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### I-Bank 1aC [1/18]

#### Contention One is Inherency

#### Current government transportation infrastructure loan programs are inadequate

TIFIA – Transportation Infrastructure Finance and Innovation Act

Reinhardt, editor and publisher of Public Works Financing newsletter, former senior editor at McGraw-Hill’s Engineering News-Record magazine, 2011

William, Transportation Development Foundation, “The role of private investment in meeting U.S. transportation infrastructure needs,” May, http://www.artba.org/mediafiles/transportationp3whitepaper.pdf, last accessed 5.20.12

TIFIA loans have played a pivotal role in the financing of eight P3 concession projects in four states with a combined value of $14 billion (www.fhwa.dot.gov/ipd/tifia/). Yet TIFIA’s future role is limited by funding constraints—it annual budget authority is $122 million—and by its small staff within USDOT. Six federal employees are involved in lending activities, assisted by financial and legal advisors. TIFIA’s administrative budget since 2005 has been $2.2 million a year.

The current demand for TIFIA loans from both private and public sector project sponsors far exceeds the administrative and financial capabilities of the program. Of 39 projects submitting letters of interest for TIFIA loans during 2010, only four were invited to continue the process and apply for FY 2011 assistance. Almost $35 billion of projects were passed over.

I-Bank 1aC [2/18]

Thus the plan:

The United States federal government should create a national transportation infrastructure bank modeled after the BUILD Act. We’ll clarify.

I-Bank 1aC [3/18]

#### Contention \_\_\_\_\_ is the Economy

#### First, we’re on the brink of another recession due to high unemployment and low consumer demand

**Market Watch, 7-2-2012**

Rex Nutting, “Recession now much more likely,” http://articles.marketwatch.com/2012-07-02/commentary/32500884\_1\_factory-sector-manufacturing-index-manufacturing-sector, last accessed 7.4.12

WASHINGTON (MarketWatch) — There’s no way to sugarcoat it: The already-sluggish U.S. economy is stalling out, stung by doubts about our economic and fiscal future.

The Institute for Supply Management reported that its manufacturing index dropped to 49.7% in June from 53.5% in May, signaling that the manufacturing sector is contracting for the first time since mid-2009. [Read our complete news coverage of manufacturing activity shrinking in June.](http://www.marketwatch.com/story/manufacturing-activity-shrinks-in-june-ism-says-2012-07-02)

By itself, the decline in the ISM index below the benchmark 50% level does not mean that the economy is in a recession, but it does make it much more likely. A reading of 49.7% is consistent with slow, but positive growth of about 2.4%, according to the ISM.

The manufacturing sector has been the most robust part of the economy coming out of the recession, but that momentum has now been lost. The U.S. has now caught the fever racing through Europe and China.

The decline in the ISM was led by the biggest one-month drop in new orders since October 2001, just after the Twin Towers were destroyed. The new-orders index now stands at 47.8%, a level that’s extremely rare outside of recessions.

Production at factories continued to grow in June, just barely. And employment growth continued to shine in June, although how long that can last without more orders is anyone’s guess. The drop in the overall ISM was accompanied by a steep drop in the prices-paid index.

Manufacturing is no longer a dominant part of the U.S. economy, accounting for about 19% of the economy’s gross output and about 9% of employment.

However, the factory sector reacts quickly to changing economic circumstances and can serve as a sort of canary in the coal mine for the rest of the economy. Cutbacks in manufacturing inevitably lead to reductions in the services industries.

Typically, a large drop in the ISM index comes from a large shock to the economy. We haven’t had a large shock this time, just a slow erosion of consumer and business confidence stemming from doubts about the global economy and about the fiscal cliff that looms at the beginning of 2013 in the United States.

And for both of those problems, there’s no sign of resolution in sight.

I-Bank 1aC [4/18]

#### We’ll isolate several internal-links into economic recovery

#### First is unemployment:

#### Current economic slowdown is hitting the construction industry the hardest—increased infrastructure investment creates jobs in this key sector

**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.

#### And, energizing the construction industry is needed to fix the economy—upgrading ports, highways and bridges is key to economic recovery

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.

I-Bank 1aC [5/18]

#### Second is the middle class:

#### First, an infrastructure bank is key to securing the public-private partnerships necessary to invest in mass transit projects like high-speed rail

**Anand, MSNBC contributor, 2011**

Anika, MSNBC, “Bank plan would help build bridges, boost jobs,” July 6, 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](http://fastlane.dot.gov/2011/06/us-mayors-declares-support-for-president-obamas-high-speed-rail-initiative.html) 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.](http://www.reuters.com/article/2011/02/08/us-usa-transport-rail-idUSTRE7173OM20110208)

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](http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/) 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.

