# Infrastructure Bank Negative

# \*\*\*States CP\*\*\*

### States CP – 1NC Solvency

#### Text: The 50 states and all relevant territories of the United States should create a National Transportation Infrastructure Financing Authority to extend targeted loans and limited loan guarantees to transportation infrastructure investment

#### CP is predictable and solves – flexibility and uniformity works

SLONE ’11 – transportation policy analyst for The Council of State Governments (Sean, “State Infrastructure Banks”, July 5, http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks)

More than 30 states and Puerto Rico have created a state infrastructure bank, a type of revolving infrastructure investment fund that can offer loans and credit assistance to public and private sponsors of certain highway construction, transit or rail projects. Five states--Florida, Georgia, Kansas, Ohio and Virginia--have established banks or accounts within their banks that are capitalized solely with state funds. These banks were designed with the unique needs of each state in mind and their experiences have varied. The future of state infrastructure banks may depend on the next federal surface transportation authorization and what kinds of federal funding and financing resources may be available to states in the future.

An interchange at the Fort Lauderdale airport. A bridge replacement in Cleveland. An interstate around North Augusta, S.C., that will help ease the daily commute for thousands of motorists.

The thing they all have in common is that they were all financed with help from a state infrastructure bank, a type of revolving infrastructure investment fund for surface transportation projects with which 32 states and Puerto Rico have at least some experience.

Operating much like other kinds of banks, these infrastructure banks can offer loans and credit assistance enhancement products to public and private sponsors of certain highway construction, transit or rail projects.

Under the 2005 federal highway authorization bill, known as SAFETEA-LU, **all states and territories** plus the District of Columbia were given the authority to establish state infrastructure banks. This followed a period during the 1990s when at different times, anywhere from 10 to 39 states were allowed to experiment with these banks under a series of federal pilot programs. The 2005 legislation also allowed for the creation of multi-state infrastructure banks.

Federal and state matching funds are generally used to start a state infrastructure bank. States can then contribute state or local funds and seek additional federal funds to provide more capital.1

The bank’s initial capitalization and ongoing revenue can be used in a number of different ways. The funds can be lent directly to selected projects. The bank can leverage its initial capitalization by providing loan assistance, by using loan repayments as dedicated revenue to sell bonds in the bond market and by providing additional loan assistance with the proceeds of the bond. Finally, the bank can use the funds to guarantee bonds issued by cities, counties, public-private partnerships and other entities, in the process **enhancing their creditworthiness and lowering the interest rates** they have to pay in the capital markets. Loan guarantees can be particularly beneficial in reducing interest rates on projects in states with cities, counties and special districts that have limited financial capacity.2

While the SAFETEA-LU authorization established the basic requirements and overall operating framework for state infrastructure banks, many states have tailored their banks to meet their own needs and offer their own types of financing assistance. That being said, loans remain the most popular form of state infrastructure bank assistance. The Federal Highway Administration reported that through the end of 2008 (the latest year for which complete data is available), 32 states and Puerto Rico had entered into 609 state infrastructure bank loan agreements totaling $6.2 billion.3

### States CP – 2NC Solvency

#### Feds fail – this evidence is comparative

New York Times 11

(NQA, 9-8-11, “In I-Bank Debate, States Provide Successful Model”, http://www.nytimes.com/gwire/2011/09/08/08greenwire-in-i-bank-debate-states-provide-successful-mod-49268.html?pagewanted=all, ns)

With successful test cases like those in Oregon and Kansas, it is obvious why the White House would want to create a bank on the national level. The loans can be used to draw in private partners for large projects, putting more people to work.¶ ¶ But some policymakers are wary of the added bureaucracy and political complications the federal government's involvement would carry with it. Under a transportation reauthorization proposal from House Transportation and Infrastructure Chairman John Mica (R-Fla.), a national proposal should be replaced with expanded authority for state infrastructure banks, which Mica said would free up more money faster.¶ ¶ Even some of the recipients of state money agree.¶ ¶ "I don't see any advantage to a national bank," Gilmour said. "I'm concerned that there's been a disconnect at the federal level between those benefiting from transportation investments and those paying for them. ... I can't make my debt payment to ODOT with more debt."¶ ¶ Gilmour, who worked for the Oregon DOT for 26 years, added that he tried to do very little with the federal government because federal red tape can add up to 30 percent of time and cost to a project.¶ ¶ Former transportation official Orski, who now publishes a transportation newsletter, said the national bank has an advantage in that it can help large, multi-state projects. But, he added, those types of projects are rare and might be better handled through existing structures.¶ ¶ "There is a widespread sentiment both in the House and Senate, rather than creating a new federal fiscal bureaucracy, we ought to strengthen and expand existing financial instruments, primarily TIFIA," he said, referring to the popular Transportation Infrastructure Finance and Innovation Act loan program.¶ ¶ Work on the federal level would also eliminate the easy "set-off" of using gas tax funding to back up a loan, since it would go to projects that might not get a stream of federal money.¶

#### They’ve got the ability to fund fast and big

SLONE ’11 – transportation policy analyst for The Council of State Governments (Sean, “State Infrastructure Banks”, July 5, http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks)

State infrastructure banks can help states stretch their state and federal dollars and meet the demands of financing large, impactful, long-term infrastructure projects. When government agencies and authorities must seek yearly grants and allocations to finance projects, the completion of those projects can be delayed for months or years. State infrastructure banks can identify, promote and lend money to creditworthy transportation projects to ensure they’re built within a reasonable timeframe and in a financially sustainable way. And **because these banks act as a “revolving fund,” more projects can ultimately be financed**.

When bonding is used to finance a project, the bonds are usually one of two types: revenue or general obligation. Revenue bonds often are used to finance infrastructure projects that have the ability to produce revenue through their operations; for example, new highway lanes that can be tolled or public transit facilities on which fares can be collected. These types of bonds are typically guaranteed by the project revenues, but not by the full faith and credit of a state, city or county. General obligation bonds, on the other hand, are backed by the full faith and credit of the issuing authority. These are used to finance projects that rely on government’s general revenues, such as income, sales and property tax revenue. Cities, counties and states pledge these revenues to issue the bonds and repay them.

But the revolving fund aspect of a state infrastructure bank means states can lend funds for projects and receive loan repayments, which can be returned to the system for more project loans. The funding also can be turned into much larger credit lines, multiplying transportation investment capacity.

When transportation projects are financed in a traditional way, funds from a state department of transportation or the federal Highway Trust Fund are spent and two types of risk are assumed. Projects are at risk of delay as state officials wait for the state or federal funds to become available, which may increase the costs and delay the project’s benefits. Secondly, states face the risk that a poorly selected project will fail to produce social or economic benefits and tie up scarce capital resources that could have gone to other potentially more successful projects.

Both of those risks are diminished with state infrastructure bank financing. First, projects don’t have to wait for funding and delays and cost overruns are avoided. Secondly, a state infrastructure bank has a built-in project evaluation process. Projects are assessed based on their financial viability, which provides a level of economic discipline that is not always present with traditional state project funding. Better, more benefit-producing projects can be the result.4

#### They can model each other – solves uniformity

SLONE ’11 – transportation policy analyst for The Council of State Governments (Sean, “State Infrastructure Banks”, July 5, http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks)

Several states—including Florida, Georgia, Kansas and Ohio—have established state infrastructure banks or accounts within their banks that are capitalized solely with state funds.7 Virginia has recently joined the ranks of those four states. Such banks allow funded projects to avoid potentially delay-causing federal regulations and restrictions (such things as labor, environmental and “Buy America” requirements) they would otherwise be subjected to if they were financed using federal funds. Kansas Kansas’ Transportation Revolving Fund (TRF), established in 1999, provides financial assistance to local governments for transportation projects. Private enterprises also are eligible if they have a governmental unit as a partner. Offering direct loans and credit enhancements, such as loan guarantees and bond insurance, the fund is designed to promote innovative transportation funding solutions. Bridges, culverts, roads, streets and highways are all eligible for financing, but not transit, aviation, railroad projects or trails. The Transportation Revolving Fund can be used to finance any phase of a project, including planning, design, right-of-way acquisition, construction engineering and construction. The term of a loan from the Transportation Revolving Fund is limited to the lesser of 20 years or the design life of the project being financed, including the construction period. Although there is no minimum or maximum amount of assistance set by statute or state regulation, the amount of capitalization means the TRF will not make loans of more than $6 million to any one borrower during the fiscal year. Also, no single borrower’s capacity can exceed 15 percent of the program’s total capacity. Applications can be submitted at any time and are considered and processed as they are received. The approval process is approximately 60 days from application to loan agreement.8 “The (Transportation Revolving Fund) is an attractive option for local units of government when they are considering how to finance their infrastructure needs,” said Program Manager Danielle Marten in response to email questions submitted by The Council of State Governments. “Projects can be on or off the state highway system, making the program attractive for not only the local’s share of a state project, but also attractive for 100 percent local projects. … The low cost of the program and exemption from local government debt thresholds attracts borrowers to the (fund).” Marten said since the inception of the program, the Kansas Department of Transportation has approved up to $135 million in Transportation Revolving Fund loans. Of that amount, $112 million was actually drawn upon to fund projects, up to $9 million remains to be drawn and $14 million was released back to the program as undrawn funds. The program was placed under a moratorium in the 2009 fiscal year since the ability to transfer additional equity was in question due to the expiration of the state’s 10-year comprehensive transportation program. A new program, called T-Works, was passed in the 2010 fiscal year and enacted in the 2011 fiscal year. The State Highway Fund transferred an additional $25 million in equity to re-open the program. “The program is once again loaning funds to local units of government and KDOT plans to review and maximize capacity as we see fit,” Marten said.9 Ohio Ohio’s State Infrastructure Bank had loans totaling $22.3 million in the 2010 fiscal year. Since the bank was created in 1991, the state has issued 138 loans and two bond issuances totaling more than $404 million.10 Under state statutes, the bank can be used as a method of financing “highway, rail, transit, intermodal and other transportation facilities and projects which produce revenue to amortize debt while contributing to the connectivity of Ohio’s transportation system and furthering goals such as corridor completion, economic development, competitiveness in a global economy, and quality of life.”11 “The Ohio (state infrastructure bank) has assisted every transportation mode except a water project since its creation,” the bank’s administrator, Melinda Lawrence, noted in an email interview. “Various projects include the construction of intermodal parking facilities to repaving projects to new industrial park roads. There have been 12 loans to airports, ranging from a county airport’s runway paving project to the Akron Canton Regional airport and their terminal expansion.” Lawrence said the state infrastructure bank can be used either to provide 100 percent of funding for a project or to fill the gap for a public entity so that it can move forward with the project. Local governments in Ohio prioritize their transportation needs by project and mode, and the infrastructure bank uses its various funding sources for financing multiple transportation modes based on local needs, she said. The different funding accounts are used according to the type of funding a project is eligible for under federal and state law. While the program is in good shape now, Ohio’s state infrastructure bank has had its share of ups and downs, Lawrence recalled. “There was one point in the program where there was less than $10 million available to loan and we basically had a hiatus on loans for approximately a year,” she said. “Since then, the balance of the bank has built significantly and it has been leveraged to form two bond funds (Title XXIII eligible-projects is one and state-eligible projects is the other). So at this point the demand does not exceed the dollars available to loan. There is a balance of $66 million between all accounts.” Lawrence said increasing awareness of the state infrastructure bank’s financing tools will be an important goal going forward. With new policies to tighten up the program recently approved by the bank’s loan committee and the Ohio Department of Transportation executive leadership, bank officials plan to increase their marketing of the program in the near future. Lawrence does not foresee additional federal capitalization of the infrastructure bank, since that would require the state to adhere to all federal rules and regulations. “Ohio likes the flexibility and variety of funding sources in its existing (state infrastructure bank), therefore Ohio would not likely consider capitalizing federal dollars into its existing (state infrastructure bank),” she said.12 Florida Florida was one of the original pilot states for infrastructure banks. Its bank, established in 1997, has two distinct accounts—one a federally funded revolving fund that has not been recapitalized in several years, and the other capitalized solely with general revenue bond proceeds and state funds. The bank can provide loans and other assistance to public or private entities carrying out or proposing projects eligible for assistance under federal and state law. In order to be eligible, the projects must be on the state highway system, provide increased mobility on the state’s transportation system or provide intermodal connectivity with airports, seaports, rail facilities and other transportation terminals. They must be consistent with local Metropolitan Planning Organizations and local government comprehensive plans. The state-funded account also can lend capital costs or provide credit enhancements for emergency loans for damages incurred on public-use commercial deepwater seaports, public-use airports, and other public-use transit and intermodal facilities that are within an area that is part of an official state emergency declaration. The bank will have a two-month application window in 2011 with awards announced in October and funds available in July 2012.13 Other key features of the bank include: It sets its own interest rates on a project-by-project basis, including rates below market levels based on consideration of project needs. It can tailor repayment structures on a need-oriented, project-by-project basis, including payment deferment. Borrowers can avoid payments for up to five years until their project revenue streams stabilize.14 “The majority of our (state infrastructure bank) projects advance transportation benefits by at least one year, but generally by several years,” Project Manager Jennifer Weeks said in an email interview. “In some instances, (state infrastructure bank) loans have allowed projects to be constructed that may not have been built otherwise.” Loans have been used to purchase buses and trolleys, construct intermodal facilities, add capacity on the state highway system, relieve congestion on state and federal highways, build a new airport, and build container terminals at a local seaport. Weeks said rather than using the infrastructure bank to provide 100 percent of the funding for a project, the state prefers to use it to provide gap or bridge funding to get a project up to 100 percent funding. “There are cases where a transportation benefit may not be realized without the assistance of (state infrastructure bank) funds or the (bank) has been a financial tool that improved the financial affordability of other debt financing for the project,” Weeks said. **Florida’s model of the state infrastructure bank has been a success** other states have sought to duplicate, Weeks said. “We look at the (state infrastructure bank) as a major tool in our ‘financial toolbox’ with hopes of a viable program in good and bad economic times,” she said. “During these tough economic times, the (state infrastructure bank) has still been able to provide loans at or below market rates and fund numerous transportation projects that have provided a safe transportation system ensuring the movement of people and goods.” Between federal and state accounts, Florida’s bank has offered $1.1 billion in assistance to 64 projects and has leveraged $8.4 billion in total project investment. “So, for every $1 loaned, we receive approximately $8 in product,” she said. “We have mainly focused on the project approach, whereas other states have focused on a program approach.” But, Weeks said the Florida state infrastructure bank is always looking at ways to improve and to serve additional projects. “We usually have more applications than we do capacity to loan,” Weeks said. “Not all applications are awarded. Some projects may not be quite ‘mature’ enough at the time of application or there may be financial issues that may cause concerns regarding the repayments of a loan. The project itself, as well as credit and/or financial risk, are part of the application and award process amongst other successful selection criteria. There will always be more projects than there is money.”15 Georgia The Georgia Transportation Infrastructure Bank was created by 2008 legislation and capitalized with $34 million in state funds in the 2009 fiscal year. The statute allows for future federal capitalization as well.16 The Georgia bank began accepting applications in October 2009. In addition to offering loans to eligible state, regional and local government entities for transportation projects, the bank is also authorized to administer grant money for specific transportation programs. The program website lists several objectives in administering the Georgia Transportation Infrastructure Bank, including: Making additional funding available to government units in order to initiate and complete transportation projects. Giving priority to bridge and road projects that are close to, at the start of or under construction, have a higher degree of contributed matching funds and have been initiated by government units, particularly cities and counties. Since the primary infrastructure bank funding comes from motor fuel taxes, transit and airport projects are ineligible for assistance. Selecting projects for financing that add transportation and economic value to local communities and/or the state. Ensuring consistency, fairness and efficiency in the evaluation of applications. Providing for a smooth operational process that maintains loan and grant documents, manages the Georgia Transportation Infrastructure Bank capital prudently, tracks loan expenditures/repayments and provides adequate reporting.17 Virginia Virginia is the latest state to create its own state capitalized infrastructure bank. In April 2011, Gov. Bob McDonnell signed into law key transportation legislation that will result in the investment of nearly $4 billion in the commonwealth’s road, rail and transit networks and fund more than 900 transportation projects during the next three years. The legislation also creates the new Virginia Transportation Infrastructure Bank, which will make low-interest loans and grants to localities, transportation authorities and private-sector partners. The state is using $283 million from a 2010 fiscal year surplus and savings from a performance audit of the Virginia Department of Transportation to provide the bank’s initial capitalization. Officials plan to use a number of different mechanisms and funding sources, including future budget surpluses, during the next three years to provide an additional $1 billion in capital.18 “We already had established a federally approved infrastructure bank,” recalled Virginia Transportation Secretary Sean Connaughton during remarks at a conference on public-private partnerships in June. “We wanted to establish our own state bank, one that we had more ability to control, more ability to look for opportunities where we could use any sort of credit financing, credit enhancement, actually doing loans, actually looking for opportunities to issue bonds and leverage the amount of money that we have in this bank so we can actually make some projects happen.” Connaughton, the incoming vice chairman of CSG’s Transportation Policy Task Force, said one thing that prompted creation of the new bank is the fact that federal programs like the Transportation Infrastructure Finance and Innovation Act, which helps fund projects of regional and national significance, have become oversubscribed and loans have become increasingly hard to get.

