around the world and I say, look, a billion people in extreme poverty, more than that, a couple billion people in poverty. We need to invest, to enable their standard of living to go up. The world faces a problem of global warming. We have to retrofit the whole global economy. That's going to take a lot of investment. We're talking about -- how are we going to change our, you know, investment in energy -- new energy systems, new transportation systems. That's going to take a lot of investment. So we shouldn't be telling people, don't save. We should be figuring out how to take the savings and transform that into productive investment. And that comes back to the big failure in this crisis: the failure of the financial system to do its job. Its job is to take savings and transform them into the place where they have the highest return. Putting savings into housing beyond people's ability to pay, in the richest country in the world, is not the globally most useful place to put the savings. And so it's a real -- from my point of view, it's another piece of evidence that our financial system didn't perform its social function. WEISMAN: Let me ask a final question, before we go to the group, about American leadership and in particular about the role of the dollar. Do you see the dollar as being dethroned in this crisis? Is that a terrible thing that we should try and avoid? Or is it inevitable, given the way the economy, the global economy, is growing? STIGLITZ: That's a good question. It's one that I spend some time talking about in the book "Freefall." The dollar reserve system has already been fraying. It's -- you know, the world has been using dollars as the basis of their currencies and backing of their countries for a long time. But for a currency to be used as a reserve, as a storer of value, it has to be stable in value. And in the last decade, it's been highly volatile, very unstable. And so there's been a big move out of the dollar. You can see it in China. It still holds $1.5 trillion of reserves. But it holds a large fraction not in dollars. But the crisis is going to accelerate that process. Particularly you know, you listen to the leaders of China, and they are very worried that they're holding $1.5 trillion of dollars. And they are worried that -- we're not going to renege on our debt but that we will inflate away the debt. The value of the dollar will go down. And they -- you know, they started lecturing the United States, about managing its macropolicies, from their self-interest. And it's very clear that they will be trying to figure out ways of moving out of the dollar. I chaired a U.N. commission on reform of the global economic and financial system. And our strongest recommendation for, you might say, medium-term reforms, although we thought it needed to be done as quickly as possible, was a new global reserve system. I was just at a meeting with President Sarkozy the week before last. And you know, he put it in a way that I think a lot of people have said. It's very strange in a world of globalization, multilateral system, to have the currency of one country to be this asymmetric role in the global system.

### Stimulus K2 Economy-Solves Competetiveness

#### investments like the high-speed rail are the reason for competing nations’ success; if the US were to follow suit, then the Chinese threats to U.S. primacy would be gone.

Stiglitz ’10 (Joseph, New Perspectives Quarterly, “Time for a Second Stimulus”, pg. 63, <http://onlinelibrary.wiley.com/doi/10.1111/j.1540-5842.2010.01164.x/pdf>, Stiglitz is an economist and a professor at Columbia University. He was awarded the Nobel Prize for economics in 2001. He was chief economist of the World Bank and chairman of President Clinton's Council of Economic Advisers.)

ON CHINA - One of the reasons the Chinese are recovering so well is that they have read all the good American textbooks on macroeconomic management that we’ve recently ignored. The Keynesian idea, which they’ve adopted, is that if you have a weak economy, the government should spend. And they are doing it the right way by stimulating the economy in the short run through investments that provide the basis for long-term economic growth. For example, their stimulus includes spending on a high-speed rail system. Just as the transcontinental railroad changed America’s economic geography when it was built, it will do the same for them. Now they have the fastest trains in the world. When completed, that will leave them in a position for faster growth.

### Stimulus K2 Economy-Sustains Capitalism

#### The world economy faces devastation without intervention from the government.

Stiglitz ’08 (Joseph, Time Magazine, “How to Get Out of the Financial Crisis”, pg. 1, http://flash.lakeheadu.ca/~kyu/E5118/Crisis1.pdf, Stiglitz is an economist and a professor at Columbia University. He was awarded the Nobel Prize for economics in 2001. He was chief economist of the World Bank and chairman of President Clinton's Council of Economic Advisers.)

The amount of bad news over the past weeks has been bewildering for many people in the world. Stock markets have plunged, banks have stopped lending to one another, and central bankers and treasury secretaries appear daily on television looking worried. Many economists have warned that we are facing the worst economic crisis the world has seen since 1929. The only good news is that oil prices have finally started to come down. While these times are scary and strange for many Americans, a number of people in other countries feel a sense of deja vu. Asia went through a similar crisis in the late 1990s, and various other countries (including Argentina, Turkey, Mexico, Norway, Sweden, Indonesia and South Korea) have suffered through banking crises, stock-market collapses and credit crunches. Capitalism may be the best economic system that man has come up with, but no one ever said it would create stability. In fact, over the past 30 years, market economies have faced more than 100 crises. That is why I and many other economists believe that government regulation and oversight are an essential part of a functioning market economy. Without them, there will continue to be frequent severe economic crises in different parts of the world. The market on its own is not enough. Government must play a role. It's good news that Treasury Secretary Henry Paulson seems to finally be coming around to the idea that the U.S. government needs to help recapitalize our banks and should receive stakes in the banks that it bails out. But more must be done to prevent the crisis from spreading around the world. Here's what it will take.

#### The economy is ailing due to the lack of stimulus and deregulation of the economy during the Bush years.

Stiglitz ’08 (Joseph, Time Magazine, “How to Get Out of the Financial Crisis”, pg. 1, http://flash.lakeheadu.ca/~kyu/E5118/Crisis1.pdf, Stiglitz is an economist and a professor at Columbia University. He was awarded the Nobel Prize for economics in 2001. He was chief economist of the World Bank and chairman of President Clinton's Council of Economic Advisers.)

How We Got Here The troubles we now face were caused largely by the combination of deregulation and low interest rates. After the collapse of the tech bubble, the economy needed a stimulus. But the Bush tax cuts didn't provide much stimulus to the economy. This put the burden of keeping the economy going on the Fed, and it responded by flooding the economy with liquidity. Under normal circumstances, it's fine to have money sloshing around in the system, since that helps the economy grow. But the economy had already overinvested, and so the extra money wasn't put to productive use. Low interest rates and easy access to funds encouraged reckless lending, the infamous interest-only, no-down-payment, no-documentation (“liar") subprime mortgages. It was clear that if the bubble got deflated even a little, many mortgages would end up under water - with the price less than the value of the mortgage. That has happened - 12 million so far, and more every hour. Not only are the poor losing their homes, but they are also losing their life savings.

### Stimulus K2 Economy-State Economies

#### States are incapable of providing for their own stimulus. In fact, the USFG needs to use stimulus to help their problems.

Stiglitz ’09 (Joseph, Eastern Economic Journal, “The Current Economic Crisis and Lessons for Economic Theory”, http://www.palgrave-journals.com/eej/journal/v35/n3/full/eej200924a.html, Stiglitz is an economist and a professor at Columbia University. He was awarded the Nobel Prize for economics in 2001. He was chief economist of the World Bank and chairman of President Clinton's Council of Economic Advisers.)

In assessing the appropriate size of the stimulus, we need to take into account the negative stimulus coming from the automatic destablizers built into state expenditures. Most states have balanced budget frameworks. This means that when tax revenues fall — as they do when the economy goes into a recession and when real estate prices plummet — they either have to cut back on expenditures or raise taxes. California alone has faced a shortfall of $40 billion. A little while ago, the shortfall of the States was estimated to be around $150 billion per year; but as the crisis has deepened, that number has increased. Thus, almost half of the stimulus simply offsets the negative stimulus coming from the states. We should have enacted a simple revenue sharing arrangement, making up for states’ revenue shortfalls.

### Infrastructure Spending K2 Economy

#### A stimulus in the form of an investment in transportation infrastructure is necessary to save America’s economy.

Stiglitz ’08 (Joseph, Time Magazine, “How to Get Out of the Financial Crisis”, pg. 3, http://flash.lakeheadu.ca/~kyu/E5118/Crisis1.pdf, Stiglitz is an economist and a professor at Columbia University. He was awarded the Nobel Prize for economics in 2001. He was chief economist of the World Bank and chairman of President Clinton's Council of Economic Advisers.)

3. Pass a stimulus that works. Helping Wall Street and stopping the foreclosures are only part of the solution. The U.S. economy is headed for a serious recession and needs a big stimulus. We need increased unemployment insurance; if states and localities are not helped, they will have to reduce expenditures as their tax revenues plummet, and their reduced spending will lead to a contraction of the economy. But to kick-start the economy, Washington must make investments in the future. Hurricane Katrina and the collapse of the bridge in Minneapolis were grim reminders of how decrepit our infrastructure has become. Investments in infrastructure and technology will stimulate the economy in the short run and enhance growth in the long run.

#### A large investment in infrastructure can solve the economic crisis.

Stiglitz ’09 (Joseph, Eastern Economic Journal, “The Current Economic Crisis and Lessons for Economic Theory”, http://www.palgrave-journals.com/eej/journal/v35/n3/full/eej200924a.html, Stiglitz is an economist and a professor at Columbia University. He was awarded the Nobel Prize for economics in 2001. He was chief economist of the World Bank and chairman of President Clinton's Council of Economic Advisers.)

The stimulus Within the economics profession, there is, I think, a clear understanding of what makes for a good stimulus: it has to work quickly (we say, be timely), it should have a big bang for the buck, and it should help — and certainly not worsen — our long run problems. Having a big bang for the buck is especially important because of the growth in the size of the national debt, from $5.7 trillion in the beginning of the Bush Administration to over $10 trillion today, with an expected deficit this year of $1.5 to $2 trillion, depending on how one does the calculations. (If we use standard accounting procedures, of the kind that the IMF employs, which consolidate government owned enterprises into the government's debt, we would have to add another $5 trillion or so as a result of the government take-over of Fannie Mae and Freddie Mac.) But most economists were never enamored of standard government accounting, which focuses on liabilities and pays no attention to assets. If we spend money to create assets (new technology, infrastructure, human capital), then these assets offset the new liabilities, and the national balance sheet can even be strengthened. These criteria imply that the tax cuts, which comprise about a third of the stimulus package, don't make the mark. Americans are likely to save significant fractions of the tax cut because they are saddled with heavy debt, have uncertainties about access to credit and job insecurity, and had large fractions of their wealth destroyed because of falling asset prices. This means that the tax cuts are not likely to provide much stimulus.

### Infrastructure Spending K2 Economy

#### Technological innovation should be a part of our transportation infrastructure investment in a fiscal stimulus --- helps maintain U.S. competitiveness, spur activity in the economy, and is bipartisan.

Dawson ’08 (Rhett, June 2, The Washington Times, “A needed stimulus; Improving technology infrastructure”, Dawson is president of the Information Technology Industry Council.)

Recently, there has been a lot of talk about investing in our nation's infrastructure. But too often that focus tends to be strictly on building new roads, bridges or sewer lines. While those are all necessary and important, I've watched with dismay as the Bush administration and Congress devote less and less attention to an ever more vital segment of our infrastructure: our Innovation Infrastructure. By this I'm referring to a broad category of needs vital to the critical high-tech sector - the often-neglected areas of research funding, tax credits and trade that are essential if we are to continue to thrive and be a world leader. These issues are even more important now, as policy-makers in Washington engage in a new round of discussions about a second "stimulus package" to jumpstart the economy, get more Americans back to work and put money in their pockets. This new stimulus package - as envisioned by some members of Congress - would emphasize rebuilding our physical infrastructure. Such a plan is aimed at complementing the stimulus legislation from earlier this year that recently sent government checks to millions of American families. As an alternative, I'd like to suggest the following as an outline for a new and more far-reaching stimulus package that is certain to strengthen our economy. Our "innovation infrastructure" stimulus plan could offer a bipartisan solution to the immediate needs of our sagging economy. It could also provide a roadmap for bringing our country back to the forefront of the high-tech economy. Our plan would include: \* R&D funding: Research and development funding has been basically flat for more than a decade. We should immediately invest more in support for research and development. We should look for new ways to fund the National Science Foundation and the National Institutes of Standards and Technology.

### Infrastructure Spending K2 Economy

#### New infrastructure investment by the federal government will be easy to fund and will provide a much-needed stimulus to the economy by creating jobs, increase efficiency, and acting as a multiplier.

New America Foundation ’10 (February 3, “The Case for an Infrastructure-Led Jobs and Growth Strategy”, http://www.newamerica.net/publications/policy/the\_case\_for\_an\_infrastructure\_led\_jobs\_and\_growth\_strategy, The New America Foundation is a nonprofit, nonpartisan public policy institute that invests in new thinkers and new ideas to address the next generation of challenges facing the United States [as copied from their website].)

As the Senate takes up a greatly scaled down $15 billion jobs bill stripped of all infrastructure spending, the nation should consider the compelling case for public infrastructure investment offered by Governors Arnold Schwarzenegger (R-CA) and Ed Rendell (D-PA). Appearing on ABC’s "This Week" on Sunday, the bipartisan Co-Chairs of Building America's Future explained why rebuilding America’s infrastructure is the key to both job creation in the short and medium term and our prosperity in the longer term. Rather than go from one negligible jobs bill to the next, the administration and Congress should, as the governors suggest, map out a multi-year plan of infrastructure investment and make it the centerpiece of an ongoing economic recovery program. Here is why: With American consumers constrained by high household debt levels and with businesses needing to work off overcapacity in many sectors, we need a new, big source of economic growth that can replace personal consumption as the main driver of private investment and job creation. The most promising new source of growth in the near to medium term is America’s pent-up demand for public infrastructure improvements in everything from roads and bridges to broadband and air traffic control systems to a new energy grid. We need not only to repair large parts of our existing basic infrastructure but also to put in place the 21st-century infrastructure for a more energy-efficient and technologically advanced society. This project, entailing billions of dollars of new government spending over the next five to ten years, would generate comparable levels of private investment and provide millions of new jobs for American workers. More specifically, public infrastructure investment would have the following favorable benefits for the economy: Job Creation. Public infrastructure investment would directly create jobs, particularly high-quality jobs, and thus would help counter the 8.4 million jobs lost since the Great Recession began. One study estimates that each billion dollars of spending on infrastructure can generate up to 17,000 jobs directly and up to 23,000 jobs by means of induced indirect investment. If all public infrastructure investment created jobs at this rate, then $300 billion in new infrastructure spending would create more than five million jobs directly and millions more indirectly, helping to return the economy to something approaching full employment. A Healthy Multiplier Effect. Public infrastructure investment not only creates jobs but generates a healthy multiplier effect throughout the economy by creating demand for materials and services. The U.S. Department of Transportation estimates that, for every $1 billion invested in federal highways, more than $6.2 billion in economic activity is generated. Mark Zandi, chief economist at Moody’s Economy.com, offers a more conservative but still impressive estimate of the multiplier effect of infrastructure spending, calculating that every dollar of increased infrastructure spending would generate a $1.59 increase in GDP. Thus, by Zandi’s conservative estimates, $300 billion in infrastructure spending would raise GDP by nearly $480 billion (close to 4 percent). A More Productive Economy. Public infrastructure investment would not only help stimulate the economy in the short term but help make it more productive over the long term, allowing us to grow our way out of the increased debt burdens resulting from the bursting of the credit bubble. As numerous studies show, public infrastructure increases productivity growth, makes private investment more efficient and competitive, and lays the foundation for future growth industries. In fact, many of the new growth sectors of the economy in agriculture, energy, and clean technology require major infrastructure improvements or new public infrastructure. Needed Investments that Will Pay for Themselves. New infrastructure investment can easily be financed at historically low interest rates through a number of mechanisms, including the expansion of Build America Bonds and Recovery Zone bonds (tax-credit bonds that are subsidized by favorable federal tax treatment) and the establishment of a National Infrastructure Bank. Public infrastructure investment will pay for itself over time as a result of increased productivity and stronger economic growth. Several decades of underinvestment in public infrastructure has created a backlog of public infrastructure needs that is undermining our economy’s efficiency and costing us billions in lost income and economic growth. By making these investments now, we would eliminate costly bottlenecks and make the economy more efficient, thereby allowing us to recoup the cost of the investment through stronger growth and higher tax revenues.

### Infrastructure Spending K2 Economy

#### Government investment in transportation infrastructure creates jobs.

Boushey ’11 (Heather, September 22, Center for American Progress, ”Now Is the Time to Fix Our Broken Infrastructure”, <http://www.americanprogress.org/issues/2011/09/aja_infrastructure.html>, Boushey is a Senior Economist at American Progress.)

Investing in infrastructure creates jobs and yields lasting benefits for the economy, including increasing growth in the long run. Upgrading roads, bridges, and other basic infrastructure creates jobs now by putting people to work earning good, middle-class incomes, which expands the consumer base for businesses. These kinds of investments also pave the way for long-term economic growth by lowering the cost of doing business and making U.S. companies more competitive. There is ample empirical evidence that investment in infrastructure creates jobs. In particular, investments made over the past couple of years have saved or created millions of U.S. jobs. Increased investments in infrastructure by the Department of Transportation and other agencies due to the American Recovery and Reinvestment Act saved or created 1.1 million jobs in the construction industry and 400,000 jobs in manufacturing by March 2011, according to San Francisco Federal Reserve Bank economist Daniel Wilson.[1] Although infrastructure spending began with government dollars, these investments created jobs throughout the economy, mostly in the private sector.[2] Infrastructure projects have created jobs in communities nationwide.

#### Transportation infrastructure investments in particular are the most cost-effective way to create jobs and revitalize the economy.

Boushey ’11 (Heather, September 22, Center for American Progress, ”Now Is the Time to Fix Our Broken Infrastructure”, <http://www.americanprogress.org/issues/2011/09/aja_infrastructure.html>, Boushey is a Senior Economist at American Progress.)

Infrastructure investments are an especially cost-effective way to boost job creation with scare government funds. Economists James Feyrer and Bruce Sacerdote found for example that at the peak of the Recovery Act’s effect, 12.3 jobs were created for every $100,000 spent by the Department of Transportation and the Department of Energy—much of which was for infrastructure.[6] These two agencies spent $24.7 billion in Recovery dollars through September 2010, 82 percent of which was transportation spending. This implies a total of more than 3 million jobs created or saved. The value of infrastructure spending Analysis of all fiscal stimulus policies shows a higher “multiplier” from infrastructure spending than other kinds of government spending, such as tax cuts, meaning that infrastructure dollars flow through the economy and create more jobs than other kinds of spending. Economist Mark Zandi found, for example, that every dollar of government spending boosts the economy by $1.44, whereas every dollar spent on a refundable lump-sum tax rebate adds $1.22 to the economy.[7] In a separate study conducted before the Great Recession, economists James Heintz and Robert Pollin of the University of Massachusetts, Amherst, found that infrastructure investment spending in general creates about 18,000 total jobs for every $1 billion in new investment spending. This number include jobs directly created by hiring for the specific project, jobs indirectly created by supplier firms, and jobs induced when workers go out and spend their paychecks and boost their local economy.[8] Investing in transportation infrastructure in particular boosts employment. The Federal Highway Administration periodically estimates the impact of highway spending on direct employment, defined as jobs created by the firms working on a given project; on supporting jobs, including those in firms supplying materials and equipment for projects; and on indirect employment generated when those in the first two groups make consumer purchases with their paychecks. In 2007, $1 billion in federal highway expenditures supported about 30,000 jobs—10,300 in construction, 4,675 in supporting industries, and 15,094 in induced employment.[9]

### Infrastructure Spending K2 Economy

#### Right now, it is key to invest in our infrastructure to decrease unemployment and spark long-term economic growth.

Boushey ’11 (Heather, September 22, Center for American Progress, ”Now Is the Time to Fix Our Broken Infrastructure”, <http://www.americanprogress.org/issues/2011/09/aja_infrastructure.html>, Boushey is a Senior Economist at American Progress.)

