## Infrastructure Banks Aff

Infrastructure 1AC 2

Plan 3

Solvency 4

1AC Economy Advantage 8

1AC Competitiveness Advantage 24

1AC Warming 28

2ACs 35

Economy Advantage 36

Investments Key 37

State Budgets 38

Middle Class 39

Competitiveness Advantage 40

Competitiveness- uniqueness 41

Banks Key to Competitiveness 42

Warming Advantage 43

Solvency 45

General 46

People Will Invest 49

Add On: NextGen 51

Topicality Cards 52

Politics 54

Popular – Public 55

Bipartisan Support 56

Lobbies 57

Spending 58

States CP 60

## Infrastructure 1AC

### Plan

#### PLAN: The United States Federal Government should substantially increase transportation infrastructure investment for establishing a national infrastructure bank.

### Solvency

#### A one-time investment into the Infrastructure Bank empirically solves and avoids all turns

LIKOSKY ‘11 – a senior fellow at the Institute for Public Knowledge, New York University (Michael B., July 12, “Banking on the Future”, http://www.nytimes.com/2011/07/13/opinion/13likosky.html)

FOR decades, we have neglected the foundation of our economy while other countries have invested in state-of-the-art water, energy and transportation infrastructure. Our manufacturing base has migrated abroad; our innovation edge may soon follow. If we don’t find a way to build a sound foundation for growth, the American dream will survive only in our heads and history books. But how we will pay for it? Given the fights over the deficit and the debt, it is doubtful that a second, costly stimulus package could gain traction. President Franklin D. Roosevelt faced a similar predicament in the 1930s when the possibility of a double-dip Depression loomed. For this reason, the New Deal’s second wave aggressively pursued public-private partnerships and quasi-public authorities. Roosevelt described the best-known of these enterprises, the Tennessee Valley Authority, as a “corporation clothed with the power of government but possessed of the flexibility and initiative of a private enterprise.” A bipartisan bill introduced by senators including John Kerry, Democrat of Massachusetts, and Kay Bailey Hutchison, Republican of Texas, seeks a similar but modernized solution: it would create an American Infrastructure Financing Authority to move private capital, now sitting on the sidelines in pension, private equity, sovereign and other funds, into much-needed projects. Rather than sell debt to investors and then allocate funds through grants, formulas and earmarks, the authority would get a one-time infusion of federal money ($10 billion in the Senate bill) and then extend targeted loans and limited loan guarantees to projects that need a push to get going but can pay for themselves over time — like a road that collects tolls, an energy plant that collects user fees, or a port that imposes fees on goods entering or leaving the country. The idea of such a bank dates to the mid-1990s. Even then, our growth was hampered by the inadequacy of our infrastructure and a lack of appetite for selling public debt to cover construction costs. Today we find ourselves trapped in a vicious cycle that makes this proposal more urgent than ever. Our degraded infrastructure straitjackets growth. We resist borrowing, fearful of financing pork-barrel projects selected because of political calculations rather than need. While we have channeled capital into wars and debt, our competitors in Asia and Latin America have worked with infrastructure banks to lay a sound foundation for growth. As a result, we must compete not only with their lower labor costs but also with their advanced energy, transportation and information platforms, which are a magnet even for American businesses. A recent survey by the Rockefeller Foundation found that Americans overwhelmingly supported greater private investment in infrastructure. Even so, there is understandable skepticism about public-private partnerships; Wall Street has not re-earned the trust of citizens who saw hard-earned dollars vacuumed out of their retirement accounts and homes. An infrastructure bank would not endanger taxpayer money, because under the Federal Credit Reform Act of 1990, passed after the savings and loan scandal, it would have to meet accounting and reporting requirements and limit government liability. The proposed authority would not and could not become a Fannie Mae or Freddie Mac. It would be owned by and operated for America, not shareholders. The World Bank, the Inter-American Development Bank, the Asian Development Bank and similar institutions helped debt-burdened developing countries to grow through infrastructure investments and laid the foundations for the global high-tech economy. For instance, they literally laid the infrastructure of the Web through a fiber-optic link around the globe. Infrastructure banks retrofitted ports to receive and process shipping containers, which made it profitable to manufacture goods overseas. Similar investments anchored energy-intensive microchip fabrication. President Obama has proposed a $30 billion infrastructure bank that, unlike the Senate proposal, would not necessarily sustain itself over time. His proposal is tied to the reauthorization of federal highway transportation money and is not, in my view, as far-reaching or well designed as the Senate proposal. But he recognizes, as his predecessors did, the importance of infrastructure to national security. For Lincoln, it was the transcontinental railroad; for F.D.R., an industrial platform to support military manufacturing; for Eisenhower, an interstate highway system, originally conceived to ease the transport of munitions. America’s ability to project strength, to rebuild its battered economy and to advance its values is possible only if we possess modern infrastructure.

#### Federal action is KEY

HALLEMAN ‘11 - Business graduate with analytical and program management experience across a range of transportation and infrastructure issues; Head of Communications & Media Relations at International Road Federation (Brendan, “Establishing a National Infrastructure Bank - examining precedents and potential”, October 2011, <http://issuu.com/transportgooru/docs/ibank_memo_-_brenden_halleman>)

The merits of establishing a National Infrastructure Bank are once again being debated in the wake of President Obama’s speech to a joint session of the 112th United States Congress and the subsequent introduction of the American Jobs Act 1 . A review of the Jobs Act offers a vivid illustration of how far the debate has moved under the Obama Administration. Earlier White House budgets had proposed allocating USD 4 billion as seed funding to a National Infrastructure Innovation and Finance Fund tasked with supporting individual projects as well as “broader activities of significance”. Offering grants, loans and long term loan guarantees to eligible projects, the resulting entity would not have constituted an infrastructure bank in the generally accepted sense of the term. Nor would the Fund have been an autonomous entity, making mere “investment recommendations” to the Secretary of Transportation2 . Despite a number of important alterations, the Jobs Act contains the key provisions of a bipartisan Senate bill introduced in March 20113 establishing an American Infrastructure Financing Authority (AIFA). Endowed with annual infusions of USD 10 billion (rising to USD 20 billion in the third year), the Authority’s main goal is to facilitate economically viable transportation, energy and water infrastructure projects capable of mobilizing significant levels of State and private sector investment. The Authority thus established:  is set up as a distinct, self-supporting entity headed by a Board of Directors requiring Senate confirmation  offers loans & credit guarantees to large scale projects with anticipated costs in excess of USD 100,000,000  extends eligible recipients to corporations, partnerships, trusts, States and other governmental entities  subjects loans to credit risk assessments and investment-grade rating (BBB-/ Baa3 or higher)  conditions loans to a full evaluation of project economic, financial, technical and environmental benefits  caps Federal loans at 50% of anticipated project costs  requires dedicated revenue sources from recipient projects, such as tolls or user fees  sets and collects loan fees to cover its administrative and operational costs (with leftover receipts transferred to the Treasury) Particularly striking are the layers of risk assessment contained in the BUILD Act. These translate into a dedicated risk governance structure with the appointment of a Chief Risk Officer and annual external risk audits of AIFA’s project portfolio. At project level, applicants are required to provide a preliminary rating opinion letter and, if the loan or loan guarantee is approved, the Authority’s associated fees are modulated to reflect project risk. Lastly, as a Government-owned corporation, AIFA is explicitly held on the Federal balance sheet and is not able to borrow debt in the capital markets in its own name (although it may reoffer part of its loan book into the capital markets, if deemed in the taxpayers’ interest). Rationale As a percentage of GDP, the United States currently invests 25% less on transportation infrastructure than comparable OECD economies 4 . There is broad agreement that absent a massive and sustained infusion of capital in infrastructure, the backlog of investment in new and existing transportation assets will hurt productivity gains and ripple economy-wide5 The establishment of AIFA is predicated on a number of market considerations Dwindling demand for municipal bonds, resulting in significantly decreased capacity to invest at the State and local level. This scenario is confirmed by recent Federal Reserve data 6 indicating a sharp drop in the municipal bond market for the first two quarters of 2011 despite near-identical ten-year yields, a trend that can partly be explained by record-level outflows prior to the winding down of the Build America Bonds program on 31 December 20107 . Considering that roughly 75% of municipal bond proceeds go towards capital spending on infrastructure by states and localities 8 , this shortfall amounts to USD 135 billion for the first six months of 2011 alone. Insufficient levels of private sector capital flowing in infrastructure investments. Despite the relatively stable cash flows typically generated by infrastructure assets, less than 10% of investment in transportation infrastructure came from capital markets in 2007 8 . By some estimates 9 , the total equity capital available to invest in global infrastructure stands at over USD 202 billion and investor appetite remains strong in 2011. Federal underwriting may take enough of the risk away for bonds to achieve investment grade rating on complex infrastructure programs, particularly if they protect senior-level equity against first loss positions and offer other creditor-friendly incentives. For instance, the planned bill already includes a “cash sweep” provision earmarking excess project revenues to prepaying the principal at no penalty to the obligor. Convincing evidence across economic sectors that Federal credit assistance stretches public dollars further 10 . The Transportation Infrastructure Finance and Innovation Act (TIFIA) already empowers the Department of Transportation to provide credit assistance, such as full-faith-and-credit guarantees as well as fixed rate loans, to qualified surface transportation projects of national and regional significance. It is designed to offer more advantageous terms and fill market gaps by cushioning against revenue risks (such as tolls and user fees) in the ramp up phase of large infrastructure projects. A typical project profile would combine equity investment, investment-grade toll bonds, state gas tax revenues and TIFIA credit assistance to a limit of 33%. TIFIA credit assistance is scored by the Office of Management and Budget at just 10%, representing loan default risk. In theory, a Federal outlay of just USD 33 million could therefore leverage up to USD 1 billion in infrastructure funding 11 . To date, 21 projects have received USD 7.7 billion in credit assistance for USD 29.0 billion in estimated total project cost 12. 32 States (and Puerto Rico) currently operate State Infrastructure Banks (SIBs) offering an interesting case study for the American Infrastructure Financing Authority. Moreover the BUILD Act explicitly authorizes the Authority to loan to “political subdivisions and any other instrumentalities of a State”, such as the SIBs. SIBs were formally authorized nationwide in 2005 through a provision of the SAFETEA-LU Act 13 to offer preferential credit assistance to eligible and economically viable surface transportation capital projects. A provision of the Act also authorizes multistate Banks, although such cooperative arrangements have yet to be established. SIBs operate primarily as revolving loan funds using initial capitalization (Federal and state matching funds) and ongoing funding (generally a portion of state-levied taxes) to provide subordinated loans whose repayments are recycled into new projects loans. Where bonds are issued by SIBs as collateral to leverage even greater investment capacity, these can be secured by user revenues, general State revenues or backed against a portion of federal highway revenues. As of December 2010, State Infrastructure Banks had entered into 712 loan agreements with a total value of over USD 6.5 billion12. While SAFETEA-LU provided a basic framework for establishing SIBs, each State has tailored the size, structure and focus of its Bank to meet specific policy objectives. The following table14 illustrates the scales of SIBS at the opposite end of the spectrum. These State-driven arrangements warrant a number of observations: The more active SIB States are those that have increased the initial capitalization of their banks through a combination of bonds and sustained State funding. South Carolina’s Transportation Infrastructure Bank receives annual amounts provided by State law that include truck registration fees, vehicle registration fees, one-cent of gas tax equivalent, and a portion of the electric power tax. Significantly, all SIBs have benefited from the ability to recycle loan repayments – including interest and fees – into new infrastructure projects, a facility currently not available to the American Infrastructure Financing Authority under the terms of the BUILD Act. More than 87 percent of all loans from such banks made through 2008 were concentrated in just five States: South Carolina, Arizona, Florida, Texas and Ohio 14 . As a case in point, South Carolina’s Transportation Infrastructure Bank has provided more financial assistance for transportation projects than the other 32 banks combined. Most State banks have issued fewer than ten loans, the vast majority of which fall in the USD 1-10 million size bracket 14 . This suggests that not all States presently have experience, or the ability, to deal with capital markets for large-scale funding. States are, by and large, left to define specific selection criteria for meritorious projects, the SIB’s share of the project as well as the loan fee it will charge. Kansas, Ohio, Georgia, Florida and Virginia have established SIBs without Federal-aid money and are therefore not bound by the same Federal regulations as other banks. California’s Infrastructure and Economic Development Bank extends the scope of eligible projects to include water supply, flood control measures, as well as educational facilities. While adapted to local circumstances, this patchwork of State regulations can also constitute an entry barrier for private equity partners and multistate arrangements. Given the structure of their tax base, SIBs are vulnerable to short term economy swings as well as the longer term inadequacy of current user-based funding mechanisms. SIBs borrow against future State and highway income. Many States are already reporting declining gas tax revenues and, on current projections, the Highway Trust Fund will see a cumulative funding gap of USD 115 billion between 2011 and 2021 18 . It is notable that Arizona’s Highway Extension and Expansion Loan Program is currently no longer taking applications citing “state budget issues”.

#### Federal support for establishing a national infrastructure bank is key to smart investment.

Cooper, 2012

Donna Cooper, Senior Fellow with the Economic Policy Team, Center for American Progress, “Meeting the Infrastructure Imperative” February 2012 http://www.americanprogress.org/issues/2012/02/pdf/infrastructure.pdf

Policymakers are increasingly looking to the private sector to help finance large-scale infrastructure projects. The formation of a National Infrastructure Bank is essential to making a rational, efficient, and more transparent environment for private investors to participate in rebuilding our public assets. Large infrastructure investors are putting their capital to work in other countries where regional, publicly chartered investment banks such as the European Investment Bank make the process of identifying and investing large-scale financially viable projects routinized, predictable, and clearer than in the United States. For instance, in 2010 the European Investment Bank invested more than $5 billion in high-speed rail projects; $3 billion in road and bridge improvements; $12 billion in sustainable urban transit including light rail, buses, and subways; and $134 million in inland waterway improvements. It’s a major investor in energy infrastructure lending more than $13 billion for alternative energy generation and transmission projects. These European Investment Bank investments are on top of the investments made individually by the individual nation states in the European Union. 110 President Obama; Sens. John Kerry (D-MA), Kay Hutchinson (R-TX), and Mark Warner (D-VA); and Rep. Rosa DeLauro (D-CT) are champions for different approaches to forming a National Infrastructure Bank. 111 The key attribute of the Kerry/Hutchinson/Warner Bill is that it provides the largest pool of financing capital, proposing to enable $30 billion in federal loans or loan guarantees over 10 years. These funds are expected to leverage $130 billion in private or nonfederal investment. Their proposal requires that 95 percent of the value of projects financed must be made in the form of loans with 5 percent reserved for subsidizing projects that are important but not able to fully repay their loan obligation without some modest federal assistance. Rep. DeLauro’s proposal has the broadest scope permitting investments in water, energy transportation, and telecommunication infrastructure. Ultimately if Congress has an interest in funding large-scale infrastructure improvements with limited federal support, there needs to be a financial intermediary that can carefully review the merits and financial feasibility of largescale projects. This is especially true where integrated infrastructure projects are undertaken, such as new road projects that are built in tandem with rail, new freight projects that are built in tandem with port expansions, or new water projects that generate or conserve energy. Projects of this sort need a more robust federal “home” so that private financiers and state and local agencies will not have to make redundant pitches to federal agencies seeking support. A National Infrastructure Bank would be an ideal venue for those more cutting-edge and efficient ways of building our infrastructure. This bank could identify the most critical multistate efforts and forge partnerships that leverage federal, state, and private funds to build the projects where the need is the greatest and the financial return is clear. A National Infrastructure Bank, however, needs to be accountable to Congress and the executive branch; its investment strategy must be aligned with the goals and strategies as set by Congress, and the implementation of that strategy must be closely coordinated with the executive branch and its relevant infrastructure agencies. If this is not created, then CAP recommends the creation of a “green bank.” This entity would be charged with creating a coordinated approach to energy technology innovations, employing a full menu of financial tools to enable private-sector investors to partner with the government and leverage $40 billion in private investment in financially viable energy infrastructure improvements.

### 1AC Economy Advantage

#### We’ll isolate multiple internal links - first is unemployment:

Construction industry failing now – key to solve unemployment

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

Among those who gain employment as a result of additional infrastructure investment, the average unemployment rate has averaged approximately 13 percent over the past twelve months. This is more than one and one-half times the current national unemployment rate. Within the construction sector, which accounts for the majority of direct employment resulting from infrastructure investment, the unemployment rate has averaged 15.6 percent over the past twelve months.

#### Investment into national infrastructure will revitalize employment in manufacturing and construction - boosts the economy

Niemann, Economic Analyst with Smith, Moore and Company in St. Louis, 2011

Juli, interview with Adriene Hill of Marketplace, “Construction industry vital to economic recovery,” September 6, http://www.marketplace.org/topics/business/construction-industry-vital-economic-recovery, last accessed 5.22.12

Hill: So are the markets finally coming to terms with where the economy actually is? Niemann: Well Wall Street's ever hopeful, but the biggest problem they're facing right now is this is not a double dip recession, because we've never emerged from one that really started in 2008. One powerful area made us look much better than we were, and that was manufacturing -- machinery, autos, aircraft. And it all went to the export markets, and our trading partners now are all plunging back into recession, so no one will be able to buy our stuff. That's what we're really looking at now. We're tied to Europe and China's helm, and they both have a unique set of problems dragging them back down. Hill: So some of the jobs proposals we're hearing, there are suggestions out there that basically count on and encourage consumer spending. Are those going work? Niemann: Absolutely not. Bottom line is -- the Federal Reserve has a couple of dark tools they don't really want to use. But the only thing that's going to work at this point in time is basically jobs tied to manufacturing and infrastructure. Thirty-five thousand jobs are created for about every billion dollars spent on transportation -- that's very effective. You've got a multiplier effect of 2 to 1. So in the president's jobs talk, he really has to talk about long-term competitive disadvantage that we're having if we don't upgrade our ports, and highways, and bridges. The construction trade is really the only thing that's going to bring this out. The problem with that: it's longer-term. There's no short-term fix for the mess that we're in.