#### SIBs more faster, more effective than federal transportation projects

AASHTO, American Association of State Highway and Transportation Officials, no date cited

(“State Infrastructure Banks”, http://www.transportation-finance.org/funding\_financing/financing/credit\_assistance/state\_infrastructure\_banks.aspx, ns)

SIBs serve as a flexible and useful tool to meet a state's project financing demands, stretching both Federal and state dollars. Through the SIB financing mechanism, states can leverage additional transportation resources, accelerate construction timelines for projects with dedicated revenue sources, and recycle assistance for future transportation projects. SIBs can be used in conjunction with traditional finance approaches and other innovative tools to maximize transportation infrastructure investment. By offering SIB support for a project, the sponsor may be able to attract private, local, and additional state financial resources, leveraging a small amount of SIB assistance into a larger dollar investment. Alternatively, SIB capital can be used as collateral to borrow in the bond market or to establish a guaranteed reserve fund. Loan demand, timing of needs, and debt financing considerations are factors to be weighed by states in evaluating a leveraged SIB approach.¶ STATE-FUNDED SIBS¶ Several states-Kansas, Ohio, Georgia, and Florida-have established SIBs (or a SIB account) capitalized solely with state funds. In this way, these states have not funded their SIBs with Federal-aid money and did not enter into cooperative agreements with USDOT. Projects funded by these state SIBs are not bound by the Federal regulations that govern the particular grant program from which the initial Federal capitalization is derived. These states' SIB activity is described under Current Projects, and further information is available under Resources.

### Politics NB – 1NC/2NC

#### CP solves the link to politics – only the plan links

Transportation and Infrastructure Committee, 11

(10-12-11, “ National infrastructure bank would create more red tape and federal bureaucracy”, http://transportation.house.gov/news/PRArticle.aspx?NewsID=1421, ns)

Committee leaders and transportation officials and experts at a Congressional hearing today agreed that the creation of a new National Infrastructure Bank, as proposed by the Obama Administration, would add to the amount of red tape and federal bureaucracy that already slows down and diverts funding away from transportation and infrastructure projects.¶ Members of the Committee and witnesses highlighted existing federal programs and authorities that could be strengthened to finance infrastructure projects more effectively than simply increasing the size of the government. Members and witnesses also agreed that expediting the cumbersome project approval process would facilitate infrastructure improvements.¶ Chairman Mica’s Statement¶ “We must use every responsible mechanism possible to move projects and expand our capacity to finance infrastructure maintenance and improvements, but a National Infrastructure Bank is dead on arrival in Congress,” said U.S. Rep. John L. Mica (R-FL), Chairman of the Transportation and Infrastructure Committee.¶ “There are several reasons for this. One is that we do not need to create more federal bureaucracy. In fact, with over 100 separate federal surface transportation programs, we need less bureaucracy.¶ “The federal government also has existing financing programs that serve the same purpose as a National Infrastructure Bank, such as TIFIA, RRIF and others, that we can improve and strengthen.¶ “Another reason a national bank is DOA is because there is already such a bank structure in place at the state level. Thirty-three state infrastructure banks already exist, and we can ensure financing and build upon this foundation without creating a new level of federal bureaucracy

### A2: Perm – Can’t Solve – 2NC

Freemark 1-12

(Yonah , 1-12-12, Master of Science in Transportation from the Massachusetts Institute of Technology; Bachelor of Arts in Architecture, Department of Civil and Environmental Engineering, Yale University with Distinction. Also a freelance journalist who has been published in Planning Magazine; Next American City Magazine; Dissent; The Atlantic Cities; Next American City Online; and The Infrastructurist – He created and continues to write for the website The Transport Politic – The Transport Politic, “How to Pay for America’s Infrastructure”, http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/, ns)

America's transportation infrastructure is in desperate need of an update, and most politicians would agree that more funding should be dedicated the nation’s highways and mass transit systems. Yet there is little consensus about where to find those new funds and Democrats and Republicans disagree stridently over whether Washington should increase its role.¶ One potentially fertile place for compromise may be in the form of state infrastructure banks, which have gained support from both the left and right in recent months. These public agencies, provided some government funds, would be designed to encourage significant private investment. And they would do so with little interference from the national government.¶ "I-banks" could lend states, municipalities, and perhaps even private sector agencies a significant portion of project funds that would later be paid back through user fees, public-private partnerships, or dedicated taxes.¶ The idea is to get more transportation projects under construction without significantly expanding the national deficit. And the idea is not particularly new: Infrastructure banks have been on the radar since 1995, when state banks were initially authorized to receive federal funds. Now, more than thirty states have them in operation.¶ But most operate on a small scale, and are unprepared to fund large-scale projects. They are also strongly tilted toward highway infrastructure, not multimodal needs.¶ Yet recent proposals have been much more ambitious. President Obama has made the case strongly throughout his first term that a national bank run by the U.S. Department of Transportation would be most effective, since it would be staffed by experts and backed by the federal government. A proposal announced by the White House earlier this year would put $10 billion in the coffers of such an agency.¶ Democrats in the Congress introduced a bill to fund such an organization in October, but John Mica (R-FL), chairman of the Committee on Transportation and Infrastructure, has said that he would refuse to endorse such a concept. Mica suggests that states are up to the task and that Washington’s involvement would get in the way. Some Democrats have articulated a compromise. Senator Ron Wyden (D-OR), for instance, introduced a bill that would pass one billion dollars to each state to set up their own infrastructure banks.

### A2: Can’t Fund

#### **State infrastructure banks can work with less money**

Giglio 11

(Joseph, 12-05-11, Senior Academic Specialist and Executive Professor of General Management at Northeastern University College of Business Administration, PhD in Law Policy and Society, Northeastern University, First Inductee into the Intelligent Transportation Society Hall of Fame 2009, Appointed to Massachusetts Special Commission on Transportation Finance 2006, , Elected Chair of the Intelligent Transportation Society of America 1999, , Appointed Chair of the U.S. Senate Budget Commission on Innovative Financing 1983, “Commentary: infrastructure bank provides invaluable resources”, http://www.patriotledger.com/topstories/x1178219699/COMMENTARY-Infrastructure-bank-provides-invaluable-resources?zc\_p=0, ns)

Under the 2005 Federal Highway Authorization bill, known as SAFETEA-LU, all states were given the authority to establish state and even regional infrastructure banks. This followed a period during the 1990s when at different times anywhere from 10 to 39 states were allowed to experiment with these banks under a series of federal pilot programs.¶ A state infrastructure bank (SIB) offers several major benefits. First, it allows a state to leverage existing scarce resources. States can build more projects with fewer dollars and accelerate construction, especially for projects whose economic benefits can be identified and captured. This approach ameliorates the impact of inflation on construction costs and allows benefits like job creation, private sector income and tax revenue to be realized sooner than they would be using traditional infrastructure investment.¶ Second, by offering an array of financing tools such as low-interest loans, refinancing and construction financing, an SIB can increase flexibility by tailoring financing packages to meet specific project needs. Closely related, infrastructure banks can facilitate projects that are financially tenuous by providing lines of credit or insurance.¶ Equally important, the availability of a menu of financing tools coupled with the ability to have other debt paid before the infrastructure bank loan is paid back can attract private capital and local government funding, further enhancing a state’s ability to husband scarce infrastructure funding resources.¶ A third benefit to creating an SIB is the opportunity for states to develop a self-renewable, insulated source of future capital. Simply put, an SIB recycles resources by re-loaning funds as they are repaid. The repaid funds effectively become state resources. In addition to increased leverage and additional flexibility, this allows states to develop and control their own source of capital.¶ Finally, for states that can work past their deep and abiding distrust of bankers, a SIB can gain greater leverage and make even more funds available for infrastructure investment by issuing debt against its own equity capital. This accelerates the recycling of loan repayments, increases the magnitude of available infrastructure resources and provides for a larger financial canvas with which to work.¶ The same concept President Obama is proposing on the federal level can be used to provide capital funds to support the improvement of a state and region’s infrastructure network. Given the commonwealth’s pressing needs, we should look seriously at creating a state infrastructure bank to help fill the infrastructure financing gap.

### A2: They Tax

#### Nope

Gifford, Director of Transportation Policy Operations and Logistics, 10

(11-24-10, “State Infrastructure Banks: A Virginia Perspective”, George Mason University School of Public Policy, ns)

Generally, a SIB itself does not raise funds through taxation. Rather, it uses its initial capitalization and ongoing revenue to support infrastructure improvements. The dollar amount of support provided by the SIB’s capitalization and revenue may be used in a variety of ways, either independently or in combination:

# \*\*\*Disadvantages\*\*\*

### Agenda [Obama Good] – Link 1NC

#### GOP won’t have it – this evidence assumes the AFF’s link turns

DRUTMAN ‘10 - senior fellow and the managing editor for the Progressive Policy Institute (Lee, “Financing Future Growth: How Do We Pay For New Projects?”, October 4, http://progressivepolicy.org/financing-future-growth-how-do-we-pay-for-new-projects)

And yet, Rep. DeLauro’s bill to create a National Infrastructure Bank and turn a chaotic ad-hoc infrastructure appropriations process into a rational national strategy has attracted only 60 co-sponsors – and not a single Republican.

“Resistance is internal to Congress,” said Hindery. “They would give up so much grant and earmark authority. Members are hesitant to see that move into an independent entity.”

Hindery argued that the key was leadership, and that the President wasn’t doing enough of it. “It has to be a stated priority,” he said. “It can’t be a proffered idea with tepid support.”

Ehrlich, who wrote a PPI Policy Memo on how an infrastructure bank should operate, was optimistic that this is an idea whose time has come. “This is a remarkable moment in infrastructure,” he said. “We are finally at a place where all the communities know the current programs are brain-dead…Local planners are wondering where the funds are going to come from, private investors are circling around the periphery of the area, looking for a way in.”

Hindery also noted that both the Chamber of Commerce and the Business Roundtable – both of whom have been largely resistant to any form of domestic spending – have come out in favor of an infrastructure bank. However, DeLauro said her Republican colleagues in Congress were not hearing this.

### Agenda [Obama Good] – Link 2NC

#### Their link turns don’t assume opposition to spending

Mitchell, Staff writer at WSJ, 8/15/11, (Josh, 7/11/12, pg online @ <http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html>, “Plan for Highway Bank faces uphill battle”, ML)

President Barack Obama is pressing Congress to create a new "infrastructure bank" to finance highway and rail construction, create jobs and jump-start the stalled economy, but the proposal faces hurdles on Capitol Hill.¶ White House officials have described the bank as a new government entity that would make loans to support public-works projects of regional and national significance with private funding. That includes interstate highways, rail lines linking Midwest farmers to West Coast ports, and equipment for planes to link up to a new satellite-based air-traffic-control network.¶ By luring more private capital to infrastructure projects with low-interest loans, the bank is designed to provide a long-term solution to more immediate problems.¶ The law authorizing the gasoline tax that provides the bulk of federal transportation money expires Sept. 30, and the tax, currently at 18.4 cents a gallon, isn't generating enough funds to keep pace with the nation's infrastructure needs anyway.¶ But the White House, House Republicans and some Senate Democrats differ on the best way to encourage more private investment in public infrastructure. Those disagreements are likely to be swept into a broader debate over how to shrink the federal deficit that could stretch to the November 2012 elections.¶ Some lawmakers fear that once they return from their August recess, a political fight over spending could delay reauthorization of the law for weeks or even months. The government would lose up to $100 million a day in gas-tax revenue, payments to states would be halted and construction jobs would likely be lost if the law lapses, business groups warn.¶ The U.S. Chamber of Commerce and others say they support the idea of an infrastructure bank but worry that the administration is giving short shrift to the more urgent problem.¶ "They have not focused on the need to pass a highway and transit bill," said Janet Kavinoky, the Chamber's chief lobbyist on transportation policy, noting that several years could pass before large-scale projects supported by the bank would get under construction. "We are very frustrated that they continue to hold out the bank as a substitute for doing a highway and transit bill."¶ A White House official said the administration has been in touch regularly with members of Congress to push for both a highway bill and a national infrastructure bank. The official said "no one is taking this for granted," referring to passage of the highway bill, and added that when the president talks about an infrastructure bank, he is referring to his long-term vision of how to reform transportation policies. In a time of dwindling public resources, said Jason Furman of the White House economic council, "you want to stretch the dollars you do have farther."¶ Under the White House plan, the infrastructure bank would augment current highway and transit programs. The bank would receive $30 billion over six years and would issue grants, loans and other financial tools.¶ The president's budget proposal in February suggested the bank reside in the Transportation Department and be controlled by an executive director and board of officials from various federal agencies. Projects would need to meet "rigorous" criteria to ensure they benefit the maximum number of people, preventing more "bridges to nowhere."¶ Some Republicans say that such a bank would simply add a new bureaucracy in Washington and shift decision-making from Congress to the executive branch.¶ "How this project would be funded, what it would fund and how those funds would be repaid are critical questions the Obama administration has not answered yet," said Kevin Smith, a spokesman for House Speaker John Boehner (R., Ohio). "If this is more of the same 'stimulus' spending, we won't support it."

#### Ramming the plan through Congress causes heavy backlash

SCHULZ ‘10, Contributing Editor -- Logistics Management (John D., “Transportation infrastructure: Is a U.S. Infrastructure Bank an idea whose time has come?”. April 2. <http://www.logisticsmgmt.com/article/455228-Transportation_infrastructure_Is_a_U_S_Infrastructure_Bank_an_idea_whose_time_has_come_.php>)

"The needs are great, and getting greater-and more funding is not coming," said Norman Y. Mineta, who was Transportation Secretary in the first Bush administration. Mineta is currently vice chairman of global communications consultancy for Hill & Knowlton, a public relations firm.

Can the United States create an infrastructure bank? There are hurdles, Mineta said, but they are not insurmountable. Chief among them is how financially "score" such projects so they are fiscally responsible and paid for without increasing the national debt.

First, Congress must maintain the primary role in funding, Mineta said. Transferring large amounts of discretionary funding from Congress to another entity has "very little chance of approval," Mineta said.

Mineta said that while he was transportation secretary "I would have loved to have access to a large amount of discretionary funding," but Congress would never go for it. Instead, it must work with private funding sources, which increasingly are being seen as an answer to U.S. infrastructure funding needs.

"I believe we can create a national infrastructure bank if its primary purpose is to leverage private investment into projects that are critical to our national infrastructure," he said.

Giving states and regions access to such funds "should not threaten" Congress, said Mineta, a former congressman from California and mayor of San Jose.

"We should look at it as a bank, not a funding arm of the U.S. government," Mineta said. He favored creating a separate entity, with a board that sets lending policy, but lets the decisions on which projects gets funding to experts. It should not be a profit-making venture, he said.

"The bank should not be seen as a ‘Trannie Mae,'" he said, referring to the scandal-ridden Fannie Mae and Freddie Mac, which required billions in bailout money to help rescue the federally backed home loan sector.

Still, a U.S. transportation infrastructure bank "has the potential to play a powerful role to meet the unmet transportation needs while providing new jobs and economic stimulus," Mineta said.

It should provide investment that is not currently available in current capital markets, Mineta said. A U.S. national infrastructure bank must have sufficient reserves to do expensive projects and thus would require the full backing of the U.S. government. A blueprint would be the U.S. Export-Import Bank, which helps facilitate trade among countries.

Infrastructure banks are commonplace in other countries, especially in Europe where they are supported by dedicated funding sources. They make low-interest loans directly to localities for infrastructure projects. Supporters say they eliminate time and red tape from the funding process. Their appeal may be catching on in this country. Already, some in Congress are calling for their creation in this country.

Infrastructure banks could also be used to expand telecommunications, broadband capacity, wastewater distribution facilities and improving other U.S. projects' needs.

President Barack Obama's proposed 2011 budget includes $4 billion to create a national infrastructure bank to provide a source of funding for infrastructure needs. This comes at a time many experts are saying the U.S. must start thinking outside the box of traditional funding.