Infrastructure is a good investment now because it will get people to work, and at this point, given the lingering high unemployment, we shouldn’t be too concerned if projects take a bit of time to get up and running. As Mark Zandi said in August 2011: Infrastructure development has a large bang for the buck, particularly now when there are so many unemployed construction workers. It also has the potential for helping more remote hard-pressed regional economies and has long-lasting economic benefits. It is difficult to get such projects up and running quickly—“shovel ready” is in most cases a misnomer—but given that unemployment is sure to be a problem for years to come, this does not seem in the current context as significant a drawback.[16] We can create jobs. With nearly 14 million Americans unemployed, now is the time to make long-lasting investments in infrastructure that will not only get people to work today but pave the way for long-term economic growth. Repairing potholes, upgrading an elementary school’s aging furnace, and replacing old water mains are all infrastructure investments. These are repairs that must be done and are often cheaper to do as maintenance than waiting to repair a totally failed system. Now is the right time for America to invest in maintaining and upgrading our infrastructure. We have millions of American workers who want to get off the unemployment queue and into a job and borrowing costs at decade lows, making it extraordinarily cost effective to make big investments today.

### Infrastructure Spending Good-AT: Crowd Out

#### government investment in infrastructure actually increases the size of the economy, allowing for increased growth in both the public and private sectors.

Han ’12 (Xue, February, Global Infrastructure Asset Management LLC, “Why Invest in Infrastructure?”, Han holds a Bachelor’s degree in Mathematics and Economics from Beloit College.)

In order to see this fact, let‘s start with probably the single most common and influential argument against increasing the level of public investment, that is it will ―crowd out‖ private investment – i.e. an increase in public infrastructure spending will be associated with an equivalent decline in private investment. To test the validity of this argument, let‘s first understand the two kinds of resources required by investments in infrastructure: real economic resources – materials, equipment and people‘s labor, and financial resources – money coming either from tax revenues or government borrowing. The ‗crowding out‘ argument assumes that when the public sector consumes more of 16 these real and financial resources, it necessarily diminishes the amount available to the private sector. Therefore, an increase in public capital expenditures results in less private sector production. In other words, the ‗economic pie‘ is fixed. When the government takes a bigger slice, it leaves less for the private economy. However, even at the level of simple logic, the crowding out argument only holds under a specific set of narrow economic circumstances. These circumstances would be when: 1) all the economy‘s real resources are being fully utilized, i.e. workers are fully employed, and the existing productive apparatus is being run full-tilt; 2) the economy‘s financial resources are similarly already being fully used up in financing productive investment projects; and 3) new public investment spending makes no contribution toward expanding the economy‘s productive capacity—i.e. it is not succeeding in its purpose of increasing the overall size of the economic pie. In the current economic crisis, unemployment is rising toward its highest level in a generation and financial institutions are providing almost no loans for private investment, preferring instead to hoard huge cash reserves and to purchase U.S. Treasury bonds, the single safest asset available on financial markets. Under these circumstances, there is no possibility of public investment projects bidding resources away from the private sector. Rather, higher rates of public infrastructure will increase the total number of people who can find employment, and it will put to good use the financial resources flowing into the U.S. Treasury. But these are of course extraordinary circumstances. It is also important to recognize that crowding out need not occur even when the economy is booming and unemployment is low. This is because public infrastructure investments will expand the economy‘s long-term productive capacity, with benefits flowing primarily to the private sector. Because public infrastructure investment actually increases the overall size of the economic pie, both the public and the private sectors can expand together through a complimentary, mutually-supportive growth path. More specifically, public spending provides goods and services essential for private production, including roads, bridges, energy, water, aviation, and water transport. Infrastructure improvements can increase labor productivity—e.g. more efficient transportation systems to and from work reduce wasted time.

### Infrastructure Spending Good-Multiplier Effect

#### Infrastructure investments make the economy stronger through the multiplier effect.

Han ’12 (Xue, February, Global Infrastructure Asset Management LLC, “Why Invest in Infrastructure?”, Han holds a Bachelor’s degree in Mathematics and Economics from Beloit College.)

Multiplier Effects on the Economy Besides its improving effects on productive capacity as the major reason for the infrastructure investment‘s contribution to the economic growth, a second reason is its relatively larger multiplier effects on the overall economy compared to other types of investment of the same amount. The multiplier effect refers to the dollar amount impact on the economy, measured as GDP, that each dollar of spending could generate; since the effect of each dollar of spending is usually beyond itself – i.e. larger than 1 – due to its stimulating effects on other components of the GDP, such as consumption, investment and net exports, it is often referred to as the multiplier effects. There is more than one kind of multiplier effect based on different investments, but in most studies and ours as well, we are specifically interested in and refer to the fiscal multiplier, that is the dollar amount impact on the economy for each dollar of government spending. As discussed in details in a previous research of mine on the subject of the Automatic Budget Enforcement Procedures, the size of the multiplier under current circumstances is estimated to be 1.88, with the interest rate at the zero lower bound taken into account in illustrations of a series of Keynesian models. With regards to the fact that multiplier specifically for infrastructure investments is larger than other types of investments and thus the general average fiscal multiplier, the theoretical reasons behind are quite easy to understand. The two major reasons infrastructure spending are: (1) less leakage to imports and (2) stronger stimulus in consumption compared to other types of spending such as tax cuts, where a higher proportion of the additional money is saved or spent on imported goods and services. In order to estimate the size of multiplier specifically for infrastructure investments, we utilize the employment effects estimated using the Input-Output Model in the research How Infrastructure Investments Support the U.S. Economy: Employment, Productivity and Growth (Heintz, Pollin and Peltier, 2009). According to their research, for each $1 billion infrastructure investment made, an average of 18,681 jobs will be created in core economic infrastructure through direct, indirect and induced effects. As of December 2010, the total employment in the U.S. was 130.26 million, which translates an increase of 18,681 jobs into a percentage increase of 0.0143%. From there, based on the solid basic assumption on the relationship between employment and GDP increases that was used by Romer and Bernstein in their paper The Job Impact of the American Recovery and Reinvestment Act (Romer and Bernstein, 2009), we can trace back to a reliable estimate of GDP increase in dollar amount for each $1 billion investments in infrastructure, and thus an infrastructure multiplier. The assumption made by Romer and Bernstein and also agreed by Heintz, Pollin and Peltier is that employment will rise by 0.75% for every 1% increase in GDP. Therefore, the 0.0143% increase in employment generated per $1 billion infrastructure investment can be translated as a 0.0191% increase in GDP. With a GDP of $14,660.2 billion in 2010, such percentage increase is equivalent to a dollar amount increase of 19 $2.8 billion in GDP. That said, the conclusion is that, for each $1 billion spending on infrastructure, an increase of approximately $2.8 billion in GDP can be observed, meaning that the multiplier for infrastructure investments specifically is about 2.8, much larger than the average size of 1.88 for all types of investments as estimated in previous study. This well established larger multiplier effects of infrastructure investments become particularly important due to the slow economic recovery we have faced since the crisis. Even without the more influential and fundamental effects of infrastructure investments on productivity improvement, the larger multiplier such investments have is a strong enough reason to call for more spending, or at least less cuts, on infrastructure projects.

### Infrastructure Spending Good-Multiplier

#### The employment opportunities created by infrastructure investment are critical to getting rid of unemployment.

Zandi ’11 (Mark, November 2, Moody’s Analytics, “Doing Infrastructure the Right Way”, <http://www.economy.com/dismal/article_free.asp?cid=226001&src=mark-zandi>, Zandi holds a PhD in economics from the University of Pennsylvania.)

More public infrastructure investment would be an especially effective way to fuel job growth and re-employ unemployed workers, nearly half of whom have been out of work more than six months. Long-term unemployment is at record levels; in a well-functioning economy, fewer than a fifth of the unemployed would be in this predicament. Not surprisingly, given the nationwide real estate bust, many of the long-term unemployed formerly worked in construction; infrastructure projects could put many of them back to work quickly, since they already have many of the required skills. Employment in various manufacturing, wholesaling and transportation industries would also receive a sizable lift from increased construction. Indeed, infrastructure spending provides an outsize economic bang for the buck. In the current weak environment, we estimate that every $1 spent on new roads, bridges and schools produces more than $1.40 in economic output in the subsequent year. This is measurably larger than the multipliers for most types of tax cuts. Whether projects are "shovel-ready"—a major criticism of the infrastructure spending in the 2009 Recovery Act—isn't particularly relevant in the current context. To be sure, some infrastructure projects can require years to go from planning to actual work. Even if new funds are used to finance projects that are well along in the planning process, it is difficult to know just when projects will get under way. This is an important caveat to using infrastructure spending to quickly help a struggling economy. Nevertheless, since unemployment is sure to be a problem in the U.S. for years, shovel-ready need not be a criterion for funding projects today. Spreading the wealth Infrastructure spending can also help remote, hard-pressed regions of the country. Many unemployed workers live in areas with limited job opportunities. Historically, people who lost jobs in these areas could move to more active regions of the country. But this has become extraordinarily difficult for nearly 20 million homeowners whose homes have fallen in value near or below the amount they owe on their mortgages. It would be tough for such workers to move even if they could figure out where to go. Indeed, migration flows have been significantly curtailed in recent years. Given the difficulty households have moving to find jobs, infrastructure is a way of moving jobs to them.

### Impact Ext-Hege Solves War

#### US primacy solves every major impact—the alternative is nuclear war.

Walt 2 – Prof. IR @ Harvard, Stephen, “American Primacy: Its Prospects and Pitfalls”, Naval War College Review, Spring 2002, Vol. LV, No,2, http://usnwc.edu/press/Review/2002/spring/art1-sp2.htm

A second consequence of U.S. primacy is a decreased danger of great-power rivalry and a higher level of overall international tranquility. Ironically, those who argue that primacy is no longer important, because the danger of war is slight, overlook the fact that the extent of American primacy is one of the main reasons why the risk of great-power war is as low as it is. For most of the past four centuries, relations among the major powers have been intensely competitive, often punctuated by major wars and occasionally by all-out struggles for hegemony. In the first half of the twentieth century, for example, great-power wars killed over eighty million people. Today, however, the dominant position of the United States places significant limits on the possibility of great-power competition, for at least two reasons. One reason is that because the United States is currently so far ahead, other major powers are not inclined to challenge its dominant position. Not only is there no possibility of a “hegemonic war” (because there is no potential hegemon to mount a challenge), but the risk of war via miscalculation is reduced by the overwhelming gap between the United States and the other major powers. Miscalculation is more likely to lead to war when the balance of power is fairly even, because in this situation both sides can convince themselves that they might be able to win. When the balance of power is heavily skewed, however, the leading state does not need to go to war and weaker states dare not try.8 The second reason is that the continued deployment of roughly two hundred thousand troops in Europe and in Asia provides a further barrier to conflict in each region. So long as U.S. troops are committed abroad, regional powers know that launching a war is likely to lead to a confrontation with the United States. Thus, states within these regions do not worry as much about each other, because the U.S. presence effectively prevents regional conflicts from breaking out. What Joseph Joffe has termed the “American pacifier” is not the only barrier to conflict in Europe and Asia, but it is an important one. This tranquilizing effect is not lost on America’s allies in Europe and Asia. They resent U.S. dominance and dislike playing host to American troops, but they also do not want “Uncle Sam” to leave.9 Thus,U.S. primacy is of benefit to the United States, and to other countries as well, because it dampens the overall level of international insecurity. World politics might be more interesting if the United States were weaker and if other states were forced to compete with each othermore actively, but amore exciting world is not necessarily a better one. A comparatively boring era may provide few opportunities for genuine heroism, but it is probably a good deal more pleasant to live in than “interesting” decades like the 1930s or 1940s. Primacy Fosters Prosperity By facilitating the development of a more open and liberal world economy, American primacy also fosters global prosperity. Economic interdependence is often said to be a cause of world peace, but it is more accurate to say that peace encourages interdependence—by making it easier for states to accept the potential vulnerabilities of extensive international intercourse.10 Investors are more willing to send money abroad when the danger of war is remote, and states worry less about being dependent on others when they are not concerned that these connections might be severed. When states are relatively secure, they will also be less fixated on how the gains from cooperation are distributed. In particular, they are less likely to worry that extensive cooperation will benefit others more and thereby place them at a relative disadvantage over time.11 By providing a tranquil international environment, in short, U.S. primacy has created political conditions that are conducive to expanding global trade and investment. Indeed, American primacy was a prerequisite for the creation and gradual expansion of the European Union, which is often touted as a triumph of economic self-interest over historical rivalries. Because the United States was there to protect the Europeans from the Soviet Union and from each other, they could safely ignore the balance of power within Western Europe and concentrate on expanding their overall level of economic integration. The expansion of world trade has been a major source of increased global prosperity, and U.S. primacy is one of the central pillars upon which that system rests.12 The United States also played a leading role in establishing the various institutions that regulate and manage the world economy. As a number of commentators have noted, the current era of “globalization” is itself partly an artifact of American power. As Thomas Friedman puts it, “Without America on duty, there will be no America Online.”13 Primacy Maximizes Influence Finally, primacy gives the United States greater freedom of action and greater influence over the entire agenda of global issues. Because it is less dependent on other countries, the United States is to a large extent able to set the terms for its participation in many international arrangements. Although cooperating with others is often in its interest, the option to “go it alone” gives the United States greater bargaining power than most (if not all) other states.14 The United States can also choose to stay out of trouble if it wishes; because it is objectively very secure, it can remain aloof from many of the world’s problems even when it might be able to play a constructive role.15 Yet primacy also means that the United States can undertake tasks that no other state would even contemplate and can do so with reasonable hope of success. In the past decade, for instance, the United States played a key role in guiding the reunification of Germany; negotiated a deal to end North Korea’s nuclear weapons program; and convinced Ukraine, Kazakhstan, and Belarus to give up the nuclear arsenals they had inherited from the Soviet Union. It also rescued the Mexican economy during the peso crisis in 1994, brought three new members into the Nato alliance, defeated and defanged Iraq in 1991, and kept the Iraqi regime under tight constraints thereafter. The United States also played an important role in the recovery from the Asian financial crisis of 1997, led the coalition that defeated Serbia in the 1999 war in Kosovo, and used its economic power to encourage the ouster of Slobodan Milosevic and his prosecution for alleged war crimes.

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U.S. power probably helped prevent any number of events that might have occurred but at this writing have not—such as a direct Chinese challenge to Taiwan or a nuclear conflict between India and Pakistan. Each of these achievements required resources, and America’s capacity to shape world events would be much smaller were its relative power to decline. In short, saying that Americans like a position of primacy is akin to saying that they like power, and they prefer to have more of it rather than less. It may not be politically correct to talk about “enjoying” the exercise of power, but most people understand that it is better to have it than to lack it. Having a great deal of power may not guarantee success or safety, but it certainly improves the odds. One imagines, for example, that Senator Tom Daschle likes being majority leader of the U.S. Senate more than he liked being minority leader, just as one suspects that Mikhail Gorbachev, Boris Yeltsin, and now Vladimir Putin would have acted quite differently had Russian (or Soviet) power not deteriorated so dramatically. The reason is simple—when one is stronger, one can defend one’s interests more effectively and can more easily prevent others from imposing their will.16 Power also gives people (or states) the capacity to pursue positive ends, and a position of primacy maximizes one’s ability to do so. Thus, anyone who thinks that the United States should try to discourage the spread of weapons of mass destruction, promote human rights, advance the cause of democracy, or pursue any other positive political goal should recognize that the nation’s ability to do so rests primarily upon its power. The United States would accomplish far less if it were weaker, and it would discover that other states were setting the agenda of world politics if its own power were to decline. As Harry Truman put it over fifty years ago, “Peace must be built upon power, as well as upon good will and good deeds.”17 The bottom line is clear. Even in a world with nuclear weapons, extensive economic ties, rapid communications, an increasingly vocal chorus of nongovernmental organizations, and other such novel features, power still matters, and primacy is still preferable. People running for president do not declare that their main goal as commander in chief would be to move the United States into the number-two position. They understand, as do most Americans, that being number one is a luxury they should try very hard to keep.

### Impact Ext-Hege Solves War

#### Collapse of hege causes extinction.

Talent and Eaglen 10 - The Honorable James Talent is Distinguished Fellow in Military Affairs at The Heritage Foundation and served as a U.S. Senator from 2002 to 2007. Mackenzie Eaglen is Research Fellow for National Security in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation, “Planning for the Future: How and Why to Salvage the Pentagon's Quadrennial Defense Review”, Heritage Foundation, http://www.heritage.org/research/reports/2010/01/planning-for-the-future-how-and-why-to-salvage-the-pentagons-quadrennial-defense-review

With the advent of nuclear weapons, it became clear that a third world war could threaten the very existence of humankind. Under these circumstances, America's leaders decided that the U.S. needed to play a more comprehensive and active global role with a view toward anticipating and managing threats, protecting freedom, and preventing another general war. This has been America's strategic mission since 1945. While the collapse of the Soviet Union was a significant operational success for the United States, it did not change America's strategic leadership role. In fact, the U.S. has been even more active in world affairs since the fall of the Berlin Wall. Moreover, the rise of information technology has made the U.S. increasingly dependent on globally integrated and vulnerable financial, energy, and communications networks, leaving fewer areas of the world that America can safely ignore. As the 2006 QDR cautions, Globalization enables many positive developments such as the free movement of capital, goods and services, information, people and technology, but it is also accelerating the transmission of disease, the transfer of advanced weapons, the spread of extremist ideologies, the movement of terrorists and the vulnerability of major economic segments.[2] The review also cautions that terrorist networks "use the very instruments of globalization--the unfettered flow of information and ideas, goods and services, capital, people, and technology--as their preferred means of attack."[3] As a result, the U.S. is increasingly vulnerable to threats emanating from distant regions. Presidents George W. Bush and Bill Clinton would have preferred the U.S. to play a subordinate role in the Bosnian conflict. However, that proved impossible when genocide in the Balkans threatened the stability of Europe, America's relationship with the Muslim world, and the credibility of American leadership. The lesson is that a definition of America's vital interests must minimally include: \* Defending against and deterring strategic attacks on the U.S., including its people, territory, institutions, and infrastructure; \* Protecting Americans against threats to their lives and well-being, short of strategic attacks; \* Containing and defeating terrorism as a form of warfare; \* Monitoring and restricting criminal networks and terrorist organizations in Africa, South America, the Middle East, and Central Asia; \* Preventing wars and atrocities across the globe; \* Protecting U.S. allies from aggression; \* Preventing the rise of a dominant hostile power in East Asia, Europe, or the Persian Gulf; \* Preserving U.S. security interests in the Western Hemisphere; \* Maintaining access to foreign trade; and \* Retaining unencumbered access to resources. Many Americans across the political spectrum are uncomfortable with the primary role the United States continues to play in world affairs, yet no President of either political party has backed away from America's global leadership role. Nor has any recent President significantly reduced America's commitments by treaty or interest around the globe. Judging by the number and expanded scope of U.S. military missions over the past 15 years, the exact opposite holds true. A de facto bipartisan consensus on America's duties continues to provide evidence that strong American leadership is necessary to protect the nation's vital interests. As long as America undertakes a comprehensive role in guiding the international order toward peace and freedom, the nation's leaders must sustain the power necessary to accomplish that mission. **<EVIDENCE CONTINUES SEVERAL PARAGRAPHS LATER>** Another reason the U.S. must maintain military primacy is that the military's missions are not only to fight but also to deter conflict. America decisively won Operation Desert Storm because it brought overwhelming--not just sufficient-- power to bear. Clear victory in that conflict is one reason why no other country has since chosen to engage the U.S. in a direct, high-intensity conflict. Similarly, a missile attack is less likely if America deploys a comprehensive, layered missile defense system. China is less likely to use aggressive means to reunify with Taiwan if U.S. air and naval assets can unquestionably protect the island. Russia will be less adventurous in the former Soviet republics if its leaders feel that NATO is more than prepared for any contingency.