#### Second is state budgets:

#### A federal infrastructure bank solves state budget crises through increased efficiency

COEA ‘12 - Council of Economic Advisers, Department of Treasury (“A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT”, March 23, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf)

President Obama’s FY 2013 Budget proposes a bold plan to renew and expand America’s infrastructure. This plan includes a $50 billion up-front investment connected to a six-year $476 billion reauthorization of the surface transportation program and the creation of a National Infrastructure Bank. The President’s plan would significantly increase investment in surface transportation by approximately 80 percent when compared to previous federal investment. The plan seeks not only to fill a long overdue funding gap, but also to reform how Federal dollars are spent so that they are directed to the most effective programs. This report contributes to the ongoing policy dialogue by summarizing the evidence on the economic effects of investments in transportation infrastructure. Public infrastructure is an essential part of the U.S. economy. This has been recognized since the founding of our nation. Albert Gallatin, who served as President Jefferson’s Treasury Secretary, wrote: “The early and efficient aid of the *Federal* Government [emphasis in article] is recommended by still more important considerations. The inconveniences, complaints, and perhaps dangers, which may result from a vast extent of territory, can no otherwise be radically removed or prevented than by opening speedy and easy communications through all its parts. Good roads and canals will shorten distances, facilitate commercial and personal intercourse, and unite, by a still more intimate community of interests, the most remote quarters of the United States. No other single operation, within the power of Government, can more effectually tend to strengthen and perpetuate that Union which secures external independence, domestic peace, and internal liberty.” 1 Gallatin spoke in terms of infrastructure shortening distances and easing communications, even when the only means to do so were roads and canals. Every day, Americans use our nation’s transportation infrastructure to commute to work, visit their friends and family, and travel freely around the country. Businesses depend on a well-functioning infrastructure system to obtain their supplies, manage their inventories, and deliver their goods and services to market. This is true for companies whose businesses rely directly on the infrastructure system, such as shippers like UPS and BNSF, as well as others whose businesses indirectly rely on the infrastructure system, such as farmers who use publicly funded infrastructure to ship crops to buyers, and internet companies that send goods purchased online to customers across the world. A modern transportation infrastructure network is necessary for our economy to function, and is a prerequisite for future growth. President Eisenhower’s vision is even more relevant today than it was in 1955, when he said in his State of the Union Address, "A modern, efficient highway system is essential to meet the needs of our growing population, our expanding economy, and our national security." Today, that vision would include making not only our highways, but our nation’s entire infrastructure system more efficient and effective. Our analysis indicates that further infrastructure investments would be highly beneficial for the U.S. economy in both the short and long term. First, estimates of economically justifiable investment indicate that American transportation infrastructure is not keeping pace with the needs of our economy. Second, because of high unemployment in sectors such as construction that were especially hard hit by the bursting of the housing bubble, there are underutilized resources that can be used to build infrastructure. Moreover, states and municipalities typically fund a significant portion of infrastructure spending, but are currently strapped for cash; the Federal government has a constructive role to play by stepping up to address the anticipated shortfall and providing more efficient financing mechanisms, such as Build America Bonds. The third key finding is that investing in infrastructure benefits the middle class most of all. Finally, there is considerable support for greater infrastructure investment among American consumers and businesses. The President’s plan addresses a significant and longstanding need for greater infrastructure investment in the United States. Targeted investments in America’s transportation infrastructure would generate both short-term and long-term economic benefits. However, transforming and rehabilitating our nation’s transportation infrastructure system will require not only greater investment but also a more efficient use of resources, because simply increasing funding does not guarantee economic benefits. This idea is embodied in the President’s proposal to reform our nation’s transportation policy, as well as to establish a National Infrastructure Bank, which would leverage private and other non-Federal government resources to make wise investments in projects of regional and national significance. In this report, we begin by reviewing factors that should influence investment in infrastructure. We review the economic literature regarding returns to infrastructure investment. Next, we consider the specific condition of our economy and labor market, including the availability of workers with the requisite skills, which suggest that now is a particularly favorable time to initiate these investments. Then we analyze the benefits derived by American families and companies from well-functioning infrastructure systems and the costs associated with poor infrastructure systems. Finally, we review public and business sentiment regarding infrastructure investment.

#### State budget crises will hamper any attempt at national growth

Phil Oliff, Chris Mai, and Vincent Palacios June 27, 2012 “States Continue to Feel Recession’s Impact” Center on Budget and Policy Priorities <http://www.cbpp.org/cms/index.cfm?fa=view&id=711>

As a new fiscal year begins, the latest state budget estimates continue to show that states’ ability to fund services remains hobbled by slow economic growth. The budget gaps that states have had to close for fiscal year 2013, the fiscal year that begins July 1, 2012, total $55 billion in 31 states. That amount is smaller than in past years, but still very large by historical standards. States’ actions to close those gaps, in turn, are further delaying the nation’s economic recovery. The budget gaps result principally from weak tax collections. The Great Recession that started in 2007 caused the largest collapse in state revenues on record. Since bottoming out in 2010, revenues have begun to grow again but are still far from fully recovered. As of the first quarter of 2012, state revenues remained 5.5 percent below pre-recession levels, and are not growing fast enough to recover fully soon. Meanwhile, states’ education and health care obligations continue to grow. States expect to educate 540,000 more K-12 students and 2.5 million more public college and university students in the upcoming school year than in 2007-08.[1] And some 4.8 million more people are projected to be eligible for subsidized health insurance through Medicaid in 2012 than were enrolled in 2008, as employers have cancelled their coverage and people have lost jobs and wages.[2] Consequently, even though the revenue outlook is trending upward, states have addressed large budget shortfalls by historical standards as they considered budgets for 2013. The vast majority of these shortfalls have been closed through spending cuts and other measures in order to meet balanced-budget requirements. As of publication all but five states have enacted their budgets, and those five will do so soon. To the extent these shortfalls are being closed with spending cuts, they are occurring on top of past years’ deep cuts in critical public services like education, health care, and human services. The additional cuts mean that state budgets will continue to be a drag on the national economy, threatening hundreds of thousands of private- and public-sector jobs, reducing the job creation that otherwise would be expected to occur. Potential strategies for lessening the impact of deep spending cuts include more use of state reserve funds in states that have reserves, more revenue through tax-law changes, and a greater role for the federal government.

#### Third is trade:

#### Smart infrastructure investments are key to accessing foreign markets.

Treasury Department, 2012

A Report Prepared by the Department of the Treasury with the Council of Economic Advisers, “A New economic analysis of infrastructure investment” March 23, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf

American firms rely on infrastructure to enable efficient supply chain management and the transportation of goods to the point of sale. Investments in transportation infrastructure would allow firms in all 50 states to have the opportunity to benefit from growth in foreign markets. According to an analysis by the Brookings Institution, exports account for 8 percent of total U.S. employment 48 ; smart investments in infrastructure have the potential to create more jobs in export-oriented U.S. companies. The President’s National Export Initiative calls for the “Departments of Commerce and Transportation [to enter] into a Memorandum of Understanding to work together and with stakeholders to develop and implement a comprehensive, competitiveness-focused national freight policy. The resulting policy will foster end-to-end U.S. freight infrastructure improvements that facilitate the movement of goods for export and domestic use.” 49AC Moreover, the Department of Transportation “estimates that population growth, economic development, and trade will almost double the demand for rail freight transportation by 2035.” 50 Export growth has been strong during the recovery. In 2011, exports were up over 33 percent from 2009, meaning that America is ahead of schedule in meeting the President’s goal of doubling exports over 2009 levels by the end of 2014.

#### Exports are key to sustainable economic growth.

Wall Street Journal, 2011

Wall Street Journal CEO Council, “Building a US export economy” November, 2011 http://www.pwc.com/en\_US/us/executive-business-briefing/pdfs/WSJ\_briefing-Exports-reduced\_file-11.7.11.pdf

Increasing US exports may well be crucial to both the resolution of global economic imbalances and the ability of US firms to capitalize on the rise of emerging economies. But US companies are struggling to extend their domestic competitiveness to export markets, and executives are looking to improvements in education and regulation to change that dynamic. Enhancing US export performance is one approach to resolve global economic imbalances. Seventy-two percent of the 202 global executives we surveyed for the actual meeting of The Wall Street Journal CEO Council said that increasing US exports is the key to achieving the long-term goals of reducing US debt and achieving sustainable growth.

#### Fourth is oil:

#### Smart infrastructure investment is key to reducing oil dependence- studies are overwhelming.

Smith, 2010

Dan Smith, Transportation Associate, U.S. Public Interest Research Group, “Better Transportation Investment Creates More Jobs” September 16, http://www.huffingtonpost.com/dan/better-transportation-inv\_b\_719527.html

With almost one in ten American workers currently unemployed, smart investment in infrastructure is an efficient way to create jobs right now. The job creation potential of infrastructure has been well-documented. Economists Mark Zandi and Alan Blinder, for example, explain in a report they coauthored that every dollar spent on infrastructure yields $1.57 in economic growth. To generate the most jobs, every study has shown that it is important to prioritize investments in public transportation. Academic analysis concludes that public transit generates 31 percent more jobs per billion dollars invested than similar spending on highways. Models developed with the Federal Highway Administration likewise show transit investments generate 19 percent more jobs. Similarly, an analysis of U.S. Department of Transportation data shows that 2008 stimulus dollars spent on public transportation projects created up to twice as many jobs as highway spending for the same amount of money. The consistent finding is clear: to create jobs, invest in public transportation. For spending on highways, it is important that money be directed to repair and maintenance rather than the construction of new highways. Too many roads and bridges across America remain in a state of disrepair that pose dangers and cause costly delays. Although investment in highway repair does not create as many jobs as public transit, it creates 9 percent more jobs per billion dollars than building new highway miles, according to the same studies. Additionally, the long-term development of a national high-speed rail network could be critical to rebuilding America's declining manufacturing sector. Auto factories that were shut down during the last decade could be reopened and repurposed to manufacture the new railcars and bullet trains of the future. Better Transportation Investment Reduces our Dependence on Oil Our transportation system consumes more oil than the entire economy of any other country in the world, other than China, according to Department of Energy data. The disastrous consequences of our oil addiction were on full display last spring when billions of gallons of oil spilled into the Gulf. Our over-reliance on oil is also a national security concern, as it forces our nation to rely on foreign regimes which are often hostile or unstable. Investing in more and better public transportation is critical to reducing America's oil dependence because it provides more energy-efficient ways to travel. Existing public transit reduced the amount of gasoline America used in 2006 by 3.4 billion gallons, according to an analysis of EPA data. The U.S. PIRG Education Fund calculated that this saved us over $9 billion in gas costs. Not surprisingly, metropolitan areas with better public transit systems accounted for most of these oil savings. To partially pay for the proposed investment, President Obama rightly calls for cutting government subsidies for oil companies. There is no reason why corporations, like Exxon-Mobil and BP, that make billions in profits should receive public handouts and tax subsidies. These unnecessary tax breaks and subsidies should be eliminated, and the savings should be used to pay for cleaner, more efficient transportation projects. Better Transportation Investment Reduces Congestion and Pollution In addition to creating jobs and reducing our oil dependence, investment in public transportation and high-speed rail would reduce traffic congestion and global-warming pollution. For instance, the Texas Transportation Institute's 2007 Annual Urban Mobility Report calculated that public transit prevented over 500 million hours of delays in 2005, saving the country more than $10 billion. Also, our transportation system accounts for a full third of the country's global warming pollution. The U.S. PIRG Education Fund calculated that public transit reduced emissions of harmful global warming pollution by 26 million metric tons in 2006. That is equivalent to taking almost 5 million cars off the road. Better Transportation Investment Means Less Earmarks, and More Results In addition to providing much needed funding for more public transportation, President Obama's plan seeks to spend our transportation dollars more efficiently. Over 100 federal programs would be consolidated under the proposal, similar to a 2009 proposal by U.S. House Transportation and Infrastructure Committee Chairman James Oberstar. President Obama also proposes to allocate money based on performance, rather than earmark-driven politics. Such reforms are essential to ensuring that we get the biggest bang for our buck. With the economic recovery slow to pick up steam, President Obama's call for a new transportation bill is a timely opportunity to spur job growth now while making crucial investments in America's future. We strongly encourage you to write an editorial urging Congress to move forward with President Obama's proposal for comprehensive reform and the reauthorization of the surface transportation bill.

#### Fifth is the middle class:

#### Infrastructure bank is key to high speed rail

Anika, MSNBC, “Bank plan would help build bridges, boost jobs,” July 6, 2011 http://www.msnbc.msn.com/id/43606379/ns/business-eye\_on\_the\_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T7v68XlYuB0, last accessed 5.22.12

High-speed rail has become something of a lightning rod issue. President Barack Obama has proposed spending $53 billion over six years to build high-speed rail lines in busy corridors across the country, an idea endorsed as recently as two weeks ago by the United States Conference of Mayors. House Republicans have criticized the plan, saying private investment, not government spending, should be used to build the rail systems, Reuters reported. America is one of the last industrialized countries in the world without high-speed rail and will only get it built through public-private partnerships such as those encouraged by a national infrastructure bank, said Andy Kunz, the president of the US High-Speed Rail Association. The group has been pushing for a 17,000-mile national high-speed rail network run on electricity to be completed by 2030. “Nearly every country in the world has come to us and said they have money to invest in our high-speed rail system in the U.S.,” he said. Kunz said a national infrastructure bank would simplify the process of building a rail network because it would simplify the steps and the number of people needed to approve it. "The bank would focus on the project as the number one issue, rather than constituents and politics as the number one focus," he said.

#### HSR causes increased middle class spending

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012 “A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

The President’s proposal emphasizes transportation choices, including mass transit and high-speed rail, to deliver the greatest long-term benefits to those who need it most: middle-class families. The average American family spends more than $7,600 a year on transportation, which is more than they spend on food and more than twice what they spend on out-of-pocket health care costs. For 90 percent of Americans, transportation costs absorb one out of every seven dollars of income. This burden is due in large part to the lack of alternatives to expensive and often congested automobile travel. Multi-modal transportation investments are critical to making sure that American families can travel without wasting time and money stuck in traffic. A more efficient transportation infrastructure system will reduce our dependence on oil, saving families time and money. Traffic congestion on our roads results in 1.9 billion gallons of gas wasted per year, and costs drivers over $100 billion in wasted fuel and lost time. More efficient air traffic control systems would save three billion gallons of jet fuel a year, translating into lower costs for consumers. Finally, new research indicates that Americans who were able to live in “location efficient” housing were able to save $200 per month in lower costs, including paying less at the pump, over the past decade.

#### Consumer spending is key to both short and long term growth – no spending DAs

Livingston, Professor of History at Rutgers, 2011

James, New York Times, “It’s Consumer Spending, Stupid,” October 25, http://www.nytimes.com/2011/10/26/opinion/its-consumer-spending-stupid.html, last accessed 5.22.12

AS an economic historian who has been studying American capitalism for 35 years, I’m going to let you in on the best-kept secret of the last century: private investment — that is, using business profits to increase productivity and output — doesn’t actually drive economic growth. Consumer debt and government spending do. Private investment isn’t even necessary to promote growth. This is, to put it mildly, a controversial claim. Economists will tell you that private business investment causes growth because it pays for the new plant or equipment that creates jobs, improves labor productivity and increases workers’ incomes. As a result, you’ll hear politicians insisting that more incentives for private investors — lower taxes on corporate profits — will lead to faster and better-balanced growth. The general public seems to agree. According to a New York Times/CBS News poll in May, a majority of Americans believe that increased corporate taxes “would discourage American companies from creating jobs.” But history shows that this is wrong. Between 1900 and 2000, real Gross Domestic Product per capita (the output of goods and services per person) grew more than 600 percent. Meanwhile, net business investment declined 70 percent as a share of G.D.P. What’s more, in 1900 almost all investment came from the private sector — from companies, not from government — whereas in 2000, most investment was either from government spending (out of tax revenues) or “residential investment,” which means consumer spending on housing, rather than business expenditure on plants, equipment and labor. In other words, over the course of the last century, net business investment atrophied while G.D.P. per capita increased spectacularly. And the source of that growth? Increased consumer spending, coupled with and amplified by government outlays. The architects of the Reagan revolution tried to reverse these trends as a cure for the stagflation of the 1970s, but couldn’t. In fact, private or business investment kept declining in the ’80s and after. Peter G. Peterson, a former commerce secretary, complained that real growth after 1982 — after President Ronald Reagan cut corporate tax rates — coincided with “by far the weakest net investment effort in our postwar history.” President George W. Bush’s tax cuts had similar effects between 2001 and 2007: real growth in the absence of new investment. According to the Organization for Economic Cooperation and Development, retained corporate earnings that remain uninvested are now close to 8 percent of G.D.P., a staggering sum in view of the unemployment crisis we face. So corporate profits do not drive economic growth — they’re just restless sums of surplus capital, ready to flood speculative markets at home and abroad. In the 1920s, they inflated the stock market bubble, and then caused the Great Crash. Since the Reagan revolution, these superfluous profits have fed corporate mergers and takeovers, driven the dot-com craze, financed the “shadow banking” system of hedge funds and securitized investment vehicles, fueled monetary meltdowns in every hemisphere and inflated the housing bubble. Why, then, do so many Americans support cutting taxes on corporate profits while insisting that thrift is the cure for what ails the rest of us, as individuals and a nation? Why have the 99 percent looked to the 1 percent for leadership when it comes to our economic future? A big part of the problem is that we doubt the moral worth of consumer culture. Like the abstemious ant who scolds the feckless grasshopper as winter approaches, we think that saving is the right thing to do. Even as we shop with abandon, we feel that if only we could contain our unruly desires, we’d be committing ourselves to a better future. But we’re wrong. Consumer spending is not only the key to economic recovery in the short term; it’s also necessary for balanced growth in the long term. If our goal is to repair our damaged economy, we should bank on consumer culture — and that entails a redistribution of income away from profits toward wages, enabled by tax policy and enforced by government spending. (The increased trade deficit that might result should not deter us, since a large portion of manufactured imports come from American-owned multinational corporations that operate overseas.) We don’t need the traders and the C.E.O.’s and the analysts — the 1 percent — to collect and manage our savings. Instead, we consumers need to save less and spend more in the name of a better future. We don’t need to silence the ant, but we’d better start listening to the grasshopper.

#### Sixth is recovery:

#### We’re at the brink of double dip recession – creating a Federal Infrastructure Bank is key to solve

MARHSALL & THOMASSON ‘11 - president and founder of the Progressive Policy Institute (PPI); found the Democratic Leadership Council, serving as its first policy director; AND\*\*\* Scott Thomasson - director of economic and domestic policy for the Progressive Policy Institute and manages PPI's Innovative Economy Project and E3 Initiative (Will, Scott Thomasson, “Sperling on “Deferred Maintenance””, October 7, <http://progressivepolicy.org/sperling-on-%E2%80%9Cdeferred-maintenance%E2%80%9D>)

It’s hard to imagine a more myopic example of the right’s determination to impose premature austerity on our frail economy. From Lincoln to Teddy Roosevelt to Eisenhower, the Republicans were once a party dedicated to internal nation building. Today’s GOP is gripped by a raging anti-government fever which fails to draw elementary distinctions between consumption and investment, viewing all public spending as equally wasteful. But as the White House’s Gene Sperling said yesterday, Republicans can’t claim credit for fiscal discipline by blocking long overdue repairs of in the nation’s transport, energy and water systems. There’s nothing fiscally responsible about “deferring maintenance” on the U.S. economy. Sperling, chairman of the president’s National Economic Council, spoke at a PPI forum on Capitol Hill on “Infrastructure and Jobs: A Productive Foundation for Economic Growth.” Other featured speakers included Sen. Mark Warner, Rep. Rosa DeLauro, Dan DiMicco, CEO of Nucor Corporation, Daryl Dulaney, CEO of Siemens Industry and Ed Smith, CEO of Ullico Inc., a consortium of union pension funds. Fiscal prudence means foregoing consumption of things you’d like but could do without if you can’t afford them – a cable TV package, in Sperling’s example. But if a water pipe breaks in your home, deferring maintenance can only lead to greater damage and higher repair costs down the road. As speaker after speaker emphasized during yesterday’s forum, that’s precisely what’s happening to the U.S. economy. Thanks to a generation of underinvestment in roads, bridges, waterways, power grids, ports and railways, the United States faces a $2 trillion repair bill. Our inadequate, worn-out infrastructure costs us time and money, lowering the productivity of workers and firms, and discouraging capital investment in the U.S. economy. Deficient infrastructure, Dulaney noted, has forced Siemens to build its own rail spurs to get goods to market. That’s something smaller companies can’t afford to do. They will go to countries – like China, India and Brazil – that are investing heavily in building world-class infrastructure. As Nucor’s DiMicco noted, a large-scale U.S. infrastructure initiative would create lots of jobs while also abetting the revival of manufacturing in America. He urged the Obama administration to think bigger, noting that a $500 billion annual investment in infrastructure (much of the new money would come from private sources rather than government) could generate 15 million jobs. The enormous opportunities to deploy more private capital were echoed from financial leaders in New York, including Jane Garvey, the North American chairman of Meridiam Infrastructure, a private equity fund specializing in infrastructure investment. Garvey warned that what investors need from government programs is more transparent and consistent decision making, based on clear, merit-based criteria, and noted that an independent national infrastructure bank would be the best way to achieve this. Bryan Grote, former head of the Department of Transportation’s TIFIA financing program, which many describe as a forerunner of the bank approach, added that having a dedicated staff of experts in an independent bank is the key to achieving the more rational, predictable project selection that investors need to see to view any government program as a credible partner. Tom Osborne, the head of Americas Infrastructure at UBS Investment Bank, agreed that an independent infrastructure bank like the version proposed by Senators Kerry, Hutchison and Warner, would empower private investors to fund more projects. And contrary to arguments that a national bank would centralize more funding decisions in Washington, Osborne explained that states and local governments would also be more empowered by the bank to pursue new projects with flexible financing options, knowing that the bank will evaluate projects based on its economics, not on the politics of the next election cycle. Adding urgency to the infrastructure push was Fed Chairman Ben Bernanke’s warning this week that the recovery is “close to faltering.” Unlike short-term stimulus spending, money invested in modernizing infrastructure would create lasting jobs by expanding our economy’s productive base. Warning that America stands on the precipice of a “double dip” recession, Sperling said it would be “inexcusable” for Congress to fail to act on the president’s job plan. He cited estimates by independent economic experts that the plan would boost GDP growth in 2012 from 2.4 to 4.2 percent, and generate over three million more jobs.