"This is something holding up a major surface transportation bill," Mineta said. "We can't have these two-, three-, five-month extensions. **The critical factor** in moving that surface transportation bill forward **is how is it going to be funded**."

But as the recent health care debate showed in an increasingly polarized political landscape, change does not come easily in Washington.

"Forcing change in the infrastructure community has rarely been successful," Mineta admitted. "It is now time for a collaborative effort. We should look at a comprehensive set of solutions."

### Elections [Obama Good] – Link 1NC

### Elections [Obama Good] – Link 1NC

#### Plan is unpopular- voters are furious over bank bailouts and percieve Obama as pursuing too much

Stolberg and Walsh, journalists for The New York Times, 2010

(Sheryl, Mary, 9-6-10, http://www.nytimes.com/2010/09/07/us/politics/07obama.html, “Obama Offers A Transit Plan to Create Jobs”, js)

But the notion of a government-run bank — indeed, a government-run anything — is bound to prove contentious during an election year in which voters are furious over bank bailouts and over what many perceive as Mr. Obama pursuing a big government agenda. Even before the announcement Monday, Republicans were expressing caution.¶ “It’s important to keep in mind that increased spending — no matter the method of delivery — is not free,” said Representative Pat Tiberi, an Ohio Republican who is on a Ways and Means subcommittee that held hearings on the bank this year. He warned that “federally guaranteed borrowing and lending could place taxpayers on the hook should the proposed bank fail.”

# \*\*\*Topicality\*\*\*

### Topicality – Investment – 1NC

#### Neg Interpretation:

#### “Increase” refers to a mandate, not a potential result

HEFC 4 (Higher Education Funding Council, <http://www.publications.parliament.uk/pa/jt200304/jtselect/jtchar/1> 67/167we98.htm# n43)

9.1 The Draft Bill creates an obligation on the principal regulator to do all that it "reasonably can to meet the compliance objective in relation to the charity".[ 45] The Draft Bill defines the compliance objective as "to increase compliance by the charity trustees with their legal obligations in exercising control and management of the administration of the charity".[ 46] 9.2 Although the word "increase" is used in relation to the functions of a number of statutory bodies,[47] such examples demonstrate that "increase" is used in relation to considerations to be taken into account in the exercise of a function, rather than an objective in itself. 9.3 HEFCE is concerned that an obligation on principal regulators to "increase" compliance per se is unworkable, in so far as it does not adequately define the limits or nature of the statutory duty. Indeed, the obligation could be considered to be ever-increasing.

#### “Infrastructure investment” is spending in the sector

Jimenez 95 (Immanuel, Appointed Director of Public Sector Evaluations – Independent Evaluation Group of the World Bank Group, “Human and Physical Infrastructure: Public Investment and Pricing Policies in Developing Countries”, Handbook of Development Economics, Vol. III, Ed. Behrman and Srinivasan, p. 2774)

1. Introduction and overview

Almost by definition, infrastructure is the basis for development. 1 For an economy, it is the foundation on which the factors of production interact in order to produce output. This has been long recognized by development analysts, and infrastructure, often termed "social overhead capital," is considered to include:

•.. those services without which primary, secondary and tertiary production activities cannot function. In its wider sense it includes all public services from law and order through education and public health to transportation, communications, power and water supply, as well as such agricultural overhead capital as irrigation and drainage systems [Hirschman (1958) p. 83].

These seemingly diverse services share some common traits that are important in economic analysis. They are generally not tradeable. Although they may affect final consumption directly, their role in enhancing output and household welfare can also be indirect - in facilitating market transactions or in making other economic inputs more productive. Finally, and perhaps most importantly, the many infrastructure services share characteristics, such as scale economies in production, consumption externalities and non-exclusivity, that have been used to justify a large role for public policy in their provision and financing.

This chapter will focus not only on what has traditionally been considered the "core" infrastructure sectors, which enhance the productivity of physical capital and land (mainly transportation and power). It will also include human infrastructure- or those services that raise the productivity of labor (health, education, nutrition). This is a broadening of the definition that was given great prominence by Schultz (1963) and Becker (1964) and that has since been widely accepted by both scholars and practitioners.

Public investment will be defined broadly to include all government spending in these sectors, rather than just capital expenditures as traditionally defined in official statistics. This is to ensure that the economic issues regarding recurrent as well as capital spending are covered, since both have been the focus of the recent iiterature. Moreover, the chapter will emphasize recent policy debates, but will not present in detail the basic theoretical concepts underlying them.

#### Violation --- the plan doesn’t mandate spending on transportation, it merely claims to result in it

#### C) Standards

#### 1. Limits --- the scope of change that could possibly result in topical action is endless --- they could change tax policy or cut spending to other sectors --- makes research and preparation impossible

#### 2. Ground --- a certain increase is necessary for CP competition and all disad links --- they could dodge core ground by reversing their stance on solvency --- undermines fairness

#### D) Voter—Fairness, Education, Ground

### Topicality – Investment – Mixing Burdens 2NC

#### The Aff mixes burdens

Utt 2012, Ronald Utt is Senior Research Fellow for the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation where he conducts research on housing, transportation, federal budgetary matters and privatization issues., April 26 2012, Ronald, June 11th 2012, <http://www.heritage.org/research/reports/2011/04/infrastructure-bank-proposals-and-transportation-policy>,Infrastructure Bank Proposals Would Concentrate Transportation Policy in Washington

The DeLauro and Kerry plans follow half the principles of banking—they provide loans that earn interest and are expected to be paid back—but Obama’s bank “will provide grants and loans, and a blend of both.” Grants, of course, are not paid back, prompting “one former member of the National Infrastructure Financing Commission to observe that ‘institutions that give away money without requiring repayment are properly called ‘foundations’ not ‘banks.’”[3] Senator James Inhofe (R–OK), the ranking member of the Senate Environmental and Public Works Committee, noted:

Banks don’t give out grants; they give out loans. There is also currently a mechanism for giving out federal transportation grants—it is called the highway bill. I don’t believe an infrastructure bank will increase total transportation investment—it will only take money away from what would otherwise go through the existing highway and transit programs. The only thing you are going to do is move decision making from States to U.S. DOT officials in Washington—an outcome I do not support.[4]

# \*\*\*Case\*\*\*

### Solvency – 1NC

#### Infrastructure bank unsustainable

UTT ’10 – Ph.D. is a Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation (Ronald, “Infrastructure bank proposals rely on backdoor deficit spending”. March 22. <http://dailycaller.com/2010/03/22/infrastructure-bank-proposals-rely-on-backdoor-deficit-spending/>)

The common meaning of a “bank” describes an entity that borrows money at one interest rate and lends it out to creditworthy borrowers at a somewhat higher interest rate to cover the borrowing, administrative, and bad debt costs incurred in the act of financial intermediation. In contrast, many of the federal infrastructure bank proposals (and those already in existence) follow only the borrowing part. Instead most allow the infrastructure bank to use borrowed funds to provide grants and subsidies to approved infrastructure projects. A grant, of course, is not paid back and does not require interest payments. So this raises an important question: How can the bank service its debt if it has no earnings?

Alert readers will recognize that this sounds alarmingly similar to the predicament of the federally sponsored lenders Fannie Mae and Freddie Mac when their earnings failed to cover debt costs, thereby necessitating a taxpayer bailout that now totals $126 billion. Oddly, such apparent parallels were acknowledged by Representative Rosa DeLauro (D–CT), sponsor of current infrastructure bank legislation, when she noted that her bank would be “an innovative public-private partnership like Fannie Mae.”

Note that the chief difference between Fannie Mae and the DeLauro bank is that Fannie Mae was mandated to ensure the creditworthiness of its borrowers (however poorly done), while investments, loans, and subsidies provided by the DeLauro bank would be required to meet a series of social objectives devoid of any requirements for economic viability or financial sustainability.

The Common Financial Weakness of Many Bank Proposals

Relieving the bank’s management from the pesky task of checking a borrower’s creditworthiness, evaluating the viability of the project, and ensuring the sustainability of the bank’s financial integrity is a troubling characteristic of many federal proposals to create infrastructure banks.

Obama’s Plan. In his budget proposal for fiscal year (FY) 2011, the President proposes the creation of a “National Infrastructure Innovation and Finance Fund,” which will “directly provide resources for projects through grants, loans, or a blend of both, and will effectively leverage non-federal resources, including private capital.” As one former Member of the National Infrastructure Financing Commission observed, “Institutions that give away money without requiring repayment are properly called ‘foundations,’ not ‘banks.’”

DeLauro Plan. The more detailed plan under discussion is that introduced by DeLauro titled the National Infrastructure Development Bank Act of 2009 (H.R. 2521). This bill provides for the full faith and credit of the United States for any bond or other obligation issued by the bank, and while the legislation says nothing about providing “grants,” it does authorize the bank “to issue public benefit bonds and to provide direct subsidies to infrastructure projects from amounts made available from the issuance of such bonds.” Of course, a subsidy is indistinguishable from a grant and is not something that would be paid back.

Politics Trumps Viability

The DeLauro plan would also concentrate investments in politically fashionable projects: “The Bank shall conduct an analysis that takes into account the economic, environmental, social benefits, and costs of each project under consideration for financial assistance under this Act, prioritizing projects that contribute to economic growth, lead to job creation, and are of regional or national significance.” Nothing in the section suggests that creditworthiness, financial viability, or ability to repay a loan is a criterion.

As for specific bank goals, DeLauro’s legislation also mandates job creation, responsible employment practices, reduction in carbon emissions, smart growth, poverty and inequality reduction, pollution reductions, improvement and the physical layout of public housing, and public health benefits.

What These Banks Might Look Like: The South Carolina Example

The National Highway System Designation Act of 1995 authorized the creation of 10 State Infrastructure Banks (SIBs), and the 1997 appropriations bill included $150 million to capitalize them. South Carolina created its SIB in 1997, and today it is one of the largest and most active of those remaining from this legislation.

The bank provides both loans and grants, as would be the case with most federal proposals under discussion. In contrast to a “bank” where interest and investment-related fees would constitute the bulk of the revenue, the South Carolina SIB is largely funded by a series of dedicated taxes (truck registration, portion of the state gas tax, motor vehicle registration, and an electric power tax) that provided 69 percent of the SIB’s revenues in FY 2009. Moreover, because grants and subsidies are “anti-assets” for purposes of the SIB’s balance sheet, the SIB’s 2009 assets of $1.3 billion were exceeded by its liabilities of $2.2 billion (mostly debt). This leaves the SIB with a negative net worth of $896 million for that year. As is apparent from this brief review, the South Carolina infrastructure bank is heavily dependent upon substantial taxpayer subsidies, and will collapse without them.

Backdoor Boondoggle

As currently written, the legislation to create a federal infrastructure bank would lead to an outcome similar to South Carolina’s, making it little more than a backdoor mechanism for the deficit/taxpayer financing of transportation projects. Congress should instead develop legislation to create a real infrastructure bank whose assets match liabilities and whose earnings and debt service came from tolls and other user fees earned on financially sustainable investments.

#### Fails leveraging capital

EHL ’12 - Federal Liaison for the Washington State. Department of Transportation; editor of the Transportation Issues (Larry, “The Fantasy Solution of an Infrastructure Bank”. April 16. http://www.transportationissuesdaily.com/the-fantasy-solution-of-an-infrastructure-bank/)

Aggarwala correctly notes that infrastructure banks offer a way around the political challenges of convincing elected officials and the public to raise the gas tax, and the pervasive myths (my words) of earmarks:

“Private investors’ money multiplies limited public funds; those investors’ bankers help ensure that politicians don’t prioritize the wrong projects; and the projects themselves remain public — thus avoiding the downsides of true privatization.”

That solves only the challenge of timing, not the challenge of wealth. Aggarwala describes how financing and infrastructure banks can solve the timing challenge:

By definition, a financing problem is one of timing: a project built today creates value tomorrow, but the builder doesn’t have the cash today to get started. So an investor lends, the borrower builds and the two share the value created tomorrow. That’s finance. . . .Investment can unlock future revenue that can be shared with a lender.

The problem is that much if not all of the public funds come from existing revenues. That in turn reduces the amount of funds available in the future for other needed maintenance, preservation and capacity improvements.

In some cases, the public funds are new, such as tolling revenue. But tolling is an option on very few roads across the country. Further, there is strong opposition to tolling new roads and even stronger opposition to tolling an existing road for expansion and improvements. Aggarwala dissects the dilemma:

“Unfortunately, America’s most dire infrastructure problems are . . . like Pennsylvania’s 6,000 structurally deficient bridges. Replacing these won’t create new value, serve new traffic or generate new economic development, so financing has to come from existing income. And that’s a problem not of timing, but of wealth. Even if a replacement bridge can be financed through an infrastructure bank, the debt service on the loan has to be paid back with existing wealth.

Worse, most of America’s bridges are untolled, so even if their replacements were to carry more traffic, they wouldn’t yield new direct revenue. At best, through gasoline and other taxes, they would bring money into the federal Highway Trust Fund and into state and local governments. So what’s necessary to unlock financing is funding from increased future allocations from the Highway Trust Fund, or from state and local taxes.

But that is the very problem an infrastructure bank tries to avoid.”

I would quibble with his point about not generating new economic development. A new bridge or road can improve economic vitality but rarely enough to back private investment, which I think is Aggarwala’s point.

There’s one aspect Aggarwala doesn’t mention, according to Joung Lee, Deputy Director of the AASHTO Center for Excellence in Project Finance. Congress, during its debates on a national infrastructure bank (NIB), has yet to reach “a full consensus on what exactly such an entity should do. So far the debate has exhibited qualities of a Rorschach test, where interested stakeholders project what they want to see in a NIB based on their varied interests. For example, Aggarwala takes it as a given that a NIB would extend loans to recipients that are selected through careful vetting based on sponsor creditworthiness and project risk. However, some supporters of the NIB have proposed activities that would include grant funding in addition to extending credit. Direct grant-making by a NIB would essentially displace state DOT and MPO decision-making with an entity that is much further removed from the transportation plans and projects to which such funds are applied. In addition, such activities would most likely reduce the purported ability of a NIB to efficiently leverage seed capital and bring discipline to project selection with minimal political interference.”

So in the end, an infrastructure bank and financing tools are excellent *additional* tools which will help a few public agencies. They will help primarily with mega-projects at our ports and in our major cities – both of which are the economic engines of our country. Puentes comments that given “the absence of progress in Washington, cities like Chicago are showing the way forward. They are stepping up to devise new ways to conceive and finance a range of infrastructure projects as the physical means to an economy-shaping end, rather than end in itself.”

But infrastructure banks and financing tools will do little to help the majority of smaller ports, and rural and suburban cities and counties who face overwhelming infrastructure needs and funding shortfalls. As Aggarwala notes, it is “fantasy” to believe we can “find a way other than taxes (on gasoline and property) or user fees (tolls and the like) to pay for infrastructure.”

#### No accountability

Utt 11

(Ronald, Ph.D., is Herbert and Joyce Morgan Senior Research Fellow in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation, 4-26-11, <http://www.heritage.org/research/reports/2011/04/infrastructure-bank-proposals-and-transportation-policy>, “Infrastructure Bank Proposals Would Concentrate Transportation Policy in Washington” WL)

These proposed entities—and similar ones that exist in the states from earlier legislation—are described as “banks”; however, two of them are no such thing. The common meaning of a “bank” describes a financial intermediary that borrows money at one interest rate and lends it to credit-worthy borrowers at a somewhat higher interest rate to cover the costs incurred in the act of financial intermediation. The Kerry and Obama proposals are not banks, because they rely entirely on congressional appropriations and thus indirectly on deficit finance and taxpayers.

Only the DeLauro proposal resembles a bank (her plan involves the act of financial intermediation), but therein lies another problem. The federal government has a miserable track record of operating financial entities. Fannie Mae and Freddie Mac are merely the most recent and most costly examples of a long and sorry history of federal financial incompetence. Supporters of the DeLauro bank might argue that the bill now explicitly denies this bank the “full faith and credit” of government, but that did not deter a $150 billion bailout of Fannie and Freddie, whose debt was likewise unguaranteed. Another reason for concern is that DeLauro claimed her bank would be “an innovative public-private partnership like Fannie Mae.”[2]

The DeLauro and Kerry plans follow half the principles of banking—they provide loans that earn interest and are expected to be paid back—but Obama’s bank “will provide grants and loans, and a blend of both.” Grants, of course, are not paid back, prompting “one former member of the National Infrastructure Financing Commission to observe that ‘institutions that give away money without requiring repayment are properly called ‘foundations’ not ‘banks.’”[3] Senator James Inhofe (R–OK), the ranking member of the Senate Environmental and Public Works Committee, noted:

#### Bureaucracy turn -

Utt 11

(Ronald, Ph.D., is Herbert and Joyce Morgan Senior Research Fellow in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation, 4-26-11, <http://www.heritage.org/research/reports/2011/04/infrastructure-bank-proposals-and-transportation-policy>, “Infrastructure Bank Proposals Would Concentrate Transportation Policy in Washington” WL)

Senator Inhofe correctly notes the bureaucratic and Washington-centric focus of each of these bank proposals. The current federal highway program was created by the Federal-Aid Highway Act in appreciation of the state’s primacy in determining how trust fund resources would be allocated, but each of these banks would place those decisions in Washington and in the hands of newly created bureaucracies.