### Impact Ext-Rapid Collapse of Hege🡪 War

#### Rapid collapse of hegemony causes nuclear war—alternatives aren’t ready.

Brzezinski 5 - National Security Advisor in the Carter Administration, Professor of Foreign Policy @ Johns Hopkins University, Zbigniew "The Choice", p. 2-4

History is a record of change, a reminder that nothing endures indefinitely. It can also remind us, however, that some things endure for a long time, and when they disappear, the status quo ante does not reappear. So it will be with the current American global preponderance. It too, will fade at some point, probably later than some wish and earlier than m any Americans take for granted. The key question is: What will replace it? An abrupt termination of American hegemony would without doubt precipitate global chaos, in which international anarchy would be punctuated by eruptions of truly massive destructiveness. An unguided progressive decline would have a similar effect, spread out over a longer time. But a gradual and controlled devolution of power could lead to an increasingly formalized global community of shared interest, with supranational arrangements increasingly assuming some of the special security roles of traditional nation-states. In any case, the eventual end of American hegemony will not involve a restoration of multipolarity among the familiar major powers that dominated world affairs for the last two centuries. Nor will it yield to another dominant hegemon that would displace the United States by assuming a similar political, military, economic, technological, and sociocultural worldwide preeminence. The familiar powers of the last century are too fatigued or too weak to assume the role the United States now plays. It is noteworthy that since 1880, in a comparative ranking of world powers (cumulative1y based on their economic strength, mi1itarybudgets and assets, populations, etc.), the top five slots at sequential twenty-year intervals have been shared by just seven states: the United States, the United Kingdom, Germany, France, Russia, Japan, and China. Only the United States, however, unambiguously earned inclusion among the top five in every one of the twenty¬ year intervals, and the gap in the year 2000 between the top-ranked United States and the rest was vastly wider than ever before. The former major European powers – Great Britain, Germany, and France – are too weak to step into the breach. In the next two decades, it is quite unlikely that the European Union will become sufficiently united politically to muster the popular will to compete with the United States in the politico-military arena. Russia is no longer an imperial power, and its central challenge is to recover socioeconomically lest it lose its far eastern territories to China. Japan's population is aging and its economy has slowed; the conventional wisdom of the 1980s that Japan is destined to be the next "superstate" now has the ring of historical irony. China, even if it succeeds in maintaining high rates of economic growth and retains its internal political stability (both are far from certain), will at best be a regional power still constrained by an impoverished population, antiquated infrastructure, and limited appeal worldwide. The same is true of India, which additionally faces uncertainties regarding its long-term national unity. Even a coalition among the above – a most unlikely prospect, given their historical conflicts and clashing territorial claims – would lack the cohesion, muscle, and energy needed to both push America off its pedestal and sustain global stability. Some leading states, in any case, would side with America if push came to shove. Indeed, any evident American decline might precipitate efforts to reinforce America's leadership. Most important, the shared resentment of American hegemony would not dampen the clashes of interest among states. The more intense collisions – in the event of America's decline – could spark a wildfire of regional violence, rendered all the more dangerous by the dissemination of weapons of mass destruction. The bottom line is twofold: For the next two decades, the steadying effect of American power will be indispensable to global stability, while the principal challenge to American power can come only from within – either from the repudiation of power by the American democracy itself, or from America's global misuse of its own power. American society, even though rather parochial in its intellectual and cultural interests, steadily sustained a protracted worldwide engagement against the threat of totalitarian communism and it is currently mobilized against international terrorism. As long as that commitment endures, America's role as the global stabilizer will also endure. Should that commitment fade – either because terrorism has faded, or because Americans tire or lose their sense of common purpose – America's global role could rapidly terminate. That role could also be undermined and de1egitimated by the misuse of U.S. power. Conduct that is perceived worldwide as arbitrary could prompt America’s progressive isolation, undercutting not America's power to defend itself as such, but rather its ability to use that power to enlist others in a common effort to shape a more secure international environment

### Impact Ext. Collapse Causes Power Vacuum

#### Hege collapse causes power vacuum—causes nuclear war and all your impacts.

FERGUSON 2004 [Niall, senior fellow at Hoover university and a professor of international history at Harvard, “A world without power”, Foreign Policy, July/August 2004, Accessed 11/08/06]

Waning empires. Religious revivals. Incipient anarchy. A coming retreat into fortified cities. These are the Dark Age experiences that a world without a hyperpower might quickly find itself reliving. The trouble is, of course, that this Dark Age would be an altogether more dangerous one than the Dark Age of the ninth century. For the world is much more populous—roughly 20 times more—meaning that friction between the world’s disparate “tribes” is bound to be more frequent. Technology has transformed production; now human societies depend not merely on fresh water and the harvest but also on supplies of fossil fuels that are known to be finite. Technology has upgraded destruction, too; it is now possible not just to sack a city but to obliterate it. For more than two decades, globalization—the integration of world markets for commodities, labor, and capital—has raised living standards throughout the world, except where countries have shut themselves off from the process through tyranny or civil war. The reversal of globalization—which a new Dark Age would produce—would certainly lead to economic stagnation and even depression. As the United States sought to protect itself after a second September 11 devastates, say, Houston or Chicago, it would inevitably become a less open society, less hospitable for foreigners seeking to work, visit, or do business. Meanwhile, as Europe’s Muslim enclaves grew, Islamist extremists’ infiltration of the E.U. would become irreversible, increasing transatlantic tensions over the Middle East to the breaking point. An economic meltdown in China would plunge the communist system into crisis, unleashing the centrifugal forces that undermined previous Chinese empires. Western investors would lose out and conclude that lower returns at home were preferable to the risks of default abroad. The worst effects of the new Dark Age would be felt on the edges of the waning great powers. The wealthiest ports of the global economy—from New York to Rotterdam to Shanghai—would become the targets of plunderers and pirates. With ease, terrorists could disrupt the freedom of the seas, targeting oil tankers, aircraft carriers, and cruise liners, while Western nations frantically concentrated on making their airports secure. Meanwhile, limited nuclear wars could devastate numerous regions, beginning in the Korean peninsula and Kashmir, perhaps ending catastrophically in the Middle East. In Latin America, wretchedly poor citizens would seek solace in evangelical Christianity imported by U.S. religious orders. In Africa, the great plagues of AIDS and malaria would continue their deadly work. The few remaining solvent airlines would simply suspend services to many cities in these continents; who would wish to leave their privately guarded safe havens to go there? For all these reasons, the prospect of an apolar world should frighten us today a great deal more than it frightened the heirs of Charlemagne. If the United States retreats from global hegemony—its fragile self-image dented by minor setbacks on the imperial frontier—its critics at home and abroad must not pretend that they are ushering in a new era of multipolar harmony or even a return to the good old balance of power. Be careful what you wish for. The alternative to unipolarity would not be multipolarity at all. It would be apolarity—a global vacuum of power. And far more dangerous forces than rival great powers would benefit from such a not-so-new world disorder.

### Impact Ext. Hegemonic Strategy Inevitable

#### US will always act like a hegemon—might as well be effective.

Kagan 7 – Senior Associate at the Carnegie Endowment for International Peace, Robert “End of Dreams, Return of History” Policy Review (http://www.hoover.org/publications/policyreview/8552512.html#n10

Finally, there is the United States itself. As a matter of national policy stretching back across numerous administrations, Democratic and Republican, liberal and conservative, Americans have insisted on preserving regional predominance in East Asia; the Middle East; the Western Hemisphere; until recently, Europe; and now, increasingly, Central Asia. This was its goal after the Second World War, and since the end of the Cold War, beginning with the first Bush administration and continuing through the Clinton years, the United States did not retract but expanded its influence eastward across Europe and into the Middle East, Central Asia, and the Caucasus. Even as it maintains its position as the predominant global power, it is also engaged in hegemonic competitions in these regions with China in East and Central Asia, with Iran in the Middle East and Central Asia, and with Russia in Eastern Europe, Central Asia, and the Caucasus. The United States, too, is more of a traditional than a postmodern power, and though Americans are loath to acknowledge it, they generally prefer their global place as “No. 1” and are equally loath to relinquish it. Once having entered a region, whether for practical or idealistic reasons, they are remarkably slow to withdraw from it until they believe they have substantially transformed it in their own image. They profess indifference to the world and claim they just want to be left alone even as they seek daily to shape the behavior of billions of people around the globe. The jostling for status and influence among these ambitious nations and would-be nations is a second defining feature of the new post-Cold War international system. Nationalism in all its forms is back, if it ever went away, and so is international competition for power, influence, honor, and status. American predominance prevents these rivalries from intensifying — its regional as well as its global predominance. Were the United States to diminish its influence in the regions where it is currently the strongest power, the other nations would settle disputes as great and lesser powers have done in the past: sometimes through diplomacy and accommodation but often through confrontation and wars of varying scope, intensity, and destructiveness. One novel aspect of such a multipolar world is that most of these powers would possess nuclear weapons. That could make wars between them less likely, or it could simply make them more catastrophic. It is easy but also dangerous to underestimate the role the United States plays in providing a measure of stability in the world even as it also disrupts stability. For instance, the United States is the dominant naval power everywhere, such that other nations cannot compete with it even in their home waters. They either happily or grudgingly allow the United States Navy to be the guarantor of international waterways and trade routes, of international access to markets and raw materials such as oil. Even when the United States engages in a war, it is able to play its role as guardian of the waterways. In a more genuinely multipolar world, however, it would not. Nations would compete for naval dominance at least in their own regions and possibly beyond. Conflict between nations would involve struggles on the oceans as well as on land. Armed embargos, of the kind used in World War i and other major conflicts, would disrupt trade flows in a way that is now impossible. Such order as exists in the world rests not only on the goodwill of peoples but also on American power. Such order as exists in the world rests not merely on the goodwill of peoples but on a foundation provided by American power. Even the European Union, that great geopolitical miracle, owes its founding to American power, for without it the European nations after World War ii would never have felt secure enough to reintegrate Germany. Most Europeans recoil at the thought, but even today Europe’s stability depends on the guarantee, however distant and one hopes unnecessary, that the United States could step in to check any dangerous development on the continent. In a genuinely multipolar world, that would not be possible without renewing the danger of world war. People who believe greater equality among nations would be preferable to the present American predominance often succumb to a basic logical fallacy. They believe the order the world enjoys today exists independently of American power. They imagine that in a world where American power was diminished, the aspects of international order that they like would remain in place. But that’s not the way it works. International order does not rest on ideas and institutions. It is shaped by configurations of power. The international order we know today reflects the distribution of power in the world since World War ii, and especially since the end of the Cold War. A different configuration of power, a multipolar world in which the poles were Russia, China, the United States, India, and Europe, would produce its own kind of order, with different rules and norms reflecting the interests of the powerful states that would have a hand in shaping it. Would that international order be an improvement? Perhaps for Beijing and Moscow it would. But it is doubtful that it would suit the tastes of enlightenment liberals in the United States and Europe. The current order, of course, is not only far from perfect but also offers no guarantee against major conflict among the world’s great powers. Even under the umbrella of unipolarity, regional conflicts involving the large powers may erupt. War could erupt between China and Taiwan and draw in both the United States and Japan. War could erupt between Russia and Georgia, forcing the United States and its European allies to decide whether to intervene or suffer the consequences of a Russian victory. Conflict between India and Pakistan remains possible, as does conflict between Iran and Israel or other Middle Eastern states. These, too, could draw in other great powers, including the United States. Such conflicts may be unavoidable no matter what policies the United States pursues. But they are more likely to erupt if the United States weakens or withdraws from its positions of regional dominance. This is especially true in East Asia, where most nations agree that a reliable American power has a stabilizing and pacific effect on the region. That is certainly the view of most of China’s neighbors. But even China, which seeks gradually to supplant the United States as the dominant power in the region, faces the dilemma that an American withdrawal could unleash an ambitious, independent, nationalist Japan. In Europe, too, the departure of the United States from the scene — even if it remained the world’s most powerful nation — could be destabilizing. It could tempt Russia to an even more overbearing and potentially forceful approach to unruly nations on its periphery. Although some realist theorists seem to imagine that the disappearance of the Soviet Union put an end to the possibility of confrontation between Russia and the West, and therefore to the need for a permanent American role in Europe, history suggests that conflicts in Europe involving Russia are possible even without Soviet communism. If the United States withdrew from Europe — if it adopted what some call a strategy of “offshore balancing” — this could in time increase the likelihood of conflict involving Russia and its near neighbors, which could in turn draw the United States back in under unfavorable circumstances. It is also optimistic to imagine that a retrenchment of the American position in the Middle East and the assumption of a more passive, “offshore” role would lead to greater stability there. The vital interest the United States has in access to oil and the role it plays in keeping access open to other nations in Europe and Asia make it unlikely that American leaders could or would stand back and hope for the best while the powers in the region battle it out. Nor would a more “even-handed” policy toward Israel, which some see as the magic key to unlocking peace, stability, and comity in the Middle East, obviate the need to come to Israel ’s aid if its security became threatened. That commitment, paired with the American commitment to protect strategic oil supplies for most of the world, practically ensures a heavy American military presence in the region, both on the seas and on the ground. The subtraction of American power from any region would not end conflict but would simply change the equation. In the Middle East, competition for influence among powers both inside and outside the region has raged for at least two centuries. The rise of Islamic fundamentalism doesn’t change this. It only adds a new and more threatening dimension to the competition, which neither a sudden end to the conflict between Israel and the Palestinians nor an immediate American withdrawal from Iraq would change. The alternative to American predominance in the region is not balance and peace. It is further competition. The region and the states within it remain relatively weak. A diminution of American influence would not be followed by a diminution of other external influences. One could expect deeper involvement by both China and Russia, if only to secure their interests. 18 And one could also expect the more powerful states of the region, particularly Iran, to expand and fill the vacuum. It is doubtful that any American administration would voluntarily take actions that could shift the balance of power in the Middle East further toward Russia, China, or Iran. The world hasn’t changed that much. An American withdrawal from Iraq will not return things to “normal” or to a new kind of stability in the region. It will produce a new instability, one likely to draw the United States back in again. The alternative to American regional predominance in the Middle East and elsewhere is not a new regional stability. In an era of burgeoning nationalism, the future is likely to be one of intensified competition among nations and nationalist movements. Difficult as it may be to extend American predominance into the future, no one should imagine that a reduction of American power or a retraction of American influence and global involvement will provide an easier path.

### Impact Ext. Economic Nationalism 🡪 War

#### Economic nationalism will collapse growth and prompt global war.

Garten, 09 – professor at the Yale School of Management (Jeffrey, “The Dangers of Turning Inward”, 3/5, Wall Street Journal, http://www.business.illinois.edu/aguilera/Teaching/WSJ09\_Dangers\_of\_Turning\_Inward.pdf)

The last time we saw sustained economic nationalism was in the 1930s, when capital flows and trade among countries collapsed, and every country went its own way. World growth went into a ditch, political ties among nations deteriorated, nationalism and populism combined to create fascist governments in Europe and Asia, and a world war took place. It took at least a generation for globalization to get back on track. There have been some bouts of inward- looking governmental action since then, such as the early 1970s when the U.S. cut the dollar from its gold base and imposed export embargoes on soybeans and steel scrap. However, the economic conditions were not sufficiently bad for the trend to sustain itself. The kind of economic nationalism we are seeing today is not yet extreme. It is also understandable. The political pressures could hardly be worse. Over the last decade, the global economy grew on average about 4% to 5%, and this year it will come to a grinding halt: 0.5% according to the International Monetary Fund, where projections usually err on the optimistic side. World trade, which has grown much faster than global gross domestic product for many years, is projected to decline this year for the first time since 1982. Foreign direct investment last year slumped by 10% from 2007. Most dramatically, capital flows into emerging market nations are projected to drop this year by nearly 80% compared to 2007. The aggregate figures don't tell the story of what is unraveling in individual countries. In the last quarter of 2008, U.S. GDP dropped by 6.2% at an annual rate, the U.K. by 5.9%, Germany by 8.2%, Japan by 12.7% and South Korea by 20.8%. Mexico, Thailand and Singapore and most of Eastern Europe are also in deep trouble. In every case, employment has been plummeting. So far popular demonstrations against government policies have taken place in the U.K., France, Greece, Russia and throughout Eastern Europe. And the governments of Iceland and Latvia have fallen over the crisis. Governments could therefore be forgiven if they are preoccupied above all with the workers and companies within their own borders. Most officials don't know what to do because they haven't seen this level of distress before. They are living from day to day, desperately improvising and trying to hold off political pressure to take severe measures they know could be satisfying right now but cause bigger damage later. Thinking about how their policies might affect other countries is not their main focus, let alone taking the time to try to coordinate them internationally. Besides, whether it's in Washington, Brussels, Paris, Beijing, Brazilia or Tokyo, it is hard to find many top officials who wouldn't say that whatever measures they are taking that may undermine global commerce are strictly temporary. They all profess that when the crisis is over, they will resume their support for globalization. They underestimate, however, how hard it could be to reverse course. Political figures take comfort, too, from the global institutions that were not present in the 1930s -- the IMF, the World Bank and the World Trade Organization, all of which are assumed to be keeping globalization alive. This is a false sense of security, since these institutions are guided by sovereign countries. Government officials often feel that because they are going to endless crisis summit meetings -- the next big one is in London on April 2, when the world's top 20 nations will be assembling -- that some international coordination is actually taking place. This is mostly an illusion. With a few exceptions, such as the so-called Plaza Agreements of 1984 when currencies were realigned, it is difficult to point to a meeting where anything major has been said and subsequently implemented. But as the pressure on politicians mounts, decisions are being made on an incremental and ad hoc basis that amounts to a disturbing trend. Classic trade protectionism is on the rise. In the first half of 2008, the number of investigations in the World Trade Organization relating to antidumping cases -- selling below cost -- was up 30% from the year before. Washington has recently expanded sanctions against European food products in retaliation for Europe's boycott against hormone- treated American beef -- an old dispute, to be sure, but one that is escalating. In the last several months, the E.U. reintroduced export subsidies on butter and cheese. India raised tariffs on steel products, as did Russia on imported cars. Indonesia ingenuously designated that just a few of its ports could be used to import toys, creating a trade-blocking bottleneck. Brazil and Argentina have been pressing for a higher external tariff on imports into a South American bloc of countries called Mercosur. Just this week, the E.U. agreed to levy tariffs on American exports of biodiesel fuel, possibly a first shot in what may become a gigantic trade war fought over different environmental policies -- some based on taxes, some on regulation, some on cap and trade -- being embraced by individual countries. Much bigger problems have arisen in more non-traditional areas and derive from recent direct intervention of governments. The much-publicized "Buy America" provision of the U.S. stimulus package restricts purchases of construction-related goods to many U.S. manufacturers, and although it is riddled with exceptions, it does reveal Washington's state of mind. The bailout of GM and Chrysler is a purely national deal. Such exclusion against foreign firms is a violation of so-called "national treatment" clauses in trade agreements, and the E.U. has already put Washington on notice that it will pursue legal trade remedies if the final bailout package is discriminatory. Uncle Sam is not the only economic nationalist. The Japanese government is offering to help a broad array of its corporations -- but certainly not subsidiaries of foreign companies in Japan -- by purchasing the stock of these firms directly, thereby not just saving them but providing an advantage over competition from non-Japanese sources. The French government has created a sovereign wealth fund to make sure that certain "national champions," such as car- parts manufacturer Valeo and aeronautics component maker Daher, aren't bought by foreign investors. Government involvement in financial institutions has taken on an anti-globalization tone. British regulators are pushing their global banks to redirect foreign lending to the U.K. when credit is sorely needed and where it can be monitored. Just this past week, the Royal Bank of Scotland announced it was closing shop in 60 foreign countries. Western European banks that were heavily invested in countries such as Hungary, the Czech Republic and the Baltics have pulled back their credits, causing a devastating deflation throughout Eastern Europe. The Swiss are reportedly considering more lenient accounting policies for loans their banks make domestically as opposed to abroad. This de-globalizing trend could well be amplified by Washington's effort to exercise tight oversight of several big financial institutions. Already AIG's prime Asian asset, American International Assurance Company, is on the block. As the feds take an ever bigger stake in Citigroup, they may well force it to divest itself of many of its prized global holdings, such as Banamex in Mexico and Citi Handlowy in Poland. It appears that new legislation under the Troubled Asset Relief Program will also restrict the employment of foreign nationals in hundreds of American banks in which the government has a stake. Whether or not it goes into bankruptcy, General Motors will be pressed to sell many of its foreign subsidiaries, too. Even Chinese multinationals such as Haier and Lenovo are beating a retreat to their own shores where the risks seem lower than operating in an uncertain global economy. The government in Beijing is never far away from such fundamental strategic decisions. Then there is the currency issue. Economic nationalists are mercantilists. They are willing to keep their currency cheap in order to make their exports more competitive. China is doing just that. A big question is whether other Asian exporters that have been badly hurt from the crisis -- Taiwan, South Korea and Thailand, for example -- will follow suit. Competitive devaluations were a major feature of the 1930s. It's no accident that the European Union has called an emergency summit for this Sunday to consider what to do with rising protectionism of all kinds. There are a number of reasons why economic nationalism could escalate. The recession could last well beyond this year. It is also worrisome that the forces of economic nationalism were gathering even before the crisis hit, and have deeper roots than most people know. Congress denied President Bush authority to negotiate trade agreements two years ago, fearing that America was not benefiting enough from open trade, and an effort to reform immigration was paralyzed for years. Globally, international trade negotiations called the Doha Round collapsed well before Bear Stearns and Lehman Brothers did. Concerns that trade was worsening income distribution were growing in every major industrial nation since the late 1990s. Whenever countries turned inward over the past half-century, Washington was a powerful countervailing force, preaching the gospel of globalization and open markets for goods, services and capital. As the Obama administration works feverishly to fire up America's growth engines, patch up its financial system and keep its housing market from collapsing further, and as its major long-term objectives center on health, education and reducing energy dependence on foreign sources, the country's preoccupations are more purely domestic than at any time since the 1930s. In the past, American business leaders from companies such as IBM, GE, Goldman Sachs and, yes, Citigroup and Merrill Lynch beat the drum for open global markets. As their share prices collapse, some voices are muted, some silenced. It is not easy to find anyone in America who has the stature and courage to press for a more open global economy in the midst of the current economic and political crosswinds. And given that the global rot started in the U.S. with egregiously irresponsible lending, borrowing and regulation, America's brand of capitalism is in serious disrepute around the world. Even if President Obama had the mental bandwidth to become a cheerleader for globalization, America's do-as-I-say-and-not-as-I-do leadership has been badly compromised. If economic nationalism puts a monkey wrench in the wheels of global commerce, the damage could be severe. The U.S. is a good example. It is inconceivable that Uncle Sam could mount a serious recovery without a massive expansion of exports -- the very activity that was responsible for so much of America's economic growth during the middle of this decade. But that won't be possible if other nations block imports. For generations, the deficits that we have run this past decade and the trillions of dollars we are spending now mean we will be highly dependent on foreign loans from China, Japan and other parts of the world. But these will not be forthcoming at prices we can afford without a global financial system built on deep collaboration between debtors and creditors -- including keeping our market open to foreign goods and services. The Obama administration talks about a super-competitive economy, based on high-quality jobs -- which means knowledge-intensive jobs. This won't happen if we are not able to continue to bring in the brightest people from all over the world to work and live here. Silicon Valley, to take one example, would be a pale shadow of itself without Indian, Chinese and Israeli brain power in its midst. More generally, without an open global economy, worldwide industries such as autos, steel, banking and telecommunications cannot be rationalized and restructured efficiently, and we'll be doomed to have excessive capacity and booms and busts forever. The big emerging markets such as China, India, Brazil, Turkey and South Africa will never be fully integrated into the world economy, depriving them and us of future economic growth. The productivity of billions of men and women entering the global workforce will be stunted to everyone's detriment. Of course, no one would say that globalization is without its problems. Trade surges and products made by low-priced labor can lead to job displacement and increasing income inequality. Proud national cultures can be undermined. But these challenges can be met by reasonable regulation and by domestic policies that provide a strong social safety net and the kind of education that helps people acquire new skills for a competitive world. With the right responses of governments, the benefits should far outweigh the disadvantages. For thousands of years, globalization has increased global wealth, individual choice and human freedom. The point is, economic nationalism, with its implicit autarchic and save-yourself character, embodies exactly the wrong spirit and runs in precisely the wrong direction from the global system that will be necessary to create the future we all want. As happened in the 1930s, economic nationalism is also sure to poison geopolitics. Governments under economic pressure have far fewer resources to take care of their citizens and to deal with rising anger and social tensions. Whether or not they are democracies, their tenure can be threatened by popular resentment. The temptation for governments to whip up enthusiasm for something that distracts citizens from their economic woes -- a war or a jihad against unpopular minorities, for example -- is great. That's not all. As an economically enfeebled South Korea withdraws foreign aid from North Korea, could we see an even more irrational activity from Pyongyang? As the Pakistani economy goes into the tank, will the government be more likely to compromise with terrorists to alleviate at least one source of pressure? As Ukraine strains under the weight of an IMF bailout, is a civil war with Cold War overtones between Europe and Russia be in the cards? And beyond all that, how will economically embattled and inward-looking governments be able to deal with the critical issues that need global resolution such as control of nuclear weapons, or a treaty to manage climate change, or help to the hundreds of millions of people who are now falling back into poverty?