#### The current recession kills resiliency – actions like the aff are key

RAMPELL ’11 – economics reporter for The New York Times; wrote for the Washington Post editorial pages and financial section (Catherine, “Second Recession in U.S. Could Be Worse Than First”. August 7. http://www.nytimes.com/2011/08/08/business/a-second-recession-could-be-much-worse-than-the-first.html?pagewanted=all)

If the economy falls back into recession, as many economists are now warning, the bloodletting could be a lot more painful than the last time around. Given the tumult of the Great Recession, this may be hard to believe. But the economy is much weaker than it was at the outset of the last recession in December 2007, with most major measures of economic health — including jobs, incomes, output and industrial production — worse today than they were back then. And growth has been so weak that almost no ground has been recouped, even though a recovery technically started in June 2009. “It would be disastrous if we entered into a recession at this stage, given that we haven’t yet made up for the last recession,” said Conrad DeQuadros, senior economist at RDQ Economics. When the last downturn hit, the credit bubble left Americans with lots of fat to cut, but a new one would force families to cut from the bone. Making things worse, policy makers used most of the economic tools at their disposal to combat the last recession, and have few options available. Anxiety and uncertainty have increased in the last few days after the decision by Standard & Poor’s to downgrade the country’s credit rating and as Europe continues its desperate attempt to stem its debt crisis. President Obama acknowledged the challenge in his Saturday radio and Internet address, saying the country’s “urgent mission” now was to expand the economy and create jobs. And Treasury Secretary Timothy F. Geithner said in an interview on CNBC on Sunday that the United States had “a lot of work to do” because of its “long-term and unsustainable fiscal position.” But he added, “I have enormous confidence in the basic regenerative capacity of the American economy and the American people.” Still, the numbers are daunting. In the four years since the recession began, the civilian working-age population has grown by about 3 percent. If the economy were healthy, the number of jobs would have grown at least the same amount. Instead, the number of jobs has shrunk. Today the economy has 5 percent fewer jobs — or 6.8 million — than it had before the last recession began. The unemployment rate was 5 percent then, compared with 9.1 percent today. Even those Americans who are working are generally working less; the typical private sector worker has a shorter workweek today than four years ago. Employers shed all the extra work shifts and weak or extraneous employees that they could during the last recession. As shown by unusually strong productivity gains, companies are now squeezing as much work as they can from their newly “lean and mean” work forces. Should a recession return, it is not clear how many additional workers businesses could lay off and still manage to function. With fewer jobs and fewer hours logged, there is less income for households to spend, creating a huge obstacle for a consumer-driven economy. Adjusted for inflation, personal income is down 4 percent, not counting payments from the government for things like unemployment benefits. Income levels are low, and moving in the wrong direction: private wage and salary income actually fell in June, the last month for which data was available. Consumer spending, along with housing, usually drives a recovery. But with incomes so weak, spending is only barely where it was when the recession began. If the economy were healthy, total consumer spending would be higher because of population growth. And with construction nearly nonexistent and home prices down 24 percent since December 2007, the country does not have a buffer in housing to fall back on. Of all the major economic indicators, industrial production — as tracked by the Federal Reserve — is by far the worst off. The Fed’s index of this activity is nearly 8 percent below its level in December 2007. Likewise, and perhaps most worrisome, is the track record for the country’s overall output. According to newly revised data from the Commerce Department, the economy is smaller today than it was when the recession began, despite (or rather, because of) the feeble growth in the last couple of years. If the economy were healthy, it would be much bigger than it was four years ago. Economists refer to the difference between where the economy is and where it could be if it met its full potential as the “output gap.” Menzie Chinn, an economics professor at the University of Wisconsin, has estimated that the economy was about 7 percent smaller than its potential at the beginning of this year. Unlike during the first downturn, there would be few policy remedies available if the economy were to revert back into recession. Interest rates cannot be pushed down further — they are already at zero. The Fed has already flooded the financial markets with money by buying billions in mortgage securities and Treasury bonds, and economists do not even agree on whether those purchases substantially helped the economy. So the Fed may not see much upside to going through another politically controversial round of buying. “There are only so many times the Fed can pull this same rabbit out of its hat,” said Torsten Slok, the chief international economist at Deutsche Bank. Congress had some room — financially and politically — to engage in fiscal stimulus during the last recession. But at the end of 2007, the federal debt was 64.4 percent of the economy. Today, it is estimated at around 100 percent of gross domestic product, a share not seen since the aftermath of World War II, and there is little chance of lawmakers reaching consensus on additional stimulus that would increase the debt. “There is no approachable precedent, at least in the postwar era, for what happens when an economy with 9 percent unemployment falls back into recession,” said Nigel Gault, chief United States economist at IHS Global Insight. “The one precedent you might consider is 1937, when there was also a premature withdrawal of fiscal stimulus, and the economy fell into another recession more painful than the first.”

#### Next are the impacts:

#### Scenario one:

#### Unemployment causes China bashing

JIMENEZ ‘12 - Master's student at Georgetown University; degree in political science and international relations from CIDE, Mexico City. (“Protectionism Makes Comeback As Recovery Stalls”, http://atlanticsentinel.com/2012/01/protectionism-makes-comeback-as-recovery-stalls/)

As a result, protectionism could gain weight in the upcoming months and while it may be vilified by conventional wisdom which rightfully points out the benefits of free trade, there is a “human face” which legitimizes it. Supporters of protectionism tend to justify their demands through what they regard as the direct negative effects of trade with other countries. Some of these effects are caused by the “unfair” practices of governments as China’s. Others are due to the abundance of cheap labor in countries as Mexico. Whatever the reason, according to protectionists unchecked trade liberalization causes unemployment and income inequality. America’s disturbing trade deficit with China is one of the favorite arguments of trade critics in the United States. These opinions have a considerable impact in various segments of the population. The 2008 financial crisis only helped enforce the notion that Americans industry ought to be protected from unfair competition overseas. According to theory, trade liberalization benefits an economy by expanding its production capabilities and diversifying the goods it can consume. Trade dynamics promoted by international competition lead to a decrease in prices, benefiting consumers and producers alike. It also expands the labor pool, thereby reducing costs. Trade leads to specialization. Every country has a comparative advantage in producing certain type of goods due to its factor endowment. An economy will specialize in the production of goods which uses intensively its relative abundant factor. Thus, Germany, which is relatively abundant in high skill labor, specializes in the production of high end goods (computers, pharmaceuticals, etc.), while Vietnam, which is relatively abundant in low skill labor, specializes in the production of basic goods (agricultural products, clothes). Through specialization, countries are able to increase their respective national income because they produce what they are more efficient in producing and trade it to the world. But then, what happens to those industries in which a nation is inefficient? Herein lays the main dilemma of trade which can fuel protectionism—specialization leads to the disappearance of inefficient industries. Theoretically, this should not be a problem, since workers in these industries will gravitate to other industries which are succeeding. Reality is more complex. Skill biased technological change has made it very difficult for job displacement to occur. All types of jobs have modified their requirements in line with technological chance. A laid off worker will struggle to find another job because he doesn’t have the required set of skills. Retraining could take years. The protectionists argue that this is exactly why the state must design and implement policies to offset those effects of liberalization. It’s easy for Americans to blame the Chinese for their trade deficit, to propose to punish China by turning its currency manipulation into an illegal subsidy and disregard recommendations to change domestic consumption patterns which, in fact, makes American society the main actor responsible for their current situation. A more effective way to enable economic growth than either raise or reduce trade tariffs may be the implementation of an industrial policy. This refers to measures introduced by governments to channel resources into sectors which they view as critical to future economic growth. It implies benefiting some by hurting others (the financial resources have to come from somewhere else). Consequently, industrial policy should only be deployed to counter market failures and externalities which prevent the industries in which a country has comparative advantage from naturally becoming as efficient as they should be. The successful examples of Japan, South Korea and the Southeast Asian “tiger” economies encourage governments around the world to intervene in their industries through subsidies, tariffs, taxes, etc. so as to increase their profitability. The idea is to benefit those sectors that the state believes have a comparative advantage over those of other countries and create national champions There are problems with this analysis. Japan and South Korea both had the overt support of the United States which, due to Cold War dynamics, prevented their experiments from failing. For their part, the tigers, except Hong Kong, had authoritarian governments that facilitated the implementation of policies and they, too, enjoyed American support. There are examples that demonstrate both successes and failures but, to be fair, the outcomes were contingent upon other variables which require closer analysis. China’s is the most recent case of an industrial policy, and, so far, it seems it has been successful. This has caused alarm in the United States where China’s success is increasingly perceived as coming at the expense of American workers. The politicization of industrial policy that aims to “correct” market imbalances unfortunately often leads democratic governments to privilege certain interest groups, whether they’re corporations or unions, at the expense of their economy’s competitiveness as a whole. Perhaps, in this sense, China’s comparative advantage is its very authoritarianism?

#### China bashing causes war with China

REUTERS ‘11 (“Analysis: Obama to challenge China on trade as election nears”, http://www.reuters.com/article/2011/10/13/us-usa-china-trade-idUSTRE79C72820111013)

Analysts cautioned the highly charged political atmosphere in Washington -- as Republicans and Democrats struggle for position ahead of presidential and congressional elections in 2012 -- could be misread by Beijing. China faces a leadership succession of its own in 2012-13, adding to the potential for tensions between the two countries to worsen. "We've been seeing for some time in (the United States) a serious flirtation with increased protectionism," said Doug Paal, a China expert and vice president for studies at the Carnegie Endowment for International Peace. "I have been telling the Chinese that they should take this seriously, but I've been warning them that next year is the one that they're really going to have to worry about." Eswar Prasad, a senior fellow at the Washington-based Brookings Institution, said any tit-for-tat measures had the potential to blow up into something much more serious. "There is a real and present danger that symbolic measures initiated by either side spiral into a more serious trade conflict as both sides strive to flex their muscles for the benefit of domestic audiences," Prasad said. "Much acrimony lies ahead but the big question is whether it will spill over into open warfare that could be mutually harmful."

#### Extinction

Cheong ’00(Ching, 6-25, Lexis, No one gains in war over Taiwan)

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

#### Scenario two:

####  State budget cuts destroys bioterror responsiveness

AHLERS ’11- senior producer, transportation and regulation, for CNN (Mike M., “Bioterror security at risk”, December 20, http://security.blogs.cnn.com/2011/12/20/bioterror-security-at-risk/)

Recent and proposed budget cuts at all levels of government are threatening to reverse the significant post-9/11 improvements in the nation's ability to respond to natural diseases and bioterror attacks, according to a report released Tuesday. "We're seeing a decade's worth of progress eroding in front of our eyes," said Jeff Levi, executive director of the Trust for America's Health, which published the report with the Robert Wood Johnson Foundation. Budget cuts already have forced state and local health departments to cut thousands of health officials, the report says. Cuts are jeopardizing the jobs of federal investigators who help states hunt down diseases, threatening the capabilities at all 10 "Level 1" state labs that conduct tests for nerve agents or chemical agents such as mustard gas, and may hurt the ability of many cities to rapidly distribute vaccines during emergencies, it says. The "upward trajectory" of preparedness, fueled by more than $7 billion in federal grants to cities and states in the past 10 years, is leveling off, and the gains of the last decade are "at risk," the report says. The 2011 report departs slightly in tone from the nine previous reports prepared by the two health advocacy groups. Earlier reports, while focusing on gaps in the nation's preparedness for pandemics and bioterror attacks, showed a "steady progression of improvement," said Levi. "Our concern this year is that because of the economic crisis... we may not be as prepared today as we were a couple of years ago," he said. Once lost, medical capabilities take time and money to rebuild, the report says. "It would be like trying to hire and train firefighters in the middle of a fire," Levi said. "You don't do that for fire protection, and we shouldn't be doing that for public health protection." There are few expressions of assurance or optimism in the 2011 report. The report says: – In the past year, 40 states and the District of Columbia have cut funds to public health. – Since 2008, state health agencies have lost 14,910 people through layoffs or attrition; local health departments have lost 34,400. – Federal PHEP grants - Public Health Emergency Preparedness grants - were cut 27 percent between fiscal 2005 and 2011, when adjusted for inflation. – Some 51 cities are at risk for elimination of Cities Readiness Initiative funds, which support the rapid distribution of vaccinations and medications during emergencies. "Two steps forward, three steps back," said Dr. F. Douglas Scutchfield of the University of Kentucky College of Public Health, in an essay accompanying the study. "As certain as the sun will rise in the east, we will experience another event that will demonstrate our inability to cope, as the resources for public health are scarce, and it will prompt the cycle of build-up, neglect, event, build-up, etc." Federal aid to state and local governments for health preparedness peeked in 2002 at about $1.7 billion, and fell to $1.3 billion in fiscal 2012, Levi said. But the impact of cuts were masked when Congress allocated more than $8 billion in emergency funds to fight the H1N1 flu in 2009, Levi said. "Now that money is gone. And so we're seeing the real impact of these cuts," he said. The TFAH report comes just two months after another report concluded that the United States is largely unprepared for a large-scale bioterror attack or deadly disease outbreak.

#### Minimizing the death toll is crucial – large casualties ensure nuclear retaliation

CONLEY ‘3 (Lt Col Harry W. is chief of the Systems Analysis Branch, Directorate of Requirements, Headquarters Air Combat Command (ACC), Langley AFB, Virginia. Air & Space Power Journal – Spring, http://www.airpower.maxwell.af.mil/airchronicles/apj/apj03/spr03/conley.html)

The number of American casualties suffered due to a WMD attack may well be the most important variable in determining the nature of the US reprisal. A key question here is how many Americans would have to be killed to prompt a massive response by the United States. The bombing of marines in Lebanon, the Oklahoma City bombing, and the downing of Pan Am Flight 103 each resulted in a casualty count of roughly the same magnitude (150–300 deaths). Although these events caused anger and a desire for retaliation among the American public, they prompted no serious call for massive or nuclear retaliation. The body count from a single biological attack could easily be one or two orders of magnitude higher than the casualties caused by these events. Using the rule of proportionality as a guide, one could justifiably debate whether the United States should use massive force in responding to an event that resulted in only a few thousand deaths. However, what if the casualty count was around 300,000? Such an unthinkable result from a single CBW incident is not beyond the realm of possibility: “According to the U.S. Congress Office of Technology Assessment, 100 kg of anthrax spores delivered by an efficient aerosol generator on a large urban target would be between two and six times as lethal as a one megaton thermo-nuclear bomb.”46 Would the deaths of 300,000 Americans be enough to trigger a nuclear response? In this case, proportionality does not rule out the use of nuclear weapons. Besides simply the total number of casualties, the types of casualties- predominantly military versus civilian- will also affect the nature and scope of the US reprisal action. Military combat entails known risks, and the emotions resulting from a significant number of military casualties are not likely to be as forceful as they would be if the attack were against civilians. World War II provides perhaps the best examples for the kind of event or circumstance that would have to take place to trigger a nuclear response. A CBW event that produced a shock and death toll roughly equivalent to those arising from the attack on Pearl Harbor might be sufficient to prompt a nuclear retaliation. President Harry Truman’s decision to drop atomic bombs on Hiroshima and Nagasaki- based upon a calculation that up to one million casualties might be incurred in an invasion of the Japanese homeland47- is an example of the kind of thought process that would have to occur prior to a nuclear response to a CBW event. Victor Utgoff suggests that “if nuclear retaliation is seen at the time to offer the best prospects for suppressing further CB attacks and speeding the defeat of the aggressor, and if the original attacks had caused severe damage that had outraged American or allied publics, nuclear retaliation would be more than just a possibility, whatever promises had been made.”48

#### Nuclear war

**IRC ‘1** (11-20-1, “How should the U.S. prepare for possible attacks using biological and chemical weapons?” IRC, <http://www.fpif.org/faq/0111bioterror.html>)

Nuclear deterrence is a leading U.S. strategy to counter threats of biological and chemical warfare. The U.S. has adopted a nuclear weapons use doctrine based on the principles of deterrence capacity and the pre-emptive destruction of chemical or biological weapons and facilities of an enemy nation or non-state actor. This policy was most recently updated in Presidential Decision Directive 60 (PDD60), which was signed by President Clinton in late 1997. This document confirmed a policy that was in place as early as 1994. Detailed scenarios for nuclear operations by forces in the European theater (from where, for example, an assault on Libya would be launched) were enshrined in a "Silver Book" in 1994. Planning for this eventuality had begun as early as 1990, when the Pentagon began searching for new missions to justify the retention of nuclear forces following the end of the cold war. The policy now in place allows for nuclear weapons to be used in response to a chemical or biological weapons attack; against facilities for chemical and biological weapons (CBW) production or storage; or against an enemy thought to be preparing a CBW attack. This is part of a policy called counterproliferation, a military response to the spread of weapons of mass destruction (WMD). There is strong pressure from the Department of Energy weapons labs, from some officials in the administration, and a small number of military personnel for the development of new, smaller nuclear weapons that could be used for such counterproliferation missions. If the U.S. suffers a large number of casualties in a biological attack, the probability of nuclear retaliation would be high.If the administration would declare, for example, that the recent anthrax attacks were criminal or terrorist actions and could then trace them back to the bin Laden network, this would permit U.S. forces to attack Afghanistan with nuclear weapons, if a target requiring nuclear weapons to destroy it could be found. The same would be true with Iraq. If the U.S. suffers a large number of casualties in a biological attack, the probability of nuclear retaliation would be high. The problems with this strategy are manifold: First, if the country hosting the WMD terrorists is a non-nuclear weapon state, then the U.S. has promised not to use nuclear weapons against it unless it attacks the U.S. in alliance with a nuclear weapon state. In the case of Africa, South America, and other nuclear weapon free zones (NWFZ), those promises are legally enshrined in protocols to NWFZ treaties--the U.S. action would therefore be illegal. Second, the human and environmental cost of such action across generations would far exceed any damage done to the U.S., and there would be no way to ensure that fallout would be contained within the country attacked. Third, the development of new nuclear weapons would likely require a return to nuclear testing, killing any chance that the Comprehensive Nuclear Test Ban Treaty (CTBT) could come into force, and probably spurring new weapons developments in China, India, and Pakistan. Finally, there is no support for this U.S. policy, even among U.S. allies. NATO has adopted a watered-down version of the U.S. nuclear doctrine, but has been unable to agree on any guidance for military planners to operationalize the policy. Using nuclear weapons would make the U.S. a pariah state.

#### Scenario three:

#### Maintaining exports key to solve war

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

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

#### Scenario four:

#### Oil shocks cause resource wars that escalate

Perl, 11/19/2011 (Anthony – professor of Urban Studies and Political Science at Simon Fraser University, How Green is High-Speed Rail, CNN, p. http://www.cnn.com/2011/11/18/world/how-green-is-hsr/index.html)

Grid-connected traction offers the only realistic option for significantly reducing oil use in transportation over the next 10 years. If such a shift does not begin during this decade, the risk of a global economic collapse and/or geo-political conflict over the world's remaining oil reserves would become dangerously elevated. Making a significant dent in transportation's oil addiction within 10 years is sooner than fuel cells, biofuels, battery-electric vehicles and other alternative energy technologies will be ready to deliver change.