Both the DeLauro and Kerry bills are concerned about their banks’ bureaucracies, fussing over such issues as detailed job descriptions for the new executive teams and the process by which board members will be appointed. The Obama plan proposes that $270 million be allocated to conducting studies and administering his new bank and 100 new employees be hired to run the program. Inquiring minds might ask why the $270 million could not be used to fill potholes on the crumbling interstate highways, and instead of hiring 100 new people, perhaps some of the existing 58,000 federal transportation employees might be available to manage that activity.

The DeLauro plan would focus investments on projects with social welfare objectives, requiring that “The Bank shall conduct an analysis that takes into account the economic, environmental, social benefits, and costs of each project under consideration for financial assistance under this Act.”[5] Specifically, DeLauro’s legislation mandates job creation, responsible employment practices, use of renewable energy, reduction in carbon emissions, poverty and inequality reduction, pollution reductions, training for low-income workers, public health benefits, and improvement of the physical shape and layout of public housing projects.[6]

Deficit Spending by Another Name

While many advocates of such “banks” present their plans as responsible, business-like entities that will spur important investment and aid the economy, all evidence indicates that these plans are little more than a disguised repeat of Obama’s failed American Recovery and Reinvestment Act of 2009. Indeed, sympathetic economists writing in the recent New York Review of Books argue that “the solution lies in the creation of a National Investment Bank that will produce more jobs while not seriously increasing the deficit. Behind this lies solid economic theory. The theory is Keynesian.”[7] Enough said.

### Solvency – 2NC

#### Turn – Infrastructure bank falls to special interests

MCCONVILLE ‘9 - masters in city & regional planning (“National Infrastructure Bank: What’s the Deal?”. December 11. http://thecityfix.com/blog/national-infrastructure-bank-whats-the-deal/)

These disadvantages are described:

With political independence comes a loss of accountability. A bank that is not reliant on Congressional appropriations is not subject to the oversight of the executive or legislative branches. This vacuum could be filled by other influences, such as special interest lobbying or the preferences of the bond market.

As a bank, the NIB would strive to maximize its own returns. This could mean that governments with wealthier jurisdictions would be favored for funding, as they would be able to offer more favorable terms to the NIB. Recipients of funding may also choose to convert the economic returns from a project into revenue returns that could be promised to creditors. But this would only work for certain types of projects, i.e. a bridge that can be tolled easily, as opposed to a highway where tolling would be more complex, which could create biased project selection in favor of certain projects.

The needs of private investors could hamper good transportation planning and management. For example, private investors in a road project want to be guaranteed that future changes to the system do not devalue their investment, so contracts would set a range of acceptable toll prices. This would interfere with the operator’s ability to manage demand through congestion pricing. Similarly, private investors often demand non-compete or compensation clauses, which bar or discourage adding capacity to a system if it results in less ridership on the toll road in which they have invested.

Infrastructure investment is often used as a counter-cyclical economic stimulus. Government invests during recessions, providing jobs and encouraging spending. As the economy recovers, fiscal policy should recede, making room for private spending. An NIB would not necessarily jive with this counter-cyclical idea, as private capital markets become more risk-averse during recessions.

Overall, it seems that a National Infrastructure Bank would address some flaws in the transportation funding system but perhaps create others. One serious question is yet to be answered. Several panelists at yesterday’s Brookings discussion on infrastructure and economic development echoed a sentiment that has been expressed by countless transportation advocates: America needs a comprehensive new transportation vision. How would a National Infrastructure Bank, driven by profit motive and free from government accountability, help us build and carry out that vision?

#### Turn – accountability – Japan proves

Forbes 11

(Gregory, Paul, Staff Writer, 8-21-11, <http://news.yahoo.com/why-dont-infrastructure-bank-japan-why-175611191.html>, “Why We Don't Need An Infrastructure Bank? Japan Is Why” WL)

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

#### No funds for the plan

SCHULZ ‘10, Contributing Editor -- Logistics Management (John D., “Transportation infrastructure: Is a U.S. Infrastructure Bank an idea whose time has come?”. April 2. <http://www.logisticsmgmt.com/article/455228-Transportation_infrastructure_Is_a_U_S_Infrastructure_Bank_an_idea_whose_time_has_come_.php>)

Poole said the larger problem is state departments of transportation don't allocate enough for maintenance budgets of existing transportation entities. That's because such maintenance budgets are "the first things to be cut" during tough economic times. So in addition to funding new projects, states should increase their sources of dedicated funding to maintain existing assets.

Bryan Grote, co-founder of Mercator Advisors, a financial advisory firm that works with sponsors of infrastructure projects, said the bank's appeal would be to more effectively utilize revenue into commercially viable projects.

"Designing the bank would be difficult, but implementing it would be a major challenge," Grote said. "It probably can be a useful step. But the key is it being given the expertise and backing to ensure this entity is doing a better job in provided assistance in a better way. The primary problem is a lack of revenue, not a lack of access to capital markets."

#### Failed funding mechanisms

FREEMARK ’10 – Independent researcher currently working in France on comparative urban development as part of a Gordon Grand Fellowship from Yale University (Yonah, “Benefits and Pitfalls of a National Infrastructure Bank”. March 8. http://www.thetransportpolitic.com/2010/03/08/benefits-and-pitfalls-of-a-national-infrastructure-bank/)

But as nice as the infrastructure bank may sound, its own financing mechanisms have yet to be clearly defined, even though the way it would lend out is relatively easy to understand.

In his fiscal year 2011 budget, President Obama suggested appropriating $4 billion to establish the new infrastructure bank, with the assumption that the new agency would distribute grants to qualified projects and have its coffers refilled every year or so depending on need. Of course, what’s envisioned there is no bank at all, since it wouldn’t be generating revenue in return for its investments: it would be draining Washington’s coffers even more, with no clear explanation for why it is necessary. What’s the point of establishing another federal agency to dole out grants for infrastructure, when the Departments of Transportation, Housing and Urban Development, and Energy already do that all the time?

This non-bank idea, in other words, is a non-starter.

But what about an infrastructure bank that distributed loans at low interest rates and then expected to get its money back over time? What Connecticut Congresswoman Rosa DeLauro has been proposing for years is something modeled on the European Investment Bank (EIB). The EIB was founded in 1958 and provides low-interest loans at up to 50% of cost to qualified projects in a variety of sectors in Europe and North Africa. Recent projects funded by the EIB’s transport division include an extension of the Bilbao Metro in Spain, a tramway network in Lodz, Poland, and the high-speed rail line between Istanbul and Ankara in Turkey.

Despite its vast size and lending obligations — it is larger than the World Bank — the EIB is independent, does not rely on infusions of funds from any European governments, and has a stellar credit rating.

The principal of encouraging states and local governments to take out low-interest loans was championed by the stimulus act of early 2009, which included a provision for Build America Bonds. Governments have now issued $78 billion in these bonds, now representing 20% of the municipal debt market, mostly because the BAB program is such a good deal for public authorities that want to take out debt for new construction projects. Unlike the proposed infrastructure bank, however, the BAB program does not distribute funds based on merit, nor does it rely on a government bank — the federal government artificially produces low interest rates by subsidizing private loans.

But the EIB and BAB models, as interesting as they are, do not actually increase the amount of money being spent on transportation in the long-term — they simply transfer more of the current spending load into debt. Is that a good idea when governments are already so squeezed by limited budgets? How can we be sure that we’ll be in an adequate financial situation to pay back these debts in the future? Spending now through loans inherently means less spending in the future: If Los Angeles compresses thirty years of transit spending into ten, what happens during the other twenty? Nothing at all, unless another separate revenue source is established.

So none of the the infrastructure bank proposals put forth thus far will actually aid in reversing the current lack of adequate financing for transportation.

#### No quality control

FDL ’11 (Fire Dog Lake, “Infrastructure Bank Creates More Non-Accountable Decision-Makers”. http://firedoglake.com/2011/08/04/infrastructure-bank-creates-more-non-accountable-decision-makers/)

But where would the money come from? The Iraq war drains our national resources, and the 2001 cuts in personal income, capital gains, and inheritance taxes have slashed federal revenues. Meanwhile, several presidential candidates, including the Republican nominee, Senator John McCain, were unable to resist the temptation to endorse a motor fuels tax “holiday,” which would produce negligible saving for motorists but cut even further needed federal revenues. Thus, when it comes time for investments in our future, the federal cupboard is bare.

If he were writing today, he would see the same problem, only now aggravated by the anti-tax mania of the Tea-Zombies and their Democratic enablers; the miserable financial position of the States; and by the coming fight over the fuel tax, which expires at the end of September. The fuel tax is the funding source for the nation’s highway trust fund, which finances most of the road-building, major maintenance and mass transit systems. It is on the hit list for Grover Norquist and the crazy party. Without it, there will be even less money for infrastructure. [cont'd.]

Rohatyn says that the decision-making process is also a big a problem. We don’t have an organized process for making good decisions about major programs, what to repair, what to replace and what to create, whether it’s water treatment plants, airport expansion or highways. Instead, we have bureaucratic fiefdoms handing out whatever money they have based on their own ideas, or earmarks directed at filling the needs of congresscritters to bring home the bacon to their contributors. Or, we rely on state government to figure out the best way to handle their needs. Rohatyn wants something like an industrial policy, where the federal government picks winning and losing projects:

No responsible body has the mission of impartially deciding whether we’d be better off with more mass transit and better train service and fewer major roads, because these are never compared when a specific proposal is under review. Moreover, the different agencies that analyze projects—if they do so—generally use different (and self-interested) criteria for determining such critical variables as the value of time, the value of new jobs created, the discount rate, the cost of capital, and so on. As a result, the public is left without the apples-to-apples comparisons that any rational investor would use to allocate a portfolio of billions of dollars of investment.

In Rohatyn’s telling, the infrastructure bank would apply meritocratic criteria to the projects it funds. And by bank he means the board of directors: unelected people like cabinet officials and people appointed by President Obama, Majority Leader Reid and Speaker Boehner. He wants us to cede control of major infrastructure completely to unelected and unaccountable people. At least, they will not be accountable to citizens. They will be solely responsible to the investors in the bank, the rich and the entitled. What else would you expect from the profoundly anti-democratic elites?

We wouldn’t have this problem if we raised taxes, but that would violate the rights of Americans not to pay taxes. Instead of taxes, we pay interest or tolls to Abu Dhabi and other clients of Goldman Sachs and JPMorgan Chase. The interests of these financiers and their clients are certainly aligned, but not with the interests of US citizens.

## \*\*\*State Budgets Advantage

### State Budget – 1NC

#### Turn – plan destroys state flexibility, which is key to solve

MICA ‘11 - chairman of the Transportation and Infrastructure Committee (John, “Mica: States Will Have More Flexibility Without a National Infrastructure Bank”. July 21. http://www.rollcall.com/features/Transportation-2011\_Policy-Briefing/policy\_briefings/John-Mica-National-Infrastructure-Bank-207562-1.html?zkMobileView=true)

Significant reforms and improvements for transportation programs will increase the investment value of available infrastructure resources.

By leveraging limited funds more effectively, the level of infrastructure investment is increased. But a national infrastructure bank is not the best way to achieve this leverage.

The Federal Highway Administration estimates that for every federal dollar invested in state infrastructure banks, $9.45 in loans for transportation projects can be issued. To encourage states to better utilize SIBs, the Republican proposal increases the percentage of federal highway funding that a state can dedicate to a SIB from 10 percent to 15 percent, and states will receive a specific amount of funding that can be used only to fund SIBs.

Many states currently have infrastructure banks. The proposal builds upon this existing SIB structure rather than increasing the size of the bloated federal bureaucracy, as some advocate, by creating a national infrastructure bank. States will have more flexibility to make project decisions.

The proposal also expands the successful Transportation Infrastructure Finance and Innovation Act program. By dedicating $6 billion to TIFIA, $60 billion in low-interest loans to fund at least $120 billion in transportation projects will be generated. Additional TIFIA funding will help meet demand for credit assistance for projects, enabling increased leveraging of Highway Trust Fund dollars with state, local and private-sector investment.

The new fiscally responsible initiative streamlines the federal bureaucracy in other ways as well. There are more than 100 federal surface transportation programs, many of which are duplicative or do not serve a national interest. An unprecedented consolidation and elimination of about 70 of these programs under this proposal will decrease the size of the federal bureaucracy, freeing up funds that can be invested in infrastructure instead of siphoned off to maintain unnecessary programs.

#### Alt cause to state budgets: Obama Care

Michael Tennant, 3/23/11 (staff writer, New American, "ObamaCare's Medicaid Expansion Puts the Bite on State Budgets ", http://www.thenewamerican.com/index.php/usnews/health-care/6818-obamacares-medicaid-expansion-puts-the-bite-on-state-budgets)

About half the states are suing to overturn all or part of ObamaCare for a variety of reasons, foremost among them the undeniable fact that it oversteps the federal government's constitutional authority. States that remain unconvinced that the highest law of the land prohibits the government from forcing people to buy insurance and from implementing dozens of other (often intrusive) policies may yet be persuaded to join the fight simply by looking at the bottom line. Under ObamaCare, state Medicaid spending is going to go through the roof. Fox News' Jim Angle reports that “half the reduction in the number of uninsured Americans” under ObamaCare is expected to result from an expansion of Medicaid, which provides healthcare for the poor. That, he says, would push some 16 million new patients into the program when it takes effect in 2014.” That, in turn, is going to put a severe strain on already struggling state treasuries. And as Virginia Gov. Bob McDonnell (R) pointed out, states “can't print money” and “go into this massive unsustainable debt like the federal government.” They will have no choice but to raise taxes or to cut spending elsewhere to cover the additional cost.

#### Alt cause to education – teacher accountability systems

MINTROP AND SUNDERMAN ‘9 – Heinrich Mintrop is an associate professor in the Graduate School of Education at the University of California; AND\*\*\* Gail L. Sunderman is a senior research scientist and director of the Mid-Atlantic Equity Center at the George Washington University Center for Equity and Excellence in Education (Heinrich. Gail L. Sunderman. Sage Journals Online, “Predictable Failure of Federal Sanctions-Driven Accountability for School Improvement—And Why We May Retain It Anyway”, <http://edr.sagepub.com/cgi/content/full/38/5/353?ijkey=WezdCXsvUKaV.&keytype=ref&siteid=spedr>)

Accountability systems fashioned after NCLB principles violate core professional norms of educators and produce widespread frustration and demoralization among those charged with carrying out needed school improvement efforts. Although teaching to the test is acceptable to a certain degree, high pressure to do so to the exclusion of other more complex and far-reaching goals is not. As a result, teachers widely report that they need to compromise standards of good teaching when striving to meet accountability goals (Abrams et al., 2003; McNeil, 2000; Valenzuela, 2005). Indeed, schools’ performance or accountability status may be a poor indicator of their overall educational quality (Mintrop & Trujillo, 2007).

The moral discourse of accountability assigns failure to schools’ lack of high expectations and standards for all students and places the burden of responsibility on educators. Educators themselves are torn. They assume guilt and at the same time discount it (Booher-Jennings, 2005; Finnigan & Gross, 2007; Hargreaves, 2004; Mintrop, 2004). The belief is widespread that sanctions penalize teachers and administrators who have to work under the most difficult conditions in schools that serve children in poverty from many different demographic subgroups, a belief that resonates with evidence documented by research (Sunderman et al., 2004). As a result, low-performance labels attached to the organization are rejected as valid judgments of individual work quality (Mintrop, 2004).