### Impact Ext. Economic Nationalism 🡪 War

#### Nationalism will fuel great power wars.

Garten, 09 – professor at the Yale School of Management (Jeffrey, “The Dangers of Turning Inward”, 3/5, Wall Street Journal, http://www.business.illinois.edu/aguilera/Teaching/WSJ09\_Dangers\_of\_Turning\_Inward.pdf)

Of course, no one would say that globalization is without its problems. Trade surges and products made by low-priced labor can lead to job displacement and increasing income inequality. Proud national cultures can be undermined. But these challenges can be met by reasonable regulation and by domestic policies that provide a strong social safety net and the kind of education that helps people acquire new skills for a competitive world. With the right responses of governments, the benefits should far outweigh the disadvantages. For thousands of years, globalization has increased global wealth, individual choice and human freedom. The point is, economic nationalism, with its implicit autarchic and save-yourself character, embodies exactly the wrong spirit and runs in precisely the wrong direction from the global system that will be necessary to create the future we all want. As happened in the 1930s, economic nationalism isalso sure to poison geopolitics. Governments under economic pressure have far fewer resources to take care of their citizens and to deal with rising anger and social tensions. Whether or not they are democracies, their tenure can be threatened by popular resentment. The temptation for governments to whip up enthusiasm for something that distracts citizens from their economic woes -- a war or a jihad against unpopular minorities, for example -- is great. That's not all. As an economically enfeebled South Korea withdraws foreign aid from North Korea, could we see an even more irrational activity from Pyongyang? As the Pakistani economy goes into the tank, will the government be more likely to compromise with terrorists to alleviate at least one source of pressure? As Ukraine strains under the weight of an IMF bailout, is a civil war with Cold War overtones between Europe and Russia be in the cards?And beyond all that, how will economically embattled and inward-looking governments be able to deal with the critical issues that need global resolution such as control of nuclear weapons, or a treaty to manage climate change, or help to the hundreds of millions of people who are now falling back into poverty?

### Impact Ext. Capitalism Solves War

#### Prefer our studies—our authors use a testable empirical method

Weede, 04 – professor of sociology at the University of Bonn, Germany, In Winter 1986-87, he was Visiting Professor of International Relations at the Bologna Center of The Johns Hopkins University. (Erich, “BALANCE OF POWER, GLOBALIZATION, AND THE CAPITALIST PEACE,” http://www.fnf.org.ph/downloadables/Balance%20of%20Power,%20Globalization%20and%20Capitalist%20Peace.pdf)

If one does research or summarize the research of others – of course, most of the ideas, theories, and evidence discussed below have been produced by others – one cannot avoid some epistemological commitments. In the social sciences the fundamental choice is whether to pursue an ideographic or a nomothetic approach. Almost all historians choose the ideographic approach and focus on the description of structures or events, whereas most economists and psychologists choose the nomothetic approach and focus on the search for law-like general statements. Sociologists and political scientists are still divided – sometimes even by the Atlantic Ocean. In American political science the nomothetic approach dominates the flagship journal of the profession, the American Political Science Review, as well as more specialized journals, such as International Studies Quarterly, the Journal of Conflict Resolution, or World Politics. In German political science, however, the nomothetic approach has advanced little beyond electoral studies. My own approach is definitely nomothetic. This is related to my training in psychology at one of the first German universities focusing on quantitative research methods in the early 1960s, the University of Hamburg. This epistemological orientation has been reinforced by graduate training in international politics at one of the first American universities emphasizing quantitative research in the late 1960s, Northwestern University, which is located in a suburb of Chicago. Nomothetic research focuses on hypothesizing, testing and establishing law-like general statements or nomological propositions. Examples of such propositions are: The higher average incomes in a nation are, the more likely is democratic government. Or, the more economic freedom in a nation prevails, the less frequently it is involved in war. One characteristic of such propositions is that they say something about observable reality. Whenever you say something about reality, you risk that others find out that you are wrong. If we observed that most poor countries were democracies, but most rich countries were autocracies, then we should reject or, at least, modify the proposition about prosperity and democracy mentioned above.1 Nomothetic researchers look for refutations. They try to falsify their propositions or theories (Popper 1934/1959). If the empirical evidence is compatible with one's theory, then one keeps the hypothetical propositions and regards them as supported – until negative evidence turns up. Although certitude about possession of the truth is beyond the capabilities of human inquiry, growth of knowledge is conceivable by the successive elimination of errors. This epistemological approach borrowed from Popper were easily applicable, if most of our propositions were deterministic, if they claimed to be valid without exceptions. Then, finding a single exception to a general statement – say, about prosperity and democracy – would suffice to falsify the proposition. Looking at poor India nevertheless being democratic, or at fairly rich Kuwait nevertheless being autocratic, would suffice to reject the theory.2 Unfortunately, almostno theory in macroeconomics, macrosociology, or international relations delivers deterministic propositions. Instead we have only probabilistic statements of the type thatmore prosperous countries are more likely to be democratic than others, or thateconomically freer countries are more likely to avoid warinvolvement than others. Probabilistic assertions never can be falsified by pointing to single events which do not fit with theoretical expectations. Instead we have to look at relative frequencies, at correlations or regression coefficients. We need statistical tools to evaluate such propositions.We typically ask the question whether a hypothesized relationship is so strong that it could only rarely occur because of random measurement or sampling error. Probabilistic propositions are regarded as supported only if they jump certain thresholds of significance which are ultimately defined by mere conventions. Researchers are interested in causal propositions, that is, in statements about causes and effects, or determinants and consequences. Such statements can be used for explanation, forecasting, or policy interventions. We need to know more than the mere existence of some association or correlation between, say, prosperity and democracy, or economic freedom and the avoidance of military conflict. We need to know whether prosperity promotes democracy, or whether democracy promotes growth, or whether, possibly, both statements might be defensible or, for the time being, taken for 'true'. While a correlation between two variables, like prosperity and democracy, is equally compatible with the simple alternative causal propositions that prosperity causes democracy, and that democracy causes prosperity, this ambiguity no longer necessarily applies in more complex theoretical models. There, we tend to explain a single effect by a number of causes. For example, one may contend that democracy is promoted by prosperity as well as by a capitalist economic order (or economic freedom). We can take such a theoretical contention – which may be true or false, compatible with the data or not – as a starting point for specifying a regression equation.3 If both theoretical statements – about the democratizing effects of prosperity and capitalism – were true, then the regression coefficients of both variables should be positive and significant. If this is what we find in empirical research, then we regard the two propositions as provisionally supported. But final proofs remain impossible in empirical research. It is conceivable that some nonbeliever in the two propositions suggests a third measurable determinant of democracy. Before it actually is included in the regression equation, one never knows what its inclusion results in. Possibly, the previously significant and positive regression coefficients of prosperity and capitalism might be reduced to insignificance or even change signs. Then a previously supported causal proposition would have to be overturned and rejected. The claim of causality implies more than observable association or correlation. It also implies temporal precedence of causes before effects. If one wants to test the causal proposition that prosperity contributes to democratic government, or that economic freedom contributes to the avoidance of military conflict, then one should measure prosperity or economic freedom before their hypothesized effects occur – certainly not later. If there is doubt about the direction of causality, as there frequently is, one might also look at the relationships between, say, earlier prosperity and later democracy as well as between earlier democracy and later prosperity. Although such investigations may become technically complicated, it might suffice here to keep the general principles in mind. From causal propositions we derive expectations about correlation or regression coefficients. But conclusions from correlations to causal propositions are not justified. One simply can never 'verify' causal statements by correlations. From causal propositions we also derive expectations about temporal precedence. As long as empirical evidence fits one's theoretical expectations, one regards the propositions or theory as provisionally supported and works with them. There is another complication. As illustrated by the debate about the effects of trade and economic interdependence on the avoidance of military conflict below, full accordance of empirical studies and verdicts with theories is the exception rather than the rule – if it ever happens at all. That is why some philosophers of science (for example, Kuhn 1962; Lakatos 1968-69) have been critical of the idea of falsification and warned against premature rejection of propositions. If 'anomalies' or 'falsification' are more or less ubiquitous, then our task is no longer so easy as to choose between theories which have been falsified and therefore deserve rejection and those which are compatible with the facts and therefore deserve to be accepted until negative evidence turns up. Then our task becomes to choose between competing theories, for example about the conflict reinforcing or pacifying impact of trade, and to pick those which fit the data relatively better than others. So, the claim advanced in this review of the literature cannot be that the empirical evidence fits the capitalist peace idea perfectly, but merely that the evidence fits it much better than competing explanations of military conflict and notions about the negative impact of capitalism on the avoidance of conflict and war or the irrelevance of democracy do. The epistemological discussion above could provide no more than a crude 'feel' for empirical research in the social sciences and its pitfalls. Although certitude is beyond reach, it is better to rely on testable, tested and so far supported propositions than on a hodgepodge of ambiguous hunches, contradictory thinking, and unsystematically evaluated empirical evidence.

## \*\*\*Energy Efficiency Advantage\*\*\*

### HSR K2 Solve Congestion

#### HSR’s could be the replacement to cars, the answer to population growth, and could help develop the US without excessive population density.

Ryder ‘12 (Andrew, Journal of Transport Geography, “High speed rail”, pg. 305, Ryder belongs to the Department of Geography at the University of Portsmouth.)

After years of growth in the freight sector, high-speed lines could relieve pressure on roads, complement the existing rail freight network, and attract the support of private rail operators. High-speed rail is a long-term project, analogous to the Interstate highway programme from 1956 to 1992. Highways transformed the economic geography of the US. Without them, it has been estimated that large cities would have grown by 8%. Instead, their populations declined by 17% (Baum-Snow, 2007). Rail involves not just the construction of new lines, but a regional development focus, emphasising particular poles or centres e.g. Shuai (2005). Special assessment districts around stations could capture added tax income from increased land values to pay for lines, as could the use of eminent domain and the resale of land after the line had opened. Between 1970 and 2000, the US gained about 100 million people. They settled along highways. By 2050, it is expected to have 100 million more. They could settle around high speed rail. Just as sugar crystallises on a piece of string in a concentrated solution, in fast growing states, high-speed lines could create an armature around which towns, cities and regions could grow. Innovative land use policies could lead to a Toronto effect. After the Toronto subway opened in 1954, high density development occurred around subway stations. Land use controls and regional coordination could generate similar impacts around high-speed railway stations. However, this would require new approaches to funding and management.

### HSR K2 Highway/Air Efficiency

#### HSR makes aviation and highway use more efficient-status quo already makes them unsustainable─

Tierney ‘12. Sean Tierney, Prof. of Geography @ University of North Texas. Ph.D in Geography from University of Denver. “High-speed rail, the knowledge economy and the next growth wave.” Journal of Transport Geography Volume 22, May 2012, Pages 285–287.

The principal resistance many people have against HSR is that it is a poor use of financial resources because it only fills a tiny niche. For distances under 200 miles, as with the city-pairs listed above, people will drive, while HSR is not competitive with air travel for distances over 800 miles. But these arguments miss the mark. HSR is not designed to compete with long distance air travel (Givoni, 2005) and the fact that HSR will lure away certain short-haul passengers should be viewed favorably by the airlines who are struggling with capacity constraints at the busiest airports (O’Connor, 2003). Nor is it going to eliminate the automobile. Despite the housing crisis, Americans remain enthralled with suburban living. But the country cannot accommodate more unsustainable housing and mobility options. Designed effectively, HSR can fuse our current system of city nodes operating largely independently of (and often in competition with) one another, to foster an era of regional conurbations with overlapping and accessible labor pools.

### HSR K2 Reduce Emissions

#### HSR solves Warming - eliminates congestion and decreases C02 levels by ten times that of US

Thaniel 10 [Ron, June 28. Report on the United States Conference of Mayors “USCM Releases Groundbreaking Report Detailing Benefits of high-speed Rail on Cities” (<http://www.usmayors.org/usmayornewspaper/documents/06_28_10/pg20_rail.asp>)]

In addition to significant new business and job growth, the report concludes that HSR service could lead to cost savings for travel time, as well as less road and airport congestion. HSR access will also allow travelers without cars to reach destinations previously only accessible by automobile. Beyond cost and time savings, HSR will have a positive impact on the environment as each rail car can remove as many as 200 vehicles from the road, producing up to ten times less CO2 per rail trip than the equivalent number of road journeys. "We have been a global leader in high-speed rail for decades and have seen HSR's economic and environmental benefits realized in other countries," said Oliver Hauck, President of the Mobility Division of Siemens Industry, Inc. "By switching to HSR, we not only vastly reduce fuel and carbon dioxide emissions, but also improve traffic flow, ultimately reducing America's annual fuel use. Our calculations show that just in the four cities studied, a high-speed rail system would reduce annual carbon emissions for intercity travel by 2.8 million tons a year. This translates to a reduction of more than one-third of the total carbon currently generated by intercity travel in the four cities."

### HSR K2 Solve Oil Dependence/Reduce Emissions

#### Even with use of fossil fuels-HSR significantly decreases dependence on oil and GHG emissions─

TODORVICH ET AL. ‘11 Petra Todorovich, Director of America 2050, a national urban planning initiative to develop an infrastructure and growth strategy for the United States Daniel Schned, and Robert Lane “High-Speed Rail: International Lessons for U.S. Policy Makers.” [https://www.lincolninst.edu/pubs/dl/1948\_1268\_High-Speed%20Rail%20PFR\_Webster.pdf]

Energy mix: High-speed rail is the only available mode of long-distance travel that currently is not dependent on motor fuels. High-speed rail is powered by electricity, which is not without environmental problems depending on its source (see table 2). If it is powered by electricity generated from fossil fuels, such as coal or natural gas that discharge harmful greenhouse gas emissions, then its environmental beneﬁts are limited. However, electricity is generally considered an improvement over petroleum generated power and provides a crucial advantage as the United States aims to reduce its dependence on foreign oil. Amtrak’s Northeast Corridor and parts of the Keystone Corridor (connecting Harrisburg, Pennsylvania to Philadelphia) are electriﬁed. Most other conventional passenger trains in America operate on freight rail lines and are powered by diesel fuel. Energy planning needs to be a part of the planning for high-speed rail to ensure the reduction of greenhouse gases and other harmful pollutants. Even with the current energy mix that includes fossil fuel sources, however, high-speed rail can yield signiﬁcant environmental beneﬁts. A recent study by the University of Pennsylvania (2011) found that a new high-speed line in the Northeast Corridor, powered by electricity from the current energy mix, would divert nearly 30 million riders from cars and planes, attract 6 million new riders, and still reduce car emissions of carbon monoxide by more than 3 million tons annually. The system would also result in a reduction of carbon dioxide emissions if the energy mix were shifted to low carbon emitting sources.