#### Scenario five:

#### Economic crisis causes war---strong statistical support

Royal, 2010

Jedediah Royal, Director of Cooperative Threat Reduction at the U.S. Department of Defense, 2010, “Economic Integration, Economic Signaling and the Problem of Economic Crises,” in Economics of War and Peace: Economic, Legal and Political Perspectives, ed. Goldsmith and Brauer, p. 213-214

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski and Thompson’s (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin, 10981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Fearon, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner, 1999). Seperately, Polllins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium, and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level, Copeland’s (1996,2000) theory of trade expectations suggests that ‘future expectation of trade’ is a significant variable in understanding economic conditions and security behavior of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectation of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases , as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states. Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write, The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other. (Blomberg & Hess, 2002, p.89). Economic decline has also been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. ‘Diversionary theory’ suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to create a ‘rally round the flag’ effect. Wang (1996), DeRouen (1995), and Blomberg, Hess and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997) Miller (1999) and Kisanganie and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak presidential popularity, are statistically linked to an increase in the use of force.

#### Even without collapse, growth solves extinction.

Barnhizer, 2006

David R. Barnhizer, Emeritus Professor at Cleveland State University’s Cleveland-Marshall College of Law, 2006 (“Waking from Sustainability's "Impossible Dream": The Decisionmaking Realities of Business and Government,” Georgetown International Environmental Law Review (18 Geo. Int'l Envtl. L. Rev. 595), lexis

The scale of social needs, including the need for expanded productive activity, has grown so large that it cannot be shut off at all, and certainly not abruptly. It cannot even be ratcheted down in any significant fashion without producing serious harms to human societies and hundreds of millions of people. Even if it were possible to shift back to systems of local self-sufficiency, the consequences of the transition process would be catastrophic for many people and even deadly to the point of continual conflict, resource wars, increased poverty, and strife. What are needed are concrete, workable, and pragmatic strategies that produce effective and intelligently designed economic activity in specific contexts and, while seeking efficiency and conservation, place economic and social justice high on a list of priorities. n60 The imperative of economic growth applies not only to the needs and expectations of people in economically developed societies but also to people living in nations that are currently economically underdeveloped. Opportunities must be created, jobs must be generated in huge numbers, and economic resources expanded to address the tragedies of poverty and inequality. Unfortunately, natural systems must be exploited to achieve this; we cannot return to Eden. The question is not how to achieve a static state but how to achieve what is needed to advance social justice while avoiding and mitigating the most destructive consequences of our behavior.

### 1AC Competitiveness Advantage

#### Competitiveness is declining now – perception and reality

Reuters, 2012 Scott Malone, “U.S. economy losing competitive edge: survey,” January 18, http://www.reuters.com/article/2012/01/18/us-corporate-competitiveness-idUSTRE80H1HR20120118, last accessed 5.25.12

In particular, the nation is falling behind emerging market rivals and just keeping pace with other advanced economies, according to a Harvard Business School survey of 9,750 of its alumni in the United States and 121 other countries. Seventy-one percent of respondents expected the U.S. to become less competitive, less able to compete in the global economy with U.S. firms less able to pay high wages and benefits, the study found. The findings come at a time when high unemployment is a major concern for Americans, with 23.7 million out-of-work and underemployed, and the economy the top issue ahead of November's presidential election. "The U.S. is losing out on business location decisions at an alarming rate" said Michael Porter, a Harvard Business School professor who was a co-author of the study. U.S. companies, which slashed headcount sharply during the 2007-2009 recession, have been slow to rehire since the downturn's official end and some have continued to cut. This month, Archer Daniels Midland Co ([ADM.N](http://www.reuters.com/finance/stocks/overview?symbol=ADM.N)), Kraft Foods Inc ([KFT.N](http://www.reuters.com/finance/stocks/overview?symbol=KFT.N)) and Novartis AG NOVN.XV all said they would be cutting U.S. jobs this year. Survey respondents said they remained more likely to move operations out of the United States than back in. Of 1,005 who considered offshoring facilities in the past year, 51 percent decided to move versus just 10 percent who opted to keep their facilities in the country, with the balance not yet decided. Respondents, graduates of the prestigious business school who were polled from October 4 through November 4, were particularly concerned about how the United States was shaping up versus emerging nations such as China, [Brazil](http://www.reuters.com/places/brazil) and India, with 66 percent saying the United States was falling behind.

#### An infrastructure bank would jumpstart investment on ports and other infrastructure—solves competitiveness

Rendell, former governor of Pennsylvania, and Smith, mayor of Mesa, Arizona and vice chairman of the U.S. Conference of Mayors, both are members of Building America’s Future Educational Fund, 2011

Ed and Scott, The Wall Street Journal, “Transportation Spending is the Right Stimulus,” August 11, http://www.bafuture.com/sites/default/files/WSJ\_Transportation\_Spending\_Is\_the%20\_Right\_Stimulus.pdf, last accessed 5.25.12

During this time of economic uncertainty and record federal deficits, many question why America should invest aggressively in infrastructure. The answer is simple: Whether it involves highways, railways, ports, aviation or any other sector, infrastructure is an economic driver that is essential for the long-term creation of quality American jobs. Unfortunately, our position as the world leader in infrastructure has begun to erode after years of misdirected federal priorities. When it comes to transportation, Washington has been on autopilot for the last half-century. Instead of tackling the hard choices facing our nation and embracing innovations, federal transportation policy still largely adheres to an agenda set by President Eisenhower. As a result, American citizens and businesses are wasting time, money and fuel. According to the Texas Transportation Institute, in 2009 Americans wasted 4.8 billion hours sitting in traffic at a cost of $115 billion and 3.9 billion wasted gallons of gas. Meanwhile, nations around the world are investing in cutting-edge infrastructure to make their transportation networks more efficient, more sustainable and more competitive than ours. These investments have put them on a cycle of economic growth that will improve their standard of living and improve their citizens' quality of life. Building America's Future Educational Fund, a national and bipartisan coalition of state and local elected officials, of which we are members, recently issued a report on the subject, "Falling Apart and Falling Behind." It offers a sobering assessment of transportation-infrastructure investments in the U.S. as compared to the visionary investments being made by our global economic competitors. As recently as 2005, the World Economic Forum ranked the U.S. No. 1 in infrastructure economic competitiveness. Today, the U.S. is ranked 15th. This is not a surprise considering that the U.S. spends only 1.7% of its gross domestic product on transportation infrastructure while Canada spends 4% and China spends 9%. Even as the global recession has forced cutbacks in government spending, other countries continue to invest significantly more than the U.S. to expand and update their transportation networks. China has invested $3.3 trillion since 2000, for example, and recently announced another $105.2 billion for 23 new infrastructure projects. Brazil has invested $240 billion since 2008, with another $340 billion committed for the next three years. The result? China is now home to six of the world's 10 busiest ports—while the U.S. isn't home to one. Brazil's Açu Superport is larger than the island of Manhattan, with state-of-the-art highway, pipeline and conveyor-belt capacity to ease the transfer of raw materials onto ships heading to China. To get our nation's economy back on track, we must develop a national infrastructure strategy for the next decade. This policy should be based on economics, not politics. Washington must finally pass a reauthorized multiyear transportation bill; target federal dollars toward economically strategic freight gateways and corridors; and refocus highway investment on projects of national economic significance, such as New York's Tappan Zee Bridge across the Hudson, where capacity restraints impose real congestion and safety costs in an economically critical region. It is also time we create new infrastructure financing options, including a National Infrastructure Bank. Many of these new programs, using Build America Bonds, for instance, can be paid for with a minimal impact on the federal deficit. The government's continued neglect of infrastructure will consign our nation and our children to economic decline. Rebuilding America's future cannot be a Democratic or Republican political cause. It must be a national undertaking. And if it is, there will be no stopping us. Let's get to work.

#### Infrastructure improvements are key to U.S. competitiveness

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

By most measures, the United States is investing less in infrastructure than other nations. While there are reasons for this disparity, international comparisons can offer a useful benchmark to assess our investment decisions. We spend approximately 2 percent of GDP on infrastructure, a 50 percent decline from 1960.65,66 China, India and Europe, by contrast, spend close to 9 percent, 8 percent, and 5 percent of GDP on infrastructure, respectively.67 To be clear, these simple cross-country comparisons do not account for differences in the current public capital stock, differences in demographics and population densities, and different transportation preferences across nations. However, it is clear that persistent neglect of our infrastructure will impact America’s competitive position vis-à-vis the rest of the world. Indeed, the U.S. Chamber of Commerce noted in their Policy Declaration on Transportation Infrastructure that, “Longterm underinvestment in transportation infrastructure is having an increasingly negative effect on the ability of the United States and its industries to compete in the global economy.”

#### And, failure to restore U.S. competitiveness crushes U.S. primacy—the impact is global war

Khalilzad, Fellow at the Center for Strategic and International Studies, 2011

Zalmay, National Review, “The Economy and National Security,” February 8, http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad?pg=2, last accessed 5.25.12

Today, economic and fiscal trends pose the most severe long-term threat to the United States’ position as global leader. While the United States suffers from fiscal imbalances and low economic growth, the economies of rival powers are developing rapidly. The continuation of these two trends could lead to a shift from American primacy toward a multi-polar global system, leading in turn to increased geopolitical rivalry and even war among the great powers. The current recession is the result of a deep financial crisis, not a mere fluctuation in [the business](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad) cycle. Recovery is likely to be protracted. The crisis was preceded by the buildup over two decades of enormous amounts of debt throughout the U.S. economy — ultimately totaling almost 350 percent of GDP — and the development of credit-fueled asset bubbles, particularly in the housing sector. When the bubbles burst, huge amounts of wealth were destroyed, and [unemployment](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad) rose to over 10 percent. The decline of tax revenues and massive countercyclical spending put the U.S. government on an unsustainable fiscal path. Publicly held national debt  rose from 38 to over 60 percent of GDP in three years. Without faster economic growth and actions to reduce deficits, publicly held national debt is projected to reach dangerous proportions. If interest rates were to rise significantly, annual interest payments — which already are larger than the defense budget — would crowd out other spending or require substantial tax increases that would undercut economic growth. Even worse, if unanticipated events trigger what [economists](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad) call a “sudden stop” in credit markets for U.S. debt, the United States would be unable to roll over its outstanding obligations, precipitating a sovereign-debt crisis that would almost certainly compel a radical retrenchment of the United States internationally. Such scenarios would reshape the international order. It was the economic devastation of Britain and France during World War II, as well as the rise of other powers, that led both countries to relinquish their empires. In the late 1960s, British leaders concluded that they lacked the economic capacity to maintain a presence “east of Suez.” Soviet economic weakness, which crystallized under Gorbachev, contributed to their decisions to withdraw from Afghanistan, abandon Communist regimes in Eastern Europe, and allow the Soviet Union to fragment. If the U.S. debt problem goes critical, the United States would be compelled to retrench, reducing its military spending and shedding international commitments. We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution of power. These trends could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation. The stakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. [leadership](http://www.nationalreview.com/articles/259024/economy-and-national-security-zalmay-khalilzad). By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars among the great powers. Failures of multi-polar international systems produced both world wars. American retrenchment could have devastating consequences. Without an American security blanket, regional powers could rearm in an attempt to balance against emerging threats. Under this scenario, there would be a heightened possibility of arms races, miscalculation, or other crises spiraling into all-out conflict. Alternatively, in seeking to accommodate the stronger powers, weaker powers may shift their geopolitical posture away from the United States. Either way, hostile states would be emboldened to make aggressive moves in their regions.

### 1AC Warming

#### Smart infrastructure investment reduces congestion, oil use, and emissions that contribute to warming.

Smith, 2010

Dan Smith, Transportation Associate, U.S. Public Interest Research Group, “Better Transportation Investment Creates More Jobs” September 16, http://www.huffingtonpost.com/dan/better-transportation-inv\_b\_719527.html

With almost one in ten American workers currently unemployed, smart investment in infrastructure is an efficient way to create jobs right now. The job creation potential of infrastructure has been well-documented. Economists Mark Zandi and Alan Blinder, for example, explain in a report they coauthored that every dollar spent on infrastructure yields $1.57 in economic growth. To generate the most jobs, every study has shown that it is important to prioritize investments in public transportation. Academic analysis concludes that public transit generates 31 percent more jobs per billion dollars invested than similar spending on highways. Models developed with the Federal Highway Administration likewise show transit investments generate 19 percent more jobs. Similarly, an analysis of U.S. Department of Transportation data shows that 2008 stimulus dollars spent on public transportation projects created up to twice as many jobs as highway spending for the same amount of money. The consistent finding is clear: to create jobs, invest in public transportation. For spending on highways, it is important that money be directed to repair and maintenance rather than the construction of new highways. Too many roads and bridges across America remain in a state of disrepair that pose dangers and cause costly delays. Although investment in highway repair does not create as many jobs as public transit, it creates 9 percent more jobs per billion dollars than building new highway miles, according to the same studies. Additionally, the long-term development of a national high-speed rail network could be critical to rebuilding America's declining manufacturing sector. Auto factories that were shut down during the last decade could be reopened and repurposed to manufacture the new railcars and bullet trains of the future. Better Transportation Investment Reduces our Dependence on Oil Our transportation system consumes more oil than the entire economy of any other country in the world, other than China, according to Department of Energy data. The disastrous consequences of our oil addiction were on full display last spring when billions of gallons of oil spilled into the Gulf. Our over-reliance on oil is also a national security concern, as it forces our nation to rely on foreign regimes which are often hostile or unstable. Investing in more and better public transportation is critical to reducing America's oil dependence because it provides more energy-efficient ways to travel. Existing public transit reduced the amount of gasoline America used in 2006 by 3.4 billion gallons, according to an analysis of EPA data. The U.S. PIRG Education Fund calculated that this saved us over $9 billion in gas costs. Not surprisingly, metropolitan areas with better public transit systems accounted for most of these oil savings. To partially pay for the proposed investment, President Obama rightly calls for cutting government subsidies for oil companies. There is no reason why corporations, like Exxon-Mobil and BP, that make billions in profits should receive public handouts and tax subsidies. These unnecessary tax breaks and subsidies should be eliminated, and the savings should be used to pay for cleaner, more efficient transportation projects. Better Transportation Investment Reduces Congestion and Pollution In addition to creating jobs and reducing our oil dependence, investment in public transportation and high-speed rail would reduce traffic congestion and global-warming pollution. For instance, the Texas Transportation Institute's 2007 Annual Urban Mobility Report calculated that public transit prevented over 500 million hours of delays in 2005, saving the country more than $10 billion. Also, our transportation system accounts for a full third of the country's global warming pollution. The U.S. PIRG Education Fund calculated that public transit reduced emissions of harmful global warming pollution by 26 million metric tons in 2006. That is equivalent to taking almost 5 million cars off the road. Better Transportation Investment Means Less Earmarks, and More Results In addition to providing much needed funding for more public transportation, President Obama's plan seeks to spend our transportation dollars more efficiently. Over 100 federal programs would be consolidated under the proposal, similar to a 2009 proposal by U.S. House Transportation and Infrastructure Committee Chairman James Oberstar. President Obama also proposes to allocate money based on performance, rather than earmark-driven politics. Such reforms are essential to ensuring that we get the biggest bang for our buck. With the economic recovery slow to pick up steam, President Obama's call for a new transportation bill is a timely opportunity to spur job growth now while making crucial investments in America's future. We strongly encourage you to write an editorial urging Congress to move forward with President Obama's proposal for comprehensive reform and the reauthorization of the surface transportation bill.

#### Transportation is the largest proximate cause of warming and pollution.

Jehanno 2011

(Aurélie Jehanno, November 2011, “High Speed Rail and Sustainability,” International Union of Railways, http://goo.gl/6mQfM)

4.1 HSR has a lower impact on climate and environment than all other compatible transport modes. To compare the overall environmental performance of HSR with other competitive transport modes, all environmental impacts must be considered. These are, mainly: energy consumption and the combustion of fossil fuels; air pollutant emissions and noise; and environmental damage like land use and resource depletion. These impacts occur during the construction, operation and maintenance of HSR. The following chapter focuses on the most significant, and on-going, phase, the operation of HSR, and shows how HSR brings solutions to global challenges. 4.1.1 Energy consumption and GHG emissions. The reality of global warming is commonly admitted among the scientific community. The works of the International Panel on Climate Change (IPCC) are unequivocal on the question that climate change is happening and that human activities are largely responsible for it. Global warming is a consequence of the well-known Greenhouse Effect, and the non-natural part of it especially is caused mainly by carbon emissions due to human activity. Anthropogenic emissions have been growing continuously since the 19th century (see Figure 4). The IPCC predicts temperature rises of between 1° a nd 6° Centigrade from current levels by 2100, depending on the levels of future greenhouse gas (GHG) emissions. If the higher estimates are accurate, there could be catastrophic consequences, so decisive action is required. The Kyoto Protocol regulates five GHGs beside CO2: methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6). International efforts are now focused on reducing GHG emissions from the activities of modern society to avoid unprecedented impacts from climate change. In March 2007, as part of a wide-ranging attempt to cut emissions, European heads of state agreed to set legally binding targets to reduce Europe-wide GHG emissions by 20% from 1990 levels by 2020 (increased to 30% with a strong global agreement), (EC, 2010) f . The European Commission has further stated that work must begin immediately on a longer-term target of a 50% cut in global emissions by 2050. In July 2008, the European Commission published its ‘Greening Transport’ package which included a series of proposals to make the transport sector more environmentally-friendly and to promote sustainable mobility. Yet the measures agreed so far are not sufficient to contain the negative environmental effects of transport growth. Furthermore, there is still no coherent ‘roadmap’ to reduce emissions from transport. Figure 5 shows total GHG emissions for the EU 27 countries, including international maritime and aviation “bunkers” g , projected on linear trajectory towards 80% and 95% reduction targets, alongside total transport emissions (including bunkers) assuming current trends continue. This shows that if the current growth in transport emissions continues, then even if all other sectors achieve a 100% reduction, targets for total emissions will be exceeded by transport alone by 2050. Transport has a key role to play within solutions to climate change as current transport structures are responsible for extreme pressures on energy resources and ecosystems through a high dependence on fossil fuels (80% of energy consumption is derived from fossil fuels). Producing 23% of all worldwide CO2 emissions, transport is the second largest source of man-made CO2, after energy production (see Figure 6). Among all sectors, the transport sector is the only one in which emissions are continuing to increase in spite of all the technological advances. Moreover, transport emissions, for instance in Europe, increased by 25% between 1990 and 2010. By contrast emissions from the industrial and energy sectors are falling. 9 Reducing transport emissions is therefore one of the most crucial steps in combating global warming and securing our future. In the interests of people and the environment, the rail sector strongly recommends that transport policies in the EU and elsewhere start to make more use of the energy efficiency of railways in order to progress towards the 2020 CO2 reduction targets Railways already offer the most energy efficient performance and are constantly improving in terms of energy use per passenger km (pkm). HSR IS PART OF THE SOLUTION TO FIGHT CLIMATE CHANGE The alarming performance of the transport sector is largely due to road traffic, which accounts for 73% of global transport emissions (see Figure 7). If domestic and international aviation is combined then it is the second largest emitter accounting for 13% of global transport emissions. By contrast, the rail sector accounts for just 2% of total transport emissions. In Europe rail accounts for only 1.6% of emissions, while it transports 6% of all passengers and 10% of all freight. 10 This is a clear indicator that railways can do more for less. A modal shift from road and air towards rail is one obvious way to reduce CO2 emissions. There are three primary strategy responses to the challenge of reducing the environmental impact of transport (Dalkmann and Brannigan, 2007): Avoid - transport is reduced or avoided altogether; such as by land-use planning and public transport integration in order to enable efficient interconnectivity and reductions in km travelled. Shift - journeys are made by lower CO2 per passenger emitting modes such as public transport (including rail), walking and cycling. Improve - efficiency of current transport modes is improved e.g. by innovations in technology. 16 In the context of rail the two most relevant strategies are ‘shift’ and ‘improve’, however rail does have a part to play in ‘avoid’ strategies within integrated land use and spatial planning. 12 HSR IS MORE ENERGY EFFICIENT THAN ALL OTHER TRANSPORT MODES Rail in general is widely acknowledged as the most carbon efficient form of mass transport as Figure 8 illustrates. Calculations for HSR using the average European electricity mix, a 75% load factor and the electric consumption of a Alstom AGV (0.033 kwh/seat.km) h show a crucial advantage in terms of carbon emissions over air and road transport with around 17g CO2 per pkm. Although average emissions depend upon many factors the graph indicates the benefits of railways. Thus, in addition to not being a significant contributor to the transport sector’s problems in terms of emissions, rail needs to be given more attention because of its crucial role as an important part of the solution. In particular, efficient, 100% electric HSR can play a leading role in reducing transport related emissions and contribute to climate protection. HSR offers the best performance in terms of energy consumption and materials use. HSR offers attractive alternatives to short-haul flights and long distance car journeys. Replacing short haul flights with HSR would release capacity constraints at airports, reduce the need for additional expansion whilst helping to tackle the challenges of climate change.