#### Heg is inevitable: structural foundations buffer heg decline

NORRLOF ’10 - an Associate Professor in the Department of Political Science at the University of Toronto (Carla, “ America’s Global Advantage US Hegemony and International Cooperation” p. 1-2)

The United States has been the most powerful country in the world for more than sixty years. Throughout this period, it has had the world’s largest economy and the world’s most important currency. For most of this time, it had the world’s most powerful military as well – and its military supremacy today is beyond question. We are truly in an era of US hegemony, a unipolar moment, a Pax Americana, which has enabled Americans to enjoy the highest standard of living in human history. Is this privileged position being undercut by serial trade deficits? The pessimists are growing more numerous by the day. They see the country’s spendthrift ways as a disaster waiting to happen. They warn that the cavernous gap in merchandise trade, well above 6 percent in 2006, is an ominous sign of competitive slippage. In 2008, the liabilities acquired to finance the shortfall in exports reached an amazing 29 percent of GDP. A falling dollar, military overstretch, the rise of the euro, the rise of China, and progressively deeper integration in East Asia are among the factors that many believe herald the imminent decline of American hegemony. In my view, the doomsayers are mistaken. I argue that American hegemony is stable and sustainable. While the United States **certainly** does face a number of challenges, an analysis of the linkages between trade, money, and security shows that American power is robust. This book is a story about why and how American hegemony works, and what other states would have to do to emulate or, on other grounds, thwart, America’s power base. As I will show, the United States benefits from running persistent trade deficits as a result of its special position in the international system. I will argue that any comparably situated country would choose to pursue the same cyclical deficit policy as the one encouraged by the US government. A series of size advantages cut across trade, money, and security: the size of the American market, the role of the dollar, and American military power interact to make a trade deficit policy rewarding and buffer the United States from the extreme consequences that a sustained deficit policy would otherwise have.

#### No impact to the transition

IKENBERRY ‘8 professor of Politics and International Affairs at Princeton University (John, The Rise of China and the Future of the West Can the Liberal System Survive?, Foreign Affairs, Jan/Feb)

Some observers believe that the American era is coming to an end, as the Western-oriented world order is replaced by one increasingly dominated by the East. The historian Niall Ferguson has written that the bloody twentieth century witnessed "the descent of the West" and "a reorientation of the world" toward the East. Realists go on to note that as China gets more powerful and the United States' position erodes, two things are likely to happen: China will try to use its growing influence to reshape the rules and institutions of the international system to better serve its interests, and other states in the system -- especially the declining hegemon -- will start to see China as a growing security threat. The result of these developments, they predict, will be tension, distrust, and conflict, the typical features of a power transition. In this view, the drama of China's rise will feature an increasingly powerful China and a declining United States locked in an epic battle over the rules and leadership of the international system. And as the world's largest country emerges not from within but outside the established post-World War II international order, it is a drama that will end with the grand ascendance of China and the onset of an Asian-centered world order. That course, however, is not inevitable. The rise of China does not have to trigger a wrenching hegemonic transition. The U.S.-Chinese power transition can be very different from those of the past because China faces an international order that is fundamentally different from those that past rising states confronted. China does not just face the United States; it faces a Western-centered system that is open, integrated, and rule-based, with wide and deep political foundations. The nuclear revolution, meanwhile, has made war among great powers unlikely -- eliminating the major tool that rising powers have used to overturn international systems defended by declining hegemonic states. Today's Western order, in short, is hard to overturn and easy to join. This unusually durable and expansive order is itself the product of farsighted U.S. leadership. After World War II, the United States did not simply establish itself as the leading world power. It led in the creation of universal institutions that not only invited global membership but also brought democracies and market societies closer together. It built an order that facilitated the participation and integration of both established great powers and newly independent states. (It is often forgotten that this postwar order was designed in large part to reintegrate the defeated Axis states and the beleaguered Allied states into a unified international system.) Today, China can gain full access to and thrive within this system. And if it does, China will rise, but the Western order -- if managed properly -- will live on.

#### No risk of a bioterror attack, and there won’t be retaliation - their evidence is hype

MATISHAK ‘10 (Martin, Global Security Newswire, “U.S. Unlikely to Respond to Biological Threat With Nuclear Strike, Experts Say,” 4-29, <http://www.globalsecuritynewswire.org/gsn/nw_20100429_7133.php>)

WASHINGTON -- The United States is not likely to use nuclear force to respond to a biological weapons threat, even though the Obama administration left open that option in its recent update to the nation's nuclear weapons policy, experts say (See GSN, April 22). "The notion that we are in imminent danger of confronting a scenario in which hundreds of thousands of people are dying in the streets of New York as a consequence of a biological weapons attack is fanciful," said Michael Moodie, a consultant who served as assistant director for multilateral affairs in the U.S. Arms Control and Disarmament Agency during the George H.W. Bush administration. Scenarios in which the United States suffers mass casualties as a result of such an event seem "to be taking the discussion out of the realm of reality and into one that is hypothetical and that has no meaning in the real world where this kind of exchange is just not going to happen," Moodie said this week in a telephone interview. "There are a lot of threat mongers who talk about devastating biological attacks that could kill tens of thousands, if not millions of Americans," according to Jonathan Tucker, a senior fellow with the James Martin Center for Nonproliferation Studies. "But in fact, no country out there today has anything close to what the Soviet Union had in terms of mass-casualty biological warfare capability. Advances in biotechnology are unlikely to change that situation, at least for the foreseeable future." No terrorist group would be capable of pulling off a massive biological attack, nor would it be deterred by the threat of nuclear retaliation, he added. The biological threat provision was addressed in the Defense Department-led Nuclear Posture Review, a restructuring of U.S. nuclear strategy, forces and readiness. The Obama administration pledged in the review that the United States would not conduct nuclear strikes on non-nuclear states that are in compliance with global nonproliferation regimes. However, the 72-page document contains a caveat that would allow Washington to set aside that policy, dubbed "negative security assurance," if it appeared that biological weapons had been made dangerous enough to cause major harm to the United States. "Given the catastrophic potential of biological weapons and the rapid pace of biotechnology development, the United States reserves the right to make any adjustment in the assurance that may be warranted by the evolution and proliferation of the biological weapons threat and U.S. capacities to counter that threat," the posture review report says. The caveat was included in the document because "in theory, biological weapons could kill millions of people," Gary Samore, senior White House coordinator for WMD counterterrorism and arms control, said last week after an event at the Carnegie Endowment for International Peace. Asked if the White House had identified a particular technological threshold that could provoke a nuclear strike, Samore replied: "No, and if we did we obviously would not be willing to put it out because countries would say, 'Oh, we can go right up to this level and it won't change policy.'" "It's deliberately ambiguous," he told Global Security Newswire. The document's key qualifications have become a lightning rod for criticism by Republican lawmakers who argue they eliminate the country's previous policy of "calculated ambiguity," in which U.S. leaders left open the possibility of executing a nuclear strike in response to virtually any hostile action against the United States or its allies (see GSN, April 15). Yet experts say there are a number of reasons why the United States is not likely to use a nuclear weapon to eliminate a non-nuclear threat. It could prove difficult for U.S. leaders to come up with a list of appropriate targets to strike with a nuclear warhead following a biological or chemical event, former Defense Undersecretary for Policy Walter Slocombe said during a recent panel discussion at the Hudson Institute. "I don't think nuclear weapons are necessary to deter these kinds of attacks given U.S. dominance in conventional military force," according to Gregory Koblentz, deputy director of the Biodefense Graduate Program at George Mason University in Northern Virginia. "There's a bigger downside to the nuclear nonproliferation side of the ledger for threatening to use nuclear weapons in those circumstances than there is the benefit of actually deterring a chemical or biological attack," Koblentz said during a recent panel discussion at the James Martin Center. The nonproliferation benefits for restricting the role of strategic weapons to deterring nuclear attacks outweigh the "marginal" reduction in the country's ability to stem the use of biological weapons, he said. In addition, the United States has efforts in place to defend against chemical and biological attacks such as vaccines and other medical countermeasures, he argued. "We have ways to mitigate the consequences of these attacks," Koblentz told the audience. "There's no way to mitigate the effects of a nuclear weapon." Regardless of the declaratory policy, the U.S. nuclear arsenal will always provide a "residual deterrent" against mass-casualty biological or chemical attacks, according to Tucker. "If a biological or chemical attack against the United States was of such a magnitude as to potentially warrant a nuclear response, no attacker could be confident that the U.S. -- in the heat of the moment -- would not retaliate with nuclear weapons, even if its declaratory policy is not to do so," he told GSN this week during a telephone interview. Political Benefits Experts are unsure what, if any, political benefit the country or President Barack Obama's sweeping nuclear nonproliferation agenda will gain from the posture review's biological weapons caveat. The report's reservation "was an unnecessary dilution of the strengthened negative security and a counterproductive elevation of biological weapons to the same strategic domain as nuclear weapons," Koblentz told GSN by e-mail this week. "The United States has nothing to gain by promoting the concept of the biological weapons as 'the poor man's atomic bomb,'" he added.

### State Budget Defense – No Budget Cut 2NC

**There has been no tax increase in the state budget**

**Murphy 7-1**

(Jan Murphy, July 1st 2012, cover state government and basic and higher education policy, <http://www.pennlive.com/midstate/index.ssf/2012/07/governor_tom_corbett_signs_bud.html>, “Governor Tom Corbett signs budget with minutes to spare”)

**The nearly $27.7 billion budget includes no tax increase or new taxes. It ensures that no public school or public university receives less money than last year.¶ The** 2012-13 **budget cuts** business **taxes** by $288 million and doubles funding for tax **credits for businesses supporting education.**¶ At the same time, it cuts spending on child care programs for low-income working families, eliminates cash assistance for a slice of the state's welfare recipients, cuts funding for county-provided human services and cuts funding for environmental protection.

**It is unlikely that State Budget cuts will come**

**Mulvihill ‘7-6**

Geoff Mulvihill, works on the associated press, July 6th 2012, <http://www.philly.com/philly/news/new_jersey/20120706_ap_njbudgetsignedbutspingoesonin2newads.html>, “NJ budget signed, but spin goes on in 2 new ad”

They target Christie for not making millionaires "pay their fair share" , a contention that's in the eye of the beholder. It is true that he vetoed the bill that would have raised the income tax on earnings over $1 million to 10.75 percent from the current 8.97 percent.¶ The narrator also asserts that Christie's budget projection is overly optimistic. "Christie's own state treasurer says revenues could fall hundreds of millions of dollars short," he says. "That shortfall could lead to drastic cuts for schools, public safety and other vital services."¶ The state treasurer indeed said last month that he projects revenues to be about $676 million less than Christie expects over the next year.¶ Even if that holds, though, deep state budget cuts would be unlikely. If revenue is low later this year, the Legislature could hold back on its tax cut , against Christie's wishes, of course.¶ Additionally, there's a budget surplus of about $650 million that could absorb some shortfalls before other cuts would become necessary.¶ The debate over taxes and the state's nearly $32 billion budget isn't likely to end soon.¶ Christie has promised to hold town hall meetings all summer to air complaints about the Democrats' approach.

**The State Budget cut was restored so it won’t come**

**Gilger 7-12**

Mark Gilger Jr., Staff Writer, July 7th 2012, <http://republicanherald.com/news/hospitals-pleased-with-state-budget-1.1340256>, “Hospitals pleased with state budget”

The final $27.7 billion 2012-13 state budget restored a cut of about $12.5 million in hospital funding that had been proposed in Gov. Tom Corbett's preliminary budget. Lawmakers in the state House of Representatives and Senate rejected the cuts that had been aimed at newborn care, burn centers, trauma centers and doctor training before finally being signed by the governor Tuesday.¶ "Knowing that these funds will be there this year will be a tremendous benefit for the Schuylkill Health Center," Simodejka said. "We also have an effect on the local economy. We are the largest employer in Schuylkill County."¶ He said the hospital employs about 1,500 people with an average salary of $46,000. He also said the hospital contributes about $156 million to the local economy and more than $235 million to the state economy with its services.¶ During the meeting, state Sen. David Argall, R-29, said that he had been contacted by several hospital representatives concerned about the primarily budget. He said that the issue wasn't only health care, but also the 600,000 hospital jobs in the state.

### State Budget Defense – Taxes Solve 2NC

#### States will just raise taxes—solving the advantage:

Kevin Drum, 3/24/11 (staff writer, Mother Jones, 3/24/11, " Stimulus vs. Anti-Stimulus ", ht<tp://motherjones.com/kevin-dr>um/2011/03/stimulus-vs-anti-stimulus)

Federal spending cuts shrink the federal budget deficit and constitute a negative shock to aggregate demand. States have to balance their budgets, so the alternative to a lower level of spending would be a higher level of taxes. In [aggregate demand] terms, it's basically going to be a wash either way. It's the failure of congress to enact some kind of state/local bailout appropriation that's forcing the anti-stimulative state level stuff.

### Heg Defense – Education Not Key 2NC

**Equitable education is not key to competitiveness– education does not decrease poverty or improve the quality of jobs**

**Bernstein ‘7**

(Jared Bernstein, April 22, 2007 a former deputy chief economist for the U.S. Labor Department, is a senior economist at the Economic Policy Institute, “Is Education the Cure for Poverty?” The American Prospect, http://www.prospect.org/cs/ articles?article=is\_education\_ the\_cure\_for\_poverty)

SKILL DEMANDS FOR THE WORKING POOR **Education is a supply-side policy; it improves the quality of workers, not the quality or the quantity of jobs. A danger of overreliance on education in the poverty debate is that skilled workers end up all dressed up with nowhere nice to go. Some economists contend that faster rates of technological advance require ever more highly skilled workers, and that demand shifts lead to low wages for the low skilled.** But our work at the Economic Policy Institute suggests that while technological changes have always been an important factor in the labor market**, the rate of change now is no greater than in the recent past.** Technological change is one of the reasons we've doubled the share of college grads but continued to see their unemployment rates in the 2 percent range -- we produce and absorb a lot of college grads. Our economy, however, is still very much structured to produce lots of low-wage jobs**. In fact, according to the occupational projections by the Bureau of Labor Statistics, the low-wage sector of our economy will be the source of much job growth over the next decade.** The American economy will continue to employ significant numbers of retail salespersons, waiters and waitresses, food-prep workers, home health aides, maids and housekeepers, etc. **Of the 30 occupations adding the most jobs to our economy, those requiring the least training make up half of the total. The question, thus, is not whether jobs for those with only high-school degrees or even some college will exist or be plentiful in our future** (they almost certainly will be); **the question is whether the quality of these jobs will help reduce or reinforce working poverty.** In our most recent version of "The State of Working America," we borrow a technique from economists Sheldon Danziger and Peter Gottschalk for analyzing the roles played by multiple determinants of poverty. **Their method parses out the roles of race, family structure, economic growth, and inequality, and we add the role of education.** As the chart on the right shows, family poverty rates did not fall much between 1969 and 2000, because major factors were offsetting one another. **Improved education lowered family poverty by almost 4 percentage points, a considerable effect. But economic growth and inequality had considerably larger effects.** Growth in the overall economy lowered poverty rates by 5.7 points, while inequality raised it by 5.1 points. Family structure added 3 points to family poverty rates over these years, and race added 1 point. Decompositions of this type are far from definitive; they tend to hold one factor constant and see how things change, then do the same for another factor, etc. But in this case, the results are demonstrative of the main point regarding education in the poverty debate: It's an important part of the story, but it's not the whole story, or even the most important part.

**Investing more money in education won’t solve hegemony**

**McKenna ‘6**

(Daniel Mitchell McKenna (Senior Fellow in Political Economy), 2006: “Competitiveness Means Less Government, Not More”. http://www.heritage.org/research/budget/bg1929.cfm, accessed 7-11-09, AS)

**A key finding is that America does well in overall rankings, but certain reforms could improve com­petitiveness. For instance, America’s corporate tax rate is very high by global standards, and reducing it would improve U.S. competitiveness and boost economic performance.** America is also one of the few nations that double-taxes corporate income earned in other nations, thus exacerbating the damage caused by high marginal tax rates.¶ **Another conclusion is that the White House is correct to link competitiveness and education, but the assumption that more tax dollars will boost educational performance is dubious, particularly considering the federal government’s poor track record**.Instead of focusing on the amount of money expended, policymakers should turn their attention to how the money is spent. **America spends more per pupil than almost any other nation, yet educational outcomes are mediocre at best. Educational choice is a much better way to boost performance, though state and local govern­ments rather than politicians in Washington should be the ones to liberalize the system.**

### Heg Defense – No Impact 2NC

#### Predictions underestimate locking mechanisms to heg

NORRLOF ’10 - an Associate Professor in the Department of Political Science at the University of Toronto (Carla, “ America’s Global Advantage US Hegemony and International Cooperation” p. 1-2)

We have seen erroneous predictions of American decline before. In the 1970s, the combination of high inflation, high interest rates, high unemployment, the Vietnam War, political and military challenges from China and the Soviet Union, and the economic rise of Japan led to eerily similar forecasts. Pessimists then, as today, underestimated the longevity of American power. The main reason the United States has continued to occupy a unique place in the international system is because a sufficient number of major and lesser powers have a strong interest in maintaining America at the top of the hierarchy. To bring America down would take a deliberate, coordinated strategy on the part of others and this is simply not plausible. As much as the United States benefits from the space it has carved out for itself in the current world order, its ability to reap unequal gains will remain unless and until allies start to incur heavy losses under American dominance. Even that, by itself, will not be sufficient to sink American hegemony. A strong alternative to American rule will have to come into view for things to fundamentally change. At present, no credible alternative is in sight. The United States is not invincible but its dominance is currently steady. Those who are inclined to think that American hegemony will persist – at least for a while – tend to dwell on the claim that the United States is providing a range of public goods to the benefit of all at its own expense. This is a chimera. The United States is self-interested, not altruistic. The illusion of benevolence has meant that very little attention has been given to uncovering the mechanism through which the United States gains disproportionately from supplying a large open market, the world’s reserve currency, and a military machine capable of stoking or foiling deadly disputes. This book exposes the mechanism through which the United States reaps unequal gains and shows that the current world system, and the distribution of power that supports it, has built-in stabilizers that strengthen American power following bouts of decline. Although all dominant powers must eventually decline, I will show that the downward progression need not be linear when mutually reinforcing tendencies across various power dimensions are at play. Specifically, I will demonstrate how the United States’ reserve currency status produces disproportionate commercial gains; how commercial power gives added flexibility in monetary affairs; and, finally, how military preponderance creates advantages in both monetary and trade affairs.