### HSR K2 Solve Oil Dependence

#### Peak oil and post-recession recovery mean US oil dependence is rising – HSR is critical to relieve US oil dependence, and it’s the only viable method of transportation

Andy Kunz, December 13th, 2010, president, US High Speed Rail Association, “High speed rail is the future,” <http://transportation.nationaljournal.com/2010/12/highspeed-rail-political-footb.php#1820909>

High speed rail is the future of transportation in America, as it is around the world. Transportation is not a partisan issue, and it has never been a partisan issue in America. The Interstate highway bill was passed back in the 1950’s as a bipartisan initiative, and has continued to be funded under bipartisan leadership ever since. As Secretary of Transportation Ray LaHood said recently “there are no Republican bridges, and no Democratic roads”. Transportation is a public service that enables our economy to function, businesses to operate, and people to move around the nation. Good transportation is essential for the continued operation of this great nation. The big problem now is that our two main forms of transportation – roads and airports – are both at the breaking point in terms of being overloaded, and falling apart, and in need of huge investment. The American Society of Civil Engineers recently put out a report that gave the nation’s infrastructure a near failing grade, and said it will cost trillions of dollars just to bring this infrastructure up to an acceptable condition. This does not even address the need to increase transportation capacity in America. We basically have a ‘hardening of our national arteries’ and they are nearly impossible to fix. To try to widen the nation’s highways will be impossible since there is no room in most cases to double the highways, or build many new airports. The costs to do both of these will be several trillion dollars. The bottom line is that we will have to spend a lot of money on transportation going forward to meet the demands of America, and to continue our economic development. The question is how are we going to spend that money, and how are we going to get the most mobility for the nation per dollar spent. As we try to decide this, we can’t ignore the huge problem facing us as a nation. According to oil industry executives and senior geologists, global peak oil has arrived, and the supply of oil will be diminishing over the next decade. Our transportation system is 99% powered by oil, and as the oil supply gets ever tighter, the price per barrel skyrockets as we saw in the summer of 2008 when the price hit $147 per barrel. This was a major contributing factor in driving us into the recession we are currently still suffering from. This recession caused oil consumption to drop substantially, and drove down oil prices. But as I write this, oil has already risen back up to almost $90 per barrel, and it is expected to continue to rise in price, and may well surpass the $147 per barrel of 2008, and continue on upwards well over $200 per barrel. Our transportation systems are overloaded, falling apart, and dependent on a very volatile fuel source that has a bleak future. Given this grim reality, we can no longer continue business as usual in transportation spending. We need a new direction in transportation, and high speed rail is that new direction. High speed rail operates on electricity, so it can be powered by renewable energy as we scale that up across the country. High speed rail is the only possible solution that can scale up to meet the growing demand of American mobility while greatly reducing our oil consumption, which means reducing our nation’s dependence on foreign oil. Building more roads and airports will INCREASE the nation’s dependence on foreign oil. High speed rail systems physically are very narrow infrastructure, and therefore can be implemented fairly easily into developed areas, where it will be physically impossible to fit in new roads or airports. A single high speed rail line can carry the equivalent of a 10-lane freeway, and can move huge numbers of people without delay and waste, no matter how busy they are. So as we debate how to spend our transportation dollars, we have to try to get the most mobility per dollar spent, and high speed rail comes out far ahead of other forms of transportation. For example, the proposed California HSR project will connect the entire state together spanning some 800 miles with a new form of transportation that will deliver fast mobility connecting Sacramento, San Francisco, Los Angeles, and San Diego. This will deliver a very high capacity transportation system throughout the state, while also reducing congestion on the state’s roads and runways. So it delivers a new form of high-capacity transportation while improving our other two existing forms of transportation. Spending the same $40 billion on adding a lane to the entire state’s road system will do nothing to improve mobility, and will do nothing to reduce the state’s dangerous dependency on foreign oil. High speed rail is the most important thing we can do to save America and set us up for a future of great mobility and prosperity.

### HSR K2 Solve Oil Dependence

#### Now is key, other countries already use the HSR and it has proven to reduce congestion and oil dependency.

Kunz 2k11(Andy Kunz is the U.S. High Speed Rail Association's founder and CEO.)

There are many reasons why true dedicated high-speed rail is superior to slower, mixed-traffic rail. True HSR is oil-free because it is powered by electricity. True HSR also offers shorter trip times, which translates into higher ridership, reduces congestion across all other modes and delivers these benefits with higher profits and lower operating costs. Given the energy-constrained future we face, a hierarchy of rail must be built quickly to become the main form of transportation in America, with true HSR as the backbone of the national system. We can't afford not to build true HSR! Oil prices will continue to rise. America consumes 25% of the world's oil, most of it for transportation. It would be impossible to scale up domestic drilling or create substitute liquid fuels in the quantities America uses daily. Americans use six times more oil per person per day than Europeans. This disparity is due to different transportation systems. America has several hundred million fuel-consuming vehicles and more than 87,000 flights a day. Europe moves millions of people a day using multiple layers of efficient electric rail, mostly powered by electricity. The smooth daily operation of this country is totally dependent on the continuous supply of oil from an unstable Middle East. We consume 20 million barrels of oil a day, 70% of which is for transportation. Of the 20 million barrels, we import 12 million from around the world, including from many trouble spots. Oil-supply-related defense spending has been estimated at more than $500 billion per year over the past eight years, according to recent Harvard and Princeton studies. Oil-based transportation is not sustainable in the U.S. The only viable solution is to greatly reduce the need for so much oil. Adding high-capacity, oil-free transportation is the fastest, most direct way to do this. A HSR network can run on electric power generated by any combination of energy sources. HSR is 83% more efficient than flying and 40% more efficient than conventional rail. HSR trains are made of lightweight materials and don't have to carry heavy liquid fuels as conventional diesel trains must. With exclusive, dedicated track, the trains can operate at the most efficient top speeds throughout a route. HSR trains are designed for aerodynamic speed while saving energy. Each time the brakes are applied, energy is generated and fed back into the grid. As the national network gets built, oil consumption will drop corridor by corridor. This system would pay for itself by reducing the annual $400-billion-plus trade deficit—purchasing foreign oil— and related defense spending. Many Americans support HSR, but there is debate and confusion about the difference between fast and slow rail and where each makes sense. We need both. We need a hierarchy of systems similar to our hierarchy of highways, state routes and streets. The HSR network would form the high-capacity backbone of this national hierarchy. Feeding into it would be 110-mph conventional systems for regional and local destinations. Light rail and streetcars would be the third, local tier. A recent study for the U.K. by Steer Davies Gleave found that true HSR systems (200 mph or higher) were more cost-effective than slower, upgraded existing systems. The study found resource requirements fall as line speed increases, and HSR systems ultimately cost 30% less to operate. The study also found that true HSR systems generate an operating profit each year, while slower conventional rail systems require ongoing subsidies; the cost to build and operate true HSR systems is slightly higher than the cost for conventional rail. More than 20 countries already have or are building HSR. Consistently capturing 60% to 80% of mode share in corridors around the world, HSR reduces congestion on existing roads and airports. HSR across America is a project of national importance and national security. Failure to plan in a realistic way for American mobility in the years ahead will shortchange U.S. prosperity. All other industrialized nations are building HSR, and we must join them quickly. Andy Kunz is the U.S. High Speed Rail Association's founder and CEO. Its June 1-3 conference is in Chicago. Let’s not shortchange U.S. prosperity.All other industrialized nations are building high-speed rail, and we must join them.

### HSR K2 Solve Oil Dependence

#### Investing in High Speed Railroads spurs job creation, helps energy efficiency, and eliminates US oil dependency.

Yetiv and Feld 2k10 (Steve Yetiv is a professor of political science at Old Dominion University in Norfolk, Va. His latest book is called "The Absence of Grand Strategy." Lowell Feld worked for 17 years in the US Department of Energy as a senior energy analyst US high-speed rail to the rescue; Bullet trains will save time, money, and the environment. The Christian Science Monitor February 1, 2010 Monday)

What if you could travel the 347 miles from Los Angeles to San Francisco in a fraction of the time it takes to drive this distance and without the security checks, the clogged terminals, and flight cancellations that seem to plague air travel these days? What if you could also save money, substantially decrease pollution and the need to build expensive highways, and create American jobs while you were at it? Seem like a pipe dream? It's not. The technology is already here but it's underrated, underutilized, and often overlooked. High-speed rail is an important part of the answer to much of America's travel and environmental woes, not to mention potentially easing American oil dependence. The United States, as Obama pointed out recently just needs to take it seriously. Around the world, high-speed trains have roundly beaten planes on price, overall travel time, and convenience at ranges of up to 600 miles. Consider what happened in Europe: Commercial flights all but disappeared after high-speed trains were established between Paris and Lyon. And in the first year of operation, a Madrid-to-Barcelona high-speed link cut the air travel market about 50 percent. Traveling by train from London to Paris generates just 1/10th the amount of carbon dioxide as traveling by plane, according to one study. Consider Asia: While America fumbles, China has seen the light. It plans to build 42 high-speed rail lines across 13,000 kilometers (some 8,000 miles) in the next three years. The Chinese Railway Ministry says that rail can transport 160 million people per year compared with 80 million for a four-lane highway. In addition to the central goal of decreasing oil use and pollution, China seeks to bolster its economy with investment in rail and also to satisfy the demands for mobility of its growing middle class. For America, as fewer people opt for gas-guzzling air or car travel, a high-speed rail system would hit US oil dependence right where it counts: in the gas tank. High-speed rail is most economical in areas of high population density. In August 2009, Nobel Prize-winning economist Paul Krugman found that America has a "bigger potential market for fast rail than any European country." Meanwhile, the US Department of Transportation has identified 11 high-speed corridors, including Los Angeles to San Francisco. And Congress has wisely dedicated $8 billion to pay for high-speed rail projects across the country as part of last year's stimulus package. A few states such as Florida are actively considering the viability of high-speed rail. Yet California is one of the few states that have made noticeable strides toward rail. Indeed, in November 2008, California voters OK'd $10 billion in funding for a rail system linking L.A. and San Francisco. This system will include trains capable of traveling 220 miles per hour, cutting travel time from about six hours via Route I-5 to just 2-1/2 hours. According to a study by the California High-Speed Rail Authority, building the rail system there will create 150,000 construction jobs and 450,000 permanent jobs. It will also "bring economic benefits worth twice the cost of construction," including the development of business centers, and create less environmental impact than a two-lane highway. The system would "save up to 5 million barrels of oil per year and reduce pollutant emissions," while even managing to "avoid 10,000 auto accidents yearly with their attendant deaths, injuries, and property damage compared to expanding only highways." We spend a lot of time bemoaning US oil dependence, the job market, and horrible air travel, but high-speed rail is the answer right in front of us. What should be done to make it a reality nation-wide? First, state leaders should encourage citizens to really consider the long-term benefits. High-speed rail would not only create jobs for Americans, it would actually increase our national security over time by helping us get off our oil addiction - an addiction that strengthens our adversaries and leaves us vulnerable to foreign crises and oil disruptions. Investment in rail is well worth it. Second, the price of gasoline is still very low in the US compared with other industrialized nations with developed rail systems. This perpetuates the American culture of sprawl and big vehicles. States could restructure taxes to raise the gas tax while decreasing taxes on payroll, so that taxpayers don't pay a higher tax overall. Higher gas taxes will give citizens incentive to switch to rail. When citizens start taking rail seriously, states can start taking it seriously and develop careful plans to move forward and take advantage of federal rail money. Of course, rail won't solve every energy problem, but it should be an important part of a national energy policy. Steve Yetiv is a professor of political science at Old Dominion University in Norfolk, Va. His latest book is called "The Absence of Grand Strategy." Lowell Feld worked for 17 years in the US Department of Energy as a senior energy analyst

### HSR K2 Clean Energy JOBS

#### Furthermore, HSR generates hundreds of thousands of clean energy jobs

William Millar, December 14th, 2010, president, American Public Transportation Association, “We must continue to invest,” <http://transportation.nationaljournal.com/2010/12/highspeed-rail-political-footb.php#1820909>

APTA recently conducted a travel survey and found that nearly two-thirds of adults (62 percent) said they would definitely or probably use high-speed rail service for leisure or business travel if it were an option. In most political circles, garnering nearly two-thirds support for a forward-thinking vision like high-speed rail would be considered a landslide. At this critical time, we must keep our focus on the goal to provide the transportation options demanded by the traveling public and in doing so prime the pumps of America’s economic engines. While high-speed rail projects in states such as Wisconsin and Ohio will not move forward at this time, it is encouraging that states such as California, Washington, Illinois and New York have pursued the redirected funds and will put them to good use. In fact, 13 corridors are moving forward, while only two have been deferred. These projects will produce new passenger rail networks that benefit the economy, create and maintain construction and manufacturing jobs, spur domestic business growth, and stimulate economic development in neighborhoods around the new stations. Redirecting funding away from vital transportation projects with far-reaching benefits may result in marginal savings in the short term, however, the jobs and economic activity generated by HSIPR investments yield far more positive impacts on the economy in the long run. Reducing the national deficit is important, however, taxes collected from high-speed rail infrastructure construction and related projects will generate desperately needed state, local and federal tax revenues – breathing life into struggling economies and paying down the deficit while creating good paying jobs that improve the nation’s infrastructure. Continuing to invest in high-speed rail ensures a good return on the taxpayer dollar because it addresses the critical forward-looking mobility needs of Americans by adding much needed capacity to our already overburdened transportation network, in doing so we will create hundreds of thousands of new forward-looking, clean-energy jobs in America.

### Impact Ext. Oil Dependence 🡪 War

#### Oil Shocks and depends guarantee great power wars─

Klare 5-10-12. Michael T Klare, Five Colleges professor of Peace and World Security Studies “Energy wars heat up” [http://www.salon.com/2012/05/10/climate\_wars\_heat\_up/]

All of these disputes have one thing in common: the conviction of ruling elites around the world that the possession of energy assets — especially oil and gas deposits — is essential to prop up national wealth, power, and prestige. This is hardly a new phenomenon. Early in the last century, Winston Churchill was perhaps the first prominent leader to appreciate the strategic importance of oil. As First Lord of the Admiralty, he converted British warships from coal to oil and then persuaded the cabinet to nationalize the Anglo-Persian Oil Company, the forerunner of British Petroleum (now BP). The pursuit of energy supplies for both industry and war-fighting played a major role in the diplomacy of the period between the World Wars, as well as in the strategic planning of the Axis powers during World War II. It also explains America’s long-term drive to remain the dominant power in the Persian Gulf that culminated in the first Gulf War of 1990-91 and its inevitable sequel, the 2003 invasion of Iraq. The years since World War II have seen a variety of changes in the energy industry, including a shift in many areas from private to state ownership of oil and natural gas reserves. By and large, however, the industry has been able to deliver ever-increasing quantities of fuel to satisfy the ever-growing needs of a globalizing economy and an expanding, rapidly urbanizing world population. So long as supplies were abundant and prices remained relatively affordable, energy consumers around the world, including most governments, were largely content with the existing system of collaboration among private and state-owned energy leviathans. But that energy equation is changing ominously as the challenge of fueling the planet grows more difficult. Many of the giant oil and gas fields that quenched the world’s energy thirst in years past are being depleted at a rapid pace. The new fields being brought on line to take their place are, on average, smaller and harder to exploit. Many of the most promising new sources of energy — like Brazil’s “pre-salt” petroleum reserves deep beneath the Atlantic Ocean, Canadian tar sands, and American shale gas — require the utilization of sophisticated and costly technologies. Though global energy supplies are continuing to grow, they are doing so at a slower pace than in the past and are continually falling short of demand. All this adds to the upward pressure on prices, causing anxiety among countries lacking adequate domestic reserves (and joy among those with an abundance). The world has long been bifurcated between energy-surplus and energy-deficit states, with the former deriving enormous political and economic advantages from their privileged condition and the latter struggling mightily to escape their subordinate position. Now, that bifurcation is looking more like a chasm. In such a global environment, friction and conflict over oil and gas reserves — leading to energy conflicts of all sorts — is only likely to increase. Looking, again, at April’s six energy disputes, one can see clear evidence of these underlying forces in every case. South Sudan is desperate to sell its oil in order to acquire the income needed to kick-start its economy; Sudan, on the other hand, resents the loss of oil revenues it controlled when the nation was still united, and appears no less determined to keep as much of the South’s oil money as it can for itself. China and the Philippines both want the right to develop oil and gas reserves in the South China Sea, and even if the deposits around Scarborough Shoal prove meager, China is unwilling to back down in any localized dispute that might undermine its claim to sovereignty over the entire region. Egypt, although not a major energy producer, clearly seeks to employ its oil and gas supplies for maximum political and economic advantage — an approach sure to be copied by other small and mid-sized suppliers. Israel, heavily dependent on imports for its energy, must now turn elsewhere for vital supplies or accelerate the development of disputed, newly discovered offshore gas fields, a move that could provoke fresh conflict with Lebanon, which says they lie in its own territorial waters. And Argentina, jealous of Brazil’s growing clout, appears determined to extract greater advantage from its own energy resources, even if this means inflaming tensions with Spain and Great Britain. And these are just some of the countries involved in significant disputes over energy. Any clash with Iran — whatever the motivation — is bound to jeopardize the petroleum supply of every oil-importing country, sparking a major international crisis with unforeseeable consequences. China’s determination to control its offshore hydrocarbon reserves has pushed it into conflict with other countries with offshore claims in the South China Sea, and into a similar dispute with Japan in the East China Sea. Energy-related disputes of this sort can also be found in the Caspian Sea and in globally warming, increasingly ice-free Arctic regions. The seeds of energy conflicts and war sprouting in so many places simultaneously suggest that we are entering a new period in which key state actors will be more inclined to employ force — or the threat of force — to gain control over valuable deposits of oil and natural gas. In other words, we’re now on a planet heading into energy overdrive.

### Warming is Real-Environmental Impacts

#### Warming is happening – Sea ice, Glaciers, Ice Sheets, and Tropical Regions.

Hansen ‘9, heads the [NASA](http://en.wikipedia.org/wiki/NASA) [Goddard Institute for Space Studies](http://en.wikipedia.org/wiki/Goddard_Institute_for_Space_Studies) and [adjunct professor](http://en.wikipedia.org/wiki/Professors_in_the_United_States#Adjunct_professor) in the Department of Earth and Environmental Sciences at [Columbia University](http://en.wikipedia.org/wiki/Columbia_University) (James, December, Storms of My Grandchildren, 164-166)

In addition to paleoclimate data, my talk covered ongoing obser­vations of five phenomena, all of which imply that an appropriate initial target should be no higher than 350 ppm. In brief, here are the five observations.(1) The area of Arctic sea ice has been declining faster than mod­els predicted. The end-of-summer sea ice area was 40 percent less in 2007 than in the late 1970s when accurate satellite measurements began. Continued growth of atmospheric carbon dioxide surely will result in an ice-free end-of-summerArctic within several decades, with detrimental effects on wildlife and indigenous people. It is difficult to imagine how the Greenland ice sheet could survive if Arctic sea ice is lost entirely in the warm season. Retention of warm season sea ice likely requiresrestoration of the planet's energy balance. At present our best estimate is there is about 0.5 watt per square meter more energy coming into the planet than is being emitted to space as heat radiation. A reduction of carbon dioxide amount from the current 387 ppm to 350 ppm, all other things being unchanged, would increase outgoing radiation by 0.5 watt, restoring planetary energy balance. (2) Mountain glaciers are disappearing all over the world. If business-as-usual greenhouse gas emissions continue, most of the glaciers will be gone within fifty years. Rivers originating in glacier regions provide fresh water for billions of people. If the glaciers disappear, there will be heavy snowmelt and floods in the spring, but many dry rivers in the late summer and fall. The melting of glaciers is proceeding rapidly at current atmospheric composition. Probably the best we can hope is that the restoration of the planet's energy balance may halt glacier recession.(3) The Greenland and West Antarctic ice sheets are each losing mass at more than 100 cubic kilometers per year, and sea level is rising at more than 3 centimeters per decade. Clearly the ice sheets are unstable with the present climate forcing. Ice shelves around Antarctica are melting rapidly. It is difficult to say how far carbon dioxide must be reduced to stabilize the ice sheets, but clearly 387 ppm is too much.(4) Data show that subtropical regions have expanded poleward by 4 degrees of latitude on average. Such expansion is an expected effect of global warming, but the change has been faster than predicted. Dry regions have expandedin the southern United States, the Mediterranean, and Australia. Fire frequency and area in the western United States have increased by 300 percent over the past several decades. Lake Powell and Lake Mead are now only half full. Climate change is a major cause of these regional shifts, althoughforest management practices and increased usage of freshwater aggravate the resulting problems.(5) Coral reefs, where a quarter of all marine biological species are located, are suffering from multiple stresses, with two of the most important stresses, ocean acidification and warming surface water, caused by increasing carbon dioxide. As carbon dioxide in the air increases, the ocean dissolves some of the carbon dioxide, becoming more acidic. This makes it more difficult for animals with carbonate shells or skeletons to survive—indeed, sufficiently acidic water dissolves carbonates. Ongoing studies suggest that coral reefs would have a better chance of surviving modern stresses if carbon dioxide were reduced to less than 350 ppm.I am often asked: If we want to maintain Holocene-like climate, why should the target carbon dioxide not be close to the preindus­trial amount, say 300 ppm or 280 ppm? The reason, in part, is that there are other climate forcings besides carbon dioxide, and we do not expect those to return to preindustrial levels. There is no plan to remove all roadways, buildings, and other human-made effects on the planet's surface. Nor will we prevent all activities that produce aerosols. Until we know all forcings and understand their net effect, it is premature to be more specific than "less than 350 ppm," and it is unnecessary for policy purposes. It will take time to turn carbon dioxide around and for it to begin to approach 350 ppm. By then, if we have been making appropriate measurements, our knowledge should be much improved and we will have extensive empirical ev­idence on real-world changes. Also our best current estimate for the planet's mean energy imbalance over the past decade, thus averaged over the solar cycle, is about +0.5 watt per square meter. Reducing carbon dioxide to 350 ppm would increase emission to space 0.5 watt per square meter, restoring the planet's energy balance, to first approximation.