#### And, warming is real and human induced – consensus is on our side – numerous studies prove

Rahmstorf 8 – Professor of Physics of the Oceans

Richard, of Physics of the Oceans at Potsdam University, Global Warming: Looking Beyond Kyoto, Edited by Ernesto Zedillo, “Anthropogenic Climate Change?,” pg. 42-4

It is time to turn to statement B: human activities are altering the climate. This can be broken into two parts. The first is as follows: global climate is warming. This is by now a generally undisputed point (except by novelist Michael Crichton), so we deal with it only briefly. The two leading compilations of data measured with thermometers are shown in figure 3-3, that of the National Aeronautics and Space Administration (NASA) and that of the British Hadley Centre for Climate Change. Although they differ in the details, due to the inclusion of different data sets and use of different spatial averaging and quality control procedures, they both show a consistent picture, with a global mean warming of 0.8°C since the late nineteenth century. Temperatures over the past ten years clearly were the warmest since measured records have been available. The year 1998 sticks out well above the longterm trend due to the occurrence of a major El Nino event that year (the last El Nino so far and one of the strongest on record). These events are examples of the largest natural climate variations on multiyear time scales and, by releasing heat from the ocean, generally cause positive anomalies in global mean temperature. It is remarkable that the year 2005 rivaled the heat of 1998 even though no El Nino event occurred that year. (A bizarre curiosity, perhaps worth mentioning, is that several prominent "climate skeptics" recently used the extreme year 1998 to claim in the media that global warming had ended. In Lindzen's words, "Indeed, the absence of any record breakers during the past seven years is statistical evidence that temperatures are not increasing.")33 In addition to the surface measurements, the more recent portion of the global warming trend (since 1979) is also documented by satellite data. It is not straightforward to derive a reliable surface temperature trend from satellites, as they measure radiation coming from throughout the atmosphere (not just near the surface), including the stratosphere, which has strongly cooled, and the records are not homogeneous' due to the short life span of individual satellites, the problem of orbital decay, observations at different times of day, and drifts in instrument calibration.' Current analyses of these satellite data show trends that are fully consistent with surface measurements and model simulations." If no reliable temperature measurements existed, could we be sure that the climate is warming? The "canaries in the coal mine" of climate change (as glaciologist Lonnie Thompson puts it) ~are mountain glaciers. We know, both from old photographs and from the position of the terminal moraines heaped up by the flowing ice, that mountain glaciers have been in retreat all over the world during the past century. There are precious few exceptions, and they are associated with a strong increase in precipitation or local cooling.36 I have inspected examples of shrinking glaciers myself in field trips to Switzerland, Norway, and New Zealand. As glaciers respond sensitively to temperature changes, data on the extent of glaciers have been used to reconstruct a history of Northern Hemisphere temperature over the past four centuries (see figure 3-4). Cores drilled in tropical glaciers show signs of recent melting that is unprecedented at least throughout the Holocene-the past 10,000 years. Another powerful sign of warming, visible clearly from satellites, is the shrinking Arctic sea ice cover (figure 3-5), which has declined 20 percent since satellite observations began in 1979. While climate clearly became warmer in the twentieth century, much discussion particularly in the popular media has focused on the question of how "unusual" this warming is in a longer-term context. While this is an interesting question, it has often been mixed incorrectly with the question of causation. Scientifically, how unusual recent warming is-say, compared to the past millennium-in itself contains little information about its cause. Even a highly unusual warming could have a natural cause (for example, an exceptional increase in solar activity). And even a warming within the bounds of past natural variations could have a predominantly anthropogenic cause. I come to the question of causation shortly, after briefly visiting the evidence for past natural climate variations. Records from the time before systematic temperature measurements were collected are based on "proxy data," coming from tree rings, ice cores, corals, and other sources. These proxy data are generally linked to local temperatures in some way, but they may be influenced by other parameters as well (for example, precipitation), they may have a seasonal bias (for example, the growth season for tree rings), and high-quality long records are difficult to obtain and therefore few in number and geographic coverage. Therefore, there is still substantial uncertainty in the evolution of past global or hemispheric temperatures. (Comparing only local or regional temperature; as in Europe, is of limited value for our purposes,' as regional variations can be much larger than global ones and can have many regional causes, unrelated to global-scale forcing and climate change.) The first quantitative reconstruction for the Northern Hemisphere temperature of the past millennium, including an error estimation, was presented by Mann, Bradley, and Hughes and rightly highlighted in the 2001 IPCC report as one of the major new findings since its 1995 report; it is shown in figure 3\_6.39 The analysis suggests that, despite the large error bars, twentieth-century warming is indeed highly unusual and probably was unprecedented during the past millennium. This result, presumably because of its symbolic power, has attracted much criticism, to some extent in scientific journals, but even more so in the popular media. The hockey stick-shaped curve became a symbol for the IPCC, .and criticizing this particular data analysis became an avenue for some to question the credibility of the IPCC. Three important things have been overlooked in much of the media coverage. First, even if the scientific critics had been right, this would not have called into question the very cautious conclusion drawn by the IPCC from the reconstruction by Mann, Bradley, and Hughes: "New analyses of proxy data for the Northern Hemisphere indicate that the increase in temperature in the twentieth century is likely to have been the largest of any century during the past 1,000 years." This conclusion has since been supported further by every single one of close to a dozen new reconstructions (two of which are shown in figure 3-6).Second, by far the most serious scientific criticism raised against Mann, Hughes, and Bradley was simply based on a mistake. 40 The prominent paper of von Storch and others, which claimed (based on a model test) that the method of Mann, Bradley, and Hughes systematically underestimated variability, "was [itself] based on incorrect implementation of the reconstruction procedure."41 With correct implementation, climate field reconstruction procedures such as the one used by Mann, Bradley, and Hughes have been shown to perform well in similar model tests. Third, whether their reconstruction is accurate or not has no bearing on policy. If their analysis underestimated past natural climate variability, this would certainly not argue for a smaller climate sensitivity and thus a lesser concern about the consequences of our emissions. Some have argued that, in contrast, it would point to a larger climate sensitivity. While this is a valid point in principle, it does not apply in practice to the climate sensitivity estimates discussed herein or to the range given by IPCC, since these did not use the reconstruction of Mann, Hughes, and Bradley or any other proxy records of the past millennium. Media claims that "a pillar of the Kyoto Protocol" had been called into question were therefore misinformed. As an aside, the protocol was agreed in 1997, before the reconstruction in question even existed. The overheated public debate on this topic has, at least, helped to attract more researchers and funding to this area of paleoclimatology; its methodology has advanced significantly, and a number of new reconstructions have been presented in recent years. While the science has moved forward, the first seminal reconstruction by Mann, Hughes, and Bradley has held up remarkably well, with its main features reproduced by more recent work. Further progress probably will require substantial amounts of new proxy data, rather than further refinement of the statistical techniques pioneered by Mann, Hughes, and Bradley. Developing these data sets will require time and substantial effort. It is time to address the final statement: most of the observed warming over the past fifty years is anthropogenic. A large number of studies exist that have taken different approaches to analyze this issue, which is generally called the "attribution problem." I do not discuss the exact share of the anthropogenic contribution (although this is an interesting question). By "most" I imply mean "more than 50 percent.”The first and crucial piece of evidence is, of course, that the magnitude of the warming is what is expected from the anthropogenic perturbation of the radiation balance, so anthropogenic forcing is able to explain all of the temperature rise. As discussed here, the rise in greenhouse gases alone corresponds to 2.6 W/tn2 of forcing. This by itself, after subtraction of the observed 0'.6 W/m2 of ocean heat uptake, would Cause 1.6°C of warming since preindustrial times for medium climate sensitivity (3"C). With a current "best guess'; aerosol forcing of 1 W/m2, the expected warming is O.8°c. The point here is not that it is possible to obtain the 'exact observed number-this is fortuitous because the amount of aerosol' forcing is still very' uncertain-but that the expected magnitude is roughly right. There can be little doubt that the anthropogenic forcing is large enough to explain most of the warming. Depending on aerosol forcing and climate sensitivity, it could explain a large fraction of the warming, or all of it, or even more warming than has been observed (leaving room for natural processes to counteract some of the warming). The second important piece of evidence is clear: there is no viable alternative explanation. In the scientific literature, no serious alternative hypothesis has been proposed to explain the observed global warming. Other possible causes, such as solar activity, volcanic activity, cosmic rays, or orbital cycles, are well observed, but they do not show trends capable of explaining the observed warming. Since 1978, solar irradiance has been measured directly from satellites and shows the well-known eleven-year solar cycle, but no trend. There are various estimates of solar variability before this time, based on sunspot numbers, solar cycle length, the geomagnetic AA index, neutron monitor data, and, carbon-14 data. These indicate that solar activity probably increased somewhat up to 1940. While there is disagreement about the variation in previous centuries, different authors agree that solar activity did not significantly increase during the last sixty-five years. Therefore, this cannot explain the warming, and neither can any of the other factors mentioned. Models driven by natural factors only, leaving the anthropogenic forcing aside, show a cooling in the second half of the twentieth century (for an example, See figure 2-2, panel a, in chapter 2 of this volume). The trend in the sum of natural forcings is downward.The only way out would be either some as yet undiscovered unknown forcing or a warming trend that arises by chance from an unforced internal variability in the climate system. The latter cannot be completely ruled out, but has to be considered highly unlikely. No evidence in the observed record, proxy data, or current models suggest that such internal variability could cause a sustained trend of global warming of the observed magnitude. As discussed, twentieth century warming is unprecedented over the past 1,000 years (or even 2,000 years, as the few longer reconstructions available now suggest), which does not 'support the idea of large internal fluctuations. Also, those past variations correlate well with past forcing (solar variability, volcanic activity) and thus appear to be largely forced rather than due to unforced internal variability." And indeed, it would be difficult for a large and sustained unforced variability to satisfy the fundamental physical law of energy conservation. Natural internal variability generally shifts heat around different parts of the climate system-for example, the large El Nino event of 1998, which warmed, the atmosphere by releasing heat stored in the ocean. This mechanism implies that the ocean heat content drops as the atmosphere warms. For past decades, as discussed, we observed the atmosphere warming and the ocean heat content increasing, which rules out heat release from the ocean as a cause of surface warming. The heat content of the whole climate system is increasing, and there is no plausible source of this heat other than the heat trapped by greenhouse gases. ' A completely different approach to attribution is to analyze the spatial patterns of climate change. This is done in so-called fingerprint studies, which associate particular patterns or "fingerprints" with different forcings. It is plausible that the pattern of a solar-forced climate change differs from the pattern of a change caused by greenhouse gases. For example, a characteristic of greenhouse gases is that heat is trapped closer to the Earth's surface and that, unlike solar variability, greenhouse gases tend to warm more in winter, and at night. Such studies have used different data sets and have been performed by different groups of researchers with different statistical methods. They consistently conclude that the observed spatial pattern of warming can only be explained by greenhouse gases.49 Overall, it has to be considered, highly likely' that the observed warming is indeed predominantly due to the human-caused increase in greenhouse gases. ' This paper discussed the evidence for the anthropogenic increase in atmospheric CO2 concentration and the effect of CO2 on climate, finding that this anthropogenic increase is proven beyond reasonable doubt and that a mass of evidence points to a CO2 effect on climate of 3C ± 1.59C global-warming for a doubling of concentration. (This is, the classic IPCC range; my personal assessment is that, in-the light of new studies since the IPCC Third Assessment Report, the uncertainty range can now be narrowed somewhat to 3°C ± 1.0C) This is based on consistent results from theory, models, and data analysis, and, even in the absence-of any computer models, the same result would still hold based on physics and on data from climate history alone. Considering the plethora of consistent evidence, the chance that these conclusions are wrong has to be considered minute. If the preceding is accepted, then it follows logically and incontrovertibly that a further increase in CO2 concentration will lead to further warming. The magnitude of our emissions depends on human behavior, but the climatic response to various emissions scenarios can be computed from the information presented here. The result is the famous range of future global temperature scenarios shown in figure 3\_6.50 Two additional steps are involved in these computations: the consideration of anthropogenic forcings other than CO2 (for example, other greenhouse gases and aerosols) and the computation of concentrations from the emissions. Other gases are not discussed here, although they are important to get quantitatively accurate results. CO2 is the largest and most important forcing. Concerning concentrations, the scenarios shown basically assume that ocean and biosphere take up a similar share of our emitted CO2 as in the past. This could turn out to be an optimistic assumption; some models indicate the possibility of a positive feedback, with the biosphere turning into a carbon source rather than a sink under growing climatic stress. It is clear that even in the more optimistic of the shown (non-mitigation) scenarios, global temperature would rise by 2-3°C above its preindustrial level by the end of this century. Even for a paleoclimatologist like myself, this is an extraordinarily high temperature, which is very likely unprecedented in at least the past 100,000 years. As far as the data show, we would have to go back about 3 million years, to the Pliocene, for comparable temperatures. The rate of this warming (which is important for the ability of ecosystems to cope) is also highly unusual and unprecedented probably for an even longer time. The last major global warming trend occurred when the last great Ice Age ended between 15,000 and 10,000 years ago: this was a warming of about 5°C over 5,000 years, that is, a rate of only 0.1 °C per century. 52 The expected magnitude and rate of planetary warming is highly likely to come with major risk and impacts in terms of sea level rise (Pliocene sea level was 25-35 meters higher than now due to smaller Greenland and Antarctic ice sheets), extreme events (for example, hurricane activity is expected to increase in a warmer climate), and ecosystem loss. The second part of this paper examined the evidence for the current warming of the planet and discussed what is known about its causes. This part showed that global warming is already a measured and-well-established fact, not a theory. Many different lines of evidence consistently show that most of the observed warming of the past fifty years was caused by human activity. Above all, this warming is exactly what would be expected given the anthropogenic rise in greenhouse gases, and no viable alternative explanation for this warming has been proposed in the scientific literature. Taken together., the very strong evidence accumulated from thousands of independent studies, has over the past decades convinced virtually every climatologist around the world (many of whom were initially quite skeptical, including myself) that anthropogenic global warming is a reality with which we need to deal.

#### Now is the key time-slowing warming is key to avoid positive feedbacks.

Hanson, 2008

James E. Hanson, Head, NASA Goddard Institute, Testimony before House Select Committee on Energy Independnece and Global Warming, 6—23—08, www.columbia.edu/~jeh1/2008/TwentyYearsLater\_20080623.pdf

Fast feedbacks—changes that occur quickly in response to temperature change—amplify the initial temperature change, begetting additional warming. As the planet warms, fast feedbacks include more water vapor, which traps additional heat, and less snow and sea ice, which exposes dark surfaces that absorb more sunlight. Slower feedbacks also exist. Due to warming, forests and shrubs are moving poleward into tundra regions. Expanding vegetation, darker than tundra, absorbs sunlight and warms the environment. Another slow feedback is increasing wetness (i.e., darkness) of the Greenland and West Antarctica ice sheets in the warm season. Finally, as tundra melts, methane, a powerful greenhouse gas, is bubbling out. Paleoclimatic records confirm that the long-lived greenhouse gases— methane, carbon dioxide, and nitrous oxide—all increase with the warming of oceans and land. These positive feedbacks amplify climate change over decades, centuries, and longer. The predominance of positive feedbacks explains why Earth’s climate has historically undergone large swings: feedbacks work in both directions, amplifying cooling, as well as warming, forcings. In the past, feedbacks have caused Earth to be whipsawed between colder and warmer climates, even in response to weak forcings, such as slight changes in the tilt of Earth’s axis.2 The second fundamental property of Earth’s climate system, partnering with feedbacks, is the great inertia of oceans and ice sheets. Given the oceans’ capacity to absorb heat, when a climate forcing (such as increased greenhouse gases) impacts global temperature, even after two or three decades, only about half of the eventual surface warming has occurred. Ice sheets also change slowly, although accumulating evidence shows that they can disintegrate within centuries or perhaps even decades. The upshot of the combination of inertia and feedbacks is that additional climate change is already “in the pipeline”: even if we stop increasing greenhouse gases today, more warming will occur. This is sobering when one considers the present status of Earth’s climate. Human civilization developed during the Holocene (the past 12,000 years). It has been warm enough to keep ice sheets off North America and Europe, but cool enough for ice sheets to remain on Greenland and Antarctica. With rapid warming of 0.6°C in the past 30 years, global temperature is at its warmest level in the Holocene.3 The warming that has already occurred, the positive feedbacks that have been set in motion, and the additional warming in the pipeline together have brought us to the precipice of a planetary tipping point. We are at the tipping point because the climate state includes large, ready positive feedbacks provided by the Arctic sea ice, the West Antarctic ice sheet, and much of Greenland’s ice. Little additional forcing is needed to trigger these feedbacks and magnify global warming. If we go over the edge, we will transition to an environment far outside the range that has been experienced by humanity, and there will be no return within any foreseeable future generation. Casualties would include more than the loss of indigenous ways of life in the Arctic and swamping of coastal cities. An intensified hydrologic cycle will produce both greater floods and greater droughts. In the US, the semiarid states from central Texas through Oklahoma and both Dakotas would become more drought-prone and ill suited for agriculture, people, and current wildlife. Africa would see a great expansion of dry areas, particularly southern Africa. Large populations in Asia and South America would lose their primary dry season freshwater source as glaciers disappear. A major casualty in all this will be wildlife.