#### Even if the US declines, liberal international norms will survive - solves the impact

IKENBERRY 11 – (May/June issue of Foreign Affairs, G. John, PhD, Albert G. Milbank Professor of Politics and International Affairs at Princeton University in the Department of Politics and the Woodrow Wilson School of Public and International Affairs, “The Future of the Liberal World Order,” http://www.foreignaffairs.com/

articles/67730/g-john-ikenberry/the-future-of-the-liberal-world-order?page=show)

For all these reasons, many observers have concluded that world politics is experiencing not just a changing of the guard but also a transition in the ideas and principles that underlie the global order. The journalist Gideon Rachman, for example, says that a cluster of liberal internationalist ideas -- such as faith in democratization, confidence in free markets, and the acceptability of U.S. military power -- are all being called into question. According to this worldview, the future of international order will be shaped above all by China, which will use its growing power and wealth to push world politics in an illiberal direction. Pointing out that China and other non-Western states have weathered the recent financial crisis better than their Western counterparts, pessimists argue that an authoritarian capitalist alternative to Western neoliberal ideas has already emerged. According to the scholar Stefan Halper, emerging-market states "are learning to combine market economics with traditional autocratic or semiautocratic politics in a process that signals an intellectual rejection of the Western economic model." Today's international order is not really American or Western--even if it initially appeared that way. But this panicked narrative misses a deeper reality: although the United States' position in the global system is changing, the liberal international order is alive and well. The struggle over international order today is not about fundamental principles. China and other emerging great powers do not want to contest the basic rules and principles of the liberal international order; they wish to gain more authority and leadership within it. Indeed, today's power transition represents not the defeat of the liberal order but its ultimate ascendance. Brazil, China, and India have all become more prosperous and capable by operating inside the existing international order -- benefiting from its rules, practices, and institutions, including the World Trade Organization (WTO) and the newly organized G-20. Their economic success and growing influence are tied to the liberal internationalist organization of world politics, and they have deep interests in preserving that system. In the meantime, alternatives to an open and rule-based order have yet to crystallize. Even though the last decade has brought remarkable upheavals in the global system -- the emergence of new powers, bitter disputes among Western allies over the United States' unipolar ambitions, and a global financial crisis and recession -- the liberal international order has no competitors. On the contrary, the rise of non-Western powers and the growth of economic and security interdependence are creating new constituencies for it. To be sure, as wealth and power become less concentrated in the United States' hands, the country will be less able to shape world politics. But the underlying foundations of the liberal international order will survive and thrive. Indeed, now may be the best time for the United States and its democratic partners to update the liberal order for a new era, ensuring that it continues to provide the benefits of security and prosperity that it has provided since the middle of the twentieth century.

### Bioterror Defense – 2NC

#### Weather blocks and solves death toll

LAQUER 99 (Walter, Cochair of the International Research Council at The Center for Strategic and International Studies, “The New Terrorism”)

Ironically, the major factor retarding the use of gases and germs by states and terrorists is no the revulsion or moral constraints but technical difficulties. “Ideal” conditions for an attack seldom if ever exist, and the possibility of things going wrong is almost unlimited, aerosols may nor function, the wind may blow in the wrong direction, missiles carrying a deadly load may land in the wrong place or neutralize the germs on impact. In the course of time these technical difficulties may be overcome, but it is still very likely that roughly nine out of ten of the early attempts by terrorists to wage chemical or biological warfare will fail. But they will not pass unnoticed; the authorities and the public will be alerted, and the element of surprise lost. The search for perpetrators may begin even before the first successful attack. And what has just been said with regard to terrorists may also be to state terrorism.

#### Retaliation is wrong

Schmitt and Shanker ’11 ( BY ERIC SCHMITT, THOMAS SHANKER | SEPTEMBER 6, 2011 Eric Schmitt is a terrorism and national security correspondent for the New York Times. Thomas Shanker is a Pentagon and national security correspondent for the Times.

3. The Threat to Bomb Mecca As fears of a second attack mounted following the 9/11 strikes, U.S. government planners frantically cast about for strategies to protect the country. Even the most far-fetched ideas had a hearing, however briefly. In one case, some government planners proposed that if al Qaeda appeared ready to attack America again, the United States should publicly threaten to bomb the city of Mecca in Saudi Arabia, the holiest site in all of Islam, in retaliation. "Just nuts!" one Pentagon aide wrote to himself when he heard the proposal. The idea was quickly and permanently shelved.

#### **BioTerrorism Fails Multiple Reasons**

MHA, Missouri Hospital Association, No Date (probably around 2011)

(MHA, 7-13-12<http://web.mhanet.com/aspx/articles.aspx?navid=18&pnavid=&articleid=92,> Chemical Funding Awareness Training”. bcd)

The 1990s saw an increased use in chemical weapons both on the battlefield and in terrorist attacks. Iraq used chemical weapons against Iranian soldiers in the 1990s during the Iran/Iraq war and they also used them against their own Kurdish population. The Kurds were a minority group and mustard agents were used in vast amounts against their towns and villages, causing serious casualties. Terrorist also use sarin, a nerve agent designed by the Germans in World War II, in Tokyo. The attack caused 12 fatalities, but sent 6,000 people to the hospital. ¶ Today we recognize five levels of risk from terrorist in conjunction with chemical weapons. The first level of risk is a threat of use with no real capabilities. The second risk is unsuccessful attempts to acquire chemical weapons. The third risk is actual possession of chemical weapons. The fourth is the unsuccessful attempt to use them and the fifth and of course the most dangerous is the successful attempt to use chemical weapons against civilian populations. ¶ ¶ What you may be asking is why haven't we seen more use of chemical weapons by terrorist groups? There are several reasons. One reason is groups seeking political legitimacy may fear a severe backlash. Stated policy of the U.S. government indicates that any attack against U.S. targets, civilian or military using chemical weapons will be met with extraordinarily strong response. Governments may be unlikely to provide terrorist groups access to chemical weapons if they fear a severe retaliatory strike from the victims. Additionally, bombs are very inexpensive and have provided great shock value and carnage for media coverage. The Madrid bombings are an excellent example of the affect that even relatively small explosive devices can have on a country. The most likely reason is uncertainty. Chemical weapons are never guaranteed to work effectively. That was shown in the First World War where even though large quantities were used, they never were decisive. ¶

#### **Chemical Weapon Impact Small No Longer Called WMD**

Hargiel, Chemical Weapons Expert, November 2001

(Gert, 7-13-12, <http://www.wagingpeace.org/articles/2001/11/00_harigel_cbw.htm>, “Chemical and Biological Weapons: Use in Warfare, Impact on Society and Environment” .bcd)

The term "Weapons of Mass Destruction" (WMD), used to encompass nuclear (NW), biological (BW), and chemical weapons (CW), is misleading, politically dangerous, and cannot be justified on grounds of military efficiency. This had been pointed out previously by the author [1] and discussed in considerable detail in ref. [2]. Whereas protection with various degrees of efficiency is possible against chemical and biological weapons, however inconvenient it might be for military forces on the battlefield and for civilians at home, it is not feasible at all against nuclear weapons. Chemical weapons have shown to be largely ineffective in warfare, biological weapons have never been deployed on any significant scale. Both types should be better designated as weapons of terror against civilians and weapons of intimidation for soldiers. Requirements on their transport system differ vastly from those for nuclear warheads. They are able to cause considerable anxiety, panic, and psychosis without borders within large parts of the population. Stockpiling of biological weapons is not possible over a long time scale [3, 4]. Only nuclear weapons are completely indiscriminate by their explosive power, heat radiation and radioactivity, and only they should therefore be called a weapon of mass destruction.¶ However, if one wants to maintain the term "Weapons of Mass Destruction (WMD)", it is a defendable view to exclude chemical and biological weapons, but put together with nuclear weapons all those that actually has killed millions of people in civil wars since World War II. These are mainly assault rifles, like AK47s, handguns, and land mines, to a lesser extent mortars, fragmentation bombs, and hand grenades

### Enviro Addon Defense – 2NC

#### No impact to the environment

Easterbrook 95 (Gregg, Distinguished Fellow @ The Fullbright Foundation and Reuters Columnist, “A Moment on Earth,” p. 25)

In the aftermath of events such as Love Canal or the Exxon Valdez oil spill, every reference to the environment is prefaced with the adjective "fragile." "Fragile environment" has become a welded phrase of the modern lexicon, like "aging hippie" or "fugitive financier." But the notion of a fragile environment is profoundly wrong. Individual animals, plants, and people are distressingly fragile. The environment that contains them is close to indestructible. The living environment of Earth has survived ice ages; bombardments of cosmic radiation more deadly than atomic fallout; solar radiation more powerful than the worst-case projection for ozone depletion; thousand-year periods of intense volcanism releasing global air pollution far worse than that made by any factory; reversals of the planet's magnetic poles; the rearrangement of continents; transformation of plains into mountain ranges and of seas into plains; fluctuations of ocean currents and the jet stream; 300-foot vacillations in sea levels; shortening and lengthening of the seasons caused by shifts in the planetary axis; collisions of asteroids and comets bearing far more force than man's nuclear arsenals; and the years without summer that followed these impacts. Yet hearts beat on, and petals unfold still. Were the environment fragile it would have expired many eons before the advent of the industrial affronts of the dreaming ape. Human assaults on the environment, though mischievous, are pinpricks compared to forces of the magnitude nature is accustomed to resisting.

#### Status quo solves

Berg 8 (Chris, Columnist – The Age, “Isn't All This Talk of an Apocalypse Getting a Bit Boring?”, The Age, 1-27,

http://www.theage.com.au/news/opinion/isnt-all-this-talk-of-an-apocalypse-getting-a-bit-boring/2008/01/26/12011 57736917.html)

But there are substantial grounds for optimism — on almost every measure, the state of the world is improving. Pollution is no longer the threat it was seen to be in the 1970s, at least in the developed world. Changes in technology, combined with our greater demand for a clean environment, have virtually eliminated concerns about pungent waterways and dirty forests. Legislation played some role in this, but as Indur Goklany points out in his recent study, The Improving State of the World, the environment started getting better long before such laws were passed. Goklany reveals that strong economies, not environment ministers, are the most effective enforcers of cleanliness in our air and water. Indeed, the world's 10 most polluted places are in countries where strong economic growth has historically been absent — Russia, China, India and Kyrgyzstan have not really been known for their thriving consumer capitalism. Other indices, too, show that humanity's future is likely to be bright. Infant mortality has dramatically declined, as has malnutrition, illiteracy, and even global poverty. And there are good grounds for hope that we can adapt to changing climates as well. History has shown just how capable we are of inventing and adapting our way out of any sticky situation — and how we can do it without crippling our economies or imposing brutal social controls. Environmental alarmists have become more and more like those apocalyptic preachers common in the 19th century — always expecting the Rapture on this date and, when it doesn't come, quickly revising their calculations. Optimism is in too short supply in discussions about the environment. But four decades after The Population Bomb, if we remember just how wrong visions of the apocalypse have been in the past, perhaps we will look to the future more cheerfully.

#### Redundancy and adaptation check

Doremus ‘00 (Holly, Professor of Law – UC Davis, Washington & Lee Law Review, "The Rhetoric and Reality of Nature Protection: Toward a New Discourse," 57 Wash & Lee L. Rev. 11, Winter, Lexis)

Notwithstanding its attractions, the material discourse in general, and the ecological horror story in particular, are not likely to generate policies that will satisfy nature lovers. The ecological horror story implies that there is no reason to protect nature until catastrophe looms. The Ehrlichs' rivet-popper account, for example, presents species simply as the (fungible) hardware holding together the ecosystem. If we could be reasonably certain that a particular rivet was not needed to prevent a crash, the rivet-popper story suggests that we would lose very little by pulling it out. Many environmentalists, though, would disagree. n212 Reluctant to concede such losses, tellers of the ecological horror story highlight how close a catastrophe might be, and how little we know about what actions might trigger one. But the apocalyptic vision is less credible today than it seemed in the 1970s. Although it is clear that the earth is experiencing a mass wave of extinctions, n213 the complete elimination of life on earth seems unlikely. n214 Life is remarkably robust. Nor is human extinction probable any time soon. Homo sapiens is adaptable to nearly any environment. Even if the world of the future includes far fewer species, it likely will hold people. n215 One response to this credibility problem tones the story down a bit, arguing not that humans will go extinct but that ecological disruption will bring economies, and consequently civilizations, to their knees. n216 But this too may be overstating the case. Most ecosystem functions are performed by multiple species. This functional redundancy means that a high proportion of species can be lost without precipitating a collapse. n217

## \*\*\*Growth Advantage

### Growth – 1NC

#### Economy increasing as elections approach

Menza, news writer, July 12,2012

(Justin, CNBC, <http://www.cnbc.com/id/48162062>, US Economy Will Rebound in Second Half: Paulsen)SQR

When the U.S. exits the current economic soft patch in the second half of the year, markets should benefit, James Paulsen, CIO at Wells Capital Management, told CNBC’s “Squawk Box” on Thursday.¶ “I think in the next couple of months it's a race between ‘is the earnings news bad enough’ or will we start to see signs the soft patch in the United States is ending and we're bouncing,” Paulsen said. “If that happens I don't think we'll care about earnings in the last quarter. We'll care about where we're going.”¶ But if the economic data remains soft, Paulsen conceded “earnings season bad news will take on more significance.”¶ Paulsen expects an economic revival. Now that the drags of higher gasoline prices and mortgages rates are falling away, “we should grow closer to a pace of 3 percent in the second half,” he said. The economy grew 2 percent in the first half, he noted. (Related: U.S. Economic Growth Slowing: Buffett).¶ He also said this recovery is like the last two. “It’s rolling out much slower, but each time in the last two recoveries it took three years before we decided that we are in recovery,” he said. “Year four of the economic cycle things started to gear, confidence finally went up, the job market finally came to life. I think that’s exactly what’s happening here.”¶ Global policymakers should also succeed in bolstering the worldwide economy. “This is the first time in this recovery that you have almost every policy official around the globe easing,” he said. “I think they’re going to get better growth and higher markets.”

#### Turn – the plan causes outsourcing and wage deflation, which kills the economy

PRESTOWITZ ’11 - president of the Economic Strategy Institute and writes on the global economy for FP (Clyde, “Where the jobs went”. July 11. http://prestowitz.foreignpolicy.com/posts/2011/07/11/where\_the\_jobs\_went)

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

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

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

Until our economists and officials begin to wrestle with the need for the United States not only to stimulate its economy but to do so in ways that will lay the basis for America to increase its wealth-producing capacity and pay its way, they are likely to find themselves in a continuous state of shock.