### Warming is Anthropogenic

#### Warming is anthropogenic

Lichter, Ph.D. in Government from Harvard University and President of the Center for Media and Public Affairs, 2008

[Dr. S. Robert Lichter, April 24 2008, Statistical Assessment Service, “Climate Scientists Agree on Warming, Disagree on Dangers, and Don’t Trust the Media’s Coverage of Climate Change”, <http://stats.org/stories/2008/global\_warming\_survey\_apr23\_08.html>]

Over eight out of ten American climate scientists believe that human activity contributes to global warming, according to a new survey released by the Statistical Assessment Service (STATS) at George Mason University. The researchers also report that belief in human-induced warming has more than doubled since the last major survey of American climate scientists in 1991. However, the survey finds that scientists are still debating the dynamics and dangers of global warming, and only three percent trust newspaper or television coverage of climate change. The survey, which was conducted for STATS by Harris Interactive®, also found increased concern among climate scientists since the Gallup organization asked them many of the same questions in 1991. Between March 19 through May 28, 2007 Harris Interactive conducted a mail survey of a random sample of 489 self-identified members of either the American Meteorological Society or the American Geophysical Union who are listed in the current edition of American Men and Women of Science. A random sample of this size carries a theoretical sampling error of +/- four percentage points. A detailed description of the study’s methodology as well as that of the earlier Gallup survey is available on request. Major Findings Scientists agree that humans cause global warming Ninety-seven percent of the climate scientists surveyed believe “global average temperatures have increased” during the past century. Eighty-four percent say they personally believe human-induced warming is occurring, and 74% agree that “currently available scientific evidence” substantiates its occurrence. Only 5% believe that that human activity does not contribute to greenhouse warming; the rest are unsure.Scientists still debate the dangers A slight majority (54%) believe the warming measured over the last 100 years is not “within the range of natural temperature fluctuation.” A slight majority (56%) see at least a 50-50 chance that global temperatures will rise two degrees Celsius or more during the next 50 to 100 years. (The United Nations’ Intergovernmental Panel on Climate Change cites this increase as the point beyond which additional warming would produce major environmental disruptions.) Based on current trends, 41% of scientists believe global climate change will pose a very great danger to the earth in the next 50 to 100 years, compared to 13% who see relatively little danger. Another 44% rate climate change as moderately dangerous. Seventy percent see climate change as very difficult to manage over the next 50 to 100 years, compared to only 5% who see it as not very difficult to manage. Another 23% see moderate difficulty in managing these changes. A need to know moreOverall, only 5% describe the study of global climate change as a “fully mature” science, but 51% describe it as “fairly mature,” while 40% see it as still an “emerging” science. However, over two out of three (69%) believe there is at least a 50-50 chance that the debate over the role of human activity in global warming will be settled in the next 10 to 20 years. Only 29% express a “great deal of confidence” that scientists understand the size and extent of anthropogenic [human] sources of greenhouse gases,” and only 32% are confident about our understanding of the archeological climate evidence. Climate scientists are skeptical of the mediaOnly 1% of climate scientists rate either broadcast or cable television news about climate change as “very reliable.” Another 31% say broadcast news is “somewhat reliable,” compared to 25% for cable news. (The remainder rate TV news as “not very” or “not at all” reliable.)  Local newspapers are rated as very reliable by 3% and somewhat reliable by 33% of scientists. Even the national press (New York Times, Wall St. Journal etc) is rated as very reliable by only 11%, although another 56% say it is at least somewhat reliable. Former Vice President Al Gore’s documentary film “An Inconvenient Truth” rates better than any traditional news source, with 26% finding it “very reliable” and 38% as somewhat reliable. Other non-traditional information sources fare poorly: No more than 1% of climate experts rate the doomsday movie “The Day After Tomorrow” or Michael Crichton’s novel “State of Fear” as very reliable.  Are climate scientists being pressured to deny or advance global warming? Five percent of climate scientists say they have beenpressured by public officials or government agencies to “deny, minimize or discount evidence of human-induced global warming,” Three percent say they have been pressured by funders, and two percent perceived pressure from supervisors at work. Just three percent report that they were pressured by public officials or government agencies to “embellish, play up or overstate” evidence of global warming: Two percent report such pressure from funders, and two percent from supervisors. Changing scientific opinion In 1991 the Gallup organization conducted a telephone survey on global climate change among 400 scientists drawn from membership lists of the American Meteorological Association and the American Geophysical Union. We repeated several of their questions verbatim, in order to measure changes in scientific opinion over time. On a variety of questions, opinion has consistentlyshifted toward increased belief in and concern about global warming.Among the changes: In 1991 only 60% of climate scientists believed that average global temperatures were up, compared to 97% today. In 1991 only a minority (41%) of climate scientists agreed that then-current scientific evidence “substantiates the occurrence of human-induced warming,” compared tothree out of four (74%) today. The proportion of those who see at least a 50-50 chance that global temperatures will rise two degrees Celsius has increased from 47% to 56% since 1991. The proportion of scientists who have a great deal of confidence in our understanding of the human-induced sources of global climate change rose from 22% in 1991 to 29% in 2007. Similarly, the proportion voicing confidence in our understanding of the archeological climate evidence rose from20% to 32%. Despite these expressions of uncertainty, however, the proportion which rating the chances at 50-50 or better that the role of human behavior will be settled in the near future rose from 47% in 1991 to 69% in 2007.

### Warming is Antrhopogenic

#### Data proves we’re right

Miranda et al 11– Associate Professor of Environmental Sciences and Policy, Nicholas School of the Environment, Children’s Environmental Health Initiative, Duke University

(Marie, with Douglas Hastings, Associate in Research, Nicholas School of the Environment, Children’s Environmental Health Initiative, Duke University, Joseph Aldy, Assistant Professor of Public Policy, Harvard Kennedy School, Harvard University, and William Schlesinger, President, Cary Institute of Ecosystem Studies, Millbrook, NY, “The Environmental Justice Dimensions of Climate Change,” Environmental Justice vol 4 no 1, 2011, pg 17-25, dml)

The correlations between predicted temperature change and our measures of vulnerability indicate that developing nations do, in fact, face a higher degree of exposure to negative impacts of temperature change. This increased temperature burden on already vulnerable nations could lead to crop failures, slowing of economic development, and even political turmoil. The negative effects of temperature change could lead to particularly dire consequences for LICUS and African nations, all of which move away from the optimum temperature between 2009 and 2075. In addition, our use of a ‘‘V-shaped’’ scale for temperature impacts may actually underestimate increases in temperature for countries that are already far warmer than optimum. If the impacts of temperature on human welfare follow a true U-shaped curve, then very warm nations will be affected even more severely by future climate warming. Furthermore, our analysis of predicted temperature change for multiple time periods suggests that the unequal distribution of temperature impacts will persist over the next century. In fact, our forecasted distribution actually becomes more disparate moving from 2033 to 2099.

### Warming 🡪 Extinction

#### Positive feedbacks will make the entire Earth uninhabitable

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The paleoclimate record does not provide a case with a climate forcing of the magnitude and speed that will occur if fossil fuels are all burned. Models are nowhere near the stage at which they can pre­dict reliably when major ice sheet disintegration will begin. Nor can we say how close we are to methane hydrate instability. But these are questions of when, not if. If we burn all the fossil fuels, the ice sheets almost surely will melt entirely, with the final sea level rise about 75 meters (250 feet), with most of that possibly occurring within a time scale of centuries. Methane hydrates are likely to be more extensive and vulnerable now than they were in the early Cenozoic. It is difficult to imagine how the methane hydrates could survive, once the ocean has had time to warm. In that event a PETM-like warming could be added on top of the fossil fuel warm­ing. After the ice is gone, would Earth proceed to the Venus syndrome, a runaway greenhouse effect that would destroy all life on the planet, perhaps permanently? While that is difficult to say based on present information, I've come to conclude that if we burn all reserves of oil, gas, and coal, there is a substantial chance we will initiate the run­away greenhouse. If we also burn the tar sands and tar shale, I believe the Venus syndrome is a dead certainty.

## \*\*\*Solvency\*\*\*

### Federal Funding Solves HSR-Laundry List

#### The Plan is key to restore economic growth and energy efficiency-Only federal funding sustains the confidences needed for large scale projects

Forbes 11 (“High-Speed Rail Critics Imperil Economic Growth, Bombardier President Says”, 3/29/2011 @ 4:21PM, <http://www.forbes.com/sites/jeffmcmahon/2011/03/29/high-speed-rail-critics-imperil-economic-growth-bombardier-president-says/> |SK)

Opposition to high-speed rail imperils U.S. economic growth, the North America president of a leading train manufacturer said in Chicago Tuesday. “Although some may be of the opinion that we can’t afford passenger rail investment at this time, I can assure you from Bombardier’s experience around the world that the opposite is true,” said Raymond Bachant of Bombardier Transportation, a Canadian firm that participated in the development and manufacturing of 95 percent of Europe’s high-speed trains. “Investment in passenger rail infrastructure is a decision that will create long-term jobs and strengthen the economy,” Bachant told several hundred corporate executives, trade officials, and rail enthusiasts gathered at the Mid-America Club on the 80th floor of Chicago’s Aon building. High-speed rail was a favorite target of the Tea Party movement that seized the House of Representatives and several governor’s mansions last November. Newly elected governors in Florida, Wisconsin and Ohio have turned down funding for high-speed rail. “We have seen some setbacks in some states, where some states have decided to return the money,” Bachant said. “Of course that makes other states happy because they will receive the money.” The Obama Administration has offered the $2.4 billion returned by Florida, for example, to other states through a fast-track funding program. Several states are rushing to file applications before the April 4 deadline, including Michigan, Missouri, New York, Virginia, Vermont, Delaware, and Rhode Island. One state’s folly may be another state’s fortune, but Bachant sees peril in the politics nonetheless. “Rail funding can’t be a political football. It must be entrenched in a long-term economic vision.” Industry will only invest in high speed rail if it sees a permanent commitment from government, he said. “If the U.S. makes it clear that passenger rail is a priority, and that it’s here to stay and to grow, businesses will invest even more than they do today.” President Obama agrees. In his State of the Union Address, Obama called for 80 percent of Americans to have access to high-speed trains within a quarter of a century. The president outlined a six-year, $53 billion spending plan for high-speed rail. But Bachant emphasized the investment has to continue beyond the Obama Administration for the U.S. to develop a transportation infrastructure that will ensure its own continued competitiveness. “For too long passenger rail funding—in many countries of the world—has gone up and down like a yo-yo. A country cannot create a sustainable industry, supply base or clear economic impact based on a feast or famine market.” The United States fell to third place in world funding for clean energy technology last year, and it lags further behind other developed nations in passenger rail transportation. “To rival what is being done in Europe or Asia, Canada and the U.S. have a long way to go, Bachant said. “It is anticipated that in the next 10 years, European countries will double their existing networks to have more than 10,000 miles of high-speed links, while China will lead the way by building more than 30,000 miles of high speed railway.” Eventually, traffic congestion and greenhouse gas concerns will choke U.S. economic growth, Bachant said. There will be 2.5 billion cars on the world’s roadways by 2030, and the U.S. already loses $87.2 billion per year because of traffic congestion, according to the Texas Institute for Transportation. “Anyone who’s been stuck in bumper to bumper traffic knows this is not good news,” Bachant said. ”People still need to move, and communities must be able to operate and grow, and so, we truly believe that sustainable mobility is at the heart of economic growth and development.”

### HSR is Competitive-Empirics

#### HSR is competitive with air travel b/c of faster times and frequency---empirically proven in the London-Paris market.

Behrens and Pels 10 (Christiaan and Eric, Department of Spatial Economics, VU University, The Netherlands, “Intermodal competition in the London–Paris passenger market: High-Speed Rail and air transport”, Received 11 March 2010. Available online 29 December 2011., <http://www.sciencedirect.com/science/article/pii/S0094119011000921>, LEXUS|SK)

This paper studies inter- and intramodal competition in the London–Paris passenger market during the period 2003–2009. We identify the degree to and conditions under which High-Speed Rail is a viable substitute for airline travel. Using pooled cross-sectional data we estimate multinomial and mixed logit models to examine actual travel behaviour. Our model allows us to analyse the reaction of passenger behaviour on the withdrawal of aviation alternatives and the completion of the High-Speed Rail link between the two cities in November 2007. The results show that travel time and frequency are the main determinants of travel behaviour. The valuation of total travel times changes over the years following the opening of the High-Speed Rail link. Furthermore, we show that the direct elasticity of market share with respect to frequency for a number of aviation alternatives is above 1, indicating that these alternatives are not able to maximise profits. These alternatives subsequently left the market in our sample period. For the remaining aviation alternatives, except for easyJet, we find elasticities of market share with respect to frequency close to 1. Therefore, we conjecture that competition in this market will decline in the long run. In medium-haul passenger markets, High-Speed Rail (HSR) and airlines are increasingly competing for passengers. In this paper we study the degree to and conditions under which HSR is a viable or even a dominating substitute for airline travel using the London–Paris passenger market as the prime example. In Europe and Asia HSR plays a significant role in the medium- to long-haul markets. Examples of such markets are Frankfurt–Cologne, Madrid–Barcelona, Beijing–Tianjin and Tokyo–Osaka. Furthermore, there are ongoing projects to develop HSR networks in the United States. The California High-Speed Rail Authority proposes to connect Los Angeles with San Francisco and its international airports via HSR, while the Midwest High-Speed Rail Association is studying the possibility of connecting Chicago O’Hare airport with downtown Chicago, Milwaukee, Detroit and Indianapolis.1 The expansion of HSR around the world and its observed dominance, particularly in the direct city-to-city markets, calls for an analysis of intermodal competition and the extent to which HSR is a viable substitute for air travel. The authors are aware of just a few studies that have analysed intermodal competition and the role of HSR. Two studies for the European Commission (Transport and Energy Directorate General), IATA (2003) and Steer Davies Gleave (2006), explore HSR in Europe and briefly address the London–Paris market. IATA (2003) concludes that connectivity and access time are the most important determinants of the competition between HSR and aviation. Steer Davies Gleave (2006) discusses travel time improvements of the HSR and concludes that service frequency and fare levels will not be affected in this market. Adler et al. (2010) develop a network competition model including HSR, low cost airlines and conventional airlines for Europe. They show that investment in HSR, despite the massive fixed costs, is favourable from a social welfare perspective. Both Bhat (1997) and Koppelman and Wen (2000) conclude that, using discrete choice modelling, travel time is the most important mode choice determinant in the by car, train and airline served Toronto–Montreal passenger market. González-Savignat (2004) studies the viability of the (at that time) developing HSR between Madrid and Barcelona. She mentions fares, travel time, frequency, and trip purpose as the main mode choice determinants; furthermore she speculates about a dominant position of HSR in this market. Park and Ha (2006) study the projected HSR in the Seoul–Daejon market. They mention fare as the most important mode choice determinant and predict a decline in aviation demand by approximately 85% after the introduction of HSR. Finally, Ortúzar and Simonetti (2008) study the effect of a hypothetical HSR in the Santiago–Concepción market and conclude that travel time, fare and service delay are the most important mode choice determinants. Our paper also deals with airport airline competition in multi-airport markets and therefore combines these fields in the economics literature. In the airport airline competition literature most of the contributions focuses on the San Francisco Bay multi-airport area.2 [Pels et al., 2003] and [Basar and Bhat, 2004], and Ishii et al. (2009) all use discrete choice modelling to analyse travel behaviour in this market. Both Pels et al. (2003) and Basar and Bhat (2004) find that access time and service frequency are main determinants of the airline airport choice. In contrast to the above two studies, Ishii et al. (2009) do not focus on all routes in this market but focus on specific origin–destination pairs. They conclude that non-price characteristics of airport–airline combinations are the main determinants. Empirical studies regarding HSR and intermodal competition are ex ante studies using stated preference data and discrete choice modelling. We extend the existing literature by combining intermodal and airport airline competition in a specific market using revealed preference data. Furthermore, our study is the first to examine intermodal competition over time using cross sectional data over the years 2003–2009. We follow the literature regarding the econometric methods, the set of explanatory variables and the distinction between trip purpose (see e.g. Pels et al. (2003) and González-Savignat (2004)). Like Ishii et al. (2009), we focus on a specific market and non-price characteristics. In this paper we study how the introduction of a new alternative (HSR) affects passenger preferences and market shares of travel alternatives in the London–Paris market. The analysis explains how developments in HSR in the London–Paris market changes the competitive environment and the subsequent reaction of airlines in this market. The purpose of our analysis is to use the estimation results to define the degree of competition using the measure of elasticity of market share and to define the conditions, in travel time and geographical distance, under which HSR is a viable alternative for air travel. The authors conjecture that the analysis and results may be valid for medium- to long-haul passenger markets in general, so that the paper can be used as input in policy making concerning the Los Angeles – San Francisco HSR market.

### HSR is Competetive-Comparative Evidence

#### HSR would be competitive with other forms of transportation, prefer our evidence because it makes actual comparisons.

Hart Jr. 5/23 (Thomas, Thomas Hart Jr. is director of government relations at Quarles & Brady, and vice president of government affairs for the US High Speed Rail Association., “High-speed rail's many benefits”, Politico, 5/23/12 9:29 PM EDT, <http://www.politico.com/news/stories/0512/76682.html> |SK)

Even as Congress looks into a new surface transportation bill, U.S. transportation systems confront daunting challenges of overcrowding and disrepair. Delays and waste cost the nation more than $100 billion per year in lost time, productivity and energy. The U.S. needs modern public transportation not dependent on oil or traffic patterns. Most developed nations now have high-speed rail, sleek trains that reach more than 200 mph. Here, this option would be most viable in two distinct corridors on the East and West Coasts – the Northeast Corridor, from Boston to Washington, and California. The Northeast Corridor is already one of most valuable U.S. transportation assets. With I-95, it’s the only continuous link between the major population centers of Washington, Baltimore, Philadelphia, New York and Boston. This is the nation’s most densely populated region with 18 percent of the U.S. population living in just 2 percent of its land area. The NEC region alone would be the world’s sixth-largest economy, with a gross domestic product of $2.59 trillion. The NEC is already a mature rail corridor — Amtrak and regional rail services show ridership spikes whenever gas prices increase. Amtrak’s Acela service, however, averages only 80 mph. True high-speed rail in this corridor could prove competitive with air travel, particularly because rail can easily connect to other local and regional transit networks.