#### Warming causes extinction---it’s real and accesses every impact.

Deibel 7

Terry L. Deibel, Professor of National Strategy at the National War College, 2007, Foreign Affairs Strategy: Logic for American Statecraft, p. 387-389

Finally, there is one major existential threat to American security (as well as prosperity) of a nonviolent nature, which, though far in the future, demands urgent action. It is the threat of global warming to the stability of the climate upon which all earthly life depends. Scientists worldwide have been observing the gathering of this threat for three decades now, and what was once a mere possibility has passed through probability to near certainty. Indeed, not one of more than 900 articles on climate change published in refereed scientific journals from 1993 to 2003 doubted that anthropogenic warming is occurring. "In legitimate scientific circles," writes Elizabeth Kolbert, "it is virtually impossible to find evidence of disagreement over the fundamentals of global warming."83 Evidence from a vast international scientific monitoring effort accumulates almost weekly, as this sample of newspaper reports shows: • an international panel predicts "brutal droughts, floods and violent storms across the planet over the next century"; • climate change could "literally alter ocean currents, wipe away huge portions of Alpine snowcaps and aid the spread of cholera and malaria"; • "glaciers in the Antarctic and in Greenland are melting much faster than expected, and... worldwide, plants are blooming several days earlier than they did a decade ago"; • "rising sea temperatures have been accompanied by a significant global increase in the most destructive hurricanes"; • "NASA scientists have concluded from direct temperature measurements that 2005 was the hottest year on record, with 1998 a close second"; • "Earth's warming climate is estimated to contribute to more than 150,000 deaths and 5 million illnesses each year" as disease spreads: • "widespread bleaching from Texas to Trinidad ... killed broad swaths of corals" due to a 2-degree rise in sea temperatures.84 "The world is slowly disintegrating," concluded Inuit hunter Noah Metuq, who lives 30 miles from the Arctic Circle. "They call it climate change,... but we just call it breaking up."85 From the founding of the first cities some 6,000 years ago until the beginning of the industrial revolution, carbon dioxide levels in the atmosphere remained relatively constant at about 280 parts per million (ppm). At present they are accelerating toward 400 ppm, and by 2050 they will reach 500 ppm, about double pre-industrial levels. Unfortunately, atmospheric CO2 lasts about a century, so there is no way immediately to reduce levels, only to slow their increase. We are thus in for significant global warming; the only debate is how much and how serious the effects will be. As the newspaper stories quoted above show, we are already experiencing the effects of 1-2 degree warming in more violent storms, spread of disease, mass die offs of plants and animals, species extinction, and threatened inundation of low-lying countries like the Pacific nation of Kiribati and the Netherlands. At a warming of 5 degrees or less the Greenland and West Antarctic ice sheets could disintegrate, leading to a sea level of rise of 20 feet that would cover North Carolina's outer banks, swamp the southern third of Florida, and inundate Manhattan up to the middle of Greenwich Village. Another catastrophic effect would be the collapse of the Atlantic thermohaline circulation that keeps the winter weather in Europe far warmer than its latitude would otherwise allow.86 Economist William Cline once estimated the damage to the United States alone from moderate levels of warming at 1-6 percent of GDP annually; severe warming could cost 13-26 percent of GDP.87 But the most frightening scenario is runaway greenhouse warming, based on positive feedback from the buildup of water vapor in the atmosphere that is both caused by and causes hotter surface temperatures. Past ice age transitions, associated with only 5-10 degree changes in average global temperatures, took place in just decades, even though no one was then pouring ever-increasing amounts of carbon into the atmosphere. Faced with this specter, the best one can conclude is that "humankind's continuing enhancement of the natural greenhouse effect is akin to playing Russian roulette with the earth's climate and humanity's life-support system."88 At worst, says physics professor Marty Hof-fert of New York University, "we're just going to burn everything up; we're going to heat the atmosphere to the temperature it was in the Cretaceous, when there were crocodiles at the poles. And then everything will collapse."89 During the Cold War, astronomer Carl Sagan popularized a theory of nuclear winter to describe how a thermonuclear war between the United States and the Soviet Union would not only destroy both countries but possibly end life on this planet.90 Global warming is the post-Cold War era's equivalent of nuclear winter, at least as serious and considerably better supported scientifically. Over the long run, it puts dangers from terrorism and traditional military challenges to shame. It is a threat not only to the security and prosperity of the United States, but potentially to the continued existence of life on this planet.

## 2ACs

## Economy Advantage

### Investments Key

#### Infrastructure investment is THE key

Niemann, 2011

Juli Niemann, an analyst at Smith, Moore and Company, Adriene Hill, Marketplace, “Construction industry vital to economic recovery” September 6, http://www.marketplace.org/topics/business/construction-industry-vital-economic-recovery

Hill: So are the markets finally coming to terms with where the economy actually is? Niemann: Well Wall Street's ever hopeful, but the biggest problem they're facing right now is this is not a double dip recession, because we've never emerged from one that really started in 2008. One powerful area made us look much better than we were, and that was manufacturing -- machinery, autos, aircraft. And it all went to the export markets, and our trading partners now are all plunging back into recession, so no one will be able to buy our stuff. That's what we're really looking at now. We're tied to Europe and China's helm, and they both have a unique set of problems dragging them back down. Hill: So some of the jobs proposals we're hearing, there are suggestions out there that basically count on and encourage consumer spending. Are those going work? Niemann: Absolutely not. Bottom line is -- the Federal Reserve has a couple of dark tools they don't really want to use. But the only thing that's going to work at this point in time is basically jobs tied to manufacturing and infrastructure. Thirty-five thousand jobs are created for about every billion dollars spent on transportation -- that's very effective. You've got a multiplier effect of 2 to 1. So in the president's jobs talk, he really has to talk about long-term competitive disadvantage that we're having if we don't upgrade our ports, and highways, and bridges. The construction trade is really the only thing that's going to bring this out. The problem with that: it's longer-term. There's no short-term fix for the mess that we're in.

#### Infrastructure investment directly continues to growth – empirical evidence

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

Investments in infrastructure allow goods and services to be transported more quickly and at lower costs, resulting in both lower prices for consumers and increased profitability for firms. Major transportation infrastructure initiatives include the building of the national railroad system in the 19th century and the creation of the Eisenhower Interstate System in the 1950s and 1960s. Observers have concluded that in both of these cases there was a causal link running from infrastructure investments to subsequent private sector productivity gains.6 Alternatively, it is possible that infrastructure investments occur when productivity gains are also likely to follow but for unrelated reasons. Determining causality is difficult. A study by John Fernald makes progress on establishing causality by comparing the impact of infrastructure investment on industries that a priori should experience different benefits from infrastructure spending.7 He finds that the construction of the interstate highway system in the 1950s and 1960s corresponded with a significant increase in the productivity of vehicle-intensive industries (such as transportation and gas utilities), relative to industries that do not depend on vehicles (such as apparel and textiles and industrial machinery). Fernald’s findings suggest that previous investments in infrastructure led to substantial productivity gains, and highlight the potential for further increases in productivity through additional, well-targeted investments.

### State Budgets

#### State budget crisis forces states to cut their services – more federal funding is key to solve

LEACHMAN ET AL ‘11 – Michael Leachman – Director of State Fiscal Research with the State Fiscal Policy division of the Center; holds a Ph.D. in sociology from Loyola University Chicago; policy analyst for nine years at the Oregon Center for Public Policy; AND\*\*\* Nicholas Johnson- graduate degree from Duke University's Terry Sanford Institute of Public Policy, Director of the State Fiscal Project, which works to develop strategies for long-term structural reform of state budget and tax systems, encourage low-income tax relief, and improve the way states prioritize funding, received the Ian Axford Fellowship in Public Policy, a program financed by the New Zealand government and administered by Fulbright New Zealand. Through this fellowship, he spent six months as an advisor to the New Zealand Treasury and the New Zealand Ministry of Social Development; AND\*\*\* Erica Williams - M.A. in International Policy the Monterey Institute of International Studies; Policy Analyst with the State Fiscal Project; (Michael, Nicholas Johnson, Erica Williams, “State Budget Cuts in the New Fiscal Year Are Unnecessarily Harmful”, July 28, http://www.cbpp.org/cms/index.cfm?fa=view&id=3550)

The cumulative effect of four consecutive years of lagging revenues has led to budget-cutting of historic proportions. An analysis of newly enacted state budgets shows that budget cuts will hit education, health care, and other state-funded services harder in the 2012 fiscal year – which started July 1, 2011 – than in any year since the recession began. Of the 47 states with newly enacted budgets, 38 or more states are making deep, identifiable cuts in K-12 education, higher education, health care, or other key areas in their budgets for fiscal year 2012. Even as states face rising numbers of children enrolled in public schools, students enrolled in universities, and seniors eligible for services, the vast majority of states (37 of 44 states for which data are available) plan to spend less on services in 2012 than they spent in 2008 – in some cases, much less. These cuts will slow the nation’s economic recovery and undermine efforts to create jobs over the next year. This level of budget-cutting is unnecessary and results, in part, from state and federal actions and failures to act. To be sure, with tax collections in most states still well below pre-recession levels and lagging far behind the growing cost of maintaining services, additional cuts at some level were inevitable for 2012. But the cutbacks in services that many states are now imposing are larger than necessary. Many states enacting deep cuts have failed to utilize other important tools in their budget-balancing toolkit, such as tapping reserves or raising new revenue to replace some of the revenue lost to the recession. Some states have even added to the cutbacks by further depleting revenue through tax reductions — an ineffective strategy for improving economic growth that likely will do more harm than good. Increased federal aid, which played an essential role in limiting the depth of cuts in services like education and health care in recent years, has almost entirely expired. Combined with states’ reluctance to utilize reserves or make tax changes, the loss of this federal aid leaves states with fewer options, one of which is deeper spending cuts. Moreover, Congressional leaders have indicated that they plan to cut back funding to the states for a variety of programs and services — a situation that would lead to further budget-balancing actions at the state level.

### Middle Class

#### And, infrastructure improvement decreases middle-class family transportation costs and stimulates consumer spending on other items—that trickles through the economy

U.S. Department of the Treasury, along with the Council of Economic Advisers, 2012

“A New Economic Analysis of Infrastructure Investment,” March 23, http://www.treasury.gov/press-center/news/Pages/03232012-infrastructure.aspx, last accessed 5.21.12

For the average American family, transportation expenditures rank second only to housing expenditures. As can be seen in Figure 1, the average American annually spends more on transportation than food, and more than two times as much as on out-of-pocket healthcare expenses. Given how much Americans spend on transportation expenditures, public investments which lower the cost of transportation could have a meaningful impact on families’ budgets. Reducing fuel consumption, decreasing the need for car maintenance due to potholes and poor road conditions, increasing the availability of affordable and accessible public transit systems, and reducing fuel consumption by making better use of the land would benefit Americans and allow them to spend less money on transportation. For the 90 percent of Americans who are not among the top decile in the income distribution, transportation costs absorb one out of every seven dollars of income. Transportation expenses relative to income are almost twice as great for the bottom 90 percent as they are for the top 10 percent. Providing high-speed rail and improved public transportation would provide middle-class families with more options to save time and money, so that they can retain more of their income for other purposes and spend more time doing what they want, rather than spending time getting there. One study concluded that individuals in a two-person household who ride public transportation and eliminate one car save, on average, almost $10,000 annually.34 Improved accessibility to public transportation systems will also help protect household budgets against the impact of rising fuel costs over time. For example, research has estimated that between 2000 and 2009, median income households living in neighborhoods with diverse transportation choices and regional accessibility experienced a $200 per month savings in average transport costs, compared to similar households in less location efficient areas.35 Moreover, improving our nation’s transportation system can save middle-class families money by reducing the costs associated with congestion and the additional automobile maintenance caused by poor road conditions. One study found that poor conditions of roads cost the average motorist who drives in cities on a regular basis over $400 a year.36,37 Another study by the Department of Transportation finds that $85 billion in total investment per year over the next twenty years would be required in order to bring existing highways and bridges into a state of good repair.38 As Gramlich and others have found, these fix-it-first investments will save money for most American families.

## Competitiveness Advantage

### Competitiveness- uniqueness

#### U.S. competitiveness decreasing in the SQ—multiple factors

Babu et al, 2011

Babu et all February 2011 Suresh & 10 others, including reps from NASA, GE, and EWI “strengthening manufacturing competitiveness” Online

Alarming Trends There is an unfortunate gathering of alarming trends in manufacturing that must be recognized and reversed, including: Decreasing R&D Funding: U.S. growth in R&D has averaged only about 1% per year in real terms since 2000.(13) This is of great concern considering that R&D investment drives innovation, and innovation is thought by many to be the critical strategic imperative to a healthy economy. Decreasing Manufacturing Output: Manufacturing output as a percentage of U.S. GDP has decreased. From 1996 to 2007, manufacturing’s share of GDP has fallen from 15.5 to 11.7%.(12) Furthermore, manufacturing output since the last recession lags that of earlier economic recoveries ― it has only grown 15%, which is half the pace averaged in recoveries of the past half century. Declining Employment: The ultimate metric of manufacturing strength, that of jobs, is the most alarming of the trends. The manufacturing employment base has declined by 4 million jobs in the past 10 years, as shown in Figure 1, and is suffering severe losses in the current economy.(12) While improved productivity accounts for some job reductions, the major impact is from factory shutdowns and the exporting of manufacturing overseas. As previously noted, manufacturing jobs generally earn higher wages than other sectors. However, job erosion in the manufacturing sector is difficult to recover and permanently scars the standard of living.

#### Failing U.S. infrastructure causes comparatively more innovation elsewhere

Likosky 2011

Likosky, Michael B. "Banking on the Future." The New York Times. The New York Times, 13 July 2011. Web. 25 June 2012. http://www.nytimes.com/2011/07/13/opinion/13likosky.html?\_r=1

FOR decades, we have neglected the foundation of our economy while other countries have invested in state-of-the-art water, energy and transportation infrastructure. Our manufacturing base has migrated abroad; our innovation edge may soon follow. If we don’t find a way to build a sound foundation for growth, the American dream will survive only in our heads and history books. But how we will pay for it? Given the fights over the deficit and the debt, it is doubtful that a second, costly stimulus package could gain traction. President Franklin D. Roosevelt faced a similar predicament in the 1930s when the possibility of a double-dip Depression loomed.

### Banks Key to Competitiveness

#### And, public-private partnerships are uniquely key to infrastructure investment—and U.S. competitiveness

Goldsmith, New York City Deputy Mayor for Operations, 2011

Stephen, Council on Foreign Relations, “Infrastructure Investment and U.S. Competitiveness,” April 5, http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585, last accessed 5.25.12

Investment in America's physical infrastructure is directly tied to economic development. Businesses and the workforces they attract consider infrastructure when deciding where to locate. Too often, however, pressed by day-to-day concerns, state and local governments fail to adequately plan and invest in infrastructure. Tight budgets make it easy for officials to rationalize the deferral of investment until a time when surpluses return. Unfortunately, this pattern has been repeated for decades, and the accumulation of deferred maintenance and deferred investment in future infrastructure has led to an unsatisfactory status quo. To ensure America's future competitiveness in the global marketplace, we must rethink our approach to the construction and financing of infrastructure. And in this policy area, many of the most promising ideas for unlocking public value involve public-private partnerships. The key question in a debate about infrastructure should be: "How can we produce the most public value for the money?" Answering this question should lead us to pursue both operational and financing innovations. The private sector has an important role to play in both. Public officials can produce more value for the dollar by better structuring the design, construction, operation, and financing of infrastructure projects that produce more lifecycle benefits and fewer handoffs among various private parties. A private partner can often achieve savings for government by identifying operational efficiencies and assuming risk formerly held by the public sector. Unlike the traditional model for bridge construction in which one firm designs, one firm builds, one company finances, and the public maintains, an arrangement which gives the private firm an ongoing responsibility for maintenance or durability will encourage design optimization and likely increase the length of the asset's lifecycle.

## Warming Advantage

#### A NIB would reduce emissions.

MaCcleery 2009
Rachel, Vice President for infrastructure at the Urban Land Institute and master’s degrees in public affairs and urban and regional planning from Princeton University, Transportaion Blueprints, A National Infrastructure Bank for the U.S.?, pg 48, July 2009, http://www.uli.org/ResearchAndPublications/PolicyPracticePriorityAreas/Infrastructure/~/media/Documents/ResearchAndPublications/PolicyAndPracticePriorityAreas/Infrastructure/Rachel%20MacCleery%20%20%20Infrastructure%20Bank.ashx

Many hope a new institution, a National Infrastructure Development Bank (NIDB), can address the country’s deteriorating infrastructure and kick-start a new investment-oriented approach to U.S. needs. The Urban Land Institute highlighted the promise of an American infrastructure bank in Infrastructure 2009: Pivot Point, published in April, and such a bank is a central recommendation of the ULI National Transportation Policy Dialogue, a ULI program—supported by the Rockefeller Foundation and ULI trustee James Curtis—focusing on transportation issues. Proponents of an infrastructure bank say it could give the federal government access to capital markets for infrastructure and add new rigor to the infrastructure decision-making process. Infrastructure banks have existed in other places for a long time; the European Investment Bank (EIB) is often cited as a model for a U.S. version. Established in 1958, the EIB is the lending arm of the European Union. Its subscribed capital comes from the 27 EU member states, which sit on the EIB board of governors as shareholders, but the bank is an independent entity and employees are not EU civil servants. The EIB is a nonprofit, policy-driven public bank with a mandate to promote “integration, balanced development, and social cohesion” of the member states, as well as environmental goals such as reducing carbon emissions. It also must generate sufficient returns through its projects to pay expenses, including salaries and overhead, and increase capital base for new loans. As a result, it subjects all potential projects to rigorous technical and risk analyses, charges variable interest rates determined by the risk profile of the project and the borrower, and requires a loan match of at least 50 percent for most projects. The match can come from a variety of sources, including government funding, but it normally comes from other bank loans. The bank’s involvement “provides commercial banks a bit of comfort about a project before they’re willing to dive in,” says Brian Field, planning and development specialist at the EIB. “It also provides long-term capital for projects at lengths most commercial banks don’t want to lend, like 15, 20, 25 years.” The EIB’s minimum loan amount is $35 million. In the beginning, the EIB focused on traditional infrastructure projects like roads and bridges that were considered essential to its economic development mission. More recently, its portfolio has expanded to include social assets such as schools, hospitals, and other public facilities. In recent years, the EIB has developed new strategies for reaching small projects, and also has gotten behind major programs such as the Trans-European Networks, a massive investment in transport and energy systems to connect cities across the continent. Each year, the EIB disperses about $64 billion in loans, making it the largest public financial institution in the world. In its 51-year history, the EIB has lost money on only a few projects. “We expect to get our money back,” says Field. With its proven track record and long history of infrastructure lending, the EIB offers many lessons for a U.S. infrastructure bank. The most important may be how to combine a mandate to achieve broad social, economic, and environmental objectives with an investment perspective and project selection process that is largely insulated from political influence. The EIB’s policy goals are set by the EU, but the bank’s management decisions— including those about which projects are eligible, which are worthy to receive loans, and what the loan terms should be—are made by the bank’s cadre of professional and technical staff. This helps ensure that projects move forward on their merits rather than as a favor to a political patron or constituency. The EIB is not without its critics. The bank must balance the important—but somewhat contradictory—objectives of achieving overarching EU goals while making profitable investments, and also of offering sufficient transparency while protecting clients and strategies. Some critics argue it does not always get the balance right. Others charge that the EIB continues to focus too much on road projects despite its commitment to promoting sustainable development and reducing global warming. Back in the United States, House Bill 2521, introduced in May by U.S. Representative Rosa DeLauro (D-CT) and 30 cosponsors, warrants a closer look. The bill would establish a government-owned NIDB “to facilitate efficient investments and financing of infrastructure projects and new job creation,” and leverage funding with private sources. Investing in transportation, environmental, energy, and telecommunications projects, it would be capitalized at $5 billion per year over five years with federal resources. NIDB’s five-member board of directors, appointed by the president and approved by the Senate, would be drawn from the public and private sectors to oversee operations, make loans, issue tax-exempt bonds, and conduct other transactions. The board also would have the task of establishing eligibility and giving priority to those projects that emphasize job creation, promotion of equality, and reduction of poverty. An executive committee of bank senior staff would be responsible for processing project applications and providing financing recommendations to the board. The DeLauro bill refines a 2007 Senate proposal by senators Christopher Dodd (D-CT) and Chuck Hagel (R-NE), and subsequent efforts at creating a new NIDB can be expected to build on these foundations. From this promising start, some ideas from the EIB could be used on this side of the Atlantic: l Like the EIB, the NIDB should be able to raise capital in a variety of ways and define loan packages with a variety of lengths and interest rate terms that will ensure both the success of the project and the long-term health of the bank.

#### Congestion link.

Cooper, 2012

Donna Cooper, Senior Fellow with the Economic Policy Team, Center for American Progress, “Meeting the Infrastructure Imperative” February 2012 http://www.americanprogress.org/issues/2012/02/pdf/infrastructure.pdf

Enact federal infrastructure allocation formulas based on objective measures of costs, need, and benefits—and require states and localities to do the same. Current formulas for the transportation funds, for instance, do not adequately take into account need for improvements needed to address congestion in spite of the fact that congestion is a leading cause of accidents and rising costs for commuters and goods movement. • Use federal policy tools to attract more private investment in infrastructure projects so that new large-scale improvements can be privately financed and paid for by users. • Create a National Infrastructure Bank to optimize the level of private investment in infrastructure, and ensure necessary large-scale and multistate infrastructure projects are undertaken.