#### No impact- econ decline doesn’t cause war

Barnett ‘9(Thomas P.M. Barnett, senior managing director of Enterra Solutions LLC, “The New Rules: Security Remains Stable Amid Financial Crisis,” 8/25/2009)

When the global financial crisis struck roughly a year ago, the blogosphere was ablaze with all sorts of scary predictions of, and commentary regarding, ensuing conflict and wars -- a rerun of the Great Depression leading to world war, as it were. Now, as global economic news brightens and recovery -- surprisingly led by China and emerging markets -- is the talk of the day, it's interesting to look back over the past year and realize how globalization's first **truly worldwide** recession has had virtually no impact whatsoever on **the** international security **landscape**. None of the more than three-dozen ongoing conflicts listed by GlobalSecurity.org can be clearly attributed to the global recession. Indeed, the last new entry (civil conflict between Hamas and Fatah in the Palestine) predates the economic crisis by a year, and three quarters of the chronic struggles began in the last century. Ditto for the 15 low-intensity conflicts listed by Wikipedia (where the latest entry is the Mexican "drug war" begun in 2006). Certainly, the Russia-Georgia conflict last August was specifically timed, but by most accounts the opening ceremony of the Beijing Olympics was the most important external trigger (followed by the U.S. presidential campaign) for that sudden spike in an almost two-decade long struggle between Georgia and its two breakaway regions. Looking over the various databases, then, we see a most familiar picture: the usual mix of civil conflicts, insurgencies, and liberation-themed terrorist movements. Besides the recent Russia-Georgia dust-up, the only two potential state-on-state wars (North v. South Korea, Israel v. Iran) are both tied to one side acquiring a nuclear weapon capacity -- a process wholly unrelated to global economic trends. And with the United States effectively tied down by its two ongoing major interventions (Iraq and Afghanistan-bleeding-into-Pakistan), our involvement elsewhere around the planet has been quite modest, both leading up to and following the onset of the economic crisis: e.g., the usual counter-drug efforts in Latin America, the usual military exercises with allies across Asia, mixing it up with pirates off Somalia's coast). Everywhere else we find serious instability we pretty much let it burn, occasionally pressing the Chinese -- unsuccessfully -- to do something. Our new Africa Command, for example, hasn't led us to anything beyond advising and training local forces. So, to sum up: \* No significant uptick in mass violence or unrest (remember the smattering of urban riots last year in places like Greece, Moldova and Latvia?); \* The usual frequency maintained in civil conflicts (in all the usual places); \* Not a single state-on-state war directly caused (and no great-power-on-great-power crises even triggered); \* No great improvement or disruption in great-power cooperation regarding the emergence of new nuclear powers (despite all that diplomacy); \* A modest scaling back of international policing efforts by the system's acknowledged Leviathan power (inevitable given the strain); and \* No serious efforts by any rising great power to challenge that Leviathan or supplant its role. (The worst things we can cite are Moscow's occasional deployments of strategic assets to the Western hemisphere and its weak efforts to outbid the United States on basing rights in Kyrgyzstan; but the best include China and India stepping up their aid and investments in Afghanistan and Iraq.) Sure, we've finally seen global defense spending surpass the previous world record set in the late 1980s, but even that's likely to wane given the stress on public budgets created by all this unprecedented "stimulus" spending. If anything, the friendly cooperation on such stimulus packaging was the most notable great-power dynamic caused by the crisis. Can we say that the world has suffered a distinct shift to political radicalism as a result of the economic crisis? Indeed, no. The world's major economies remain governed by center-left or center-right political factions that remain decidedly friendly to both markets and trade. In the short run, there were attempts across the board to insulate economies from immediate damage (in effect, as much protectionism as allowed under current trade rules), but there was no great slide into "trade wars." Instead, the World Trade Organization is functioning as it was designed to function, and regional efforts toward free-trade agreements have not slowed. Can we say Islamic radicalism was inflamed by the economic crisis? If it was, that shift was clearly overwhelmed by the Islamic world's growing disenchantment with the brutality displayed by violent extremist groups such as al-Qaida. And looking forward, austere economic times are just as likely to breed connecting evangelicalism as disconnecting fundamentalism. At the end of the day, the economic crisis did not prove to be sufficiently frightening to provoke major economies into establishing global regulatory schemes, even as it has sparked a spirited -- and much needed, as I argued last week -- discussion of the continuing viability of the U.S. dollar as the world's primary reserve currency. Naturally, plenty of experts and pundits have attached great significance to this debate, seeing in it the beginning of "economic warfare" and the like between "fading" America and "rising" China. And yet, in a world of globally integrated production chains and interconnected financial markets, such "diverging interests" hardly constitute signposts for wars up ahead. Frankly, I don't welcome a world in which America's fiscal profligacy goes undisciplined, so bring it on -- please! Add it all up and it's fair to say that this global financial crisis has proven the great resilience of America's post-World War II international liberal trade order.

#### Trade does not solve war—there’s no correlation between trade and peace

MARTIN et al ‘8 (Phillipe, University of Paris 1 Pantheon—Sorbonne, Paris School of Economics, and Centre for Economic Policy Research; Thierry MAYER, University of Paris 1 Pantheon—Sorbonne, Paris School of Economics, CEPII, and Centre for Economic Policy Research, Mathias THOENIG, University of Geneva and Paris School of Economics, The Review of Economic Studies 75)

Does globalization pacify international relations? The “liberal” view in political science argues that increasing trade flows and the spread of free markets and democracy should limit the incentive to use military force in interstate relations. This vision, which can partly be traced back to Kant’s Essay on Perpetual Peace (1795), has been very influential: The main objective of the European trade integration process was to prevent the killing and destruction of the two World Wars from ever happening again.1 Figure 1 suggests2 however, that during the 1870–2001 period, the correlation between trade openness and military conflicts is not a clear cut one. The first era of globalization, at the end of the 19th century, was a period of rising trade openness and multiple military conflicts, culminating with World War I. Then, the interwar period was characterized by a simultaneous collapse of world trade and conflicts. After World War II, world trade increased rapidly, while the number of conflicts decreased (although the risk of a global conflict was obviously high). There is no clear evidence that the 1990s, during which trade flows increased dramatically, was a period of lower prevalence of military conflicts, even taking into account the increase in the number of sovereign states.

#### Relations with China are resilient

**Dongxiao 12** – Vice President of Shanghai Institutes for International Studies (Chen, 01/05, “China-US Relations in 2012: Caution Ahead,” http://chinausfocus.com/slider/no-reason-for-chagrin-over-china-us-relations-but-cautious-management-needed-in-2012/)

The year of 2011 brought many unexpected, globally altering events. This year, non-stop crises and sea changes in the international arena; chaos and revolution in the Middle East and West Africa; catastrophic Tsunami and nuclear-leak crisis in Fukushima; paralysis of leadership of EU confronting the evolving debt predicament in Euro-Zone; and the sudden death of Kim Jong-il and its unpredictable repercussions on the Korean Peninsula and Northeast Asia were just a few of the tumultuous events that led global economic and political instability this year. Bilateral relations between China and the US, in contrast have been relatively stable, and increasingly positive. Three driving forces have contributed to the improvement in US-China relations in 2011: mutual commitment, multi-function mechanisms, and increasing interdependence. Beijing and Washington both stressed their commitment to building a cooperative partnership based on mutual respect and mutual benefit following a rocky year of bilateral relations in 2010. Both sides have stressed that the relationship between China and the United States should be cooperative and mutually beneficial rather than zero-sum, and that the two sides should **stand together in the face of difficulty** and carry out cooperation on an equal footing. The mutual commitment between China and the US has been bolstered by an increasing number of bilateral mechanisms with policy communication, coordination, and implementation functions (“C2I”). 2011 has seen of the growth of “C2I” mechanisms intensify. with a number of new initiatives, including High-level Consultation on People-to-People Exchanges, the US-China Governors Forum, and the Strategic Security Dialogue and Asia-Pacific Affairs Consultation under the framework of Strategic and Economic Dialogue (S&ED). While the former two initiatives have either reflected thriving interaction in cross-cultural domains or tapped the huge potential of sub-national cooperation across the Pacific, the latter two mechanisms have greatly upgraded capacity to address difficult and sensitive military and security issues in bilateral relations n and build confidence in US-China relations. The **60 plus** bilateral mechanisms, plus frequent exchanges of informal visits and workshops between senior officials have built an **impressive level of institutionalization** in US-China bilateral relations that has enhanced the predictability of relations between the two countries and helped consolidate the foundation of the relations. The substance of the bilateral relationship, in essence, is not to follow the two presidents’ agreements in words, but to follow the roadmap in action, and those bilateral mechanisms have built significant capacity to do this. Thirdly and perhaps most fundamentally, the growing interdependence across the Pacific and emerging agenda of global governance has served as the “ballast” in the bilateral relationship. Despite numerous trade disputes between the two countries, economic interdependence has been steadily enhanced, manifested either by the hike of bilateral trade and investment volume, symbiotic financial relations, or the economic restructuring now underway in both countries. This interdependence has transcended economics, and is growing increasingly comprehensive in nature.

#### Economic nationalism is inevitable – makes economic cooperation impossible

GOLDSTONE ‘7 - PhD candidate in the Department of Political Science and a member of the Security Studies Program at the Massachusetts Institute of Technology. He is a non-resident research fellow at the Center for Peace and Security Studies, Georgetown University (P.R.,”Does Globalization Bring War or Peace?”. September 25. http://www.alternet.org/audits/62848/?page=entire)

American policymakers should beware claims of globalization's axiomatic pacifying effects. Trade creates vested interests in peace, but these interests affect policy only to the extent they wield political clout. In many of the states whose behavior we most wish to alter, such sectors -- internationalist, export-oriented, reliant on global markets -- lack a privileged place at the political table. Until and unless these groups gain a greater voice within their own political system, attempts to rely on the presumed constraining effects of global trade carry substantially greater risk than commonly thought.

A few examples tell much. Quasi-democratic Russia is a state whose principal exposure to global markets lies in oil, a commodity whose considerable strategic coercive power the Putin regime freely invokes. The oil sector has effectively merged with the state, making Russia's deepening ties to the global economy a would-be weapon rather than an avenue of restraint. Russian economic liberalization without political liberalization is unlikely to pay the strong cooperative dividends many expect.

China will prove perhaps the ultimate test of the Pax Mercatoria. The increasing international Chinese presence in the oil and raw materials extraction sectors would seem to bode ill, given such sectors' consistent history elsewhere of urging state use of threats and force to secure these interests. Much will come down to the relative political influence of export-oriented sectors heavily reliant on foreign direct investment and easy access to the vast Western market versus the political power of their sectoral opposites: uncompetitive state-owned enterprises, energy and mineral complexes with important holdings in the global periphery, and a Chinese military that increasingly has become a de facto multi-sectoral economic-industrial conglomerate. Actions to bolster the former groups at the expense of the latter would be effort well spent.

At home, as even advanced sectors feel the competitive pressures of globalization, public support for internationalism and global engagement will face severe challenges. As more sectors undergo structural transformation, the natural coalitional constituency for committed global activist policy will erode; containing the gathering backlash will require considerable leadership.

Trade can indeed be a palliative; too often, however, we seem to think of economic interdependence as a panacea; the danger is that in particular instances it may prove no more than a placebo.

#### Flawed studies - warming’s not a threat and not anthropogenic

Leake 10 (Jonathan, Times Online, Citing John Christy of the UA Huntsville, a former author for the IPCC, “World may not be warming, say scientists,” 2-14, <http://www.timesonline.co.uk/tol/news/environment/article7026317.ece?print=yes&randnum=1269060067737>)

The United Nations climate panel faces a new challenge with scientists casting doubt on its claim that global temperatures are rising inexorably because of human pollution. In its last assessment the Intergovernmental Panel on Climate Change (IPCC) said the evidence that the world was warming was “unequivocal”. It warned that greenhouse gases had already heated the world by 0.7C and that there could be 5C-6C more warming by 2100, with devastating impacts on humanity and wildlife. However, new research, including work by British scientists, is casting doubt on such claims. Some even suggest the world may not be warming much at all. “The temperature records cannot be relied on as indicators of global change,” said John Christy, professor of atmospheric science at the University of Alabama in Huntsville, a former lead author on the IPCC. The doubts of Christy and a number of other researchers focus on the thousands of weather stations around the world, which have been used to collect temperature data over the past 150 years. These stations, they believe, have been seriously compromised by factors such as urbanisation, changes in land use and, in many cases, being moved from site to site. Christy has published research papers looking at these effects in three different regions: east Africa, and the American states of California and Alabama. “The story is the same for each one,” he said. “The popular data sets show a lot of warming but the apparent temperature rise was actually caused by local factors affecting the weather stations, such as land development.” The IPCC faces similar criticisms from Ross McKitrick, professor of economics at the University of Guelph, Canada, who was invited by the panel to review its last report. The experience turned him into a strong critic and he has since published a research paper questioning its methods. “We concluded, with overwhelming statistical significance, that the IPCC’s climate data are contaminated with surface effects from industrialisation and data quality problems. These add up to a large warming bias,” he said. Such warnings are supported by a study of US weather stations co-written by Anthony Watts, an American meteorologist and climate change sceptic. His study, which has not been peer reviewed, is illustrated with photographs of weather stations in locations where their readings are distorted by heat-generating equipment. Some are next to air- conditioning units or are on waste treatment plants. One of the most infamous shows a weather station next to a waste incinerator. Watts has also found examples overseas, such as the weather station at Rome airport, which catches the hot exhaust fumes emitted by taxiing jets. In Britain, a weather station at Manchester airport was built when the surrounding land was mainly fields but is now surrounded by heat-generating buildings. Terry Mills, professor of applied statistics and econometrics at Loughborough University, looked at the same data as the IPCC. He found that the warming trend it reported over the past 30 years or so was just as likely to be due to random fluctuations as to the impacts of greenhouse gases. Mills’s findings are to be published in Climatic Change, an environmental journal. “The earth has gone through warming spells like these at least twice before in the last 1,000 years,” he said.

### Econ Defense – Uniqueness 2NC

#### Unemployment levels continue to drop due to auto industry

Associated Press, news agency, July 12, 2012

(Associated Press,7-10-2012, <http://www.washingtonpost.com/business/economy/us-unemployment-benefit-applications-fall-to-350000-lowest-in-4-years-drop-may-be-temporary/2012/07/12/gJQA3GODfW_story.html>, US unemployment benefit applications fall to 350,000, lowest in 4 years; drop may be temporary) SQR

The number of people seeking U.S. unemployment benefits plunged last week. But a big reason is that automakers have skipped some of their usual summer shutdowns to keep up with demand, causing fewer temporary auto layoffs.

### Econ Offense – Plan Hurts Econ 2NC

#### IBank Would create Jobs in Asia, not the US

Prestowitz 11

(Clyde, Clyde Prestowitz is founder and President of the Economic Strategy Institute. His leadership has propelled ESI into an important role in the public policy process, influencing and often defining the terms of the debate in the areas of international trade policy, economic competitiveness, and the effects of globalization, 7-11-11, <http://prestowitz.foreignpolicy.com/posts/2011/07/11/where_the_jobs_went>, “Where the jobs went”, WL)

The idea of stimulus incorporated in the standard economic models is that it will create demand for goods and services produced in America and thereby drive investment in new factories and jobs to produce more of those goods and services. The difficulty is that we do not want to stimulate a lot more construction or finance (those were the bubbles that collapsed after all), and greater stimulus to create demand for things we largely import does not drive new investment or creation of new jobs in America. It only increases our debt. What is needed is not just demand in the American economy, but demand that results in domestic production and that does not increase domestic or international debt.¶ Think about this in the wake of the recent New York Times article reporting on the new Oakland Bay Bridge being made in and imported from China. Building infrastructure like bridges is a time-honored way of creating demand in the economy that creates jobs. Indeed, just this past weekend President Obama called for creation of an Infrastructure Bank that would enable a dramatic ratcheting up of U.S. investment in critical infrastructure. It's a good idea and one that I, along with others, have long promoted. But if the decision of the state of California to have the main structural elements of the Oakland Bay Bridge made in China is a harbinger of things to come, then an Infrastructure Bank is likely to create more jobs in Asia than in the United States.¶ No doubt former Governor Arnold Schwarzenegger and his cabinet thought they would save about $400 million on steel by buying the bridge in China because Chinese steel production has been heavily subsidized and China's government manages its yuan to be artificially undervalued versus the dollar. But what they didn't consider was that those subsidies tend to make U.S.-based production uncompetitive and not only put American workers out of jobs but exert downward pressure on wages generally while eroding critical investments in equipment and human skills, reducing state, municipal, and federal tax revenues, and contributing to the shrinkage of the national educational base. No one in California took a look at even the whole state picture, let alone the national picture, to determine whether buying a bridge in China was really going to be a net gain for the state (as it turns out, in the past two years the price of Chinese steel has risen much faster than that of U.S. steel so that even the initially projected savings are unlikely to be realized). Even worse, no one at the federal level of the U.S. government has any responsibility for evaluating the net impact of these kinds of deals or for reducing the leakage of stimulus spending abroad and maximizing the domestic production impact of government spending.