### Federal Funding K2 HSR

#### State initiatives fail-Federal capital investment is critical to sustain projects─

Sweet ‘9. Matthias N. Sweet. “Planning for High-speed Rail in the United States.” Chapter 13: Financing High-speed Rail [<http://www.design.upenn.edu/hsr2011/planningforhsr.pdf>]

Simply by providing initial funds for capital investment, federal policy will shape the design, extent, and service levels of the national HSR network. At present, only Amtrak’s Northeast Corridor’s Acela service can be classified as HSR and despite some successes, it falls short of European and Asian extent and levels of service. Amtrak operates service, maintains infrastructure and owns much of the right-of-way in the Northeast Corridor, the most successful of its national passenger rail services. Although legally a private corporation, Amtrak shares are predominantly owned by the federal government, underscoring the importance of sustained federal funding for rail infrastructure198 . Without federal involvement, HSR proposals in the U.S. have gone nowhere. In the past, California, Florida, Ohio, and Texas have attempted to invest in HSR based on a formula of state and private financing; the Texas plans fell victim to powerful airline opposition, while California’s system is currently the closest to being built.

### Federal funding K2 Long-Term Success

#### Dedicated Funding is key-

Rodda ‘9. Bryan Rodda December 9th, 2009, written for PennDesign, the University Of Pennsylvania School Of Design, “Planning for High-speed Rail in the United States,”

If a national network of high-speed rail lines is to be built, it will require a stable, dedicated federal funding source to facilitate an on-going process of planning, design, construction, and expansion of the system. High-speed rail simply cannot be a long-term, sustained success if it must operate at the whim of year-to-year Congressional appropriations.

### Federal Funding K2 HSR-Confidence

#### The plan is key to offer certainty to investors and local communities. Projects won’t succeed without it

Rep. Earl Blumenauer, December 16th, 2010, congressman, D-Oregon, “Rail Projects Key to Economic Growth,” <http://transportation.nationaljournal.com/2010/12/highspeed-rail-political-footb.php#1820909>

I find it baffling that many of my Republican colleagues are turning against high-speed rail projects at a time when our country desperately needs to invest in rebuilding and renewing the foundation of our economic prosperity: our infrastructure. There is b road agreement among economists that, dollar for dollar, money invested in transportation and infrastructure projects does more to create jobs than cutting taxes. While it may be politically convenient to point to the timeframe required for major infrastructure projects like high speed rail as “taking too long,” the promise of increased investment, an anchor for community development and additional transportation options are enough to spur economic growth – long before a rail line is finished. That’s why we are already seeing an upsurge in economic development in areas where high speed rail projects are planned. High-speed rail isn’t just about the jobs that the construction and operation of new lines will create; it is about offering certainty to communities and investors, allowing them to plan ahead for the economic activity that will be created by new projects. Already, economists are estimating that the $8 billion the United States is investing in high speed rail will generate another $19 billion in new business around major cluster points in Florida, California and the Midwest. Newly-elected governors who are shutting down high-speed rail projects in their states are shooting economic growth and job creation in the foot. The rail line now opposed by Governor-elect Scott Walker in Wisconsin, for instance, had been projected to create at least 4,500 new jobs; the Ohio line opposed by Governor-elect John Kasich would likely create at least 8,000 jobs. This is not a theoretical debate: this bizarre opposition to rebuilding and renewing our country’s infrastructure will cost us jobs and threaten our economic competitiveness.

## \*\*\*AT OffCase Positions\*\*\*

### AT-Cap Kritik

#### Turn – Keynesianism is a SOLUTION to the unrestrained capitalism that their evidence talks about – we agree that reckless deregulation of markets is wrong

Felix Salmon, November 9th, 2011, finance writer @ Reuters, “How Keynes beat Hayek,” <http://blogs.reuters.com/macroscope/2011/11/09/how-keynes-beat-hayek/>

It’s been billed as the Fight of the Century: John Maynard Keynes vs. Friedrich Hayek. And on Tuesday night at the Asia Society it became a high-powered Thomson Reuters debate, moderated by Sir Harry Evans and featuring Nobel Laureate Edmund Phelps on the side of the Hayekians. Nicholas Wapshott, who introduced the debate, gives a good overview of what’s at stake in an article for Reuters. It’s particularly germane right now, with Keynes acting as a proxy for Obama’s economic policies and Hayek serving the same role for essentially all of the Republican candidates. Boiled down, it comes to this: Keynesians see a dreadful economy and say that the government should do something about it. Specifically, the government should get the economy moving again by spending money now. Hayekians, on the other hand, mistrust the idea that the government is the solution to any problem, and suspect that more government spending only acts to make matters worse. It’s a stance that makes for compelling political rhetoric: pay less in taxes, and see the economy grow! Nothing not to like there. But could the Hayekians withstand the scrutiny of a formal debate? They had a hard time of it tonight. For one thing, the Keynesians had the advantage of history. Keynes is a giant of 20th-century economic thought, who was intimately involved in policy decisions at the highest level and whose works are revered to this day. Hayek, by contrast, has always been a more marginal figure, whose works are borderline unreadable even in the original German, and who had an unhelpful habit of contradicting himself on a semiregular basis. Some of Hayek’s ideas—a nugget here, a concept there—have proved surprisingly resilient over time. But taken as a whole, it’s hard to point to a big-picture philosophy of practical economics in Hayek’s oeuvre as a whole. And as Sylvia Nasar pointed out, when Hayek did make specific statements and predictions about the economies he lived in, he was very quickly proved wrong. What would Keynes do, right here, right now? That’s easy to answer. Hayek? No one has a clue. He would avoid meddling in the economy, trying to pick sectors and pick winners—and yet Phelps, arguing for Hayek, said he’d like to see a National Innovation Bank. Not a bad idea—but not a way of winning this particular debate, either. The problem with the Hayekian position is that it’s relentlessly negative: spending doesn’t work, stimulus doesn’t work, all we can do is suffer a nasty bout of deflation and trust in the invisible hand to eventually get us back to work again. For the Hayekians, the Manhattan Institute’s Diana Furchtgott-Roth was particularly revealing: she would take a question about rescuing the financial system and duck it by talking about how rescuing the auto industry was a bad idea. Or she would ridicule high-speed rail by saying that no one wants to take the train from New York to L.A.—a route that precisely no one is proposing. In other words, the Hayekians were more comfortable with straw men than with messy reality. Furchtgott-Roth did stammeringly admit that she thinks AIG should have been allowed to go bust, which is exactly the kind of thing that gives Hayekians a bad name. No responsible president would ever have allowed AIG to collapse—it would have meant the end of the financial system as we know it, and a Great Depression to rival that of the 1930s. And when economist Lawrence White was asked if the U.K. government was following a Hayekian course and whether he thought it would work, he simply ducked the question outright, saying he had no idea. Meanwhile, the Keynesians were full of real-world examples, either from Keynes’s own history or from the more recent past. The financier Steve Rattner did a good job of defending the auto-industry bailout, saying it saved two million jobs and represented a classic case where the government could step in when the market fails. White responded by saying that GM wasn’t a market failure; it was “a market verdict.” Which is a great sound bite, but sound bites don’t save two million jobs. Phelps, by far the most reality-based of the Hayekians, was happy to adopt Keynesianism in a crisis. He approved of most of the fiscal and monetary policy adopted by Presidents Bush and Obama in the face of the financial crisis, saying that they “served to remedy a deficiency of liquidity.” He just feels that such mechanisms have outlived their usefulness at this point—that they can help for a year or so after a crisis, and should then be abandoned. That’s an interesting and defensible point, but it seems to me a point for Keynes rather than for Hayek. As New Yorker writer John Cassidy noted, we’re all Keynesians in a crisis—including, it would seem, Ned Phelps. Even a small baby recession, like that of 2001, can turn diehard Republicans like Paul Ryan into Keynesians: Cassidy pulled up an old quote from that year showing Ryan fully approving of fiscal stimulus, using ultra-Keynesian language about jump-starting the economy. And Wall Street Journal wingnut Stephen Moore spent most of his allotted time waxing lyrical about Reagan’s fiscal stimulus of 1983, without stopping to wonder that if government fiscal stimulus ends up helping the economy, that probably means that Keynes is right rather than wrong. Moore, in fact, somewhat hijacked the Hayekian side of the debate, turning it into a concatenation of orthodox Republican catechisms. (Asked what he would advise the people at Occupy Wall Street protest, he answered “occupy a job!”.) This helped turn the debate from Keynes vs. Hayek into Democrats vs. Republicans, and that in turn might help explain how more people voted for Hayek at the end of the debate than at the beginning. After all, understanding what Hayek stands for is hard; understanding what the Republican Party stands for is easy. Even so, the end result was a majority of the audience plumping for Keynes, and Evans announcing that “I have to declare the motion carried for Keynes.” It wasn’t really a fair fight—the Hayekians didn’t even agree with each other, which made it hard to believe they were espousing a coherent philosophy. The fact is that in Keynes, the Democrats have something to believe in. While Hayek, by contrast, is more slippery and much less helpful when it comes to determining what government should actually do. Unless, that is, you’re the kind of person who believes that it’s possible to cut taxes and cut the deficit at the same time. Which is to say, a Republican presidential candidate.

### AT-Cap Kritik

#### Capitalism can be reformed – acceptance of totalitarian government destroys individualism, worsening the economy

Scarlett Economics, August 2008, history of economic theory and thought, “Keynes’ Philosophical Approach to Policy,” <http://www.economictheories.org/2008/08/keynes-philosophical-approach-to-policy.html>

Policy combines theory with normative judgments. Understanding the Keynesian revolution, therefore, requires a consideration of the general philosophical views of economists at the time, and of Keynes in particular. Keynes was not a radical, although he was accused of being one after publishing The General Theory. We would hardly expect a person of his background, education, and experience to argue for drastic changes in the institutional structure of his society. Keynes was basically conservative in his views about altering the structure of society, generally advocating only such changes as would preserve the essential elements of capitalism. His view was that if the worst defects of the system were not removed, individuals would discard the capitalistic system and lose much more than they gained. His rejection of Marxism reflects both a criticism of Marx's economics and a recognition that a Marxian social system would destroy the social class of which Keynes himself was very much a part: How can I accept a doctrine which sets up as its bible, above and beyond criticism, an obsolete economic textbook which I know to be not only scientifically erroneous but without interest or application for the modern world? How can I adopt a creed which, preferring the mud to the fish, exalts the boorish proletariat above the bourgeois and the intelligentsia who, with whatever faults, are the quality in life and surely carry the seeds of all human achievement? Keynes was dismayed by the growth of totalitarian government and dictator­ship in Germany, Italy, and Russia. He was willing to admit that these changes in social organization might solve some economic problems, but such a solution, he felt, would be purchased only at the cost of individualism and its economic and political advantages. The economic advantages of individualism, stemming from the use of self-interest to achieve greater efficiency and innovation, are well known to economists: But, above all, individualism, if it can be purged of its defects and its abuses, is the best safeguard of personal liberty in the sense that, compared with any other system, it greatly widens the field for the exercise of personal choice. It is also the best safeguard of the variety of life, which emerges precisely from this extended field of personal choice, and the loss of which is the greatest of all losses of the homogeneous or totalitarian state. Keynes's broad philosophical views on the structure of the good society led to attacks from two sides. Those to the left of him considered him an apologist for capitalism and for his own class, and those to the right regarded him as a wild-eyed reformer-socialist seeking to dismantle the capitalistic system. We have already seen his response to the Marxist approach. His response to criticism from the right was at least more conciliatory. He wrote, "While, therefore, the enlargement of the functions of government. . . would seem ... to be a terrific encroachment on individualism, I defend it, on the contrary, both as the only practicable means of avoiding the destruction of existing economic forms in their entirety and as the condition of the successful functioning of individual initia­tive."17 Keynes found one of the chief benefits of capitalism to be the free play it gives individualism. What abuses do come from individualism, he believed, could be corrected without destroying capitalism. The chief defects or faults of capitalism, he said, "are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes."

### AT-Cap Kritik

#### Marx’s rejection of Keynesian solutions is incoherent

J. Bradford DeLong, May 1st, 2011, economist teaching at UC-Berkeley, “Marx’s Half-baked Crisis Theory and his Theories of Surplus Value, Chapter 17,” <http://delong.typepad.com/sdj/2011/05/marxs-half-baked-crisis-theory-and-his-theories-of-surplus-value-chapter-17.html>

From one perspective, this theory of Marx is is wrong: because his value theory is wrong, his deductions that balanced capitalist growth is logically impossible because if a boom is to continue must continue at an increasing rate is not sound. From another perspective Marx is right: sooner or later as capitalist accumulation proceeds there will come a negative shocks to animal spirits, and there will come a sudden excess demand for money, and there will come a crisis. What I do not understand is Marx's rejection of monetarist or Keynesian solutions. Marx says the ancient and feudal modes of production did not have crises. Why not? Because they used their surplus for crusade or war or display or elite consumption and not for accumulation, hence the surplus was recycled into demand for labor and there was never any of the interruptions of M-C-M' that we get under the capitalist mode of production when capitalists lose confidence that if they turn their M into C they will then be able to turn it back into M'. For the government to see the surplus for public betterment in a downturn would seem to be just as effective a cure for depression under the CMP as conquering Gaul is under the AMP or building a cathedral is under the FMP. I think—I am not sure, but I think—Marx's rejection of a monetarist or Keynesian cure is based in part on the fact that Marx is like Ron Paul: he believes there's something wrong about credit. The liquidity the government creates by printing money is to Marx, I think, fake liquidity that is bound to come to a bad end. The only real liquidity for Marx gold. Second, Mark [Marx] finds it inconceivable that a government of the ruling class would tax the ruling class in order to boost the consumption spending of the public sector and the poor. Thus expansionary fiscal policy to cure or a downturn is ruled out by Marx's theory of politics. But of course we really do not know how Marx would have closed what seem to me to be gaping logical holes in the crisis theory I can rationally reconstruct from chapter 17 of \*Theories of Surplus Value8. The problem is that Marx never made his arguments tight and coherent. The problem is Marx never engaged anybody like John Stuart Mill in a debate on business cycle theory.

### AT-Cap Kritik

#### The negative will always spin a story about our dirty capitalism no matter our intentions. Keynesian economics and politics can resolve the inequity and alienation that results from the control of modes of production. It also explains the root cause of disruptions in capital accumulation and provides a tanglible economic model that takes into account Post-marxist thought to provide social liberation and protection from the intrest of elite bouregios.