## Solvency

### General

#### The bank is key – doubles each dollar at low borrowing costs

ANDERSON ‘11 – the president and CEO of CG/LA Infrastructure (Norman, “The Case For The Kerry-Hutchison Infrastructure Bank”, March 25, http://progressivepolicy.org/the-case-for-the-kerry-hutchison-infrastructure-bank)

As a small business owner who helps people think through infrastructure issues, I’m struck by the extraordinary opportunity here. We’re all aware of the need: A national infrastructure bank that uses federal borrowing authority to leverage private investment for roads, bridges, water systems and power grids is the only way for the U.S. to increase infrastructure investments in tight fiscal times. And the technical opportunity is irrefutable. Why not raise money for infrastructure at a time of historically low borrowing costs? What’s more, every major economy in the world has an infrastructure bank, so we should have one, too. Need is not the issue. Opportunity is. We need a model for smart government. Forget the weirdly inefficient, old-style European model. Re-engineering an old public sector is nearly impossible, and no one has the patience for it anyway. Think about a national infrastructure bank as an exercise in creating smart government, in an area that is strategically important for the future of our country. Doubling Annual Investment A high-functioning infrastructure bank would have three characteristics, shaping its overall role of doubling our annual investment in infrastructure, from $150 billion a year to $300 billion. First, the role of the infrastructure bank is catalytic rather than managerial. Rather than creating a large bureaucracy, the bank would assemble a corps of focused professionals: engineers, financiers, economists and what I term strategic leaders — people who get things done, driven by a vision to make this country more competitive. Their job will be to set projects in motion, then to make sure that those projects meet or exceed guidelines. Monitor, not manage; act strategically, not operationally. Move fast, don’t get bogged down, get the job done. The result will be an elite, rapid, infinitely smaller and infinitely more qualified leadership team than what we have today, an instructive model for other infrastructure related agencies at every level of government. Energize Private Sector Second, the function of the infrastructure bank is to guide and energize the private sector. An infrastructure bank goes into the guts of the process — project selection — and gets at the frightening issue of cost. Our costs are often twice that of our European brothers for urban mass transit projects, 10 times those of China. The bank’s day-to-day business will be to invest in ventures and networks of ventures that serve for 20, 30, 40 even 50 years, providing a competitive return throughout that period. In this sense the bank will be a welcome, violent change agent, smashing open three areas in the infrastructure project-creation process that are costing this country a fortune: – It takes more than 10 years on average for a project to move through the approval process, a period that would need to be reduced to three years for projects to be bankable. – At least 50 percent of large U.S. projects suffer cost overruns in the 30 percent-or-greater range. This would be eliminated through bank leadership. – The selection of projects tends to be willy-nilly, based on political interests. A bank ideally would be a model of focus, restricting its attention to projects that generate competitiveness. Results Oriented Lastly, the infrastructure bank will be results oriented and transparent: your bank, investing in your public assets. The bank will be a great experiment in the Facebook Age, bringing in funds from all over the world to build our strategic infrastructure. The very nature of the smart-government model is to set goals and report performance. This new institution will go beyond that, creating knowledge, developing metrics and pioneering ways of communicating: from project approvals, to performance reporting to championing new technology. Maybe the Kerry/Hutchison proposal is the opening salvo in a bipartisan effort to build smart government. Thinking about an American infrastructure bank in this way makes an attractive experiment that we have to explore. Creating a model in an area critical to our economic future is a strategic option we can’t ignore. Recognizing that the bank would double our infrastructure investment and increase the efficiency of each dollar spent is a good deal for every citizen.

#### The bank more than doubles our employment rate

MSNBC ’11 (“Bank plan would help build bridges, boost jobs“, July 6, http://today.msnbc.msn.com/id/43606379/ns/business-eye\_on\_the\_economy/#.T7QxBlKbw1A)

China announced last week that it opened the world’s longest sea bridge and added a line to the world’s largest high-speed rail network. Meanwhile, on this side of the Pacific, the United States is struggling to address its crumbling roads and creaky bridges. A bill wending its way through Congress looks to change that, and by doing so create jobs and fund projects, such as a high-speed rail line. American has fallen to 23rd in infrastructure quality globally, according to the World Economic Forum. It will take about $2 trillion over the next five years to restore the country’s infrastructure, says the American Society of Civil Engineers. Given America's weak economy and rising national debt, the government can’t promise anything close to an amount that dwarfs most countries' total economies. But a national infrastructure bank could help. The idea of such a bank has been around since the 1990s but has never gained significant attention until now. In March a bipartisan bill was introduced in the Senate that gained the support of the US Chamber of Commerce, America’s leading business lobby, and the AFL-CIO, the country’s largest labor federation — two groups on opposite sides of most debates. The BUILD Act, proposed by Sens. John Kerry, D-Mass., Kay Hutchinson, R-Texas, and Mark Warner, D-Va., would create a national infrastructure bank that would provide loans and loan guarantees to encourage private investment in upgrading America’s infrastructure. There are other similar proposals circulating in Congress, but the BUILD Act has gained the most traction. The bank would receive a one time appropriation of $10 billion, which would be aimed at sparking a total of $320 to $640 billion in infrastructure investment over the course of 10 years, Kerry's office says. They believe the bank could be self-sustaining in as little as three years. “Federal appropriations are scarce in this difficult budget environment, and there is increasing attention on inefficiencies in the way federal dollars are allocated,” wrote Kerry spokeswoman Jodi Seth in an e-mail. Advocates offer a laundry list of benefits for an “Ibank.” At the top of the list, they tout the bank’s political independence. The bank would be an independent government entity but would have strong congressional oversight. Bank board members and the CEO would be appointed by the president and confirmed by the Senate. Kerry says this structure would help eliminate pork-barrel earmark projects. If, for example, private investors wanted to invest in a project, under the BUILD Act they could partner with regional governments and present a proposal to the bank. The bank would assess the worthiness of the project based on factors like the public’s demand and support, and the project's ability to generate enough revenue to pay back public and private investors. The bank could offer a loan for up to 50 percent of the project’s cost, with the project sponsors funding the rest. The bank would also help draft a contract for the public-private partnership and ensure the government would be repaid over a fixed amount of time. If the Ibank funded something like the high-speed rail project, it would become another investor alongside a state government, a private equity firm or another bank. The project sponsors' loans would be repaid by generating revenue from sources such as passenger tickets, freight shipments, state dedicated taxes. Relies on loans Under previous proposals, which never have gained much momentum, an infrastructure bank would have offered grants, which would be more costly to taxpayers. The BUILD Act relies on loans instead, and project borrowers would be required to put up a reserve against potential bad debt. The bank would make money by charging borrowers upfront fees as well as interest rate premiums. The bill’s supporters say this type of public-private partnership model has been successfully applied to the Export-Import Bank of the United States, which has generated $3.4 billion for the Treasury over the past five years. The Export-Import bank finances and insures foreign purchases. It’s important to note that the infrastructure bank is only meant to jump-start infrastructure investment, not fund every project, said Michael Likosky, a senior fellow at NYU's Institute for Public Knowledge and a long-time proponent of a national infrastructure bank. Supporters hope the bank also would jump-start the job market. Former President Bill Clinton endorses the idea of an Ibank, although he has not necessarily thrown his weight behind the BUILD Act. “I think there are enormous jobs there,” he said in an interview last week on CNBC. “Every manufacturing job you create tends to create more than two other jobs in other sectors of the economy and it makes America more competitive, more productive.” According to the Department of Transportation's 2008 numbers, every $1 billion invested in transportation infrastructure creates between 27,800 and 34,800 jobs.

#### NIB makes better funding decisions- consistent, comparative analysis.

Mallett, Maguire, and Kosar, 2011

William J. Mallett, Specialist in Transportation Policy; Steven Maguire, Specialist in Public Finance; and Kevin R. Kosar, Analyst in American National Government, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation” December 14, fas.org/sgp/crs/misc/R42115.pdf

A frequent criticism of current public infrastructure project selection is that it is often based on factors such as geographic equity and political favoritism instead of the demonstrable merits of the projects themselves.51 In many cases, funding goes to projects that are presumed to be the most important, without a rigorous study of the costs and benefits. Proponents of an infrastructure bank assert that it would select projects based on economic analyses of all costs and benefits.52 Furthermore, a consistent comparative analysis across all infrastructure sectors could yield an unbiased list of the best projects.

### People Will Invest

#### Yes investment—their claims do not assume the world of the aff. We specifically address the reasons behind investment reluctance.

Isidore 11 @[CNNMoney](http://twitter.com/CNNmoney) By Chris September 7, 2011: 2:59 PM ET Infrastructure Bank: Fixing how we fix roadshttp://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm

Many don't invest now because even when municipal bonds are sold to help fund a project, those tax-free offerings are not attractive to many deep-pocket investors not subject to income tax, such as pension funds. Even when a project is expected to generate tolls or other revenue, there is little way now to offer investors a piece of that action to attract them in. Michael Likosky, senior fellow at New York University, said an I-Bank is the only way to generate the funding for needed infrastructure projects in this time of tight government spending. "We have to grow the pie of capital," Likosky said. "We're going grow it with private capital and use the public money in a much more targeted way."

#### California’s Bank is empirical solvency—13 years has translated into 200 times the original government jumpstart, invested back into infrastructure.

Isidore 11 @[CNNMoney](http://twitter.com/CNNmoney) By Chris September 7, 2011: 2:59 PM ET Infrastructure Bank: Fixing how we fix roadshttp://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm Michael B. Likosky, a senior fellow at the Institute for Public Knowledge, New York University, is the author of “Obama’s Bank: Financing a Durable New Deal.”

The idea of trying an I-Bank here is not a new one. Some proposals go back to the 1950s. There has been a state infrastructure bank operating in California for 12 years, and it was something President Obama was talking about on the campaign trail four years ago, and proposed as part of the jobs program that he unveiled a year ago. The California Infrastructure and Economic Development Bank was funded with $161 million in 1999, and has helped fund $32 billion in public works projects since then, said Stan Hazelroth, its executive director. Its bonds have a AA+ rating from Standard & Poor's, the same rating as U.S. Treasuries.

Short timeframe for startup—We’ll practically have to fight off investors

Isidore 11 @[CNNMoney](http://twitter.com/CNNmoney) By Chris September 7, 2011: 2:59 PM ET Infrastructure Bank: Fixing how we fix roadshttp://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm

But advocates say an I-Bank will bring in a flood of private sector money fairly quickly. Likosky said there are a lot of projects that could start as early as next year if the bank can be approved this fall. "The U.S. has one of the highest percentage of projects in the world stuck in planning," Likosky said. "There is probably $500 to $600 billion sitting on the sidelines...that want to move into this sector. We'll actually have to be careful we don't bring too much in too quickly."

#### NIB would exponentially increase private investment.

McConaghy and Kessler 2011

Ryan, Policy Director at Whitehouse and Jim, professor Harvard University Kennedy School of Government, A National Infrastructure Bank, Third Way, January 2011, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf

The NIB would magnify the impact of federal funds by leveraging them through partnerships with private entities and other actors, providing taxpayers with more infrastructure bang for their public buck. Estimates have placed the amount of private capital readily available for infrastructure development at $400 billion, 40 and as of 2007, sovereign wealth funds—another potential source of capital—were estimated to control over $3 trillion in assets with the potential to control $12 trillion by 2012. 41 While these and other institutional funds have experienced declines as a result of the economic downturn, they will continue to be important sources of large, long-term investment resources. By offering loan guarantees to induce larger private investments or issuing debt instruments and securities, the NIB could tap these vast pools of private capital to generate investments much larger than its initial capitalization. In doing so, it could also lower the cost of borrowing for municipalities by lowering interest on municipal bonds for state and local governments by 50 to 100 basis points. 42 The NIB would also be poised to help taxpayers take full advantage of historically low borrowing costs. In 2010, the yield on 10-year U.S. Treasuries reached a historic low of 3.22%, as compared to a rate of 6.03% in 2000 and a peak rate of 13.92% in 1981. Prior to the Great Recession, this rate had not dipped below 4% since 1962. 43 By allowing government and private actors to access !nancing at historically low rates, the NIB would help to capitalize on a once-in-a-lifetime window to make enduring infrastructure investments.

## Add On: NextGen

#### The national infrastructure bank is key to NextGen.

Compart, 2011

Andrew, senior editor for Aviation Daily ,Don't Bank On It, Aviation Week & Space Technology, Academic Search Premier, EBSCO Host

President Barack Obama's proposed fiscal 2012 budget would increase Transportation Department spending to $128.6 billion, about $52 billion more than the department might spend this year. But it offers only a glimmer of hope to airlines seeking financial assistance to equip aircraft for the NextGen satellite-based air traffic control system and provides minimal comfort for small communities counting on federal subsidies to maintain or bring back airline service. In the proposed budget, the president renews his push for a "national infrastructure bank" and-in one of only two specific examples provided by the administration regarding its potential usage-notes the bank could guarantee private loans for aircraft NextGen equipage. The years-old "I-Bank" idea, however, will face concerns about spending and investor payback requirements, as well as questions about where it should be housed and how it should be run. Obama has expressed support for such a bank before, most notably in a Labor Day speech last September that stopped short of particulars and did not gain any immediate traction. The budget proposal provides a bit more detail. The administration calls for $5 billion in 2012 and $30 billion over the first six years to establish the bank, which would work with credit markets and private-sector investors to finance transportation-related projects of "national or regional significance" via grants and loans. The bank would reside within the Transportation Department, report to the Transportation secretary and be run by an executive director and board drawn from the department and other federal agencies, with the executive director appointed by Obama but requiring Senate confirmation. The bank would publish a prospectus to govern investment decisions and describe analytical criteria and would use "a rigorous project comparison method that transparently measures which projects offer the biggest value to taxpayers and our economy," says the budget document. The intent is to take politics out of the process. Airlines are not counting on such a bank to help them, however, and would prefer more direct and certain aid. Will Ris, senior vice president of government affairs for American Airlines, seems to acknowledge there is no chance for the grants airlines would prefer. But as an alternative, he calls for "creative financing" from government that would have airlines pay back what they borrow for equipage when or if NextGen starts affording them operational savings, the idea of infrastructure bank lending. Congress generally fights reductions in EAS, which supports service to about 140 communities, but in this budget-cutting climate, the House is considering a freeze, reduction or elimination in funding as part of the FAA reauthorization bill.

## Topicality Cards

#### The national infrastructure bank is an investment in transportation infrastructure.

Bloomberg 2011

Bloomberg. "A Bank That Can Get Americans on the Road and on the Job: View." Bloomberg. N.p., 10 Aug. 11. Web. 26 June 2012. <http://www.bloomberg.com/news/2011-08-11/a-bank-that-can-get-americans-on-the-road-and-on-the-job-view.html>.

Enter the infrastructure bank, which would provide loans or loan guarantees for big projects deemed to be in the public interest -- and attract private investment by offering cheap access to capital and a path to profit from tolls, fares and other charges. The bank could leverage the government’s outlay to lend more. An initial $5 billion a year for five years could result in $50 billion or more in loans. And because these loans would be paid back with interest, the institution could become self- sustaining. Financing for such a bank should be seen as an investment, not “spending

#### Infrastructure investment.

Mallett, Maguire, and Kosar, 2011

William J. Mallett, Specialist in Transportation Policy; Steven Maguire, Specialist in Public Finance; and Kevin R. Kosar, Analyst in American National Government, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation” December 14, fas.org/sgp/crs/misc/R42115.pdf

Although no consensus definition exists, infrastructure is generally conceived of as the capital intensive assets needed for the delivery of basic services.2 Both public and private entities own and operate infrastructure. Some infrastructure is provided by public-private partnerships which mix, in a myriad of different ways, public and private rights and responsibilities. Funding for these expensive and long-lived assets most often comes from money borrowed on the capital markets. In some cases, however, capital asset purchases are financed with current revenues, government grants, loans, and private equity. For debt-financed assets, investors seek a rate of return commensurate with the associated risk. Debt incurred on wholly owned government projects may be repaid with taxes, user fees, or a combination of the two. For privately owned infrastructure, user fees are the main option, although debt may be repaid in other ways such as property rents.

#### The National Infrastructure Bank is an investment.

The European Institution 2011

The European Institution. "Time for a U.S. Infrastructure Bank"" The European Institute. N.p., 13 July 2011. Web. 28 June 2012. <http://www.europeaninstitute.org/Our-Must-Reads/qtime-for-a-us-infrastructure-bankq.html>.

"Time for a U.S. Infrastructure Bank" from Politico by Felix G. Rohatyn, banker and former U.S. ambassador to France. The Obama administration is proposing the creation of a U.S. government-run "infrastructure bank" that would consolidate investments to renew America's ageing roads, bridges and ports. Rohatyn notes that the U.S. is falling badly behind Europe and China in infrastructure modernization and says that this new bank would generate private investment in these projects. Infrastructure financing is "an investment rather than an expense" for U.S. competitiveness and quality of life. Recommended by European Affairs. (7/13)

The National Infrastructure Bank utilizes federal investment for its start up.

Holmes 2011

Holmes, Robert. "A Piece of Obama Plan Gets Wall Street Support." TheStreet.com. N.p., 09 Sept. 2011. Web. 28 June 2012. <http://www.thestreet.com/story/11244272/1/a-piece-of-obama-plan-gets-wall-street-support.html>.

Obama's four-point jobs plan, with a price tag of $447 billion, proposes the creation of an infrastructure bank that would combine private investment with public infrastructure construction. The bulk of the plan is dedicated to slashing payroll taxes, with the infrastructure bank going for a modest initial federal investment of $10 billion.

## Politics

### Popular – Public

#### **Plan has unwavering bipartisan support**

By Joe Rothstein January 30, 2012 An Infrastructure Bank: Democrats and Republicans Both Like It. Why Won't They Create It And Put Millions of People to Work? ://uspolitics.einnews.com/column/78189117/an-infrastructure-bank-democrats-and-republicans-both-like-it-why-won-t-they-create-it-and-put-millions-of-people-to-work

Editor, EINNEWS.comPresident Obama and the U.S. Chamber of Commerce, for example, are both on record favoring an infrastructure bank that attracts private investment to help restore and build roads, bridges, water and sanitation systems, and other public facilities. The public itself has seldom wavered on the need for infrastructure investment. About this time last year the Rockefeller Foundation underwrote a study by two NYU researchers, Michael Likosky and Laura Noren, who tested support for this statement: “Encouraging more private investment is an acceptable way to provide additional funding for national transportation infrastructure.” Approval was registered by 85 percent of the Republicans who responded, 73 percent of the Independents and 78 percent of the Democrats. Another statement: “Our generation has a responsibility to the future to invest in America’s infrastructure —just as our parents and grandparents did” 91 percent agreed, including 85 percent of those who identified themselves as political conservatives.

Presidential agendas live and die on public support

Gary Gregg (prof. political science @ Clarion) 1997 The Presidential Public, p. 143-144

But if presidential power thrives by the polls, it might also die by the polls. While popular presidents tend to get much of what they want and are willing to fight for, unpopular presidents are trapped and constrained by the polls. As a senior aide to President Carter mused about that president's problems with Congress controlled by his own party, "When the President is low in public opinion polls, the members of Congress see little hazard in bucking him...They read the polls and from that they feel secure in turning their backs on the President with political impunity." Unquestionably, the success of the President’s policies bear a tremendous relationship to his popularity in the polls. Without effective public relations, modern presidents and their programs whither on the vine of public opinion.

### Bipartisan Support

#### Plan Bi-Part.

Isidore, 2011

CNNMoney By Chris September 7, 2011: 2:59 PM ET Infrastructure Bank: Fixing how we fix roads http://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm Michael B. Likosky, a senior fellow at the Institute for Public Knowledge, New York University, is the author of “Obama’s Bank: Financing a Durable New Deal.”

NEW YORK (CNNMoney) -- It sounds like the latest Apple product, but it has the power to create far more jobs with little government money. The I-Bank, or infrastructure bank, has support of both Democrats, Republicans and big business. Legislation has been co-sponsored in the Senate by Democrat John Kerry of Massachusetts and Republican Kay Bailey Hutchinson of Texas. It is likely to once again get support from President Obama when he lays out his jobs agenda.