### Econ Defense – US Not Key 2NC

#### China global influence is on rise- NOT United States

Economic Times, business journal, July 2, 2012

(Economic Times Now, 7-2-2012, <http://articles.economictimes.indiatimes.com/2012-07-02/news/32508439_1_joseph-stiglitz-global-economy-china>, China's influence on global economy to increase: Joseph Stiglitz) SQR

Stating that China has both the incentive and the resources to continue pushing growth, US economist, Joseph Stiglitz told ET Now that the Chinese economy's share in global GDP and trade will increase in the coming years.¶ Stiglitz was of the opinion that even though the China's economy may not grow at a high 9-10%, the fundamental change in the global economy will work to increase Chinese influence. He also feels that the influence of the developed nations is decreasing.

#### US power and economic influence is faltering

Switzer, writer for Brisbane Times, July 9, 2012

(Tom, Brisbane Times, 7-9-2012, <http://www.brisbanetimes.com.au/opinion/politics/bald-fact-is-us-power-is-waning-20120708-21p9e.html>, Bald fact is US power is waning) SQR

But among the foreign policy elite the really big problem facing Americans is how their nation is going to keep its flattering but onerous title of No. 1. As the distinguished left-liberal columnist E. J. Dionne has argued: ''American decline is the spectre haunting our politics.''¶ Both presidential candidates insist that their goal is to ensure US pre-eminence in the world.¶ In his State of the Union address this year the President, Barack Obama, declared: ''Anyone who tells you that America is in decline, or that our influence has waned, doesn't know what they're talking about.''¶ Mitt Romney, the presumptive Republican nominee, champions a new ''American century'', an idea coined by Time magazine's founder Henry Luce to describe US global predominance after World War II.¶ In the words of a leading neoconservative commentator Robert Kagan, who has influenced both candidates, the US ''enjoys a unique and unprecedented ability to gain international acceptance of its power.''¶ And yet, every day, Americans read about their country's declining power and influence.¶ The dollar is weak. Debt is of European proportions. Infrastructure is ageing. Economic growth is exceptionally sluggish for a nation that is three years out of a recession.¶ A polarised political system is beholden to special interests. And when it comes to defeating tribal warlords in medieval societies, the US finds itself wrong-footed and outwitted; not so much an eagle as an elephant.¶ Early in his term, President Obama heralded a ''new beginning'' between America and Muslims, yet US popularity has again fallen in the Islamic world. Its ''favourability rating'' in Egypt, Turkey and Pakistan is lower than in 2008, George Bush's last full year in office.¶ But it is not so much that the US is reviled. What is more serious is the loss of credibility and prestige and, consequently, a reduced ability to lead and persuade. Washington's demands and requests are increasingly ignored; by its long-time foes in Tehran and Pyongyang, to its largest aid recipients, Cairo and Jerusalem.¶ Its influence is fading at global summits, too: from the G20, where the Germans reject Obama's loose fiscal policy prescriptions; to climate conferences, where the Chinese chug along the smoky path to prosperity; to security talks, where the Pakistanis refuse to sever ties between their intelligence services and the Taliban.¶ To be sure, even at the height of the Cold War the US did not exert total control over events all across the globe. It could not prevent the Cuban and Iranian revolutions and it suffered defeat in Vietnam, but the US nonetheless exercised enormous influence around the postwar world.¶ Today, moreover, the US remains the world's largest economy, the issuer of its reserve currency, its lone military superpower; and many countries around the world want American protection. With higher immigration and fertility rates than other developed nations, the US is also in a relatively good position to deal with an ageing population.¶ All true. It's just that US power and influence has waned, and will continue to wane in what the American journalist and author Fareed Zakaria calls ''the post-American world''.¶ In recent times, we have witnessed the emergence of new power centres in several key regions. By most accounts, China's economy will become the world's biggest within a decade. And with its military budget rising about 10 per cent per year, Beijing could convert more of its wealth into military assets.¶ As a Harvard University professor of international affairs, Stephen Walt, has pointed out, if China is like all previous great powers, including the US, its definition of vital national interests will grow as its power increases - and it will try to flex its muscle to protect an expanding sphere of influence. A Sino-American security competition could result, with potentially serious consequences for Australia.¶ True, China has its own problems, not least demographic. Still, at some point in the next decade, it will become the No.1 world economy. The emerging powers of India, Turkey and Brazil have also achieved economic growth and political stability and are becoming more assertive in the world.¶ Meanwhile, Americans are increasingly less concerned about foreign policy than at any time since the heyday of isolationism between the world wars. In a polity that is acutely sensitive to public opinion - one that is driven by polls, focus groups and the relentless 24/7 internet and media cycle - this means that foreign policy is severely downgraded in politicians' calculations.¶ This is the strange new world that Americans find themselves in. All their lives they have known their country as the most powerful, most prosperous and economically and culturally the most influential one in the world.¶ For many Americans of different political and ideological persuasions, losing global pre-eminence means losing the country they know and love.

#### US has lost global economic influence to China

Taylor, writer for Business Insider, June 15, 2012 (Adam, Business Insider International, 6-15-2012, <http://www.businessinsider.com/pew-china-economic-power-2012-6>, This Landmark Survey Says America Is NOT The World's Leading Economic Power) SQR

Whatever the reality, China is now generally perceived as the number one economic superpower in the world, according to research released this week from Pew Global.¶ Of course, if we talk about "economic power", it's a (probably deliberately) vague question. By size, China clearly isn't beating the US — the IMF puts its GDP at than half of the US size, and GDP per capita is far lower.¶ If we talk about economic influence, however, the Chinese argument becomes much more complicated, and arguably more pervasive — think of Chinese artificially-controlled yuan, Chinese holdings of US debt, their power over manufacturing sectors.

#### US not key

The Economist 7 (November 23, “America’s Vulnerable Economy”, pg. 13)

The best hope that global growth can stay strong lies instead with emerging economies. A decade ago, the thought that so much depended on these crisis-prone places would have been terrifying. Yet thanks largely to economic reforms, their annual growth rate has surged to around 7%. This year they will contribute half of the globe's GDP growth, measured at market exchange rates, over three times as much as America. In the past, emerging economies have often needed bailing out by the rich world. This time they could be the rescuers. Of course, a recession in America would reduce emerging economies' exports, but they are less vulnerable than they used to be. America's importance as an engine of global growth has been exaggerated. Since 2000 its share of world imports has dropped from 19% to 14%. Its vast current-account deficit has started to shrink, meaning that America is no longer pulling along the rest of the world. Yet growth in emerging economies has quickened, partly thanks to demand at home. In the first half of this year the increase in consumer spending (in actual dollar terms) in China and India added more to global GDP growth than that in America. Most emerging economies are in healthier shape than ever (see article). They are no longer financially dependent on the rest of the world, but have large foreign-exchange reserves—no less than three-quarters of the global total. Though there are some notable exceptions, most of them have small budget deficits (another change from the past), so they can boost spending to offset weaker exports if need be.

### Econ Defense – No Impact 2NC

#### 93 crises prove no war

Miller ‘00 (Morris, Economist, Adjunct Professor in the Faculty of Administration – University of Ottawa, Former Executive Director and Senior Economist – World Bank, “Poverty as a Cause of Wars?”, Interdisciplinary Science Reviews, Winter, p. 273)

The question may be reformulated. **Do wars spring from** a popular reaction to a sudden **economic crisis** that  
exacerbates poverty and growing disparities in wealth and incomes? Perhaps one could argue, as some scholars do, that it is some dramatic event or sequence of such events leading to the exacerbation of poverty that, in turn, leads to this deplorable denouement. This exogenous factor might act as a catalyst for a violent reaction on the part of the people or on the part of the political leadership who would then possibly be tempted to seek a diversion by finding or, if need be, fabricating an enemy and setting in train the process leading to war. According to a study undertaken by Minxin Pei and Ariel Adesnik of the Carnegie Endowment for International Peace, there would not appear to be any merit in this hypothesis. After studying ninety-three episodes of economic crisi**s** in twenty-two countries in Latin America and Asia in the years since the Second World War **they concluded that**:19 Much of **the conventional wisdom** about the political impact of economic crises **may be wrong** ... **The severity of economic crisis** – as measured in terms of inflation and negative growth - **bore** **no relationship** to the collapse of regimes ... (or, in democratic states, rarely) **to an outbreak of violence** ... In the cases of dictatorships and semidemocracies, the ruling elites responded to crises by increasing repression (thereby using one form of violence to abort another).

### Trade Defense – 2NC

#### Trade conflicts won’t escalate

NYE ‘96 (Joseph, Dean of the Kennedy School of Government – Harvard University, Washington Quarterly, Winter)

The low likelihood of direct great power clashes does not mean that there will be no tensions between them. Disagreements are likely to continue over regional conflicts, like those that have arisen over how to deal with the conflict in the former Yugoslavia. Efforts to stop the spread of weapons of mass destruction and means of their delivery are another source of friction, as is the case over Russian and Chinese nuclear cooperation with Iran, which the United States steadfastly opposes. The sharing of burdens and responsibilities for maintaining international security and protecting the natural environment are a further subject of debate among the great powers. Furthermore, in contrast to the views of classical Liberals, increased trade and economic interdependence can increase as well as decrease conflict and competition among trading partners. The main point, however, is that such disagreements are very unlikely to escalate to military conflicts.

#### No US-Sino war

Rosecrance et al 10 (Richard, Political Science Professor @ Cal and Senior Fellow @ Harvard’s Belfer Center and Former Director @ Burkle Center of IR @ UCLA, and Jia Qingguo, PhD Cornell, Professor and Associate Dean of School of International Studies @ Peking University, “Delicately Poised: Are China and the US Heading for Conflict?” Global Asia 4.4, <http://www.globalasia.org/l.php?c=e251>)

Will China and the US Go to War? If one accepts the previous analysis, the answer is “no,” or at least not likely. Why? First, despite its revolutionary past, China has gradually accepted the US-led world order and become a status quo power. It has joined most of the important inter-governmental international organizations. It has subscribed to most of the important international laws and regimes. It has not only accepted the current world order, it has become a strong supporter and defender of it. China has repeatedly argued that the authority of the United Nations and international law should be respected in the handling of international security crises. China has become an ardent advocate of multilateralism in managing international problems. And China has repeatedly defended the principle of free trade in the global effort to fight the current economic crisis, despite efforts by some countries, including the US, to resort to protectionism. To be sure, there are some aspects of the US world order that China does not like and wants to reform. However, it wishes to improve that world order rather than to destroy it. Second, China has clearly rejected the option of territorial expansion. It argues that territorial expansion is both immoral and counterproductive: immoral because it is imperialistic and counterproductive because it does not advance one’s interests. China’s behavior shows that instead of trying to expand its territories, it has been trying to settle its border disputes through negotiation. Through persistent efforts, China has concluded quite a number of border agreements in recent years. As a result, most of its land borders are now clearly drawn and marked under agreements with its neighbors. In addition, China is engaging in negotiations to resolve its remaining border disputes and making arrangements for peaceful settlement of disputed islands and territorial waters. Finally, even on the question of Taiwan, which China believes is an indisputable part of its territory, it has adopted a policy of peaceful reunification. A country that handles territorial issues in such a manner is by no means expansionist. Third, China has relied on trade and investment for national welfare and prestige, instead of military conquest. And like the US, Japan and Germany, China has been very successful in this regard. In fact, so successful that it really sees no other option than to continue on this path to prosperity. Finally, after years of reforms, China increasingly finds itself sharing certain basic values with the US, such as a commitment to the free market, rule of law, human rights and democracy. Of course, there are still significant differences in terms of how China understands and practices these values. However, at a conceptual level, Beijing agrees that these are good values that it should strive to realize in practice. A Different World It is also important to note that certain changes in international relations since the end of World War II have made the peaceful rise of a great power more likely. To begin with, the emergence of nuclear weapons has drastically reduced the usefulness of war as a way to settle great power rivalry. By now, all great powers either have nuclear weapons or are under a nuclear umbrella. If the objective of great power rivalry is to enhance one’s interests or prestige, the sheer destructiveness of nuclear weapons means that these goals can no longer be achieved through military confrontation. Under these circumstances, countries have to find other ways to accommodate each other — something that China and the US have been doing and are likely to continue to do. Also, globalization has made it easier for great powers to increase their national welfare and prestige through international trade and investment rather than territorial expansion. In conducting its foreign relations, the US relied more on trade and investment than territorial expansion during its rise, while Japan and Germany relied almost exclusively on international trade and investment. China, too, has found that its interests are best served by adopting the same approach. Finally, the development of relative pacifism in the industrialized world, and indeed throughout the world since World War II, has discouraged any country from engaging in territorial expansion. There is less and less popular support for using force to address even legitimate concerns on the part of nation states. Against this background, efforts to engage in territorial expansion are likely to rally international resistance and condemnation. Given all this, is the rise of China likely to lead to territorial expansion and war with the US? The answer is no.

### Econ Leadership Defense – 2NC

#### No extinction

**NIPCC 11**. Nongovernmental International Panel on Climate Change. Surviving the unprecedented climate change of the IPCC. 8 March 2011. <http://www.nipccreport.org/articles/2011/mar/8mar2011a5.html>

In a paper published in *Systematics and Biodiversity*, Willis *et al*. (2010) consider the IPCC (2007) "predicted climatic changes for the next century" -- i.e., their contentions that "global temperatures will increase by 2-4°C and possibly beyond, sea levels will rise (~1 m ± 0.5 m), and atmospheric CO2will increase by up to 1000 ppm" -- noting that it is "widely suggested that the magnitude and rate of these changes will result in many plants and animals going extinct," citing studies that suggest that "within the next century, over 35% of some biota will have gone extinct (Thomas *et al*., 2004; Solomon *et al*., 2007) and there will be extensive die-back of the tropical rainforest due to climate change (e.g. Huntingford *et al*., 2008)." On the other hand, they indicate that some biologists and climatologists have pointed out that "many of the predicted increases in climate have happened before, in terms of both magnitude and rate of change (e.g. Royer, 2008; Zachos *et al*., 2008), and yet biotic communities have remained remarkably resilient (Mayle and Power, 2008) and in some cases thrived (Svenning and Condit, 2008)." But they report that those who mention these things are often "placed in the 'climate-change denier' category," although the purpose for pointing out these facts is simply to present "a sound scientific basis for understanding biotic responses to the magnitudes and rates of climate change predicted for the future through using the vast data resource that we can exploit in fossil records." Going on to do just that, Willis *et al*. focus on "intervals in time in the fossil record when atmospheric CO2 concentrations increased up to 1200 ppm, temperatures in mid- to high-latitudes increased by greater than 4°C within 60 years, and sea levels rose by up to 3 m higher than present," describing studies of past biotic responses that indicate "the scale and impact of the magnitude and rate of such climate changes on biodiversity." And what emerges from those studies, as they describe it, "is evidence for rapid community turnover, migrations, development of novel ecosystems and thresholds from one stable ecosystem state to another." And, most importantly in this regard, they report "there is very little evidence for broad-scale extinctions due to a warming world." In concluding, the Norwegian, Swedish and UK researchers say that "based on such evidence we urge some caution in assuming broad-scale extinctions of species will occur due solely to climate changes of the magnitude and rate predicted for the next century," reiterating that "the fossil record indicates remarkable biotic resilience to wide amplitude fluctuations in climate."

#### If it’s real then it’s irreversible - it’s too late to stop the greenhouse effect

Harris 9 (Richard, Science Reporter for National Public Radio, Peabody Award Winner, American Association for the Advancement of Science Journalism Award, “Global Warming Irreversible, Study Says,” January 26th, NPR, http://www.npr.org/templates/story/story.php?storyId=99888903)

Climate change is essentially irreversible, according to a sobering new scientific study. As carbon dioxide emissions continue to rise, the world will experience more and more long-term environmental disruption. The damage will persist even when, and if, emissions are brought under control, says study author Susan Solomon, who is among the world's top climate scientists. "We're used to thinking about pollution problems as things that we can fix," Solomon says. "Smog, we just cut back and everything will be better later. Or haze, you know, it'll go away pretty quickly." That's the case for some of the gases that contribute to climate change, such as methane and nitrous oxide. But as Solomon and colleagues suggest in a new study published in the Proceedings of the National Academy of Sciences, it is not true for the most abundant greenhouse gas: carbon dioxide. Turning off the carbon dioxide emissions won't stop global warming. "People have imagined that if we stopped emitting carbon dioxide that the climate would go back to normal in 100 years or 200 years. What we're showing here is that's not right. It'**s** essentially an irreversible change that will last for more than a thousand years," Solomon says. This is because the oceans are currently soaking up a lot of the planet's excess heat — and a lot of the carbon dioxide put into the air. The carbon dioxide and heat will eventually start coming out of the ocean. And that will take place for many hundreds of years.