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Among the controversies that Keynes reignited in the 1930s was the rehabilitation of Malthusian methods as against those of Ricardo which set the temper for the development of modern classical economics. In invoking Malthus’s idea that progress is “never uniform”, Keynes repudiated the mainstream discipline’s celebration of abstraction, preferring instead a more empirical and anti-formalist and intuitive approach. Essentially his claim that economies were unknowable by the standard methods of orthodox enquiry was politically, not just intellectually, pregnant. Heterodox forms of analysis were shunned in the period now called “Keynesian”, largely because they delivered policy recommendations challenging the market economy’s “self correcting” propensities. Keynes was sympathetic to underconsumptionist ideas — the view that “vast powers of production” were not consistently put to productive use. In recent decades, post-Keynesians and institutionalists, in examining contemporary problems, have developed underconsumptionism (which has of course Keynesian and Marxist and institutionalist variants) into a theory of the mature economy wherein productive potential is squandered and civilized priorities distorted. And if modern capitalism produces permanent “excess capacity”(Davidson, p.139; Clarke, p.152; Skidelsky, p.67), it makes no sense to characterize economics as the “science of resource allocation under conditions of scarcity”; it could be that the real problem for policy is how to stimulate economies when there is over-investment and over-capacity in virtually every line of production worldwide. It’s hard to understand why the obvious solution, infrastructure spending to redress long-standing neglects in the public sphere — water, energy, transport, health, education, environmental degradation — is resisted so fiercely. Clarke (p.150ff) and Skidelsky (pp.71ff) deplore the huge shift within wealthy societies towards promiscuous (and socially corrosive) consumption at the expense of investment. This was the very essence of Keynes’s challenge too: it was not so much a shortage of demand that created recessions as it was a shortfall in investment (so demand deficiency was a symptom). Today we can see that this problem has become chronic. Keynes wanted a “somewhat comprehensive socialization of investment” to regularize what business was unable to (a claim repeated through the 1920s and 1930s); and there are plenty of instances showing how this can be achieved (— Sweden’s counter-cyclical investment funds, Austria’s innovative use of public enterprise investment to modify private investment, Germany’s industrial banking policies, Japan’s close government-corporate relations; **only the Anglo economies have renounced any acknowledgement of the market’s tendency to generate insufficient investment**). In chapter 5, on “Keynes’s politics”, Skidelsky cites exchanges with Hayek in the 1940s, noting, firstly, that the latter’s case against central planning did nothing to undermine the case for national economic management and stabilization of investment whenever it became insufficient to achieve a full employment level of economic*460 Geoff Dow* activity and, secondly, that both accepted that “inescapable uncertainty” exists in capitalist (monetary) economies. For Hayek, however, uncertainty was a consequence of dispersed knowledge and multitudinous calculations; for Keynes it was more specifically a result of the fact that the results of investment decisions (success or failure) could not be predicted. They depend too much on the innovations, production competences, business strategies, financing possibilities and distributional arrangements of others. Government could not be expected to know the preferences of all citizens; but it could, particularly with the help of national statistics, be reasonably well aware of the size, demographic composition and macroeconomic needs of a subject population. For these reasons Skidelsky is incorrect to label Keynes a liberal (though he’s not alone in this ascription): Keynes sometimes referred to himself as a liberal socialist — implying acceptance of private property and inheritance, but underwritten by collective management capabilities, efficient social organization and policies to redress the perennial tendency towards unemployment.2 This conscious critique of Treasury (and Bank of England) policy has not been well-appreciated nor well-developed by subsequent commentators; **but it is definitely a disavowal of individualist capitalism**, a position Keynes had incorporated into his writings already by the early 1930s. Neither was “liberal socialism” a novel formulation: it could have described early twentieth- century institutionalism (in, for example, Veblen’s thought) as well as the emergent economic sociology of the same period — in Durkheim and Weber who independently thought individualism and rationality needed to be tempered by deliberated politics, not to mention the conservative “social economy” tradition formulated within turn-of-the- century Christian social thought. Davidson’s books are strongest in their dealings with the “great financial crisis” of 2008-2009. *The Keynes Solution* is a sustained critique of the dominance of a destructive set of ideas in Economics, while the second is an updated edition of a textbook on Keynes, revised to incorporate a coruscating denunciation of financial markets’ behaviour and evolution after the deregulations of the 1990s. The broad trajectory of the crisis is now reasonably well-known. It was the Clinton-era repeal of restrictions on the ability of deposit-taking banks to become investment banks (the Glass-Steagall Act of 1933) that ushered in financial innovation particularly the “securitization” and on-lending of mortgages and the creation of other “derivatives” of these debts (known as CDOs). Pension funds contributed to a “shareholder revolution” and enhanced priority to financial sector criteria (for example, short-term profits rather than production). Reckless (“subprime”) lending in conjunction with a fall in house prices (in the USA) led to crises for some financial institutions and their insurers followed by flow-ons to the real economy, particularly the US motor vehicle industry. **A key Keynesian assertion was always that finance should be the servant of the productive economy and not a source of speculative diversions of investment away from real activity.** Various indications of the direction that renewed political control of the economy might take have been proposed by post-Keynesian analysts. They include stricter capital requirements (reserves to more adequately cover debts), more stringent evaluation of financial assets, less permissiveness with respect to unregulated “financial instruments”, penalties for excessive risk-taking (instead of rewarding risky lending with bonuses), expanded central bank monitoring of investment banks and equity funds, implementation of a “precautionary principle” such that “anything not specifically permitted is prohibited”,3 incentives for institutional investors to hold assets in an inflationary environment, a compulsory transactions tax to reduce volatility in financial trading, and reinstating the “mixed economy” trajectory which guided policy from 1945 to 1974. Keynes himself eventually advocated “buy and hold” investment (Skidelsky, p. 71); Davidson wants to end (again) the saleability of mortgages (p. 21); in each case the presumption is that investment is too important to be left to speculative or capricious impulses. Davidson is also concerned that the financial crisis is leading to lower-quality employment and a continuing housing crisis (in the USA) and calls for new international financial arrangements to demand (as Keynes wanted) that full employment be favoured over free trade (ch. 7). Joseph Stiglitz has recently criticized Skidelsky for being too timid on these issues4 and it is true that *The Return of the Master* underplays the economic crisis aspects of the financial crisis. After all, Keynes, despite his methodological eclecticism, produced an account of the boom-recession cycle surprisingly similar to Marx’s (and, for that matter, to Schumpeter’s). Crises would be recurrent because of fluctuations in investment, claimed Keynes, not because of the financial excesses. Though Keynes famously insisted that “[**w]hen the capital development of a country becomes a byproduct of the activities of a casino, the job is likely to be ill-done**”,5 a serious problem emerges only when entrepreneurship (new investment) is disrupted. Skidelsky notes, though, that Keynes eventually adopted a “buy and hold” approach to investment, in recognition of the role it had to play in storing wealth and providing societies with the living standards their economies were capable of producing (p. 71). On the surface, **this argument is stronger than the Marxian one which sees disruptions to capital accumulation (that is, crises) more a function of insufficient income (under- consumption) than volatility in capital’s (investment) behaviour.** Nonetheless, structural shifts are occurring. Since the 1930s, government spending has risen to almost 50 per cent of GDP in the OECD countries; taxation revenues are almost 40 per cent (implying that public deficits are close to 10 per cent); and social transfers (welfare, unemployment benefits, housing and health subsidies, pensions) have reached almost 25 per cent of GDP (thereby “politicizing” consumption to an extent unimaginable in Keynes’ time). These trends, registering the gradual transition of rich societies away from market regulation, are unlikely to recede, driven, as they have been, as much by unconscious demographic and democratic pressure as by explicit deliberation. Given that the decades since the anti-Keynesian backlash have been characterized by unemployment apparently stuck between 5 and 10 per cent (even since 1994 it’s been over 6 per cent in the OECD economies — currently 8.5 per cent, or 35 million people — with a commensurate widening of income inequalities), the era of economic liberalization can hardly claim substantial achievements.6 Post-Keynesians still claim most contemporary unemployment is deliberately created, or at least deliberately not eradicated. This means it’s unnecessary and can be managed. Probably the main reason why we should be disappointed with the failure of Keynesianism to be consummated in political or institutional achievements at each of the crucial moments mentioned above is that its compatibility with several other strands of social science has been so well-known to the twentieth century’s maverick traditions. The institutional economics of Veblen and the economic sociology of Durkheim have been mentioned; each inaugurated vigorous threads in heterodox political economy sharing Keynes’s conviction that an inductive methodology and an experimental politics are essential to satisfactory economic understanding and economic management in wealthy societies. To these could be added contributions from more or less conservative German “historical school”, and the more modern quasi-Marxist “regulation school” or “social structures of accumulation” approach (documenting divergent modes of accumulation — liberal, statist, corporatist, authoritarian — and associated performance in capitalist economies over the past three or four decades) as well, of course, as post-Keynesian theory itself. Clarke comes close to capturing the significance of the alternative traditions when he cites a Keynes lecture from the 1930s: “The precise use of language comes at a late stage in the development of one’s thoughts [...] You can think accurately and effectively long before you can so to speak photograph your thought” (p. 147). Scholarship in recent decades has encouraged us to formulate new concepts into social and economic understanding. Pertinent dimensions of the modern world have been encapsulated in six terms: complexity, uncertainty, maturity, interdependency, emergence and evolution. Complexity in economies refers to the embeddedness of economies in social conditions, the possibility of regulation of their centrifugal tendencies, the materialization of the “negotiated economy” and, consequently, the existence of multiple determination. Uncertainty is a knowledge-governing condition central to Keynesianism; it exists because the outcomes of investment decisions cannot be known (businesses may fail, yet the decisions are irreversible), cycles are not readily calculable, and therefore rationality becomes an untenable assumption. Maturity (affluence) creates conditions which entail novel problems (too much consumption, too little investment) which then expose further distinctive facts: employment creation lags behind wealth creation, a need for “unproductive activity” arises, so that growth itself can be seen to transform the world (not just quantitatively) and our understanding of its primary problems. Interdependency invites organic rather than mechanical metaphors; it alerts us to the coincidence of functional and dysfunctional characteristics in the economy and, hence, to a permanent need for public support for private activity. Emergence signals that all social interaction produces novel features with coherent propensities that would not have been predictable from the originating conditions. Evolution refers to the tendency for productive and unproductive, protective and societal organizations to co-evolve — without implying that the new forms are always competent or intended or progressive; the mixed economy, however, is an example of desirable evolution away from the market model.7 These conceptualizations obviously identify important aspects of contemporary economies that feature neither in mainstream knowledge nor in the public policies that orthodox ideas normally inform. As long as extant understandings are quarantined away from each other in disciplines, we are probably condemned to inhabit societies chronically unable to learn what is to be known. As indicated above, post-Keynesian writers have done somewhat better than the mainstream at thrusting contentious matters onto the public arena, though not in having them affect our capacity to control our collective destiny. I will close this review essay with some examples of theoretical achievements that need to be more sedulously accepted. The first is the Keynesians’ understanding of capital: they argued through the 1950s that capital cannot be defined the way orthodoxy wanted because it was not a homogeneous quantity. Post-Keynesianism shares with Marxian political economy a social and institutional conception of capital that reflects (a) wealth (in Marxian terms the “forces of production”), (b) the non-quantifiable (societal) components of this wealth that have themselves been created by previous economic activity (such as the health, education and infrastructure standards underwriting economic activity), and (c) the power minority control of this wealth gives to particular segments of the population in its organization of production. This insight was always resisted by Economics which hoped to make the case that returns to capital reflected its productive contributions. Unfortunately it doesn’t feature in these four books either. Secondly, the Keynesian critique of market mechanisms was that they typically send misleading (pro-cyclical) signals — urging more investment when less is needed and vice versa. So the case for intervention was based less on the presumption that public authorities were omnipotent and more on the need for the state to “do something” whenever economic conditions deteriorate (Clarke, p. 103). That counter-cyclical policy is possible has been demonstrated repeatedly, not least recently in Australia. But post-Keynesian analysis does not conclude that it would be sufficient; industry policy and related institutions need also to be forged. Thirdly, income distribution is seen as an outcome of institutional power and historical accident rather than as a proper and just reflection of productive contribution and inflation is seen as a result of institutionalized distributive conflict (whereby unemployment does not prevent unions bargaining up wages, and falling sales do not prevent businesses increasing prices). It is a social rather than a monetary phenomenon. Fourthly, post-Keynesianism is critical of the contractionary biases in conventional policy, arguing that public efforts should be oriented towards expanding production (and productive capacity) — rather than reducing incomes, employment and economic activity — whenever supply blockages occur. Keynes himself had quipped: “You will never balance the budget through measures which reduce the national income” (Clarke, p. 147). Fifthly, the post-Keynesians (particularly Kalecki) argued that the business sector was incapable of appreciating its own best interests. For a start, capital was always forced to choose between desire for profits and desire to control its own circumstances economic limits of rational voluntarism” in Joseph Rogers Hollingsworth and Robert Boyer, eds, *Contemporary Capitalism: the Embeddedness of* — yet as economies have matured, these two desiderata have become increasingly opposed. Once again, Keynes had observed that the scope for rationality had also narrowed: he saw liberalism as a “worm that has been gnawing at the insides of modern civilization and is responsible for its present moral decay. [...] The attribution of rationality to human nature, instead of enriching it, now seems to me to have impoverished it.”8 So we can see from what is included and what is omitted from these otherwise sympathetic accounts of Keynes’s relevance to modern economies that political problems have been exposed (by the cognoscenti) but not at large in ways that will filter through institutionally. Is this the fate of critics who challenge standard knowledge? Keynes’s access to the British policy elite was stellar; yet it wasn’t sufficient to guarantee standing for his views. Are we condemned to advance “pessimism of the intellect; but optimism of the will”? Skidelsky deserves the penultimate observation, which may explain the hostility of liberal economists: “Deep down, [Keynes] was not an economist at all” (pp. 59 and 192). The political and intellectual implications of this iconoclastic comment are still to be stated and fleshed out.

### Keynesianism solves Marxism

#### Keynesian economics develop democractic societeis whereass Marxist societies have created authoritarian regimes yet they share similar concepts. This is a result of Keynesianism’s ability to promote macropolitical engagement in contrast to Marxism’s indignant refusal to engage any political system.

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of a Post-Keynesian Politics” Published by The School of Economics University of Queensland St Lucia, Brisbane QLD 4072 Australia)

Post Keynesianism has a positive contribution to make, though, to understandings of democratic development: high taxation and a strong public sector are favoured, reflecting a democratic bias, the stabilising potential of high levels of politically- mandated activity, and the expectation that mature modern economies are capable of (and will benefit from) structural shifts away from discretionary, market-based activity. The context here is the familiar one that in capitalist economies, and for extended periods, the generation of employment lags behind the generation of wealth. Keynes made exploratory forays into discussions of this kind (1931); but the flurry of intellectual activity we might have expected from post-Keynesian, marxian and institutionalist writings hasn’t really emerged or, if it has, it hasn’t informed public policy and institution-building. Many of the congruencies between Keynesianism and Marxism were foreshadowed first by Michal Kalecki in his much-cited article of 1943 which suggested that the difference between the defence of capitalism and its critique was not especially great. The conclusion that capitalism as a system of wealth production could be fully developed only by undermining its defining features was one that could have come from marxism, but did not. Kalecki and the ‘marxian strand of Keynesianism’ demonstrated from the 1940s that, as the organizations of capital constantly needed to choose between control of the conditions of production and activities that generated profits, capital could not behave rationally (1943; King, 2002: ch.2). Throughout the twentieth century, the interests of capital became increasingly hard to define; its preferred prerogatives increasingly at odds with good performance. And **if capital could not ‘have it all’, the room for political manoeuvre commensurately widened.** Democratic and egalitarian institutions have gradually claimed the evolutionary agenda, despite the reluctance of contemporary intellectual opinion to embrace the transformation. Other points of contact between Marxism and post-Keynesianism are their convergent understandings of the endogenous character of crisis tendencies (the cyclical instability of capitalism does not depend on extraordinary events like the oil- price-shocks of the 1970s), the functional role of recession and depression, the importance of the underlying social relations of production (and hence the need to ensure they, as well as productive capacity, are routinely ‘reproduced’) and their joint contempt for the concept of the ‘labour market’ (implying the need for principled institutional control of the deployment and remuneration of labour). Some of these understandings are shared with other anti-formalist traditions (particularly those deriving from Polanyi and Schumpeter). Marxist and post-Keynesian political economy do diverge, however, on the latter’s willingness to countenance ‘transformational growth’ (an outgrowth from what institutionalists term ‘cumulative causation’ and ‘path dependency’), that is, that something fundamentally different from a typical capitalist economy is the outcome of its continued development. (Marxism tends to imply that all future changes are inscribed in the initial defining conditions, the capitalist social relations.) **This stance legitimates post- Keynesianism’s embrace of experimental politics, which Marx famously decried. The two are also in disagreement, of course, over the methodology of enquiry, post- Keynesians being much less open to abstract analysis**. I have already suggested that much of post-Keynesianism has dealt with questions not addressed by Keynes but compatible with his general approach to economic analysis and political responsibility: he said that if we allowed pessimistic hypotheses to guide political action, we’d ‘keep ourselves forever in the pit of want’ (1931: viii). I have attempted, therefore, to summarize what I think are generally- agreed institution-building concerns among post-Keynesians and to indicate some further developments likely to constitute the ‘post-Keynesian politics’ of the future (see attached chart). Three institutional responsibilities are clearly implied by the founding contributions to Keynesian and post-Keynesian theory. In accordance with Keynes’ emphasis on the key role of fluctuations in investment as the cause of economic cycles, **the most important political desideratum is the ‘socialization of investment’**. We have had plenty of experience with both successful and unsuccessful attempts to apply public criteria to private investment over the past sixty years – from counter- cyclical investment funds in Scandinavia, to public-private collusion in Japan, to innovative use of public monopolies in the energy sectors of Austria and Norway, and to the British post-war nationalization of ailing private industry. Private ownership but public control of industry seems to have been favoured by Keynes and by subsequent history, but all manner of corporatist and cooperative arrangements should also remain in the policy-makers’ repertoire. The call for ‘new political institutions’ to deal with problems endemic to normal, rather than textbook, economies was also first made by Kalecki, in his insistence that the increased bargaining power of the ‘working class’ attendant upon full employment should not be deplored but accommodated. I have suggested above that incomes policies are remarkably powerful in their ability to achieve multiple political and economic objectives (controlling inflation, integrating social and economic policy, enhancing responsible participation in national economic agenda- setting). They are also, Polanyians and socially-conservative Christians would argue, a ‘spontaneous’ response of societies wearied by the incessant attempts by rationalists to impose market solutions and liberalizations onto processes for which they are wholly ill-suited. Imaginably the Australian arbitration system provides a model for the resolution of disputes over much of macro-management, not just wage fixing. Conservatives have not been hostile, either, to the idea of trade unions or economic democracy or special-purpose associations (developed in accordance with subsidiarity principles) to usurp other aspects of the labour market. Such institutions can control labour training, retraining and re-location not only in times of major restructuring; but also as a normal part of economic management during good times. A permanent role could be developed for the state as an ‘employer of last resort’. These three institutional possibilities for rich societies express mainly post- Keynesian themes. Two others also warrant inclusion in the list for their elevation of complementary conservative and social democratic demands. They concern enhanced participatory arrangements and the enhancement of social capital. Experiments in economic democracy have a long pedigree across most political traditions, even liberalism. They have acquired contemporary urgency due to the activities of creative accountants, managements, financial engineers, auditors and money market experts in the 1990s. The great corporate indecencies of recent times provided occasion for the resurgence of interest in proposals – by Ernst Wigforss in the 1930s, Galbraith the 1970s and Meidner in the 1980s – variously labelled economic democracy, ‘foundations without owners’, the democratization of shareholders’ control and ‘collective capital formation’ through wage-earner investment funds. Shareholders serve no social purpose, says Galbraith, they impose inappropriate criteria on to productive activity. They should be replaced by boards of public interest monitors elected from the community (see Galbraith, 1977; Meidner, 1978; Block, 1992; Clegg & Clarke, 2001). Productive organizations nonetheless need to be insulated from competitive destruction. The final institutional development warranting the appellation ‘post- Keynesian’ involves the guaranteeing of civility (also known as social capital). Though many conservatives have insisted that the state cannot and should not legislate for such matters as collective or social behaviour, post-Keynesians (along with Durkheimians, comparativists, social policy advocates, and those who have noticed that innovation depends on the contribution of society itself to social cohesion) nowadays acknowledge the direct benefits from maintaining traditions that create and maintain social and urban amenity. Politics plays its part in formulating debate over, and the extent of public commitment to, social capital, social infrastructure and unproductive but socially-desirable employment. As noted above, the propensity of welfare states to underwrite living standards, even for the large part of the population that does not strictly need protection, has been a decisive step in this direction in the last few decades, even in the absence of explicit theorization and despite the apparent voicelessness of the political constituency served. The consequent conversion of income security arrangements into mechanisms to expand citizenship entitlement derives its post-Keynesian dimension from the fact that only rich societies can afford such politicization and post-Keynesians’ explicit acknowledgement of the non-economic aspects of the wealth needed. Equality enables greater affluence and vice versa; democracy allows more unproductive activity and vice versa. Social democracy has always exploited these structural, post-Keynesian aspects of wealth. If these institutional possibilities are in fact politically possible, it is because the ‘trend of things’ is towards such developments anyway. My rationale for concluding this stems from the fact that state expenditure, taxation revenues and social welfare transfers in all advanced economies have continued to grow since the efforts of the globalizers and liberalizers to reverse them were triggered in the mid- 1970s. While revenues to and expenditures by the public sector are not by definition progressive, or even post-Keynesian, they are prerequisites to the post-Keynesian political project. And there is little evidence from OECD countries that good economic performance is impeded by high taxes, high wages, strong trade unions, generous welfare systems or public investment. This evidence has been repeatedly found and advanced since the late 1970s without affecting the orthodox discourse, in Australia as well as elsewhere (for a brief summary see Boreham et al 1999). For myself, as for Keynes, **the only way out is to advance an optimism of the will, no matter how pessimistic about the possibilities of politics intellect scrutiny suggests we ought to be**.

### AT Spending Disadvantage

#### High transportation costs are inevitable, HSR is the only chance at alleviating billions in highway subsidies─

Reutter ‘10. PPI Fellow Mark Reutter is the former editor of Railroad History and author of Making Steel: Sparrows Point and the Rise and Ruin of American Industrial Might. “The Strange Logic of Samuelson’s High-Speed Rail Critique.” 11-2-10. [http://progressivepolicy.org/the-strange-logic-of-samuelson%E2%80%99s-high-speed-rail-critique]

Constructing 800 miles of high-speed rail in California is liable to cost more than $40 billion. Constructing and operating all 13 corridors proposed by the Obama administration could easily approach $200 billion. But these dramatic headline figures need context. The current transportation act allots $300 billion to highways – not for new construction since the interstate system is completed, but just for maintenance and rebuilding. Huge costs loom as America’s highways reach the end of their productive life. Replacing the Tappan Zee Bridge in New York State is estimated to cost $17 billion. That figure is guaranteed to rise. If interstate thoroughfares and vital bridges paid their way, private investors would be clamoring to commit funds to refinance them. They aren’t. All modes of transporting people require subsidies. Amtrak’s direct subsidies of about $1.5 billion a year are transparent and highly publicized. Subsidies for cars and airlines are hidden in trust fund appropriations, user tax breaks, and local and state programs paid for by all taxpayers, including those who rarely drive and never fly. In portraying himself as a hard-nosed realist free of the “fashionable make-believe” of rail advocates, Samuelson would do well to explain how he’d fix congestion, advance mobility, lessen pollution, and reduce our dependence on foreign oil by jettisoning an infrastructure program that directly addresses these issues.

#### HSR projects will have no impact on the deficit─

Dorsey ’10. Thomas Dorsey, Founder & Executive Director Soul of America. MBA in Marketing from UCLA, where he served as a fellow in the UCLA Entrepreneurial Center. MS in Information Systems and a BA in Communications. “America Must Build Interstate High Speed Rail Part 1.” [http://soulofamerica.com/interact/soulofamerica-travel-blog/interstate-hsr-network/]

In 2010, the federal government collected over $2 trillion in taxes. If we invested $10 billion per year, it would only represent 1/2000th of America’s federal budget. Thus, investing $10 billion/year on HSR has no significant impact on the federal deficit and is significantly less than the $47 billion spent on Federal Highways and $16 billion spent on Federal Aviation per year. Equally important, that $10 billion/year would create half a million jobs, which of course generates more taxes to pay down federal and state deficits.

### AT Private Sector CP

#### Federal involvement is critical. The private sector can’t sustain initial capital investment for successful HSR projects─

Sweet ‘9. Matthias N. Sweet. “Planning for High-speed Rail in the United States.” Chapter 13: Financing High-speed Rail [<http://www.design.upenn.edu/hsr2011/planningforhsr.pdf>]

Whether or not private-sector equity is invested in capital, previous experiences suggest that federal funds will be critical to maintain high-quality infrastructure. Private sector involvement in Japanese HSR was generally viewed as successful while British privatization was not. In the successful example of the Japanese Shinkansen HSR system, the government continued government subsidies to maintain infrastructure, but sold the rail system to private interests, allowing the companies to operate lines as regulated public utilities 209 . Notably, the private Japanese operators retained substantial sources of revenue by capitalizing on station area redevelopment. In contrast, the British example of rail privatization highlighted the danger of ceding badly-maintained infrastructure to privatelyheld Railtrack. The private sector was ill-equipped to invest necessary capital for maintenance, resulting in rail safety debacles. The rail was renationalized to facilitate national reinvestment, although improvements are tenuous210 . Both the Japanese and British private-sector models illustrate that public funds are necessary for initial infrastructure construction as well as for long-term maintenance.\