#### The plan is bipartisan.

Likosky, 2010

Likosky Author of "Obama's Bank" Posted: September 11, 2010 Michael 11:00 PMAn Infrastructure Bank: Reinvesting in America, huffington post, http://www.huffingtonpost.com/michael-likosky/an-infrastructure-bank-re\_b\_713505.html

It is the part of the stimulus act that the media has largely ignored. We have heard little about the jobs that it has saved and created, the progressive projects it has financed, and how it will continue to keep Americans at work on road, bridge, power and school projects well past the close of this calendar year. Like these stimulus act programs, the Infrastructure Bank can relay the foundation of our economy through progressive long term projects that are synced up with a medium term business cycle - allowing firms to plan ahead, which is essential for retaining and creating good jobs. Investing in what will make America competitive, a job producer, a promoter of equal opportunity, and an ensurer of national security. On February 13, 2008, then-Senator Obama had first announced the Infrastructure Bank on the factory floor of the General Motors Assembly Plant in Janesville, Wisconsin as a campaign plank. The speech marked, at the time, a pivot by Obama away from the sole candidate to have opposed the Iraq War and toward positioning himself as the champion of America's economic recovery. In this landmark speech, Obama argued for redirecting our energies away from reconstructing Iraq and toward reinvesting in America. Much has changed since that speech in 2008. However, when it comes to the reintroduction of the Infrastructure Bank, the two most significant milestones have been (1) the recapitalization and re-regulation of the financial sector and (2) the success of the leveraging vehicles within the stimulus act. Obama's LaborFest proposal builds upon both of these successes. It is a deeply bi-partisan proposal with support from Congresswoman Rosa DeLauro, Senator Christopher Dodd, former-Senator Chuck Hagel, and Building America's Future led by Governors Ed Rendell and Arnold Schwarzenegger and also Mayor Michael Bloomberg. Representative DeLauro's bill promoting an Infrastructure Bank that invests across all public works sectors has support from investors such as former-Ambassador Felix Rohatyn and Bernard Schwartz, labor unions, the US Chamber of Commerce, and the bipartisan Building America's Future's coalition of governors and mayors across the country.

### Lobbies

#### Chamber of Commerce and AFL-CIO like the plan.

Treasury Department, 2012

A Report Prepared by the Department of the Treasury with the Council of Economic Advisers, “A New economic analysis of infrastructure investment” March 23, http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf

The business and labor communities have also expressed a desire for more transportation infrastructure investment. Proposals from the American Public Transport Association (APTA), the American Association of State Highway and Transportation Officials (AASHTO), the U.S. Chamber of Commerce, AFL-CIO, and the President’s Council on Jobs and Competitiveness all call for greater infrastructure investment. APTA advocates for nearly $15 billion of investment for federal public transportation programs, and at least $2.5 billion to be put towards high-speed and intercity rail systems. AASHTO reported in 2009 that between $132 billion and $166 billion of investment is necessary to rebuild and repair America’s highways.51 The view that more transportation infrastructure is necessary is consistent with other research, including the recently issued bipartisan report by two former Secretaries of Transportation, Norman Mineta and Samuel Skinner. Their report estimated that an additional investment of $134 billion to $194 billion per year is needed to maintain our transportation system, and an even larger sum, from $189 billion to $262 billion, would be needed to improve it.52 The U.S. Chamber of Commerce has stated that “to have a transportation system that supports a 21st century economy, the United States needs a high level of investment targeted at improving performance across all modes and geographies. There can be no more business as usual.”53

## Spending

#### The federal government provides a fraction of the funding to get investment started – their cards talking about total investment are mischaracterized

Isidore 11 @[CNNMoney](http://twitter.com/CNNmoney) By Chris September 7, 2011: 2:59 PM ET Infrastructure Bank: Fixing how we fix roadshttp://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm Michael B. Likosky, a senior fellow at the Institute for Public Knowledge, New York University, is the author of “Obama’s Bank: Financing a Durable New Deal.”

The idea is to create a government agency to help arrange financing for infrastructure projects using investments from private investors. Working through the I-Bank, the government would encourage private investment by providing cheap loans and loan guarantees. But it would only fund a fraction of the overall cost, just enough to attract private investors who would provide most of the financing. States and municipalities would get much needed upgrades of bridges and roads. The local economies would get a stimulus boost from more people working. And the lion's share of the money would come from major institutional investors -- pension funds, hedge funds and sovereign wealth funds from other countries.

#### Taxpayers won’t bear the cost

Likosky 2011

Likosky, Michael B. "Banking on the Future." The New York Times. The New York Times, 13 July 2011. Web. 25 June 2012. <http://www.nytimes.com/2011/07/13/opinion/13likosky.html?\_r=1>.

A recent survey by the Rockefeller Foundation found that Americans overwhelmingly supported greater private investment in infrastructure. Even so, there is understandable skepticism about public-private partnerships; Wall Street has not re-earned the trust of citizens who saw hard-earned dollars vacuumed out of their retirement accounts and homes. An infrastructure bank would not endanger taxpayer money, because under the Federal Credit Reform Act of 1990, passed after the savings and loan scandal, it would have to meet accounting and reporting requirements and limit government liability. The proposed authority would not and could not become a Fannie Mae or Freddie Mac. It would be owned by and operated for America, not shareholders.

#### Cost-savings best way to do it.

Rohantyn 2011

ROHATYN, FELIX G. "Time for a U.S. Infrastructure Bank." POLITICO. N.p., 12 July 2011. Web. 26 June 2012. <http://www.politico.com/news/stories/0711/58786.html>.

It is difficult to understand why an infrastructure bank is not already in place — with so many in Congress calling for more efficient federal spending and public investment that can pay for itself. Part of the problem may be the belief among some legislators that government action is always a bad thing. Yet throughout U.S. history, competent public investments have been an essential complement to private investments — from the Louisiana Purchase, to land-grant colleges, to the Interstate Highway System, to the Internet. From a federal budgeting standpoint, creating an infrastructure bank would be the wisest thing to do. We can leverage private capital, both at home and overseas, to modernize our transportation systems, deal safely and effectively with wastewater and hazardous materials, renew ports and inland waterways. With a national bank for infrastructure, we could begin to do all these things and more.

## States CP

#### State budget crises will blow up our economy

POLLACK ‘11 - Economic Policy Institute; Office of Management and Budget and the George Washington Institute of Public Policy; staff member for President Obama’s National Commission on Fiscal Responsibility and Reform; M.P.P. The George Washington University (Ethan, “Two years into austerity and counting…”, October 19, http://www.epi.org/blog/years-austerity-counting/)

It’s popular to criticize Keynesian economics by alleging that the Recovery Act was an experiment in fiscal expansion, and because two-and-a-half years later the economy still hasn’t roared back to life, it must have failed. What this criticism forgets is that the federal government isn’t the only government setting fiscal policy. While the federal government did conduct Keynesian expansionary fiscal policy over the last few years, the states have been doing the reverse, acting, as Paul Krugman put it, like “50 Herbert Hoovers” as they cut budgets and raise taxes. They’re forced to do this because the cratering of private-sector spending which threw the economy into recession blew huge holes in their budgets (in particular with a huge fall in income, sales, and property taxes, and increases in demands on safety-net programs), and just about all of them are required to balance their budgets each year. Overall, states have had to close over $400 billion in shortfalls over the last few years – this is spending power siphoned off from the economy and acts as a significant “anti-stimulus.” This means that just looking at the amount of federal stimulus that’s been enacted significantly overestimates how much fiscal support has actually been pumped into the economy. In fact, as the Goldman Sachs graph below shows, the net fiscal expansion across all levels of government only lasted through the third quarter of 2009. For the last two years, state and local cuts have been overwhelming the federal fiscal expansion, making overall fiscal policy across all levels of government actually contractionary and creating a net drag on economic growth. What’s needed to reverse this drag of public-sector austerity on growth? The $35 billion for state and local aid that’s part of the American Jobs Act is a good start, as it would help keep states and local governments from being forced to cut further. As the last two years of austerity have shown, this would only serve to further weaken the economy. And if we’re going to get out of this economic hole, we first need to stop digging down further.

#### The counterplan does not solve the case—Smaller entities such as cities and states cannot transparency and investment resulting in bad credit.

Renn, 2012

Aaron M. Renn, The Urbanophile, an opinion-leading urban affairs analyst, entrepreneur, speaker, and writer, Renn’s writings have also appeared in publications such as Forbes, the Dallas Morning News, and the Portland Oregonian, April 22nd, What Exactly Does an Infrastructure Bank Do For Us Anyway? <http://www.urbanophile.com/2012/04/22/what-exactly-does-an-infrastructure-bank-do-for-us-anyway/>

1. They might raise funds in a debt constrained environment. In the Chicago proposal, we hear that the city is staggering under a huge debt load such that it can’t borrow any more money without negatively affecting its credit rating. Ok. So explain me this, if private investors put money into a project and expect to be paid back by some revenue stream over time, how is that not debt? This strikes me as very similar to some privatization transactions, which should be basically seen as a type of off balance sheet borrowing. For example, in the case of the Chicago parking meter lease, the city really just borrowed $1.1 billion from Morgan Stanley and is paying it back to them over 75 years in the form of quarters. I’m not saying these types of financing activities are all bad. But we’ve seen enough of what happens when companies load up with special purpose vehicles and off balance sheet transactions to know that it dramatically reduces transparency. This will make it difficult to assess just how much debt the city has taken on. If the ratings agencies haven’t caught on to this, you can believe they will at some point if more cities shift to these types of financing structures. Unfortunately, infrastructure banks are often presented as if they are “free money” to the public. I believe this greatly misrepresents the reality. Any money invested by the bank has to be paid back. An infrastructure bank seems to be just another fancy name for borrowing money. We should probably evaluate it just like we do debt.

#### Only federal action solves uniformity and investment

DUTTON ’10 – staff editor (Audrey, “Transportation Infrastructure Bank Plan Would Cost $4B”. http://www.bondbuyer.com/issues/119\_270/2011-budget-transportation-projects-1006756-1.html)

Total new obligations for surface transportation — including highways, bridges, and a new “livable communities” initiative — would be $43.4 billion, according to the budget. That is downsized from fiscal 2010’s estimated $43.7 billion and fiscal 2009’s actual $40.1 billion. Interstate maintenance, congestion mitigation, and demonstration projects would be pared down, but the federal government would obligate more money to federal-land highways, bridges, and other programs. The bank proposed by the president resembles a hybrid of the one-time-only Transportation Investment Generating Economic Recovery grant program, and the popular Transportation Infrastructure Finance and Innovation Act program. The National Infrastructure Innovation and Finance Fund would have to be authorized by Congress and would not be subject to pay-as-you-go rules, according to budget documents. It would fund or finance ­projects “that provide a significant economic benefit to the nation or a region” and “encourage collaboration among non-federal stakeholders including states, municipalities, and private investors, and also promote coordination with investments in other infrastructure sectors,” the documents said. Investment categories would include highways, tunnels, bridges, transit, commuter rail, passenger rail, freight rail, airports, aviation, and ports — almost the whole transportation universe.

#### States can’t solve – chilling effect. Fed key to solving investor confidence

O’HARE ‘12 – Previous Deputy Administrator of the Federal Highway Administration (FHWA); Previous Deputy Assistant Secretary for Governmental Affairs at the U.S. Department of Transportation; two time winner of the Secretary’s Gold Medal which is the US Department of Transportation’s highest award (Kerry, “It's Time for Innovation & Leadership”, April 2,

http://transportation.nationaljournal.com/2012/04/paying-for-it.php#2190117)

It is troubling that Congress seems to be moving away from the user pays concept - but until Congress steps up to the plate, they must not hamper state and local funding and financing options. While we are supportive of the policy reforms in the Senate transportation bill (MAP-21), we are troubled by several provisions in the bill that could make it more difficult for many states to leverage funding with private sector partners. BAF is particularly concerned about language that would provide a disincentive to states to consider partnering with the private sector for fear of losing a percentage of its federal funding; eliminates the option to use Private Activity Bonds (PABs) to finance leased highway projects; and changes the depreciation timetable for long-term highway leases from 15 years to 45. Taken together or individually, these provisions would have a chilling effect upon future private investment in infrastructure. Because federal funding has become less certain, several states and cities have looked to such things as public-private partnerships (P3s) (over 30 states have some form of P3 authorizing language on the books), state infrastructure banks, and local referendum to raise a sales tax with proceeds going to specific projects. But there is also a void of leadership and innovation at the federal level. For example, a properly structured National Infrastructure Bank (NIB) that offered low interest loans to projects of regional or national significance could be one of the many tools available to help finance infrastructure projects of national and regional significance. Instead of erecting barriers to P3s, the federal government should also explore establishing a P3 "best practices" entity like there is in Canada and Australia to help states and cities better understand the financing options available to them when partnering with the private sector. And at a minimum, the provisions that hamper such partnerships in MAP-21 must be removed when the bill gets conferenced with a House bill.

## TIFIA CP

#### TIFIA fails

**Thomasson 11** (Scott economic and domestic policy director of the progress policy institute “Hearing before the subcommittee on Highways and transit “National Infrastructure Bank: More Bureaucracy and Red Tape”” http://www.scribd.com/doc/92300621/Congressional-Testimony-National-Infrastructure-Bank-Separating-Myths-from-Realities)

Myth #3: A national infrastructure bank would create a massive and inefficient federal bureaucracy. Reality: Creating a national infrastructure bank would certainly require a new staff of professionals to carry out its mission. But the size of that staff may be comparable to the additional staff needed for the massive increases to the TIFIA program this Committee has recently proposed. TIFIA is already oversubscribed and understaffed, with only a handful of current staff to process loan applications. Some people familiar with the workings of the TIFIA program believe it will not be able to handle the additional workload that will accompany a new “super-sized” budget authority. The need for such a dramatic increase in staff was demonstrated by the rapid expansion of the Department of Energy’s loan guarantee program, which hired roughly 200 additional staff and contractors to review applications. And while that bureaucratic growth came into the program after the now-infamous approval of the Solyndra loan guarantee (and likely avoided bad loan decisions going forward), the questions raised about Solyndra also show the need for a professional, unbiased staff that is not subject to political pressures and interagency management problems. A modest but expert staff in an independent national infrastructure bank could also reduce the need for redundant bureaucracy and staff in existing federal credit programs, including TIFIA, RRIF, and possibly even the DOE loan guarantee program. By empowering existing programs to call upon the bank’s staff and resources for diligence and evaluation functions like borrower creditworthiness reviews, those programs could reduce the size of their own bureaucracy and avoid political interference within the executive branch departments. In this sense, a bank-type entity could serve as a platform for infrastructure project finance expertise that could make all federal credit programs more efficient. This is particularly true for the AIFA model, which uses the same financing mechanism under the Federal Credit Reform Act (“FCRA”) as these other federal programs. The resources and staff of the national infrastructure bank could similarly be made available to state banks for consultation and technical assistance, upon request by state officials.

#### Infrastructure bank comparatively better than TIFIA funding process

**Snyder, 11** --- Streetsblog's Capitol Hill editor in September 2010 after covering Congress for Pacifica and public radio (10/28/2011, Tanya, “Why Create an Infrastructure Bank When We Could Just Expand TIFIA?” <http://dc.streetsblog.org/2011/10/28/why-create-an-infrastructure-bank-when-we-could-just-expand-tifia/>, JMP)

Scott Thomasson of the Progressive Policy Institute testified at the transportation committee hearing that an infrastructure bank was needed, in part, because TIFIA is understaffed and outsources much of its work to people with greater expertise. The first step toward creating an effective infrastructure bank would be “hiring the financial professionals that TIFIA lacks,” he said. That could help, but it’s not the strongest argument for creating a brand new entity. After all, if TIFIA just “beefed up” as many recommend, it could have that expertise in-house. The clincher A more persuasive argument for the necessity of an I-bank came this month from USDOT Under Secretary for Policy Roy Kienitz, who said at an infrastructure forum sponsored by the Washington Post that one problem with TIFIA funding – aside from the fact that it’s far too low – is that it’s released six weeks at a time, making it hard to do long-term planning. But that’s not all. Kienitz’s answer to why TIFIA isn’t a substitute for an infrastructure bank was so dead-on and coherent it’s worth printing in its entirety. One of the advantages of some more infrastructure-bank-like system is that some of the places that are innovating, at least some of them, are places like Denver, Salt Lake, LA, Seattle. In the transit world, what the federal government does is it says “show me the minimum operable segment for the transit line which you are currently considering.” And what communities want to do is say, “I have a future 25 years from now that looks very different than today and here’s all the pieces and parts. Here’s what I want to do with my freeways, here’s my HOT lanes, here’s my light rail, here’s my streetcar, here’s my traffic flow improvements. It all works together. I want to raise an amount of money to do this plan; who do I talk to in Washington?” And the answer is, blecch, we don’t know how to do that. We’re sliced up into our own little slices. One of the things that the infrastructure bank, or something like the infrastructure bank, can do is enter into long-term relationships with people who have decade-plus-long plans, about the pieces and the parts of that plan. They’re trying to finance a plan. What Washington knows how to do is finance a segment of a project. And that’s a conversation that needs to change. The current TIFIA process does not allow us to do that. With more money, we could do more segments of more projects, and that would be a good thing. But I don’t think that’s the ultimate goal.

#### TIFIA is too narrow and a combination of both is best

**Lemov, 12** (3/1/2012, Penelope, “A Bank for Infrastructure Funding; Legislation moving through Congress could help states and localities finance public works projects,” <http://www.governing.com/columns/public-finance/col-bank-infrastructure-funding.html>, JMP)

The $5.25 billion Panama Canal expansion could be a gold mine for U.S. ports along the Gulf and the East Coast.. But first, they have a few upgrades to make if they expect to compete for the anticipated surge in trade traffic. So where will the money come from to ready these ports? And what about money to finance other major infrastructure needs? Michael Likosky, director of the Center on Law and Public Finance at New York University, sees a national infrastructure bank as one answer. As bipartisan legislation to create such a bank inches its way through Congress, I tuned into a briefing via telephone by Likosky, sponsored by RBC Capital Markets, on how such a bank might work. What follows is an edited transcript of his remarks. How the bank will work: The bank starts with the initial capitalization of $10 billion, then moves to self-sufficiency, and does loans and loan guarantees in the sectors of water, transportation and energy. It is a multi-sector bank, designed to finance multi-sector projects so you can package water, transportation and energy together. How the bank differs from the Transportation Infrastructure Finance and Innovation Act (TIFIA): The TIFIA program has generally been for large marquis projects. To date, it has been a 10- to 12-state program. The states that have needs for TIFIA loans generally are high population states that can sustain it. The infrastructure bank has been conceived as a 50-state bank, and so it has a much broader reach. It is going to be more about volume and less about doing a cluster of projects. That said, the two are complementary in that a TIFIA project can pick up support from the infrastructure bank at the same time. Including another federal agency or federal program in a TIFIA package makes the package more attractive to investors, particularly if a water or energy component gets added.

#### TIFIA causes comparatively more warming – won’t solve transportation efficiency

**Sledge 11** (Matt staff writer at the Huffington post “Barbara Boxer’s Transportation Bill would drop environmental criteria in much- touted TIFIA loan program” http://www.huffingtonpost.com/2011/12/20/barbara-boxer-transportation-bill\_n\_1161678.html)

A bipartisan transportation bill sponsored by Sen. Barbara Boxer would dramatically expand a federal program that finances "innovative" transportation projects. But in order to secure the expansion of the Transportation Infrastructure Finance and Innovation Act (TIFIA), Boxer had to introduce new rules that would strip away current criteria favoring environmentally sustainable projects, progressive transportation advocates say. Boxer's transportation bill [sailed through](http://www.apta.com/gap/legupdatealert/2011/Pages/2011November10.aspx) the Senate Environment and Public Works committee in an 18-0 bipartisan vote on Nov. 9. But critics say it came at a price for the TIFIA program, which would no longer give environmentally sustainable projects a leg up in the selection process.