#### Mass transit and high-speed rail stimulate middle class spending by lowering transportation costs

**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.

I-Bank 1aC [6/18]

#### And, consumer spending is key to short-term recovery and long-term growth—also an answer to spending disads

**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.

I-Bank 1aC [7/18]

#### Third is efficiency:

#### There’s a causal link between infrastructure investment and economic growth—extensive empirics

**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.

#### Last is the impact:

#### Failure to avoid economic decline causes war

Mead, Senior Fellow in U.S. Foreign Policy at the Council on Foreign Relations, 2009

Walter Russell, The New Republic, “Only Makes You Stronger,” February 4, http://www.tnr.com/politics/story.html?id=571cbbb9-2887-4d81-8542-92e83915f5f8&p=2, last accessed 1.23.10

None of which means that we can just sit back and enjoy the recession. History may suggest that financial crises actually help capitalist great powers maintain their leads--but it has other, less reassuring messages as well. If financial crises have been a normal part of life during the 300-year rise of the liberal capitalist system under the Anglophone powers, so has war. The wars of the League of Augsburg and the Spanish Succession; the Seven Years War; the American Revolution; the Napoleonic Wars; the two World Wars; the cold war: The list of wars is almost as long as the list of financial crises.

Bad economic times can breed wars. Europe was a pretty peaceful place in 1928, but the Depression poisoned German public opinion and helped bring Adolf Hitler to power. If the current crisis turns into a depression, what rough beasts might start slouching toward Moscow, Karachi, Beijing, or New Delhi to be born?

The United States may not, yet, decline, but, if we can't get the world economy back on track, we may still have to fight.

I-Bank 1aC [8/18]

#### Contention \_\_\_\_\_ is Competitiveness

#### First, U.S. economic competitiveness is declining—our evidence speaks to 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.

I-Bank 1aC [9/18]

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#### But 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.

I-Bank 1aC [10/18]

#### And, more evidence—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.”

I-Bank 1aC [11/18]

#### 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.

I-Bank 1aC [12/18]

#### Contention \_\_\_\_\_ is Solvency

#### An infrastructure bank would jumpstart efficient investment—simply increasing funding isn’t enough—a national infrastructure bank would prioritize projects with the highest economic payoff and fill-in for lagging state funds, maximizing job growth in key sectors

**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

An analysis of the economic impact of transportation investment indicates that now is an optimal time to increase the nation’s investment in transportation infrastructure. Investing in transportation infrastructure would generate jobs to employ workers who were displaced because of the housing bubble. We estimate that the average unemployment rate among those who would gain employment in the jobs created by additional infrastructure investment has averaged approximately 13 percent over the past twelve months. There is also accumulating evidence that construction costs are currently low because of underutilized resources, so it would be especially cost-effective to seize this opportunity to build the quality infrastructure projects that are ready to be built.

Historically, we also know that state and local governments are more prone to cut back on infrastructure spending during tough economic times, despite the growing need and demand for these projects. Americans overwhelmingly support increasing our infrastructure investment, as evidenced by consistent support for local investments on ballot initiatives. This is hardly surprising given that our report documents that the American public is less satisfied with our transportation infrastructure than residents of most other OECD nations.

Merely increasing the amount that we invest, however, must not be our only goal. Selecting projects that have the highest payoff is critically important, as is providing opportunities for the private sector to invest in public infrastructure. Given the significant need for greater investment, the federal government cannot, and should not, be expected to be the sole source of additional investment funds. More effectively leveraging federal investment by pairing it with state, local, and private investment is necessary to meet the challenges we face in expanding our transportation network. Thus, establishing a National Infrastructure Bank, along with other significant reforms in our infrastructure financing system, should remain a top priority.

#### And, an infrastructure bank would avoid government inefficiencies—spills over as a model to other federal infrastructure investment

**Andersen, President and CEO of CG/LA Infrastructure, 2011**

Norman, Progressive Policy Institute, “The Case for the Kerry-Hutchinson Infrastructure Bank,” March 25, http://progressivepolicy.org/the-case-for-the-kerry-hutchison-infrastructure-bank, last accessed 5.22.12

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.

I-Bank 1aC [13/18]

#### And, an infrastructure bank would solve by tapping into private capital sources—funding isn’t a problem

**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

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

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

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

I-Bank 1aC [14/18]

#### And, the BUILD Act (S. 652) would uniquely solve for job creation and infrastructure investment—answers politics links and earmark-based spending arguments

**Anand, MSNBC contributor, 2011**

Anika, MSNBC, “Bank plan would help build bridges, boost jobs,” July 6, 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

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](http://kerry.senate.gov/work/issues/issue/?id=f0a4612d-382a-46fb-9d31-73e949167108), 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.

Major Market Indices 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](http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/) 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](http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/) 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-

[Anand continues, no text deleted…]

I-Bank 1aC [15/18]

[…Anand continued, no text deleted]

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. And they tend to be well-paying, middle-class jobs construction jobs that cannot be outsourced offshore, said Scott Thomasson with the Progressive Policy Institute. Likosky said the support the BUILD Act has garnered so far has surprised almost everyone involved. “This infrastructure bank is the first thing on the table where we can start to talk about growing the economic pie, an approach toward moving toward prosperity," he said. Advocates say a national infrastructure bank could be the way to take on major projects, such as upgrading America’s power grid, repairing damaged roads and bridges and building high-speed rail lines, an idea that has been discussed for more than 40 years.

I-Bank 1aC [16/18]

#### And, we win on timeframe—now is the key time for investment

**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 first part of this report demonstrated that additional, carefully selected infrastructure investment should yield substantial benefits to the U.S. economy. This section considers the current state of our economy and why it is an opportune time to increase infrastructure investment. The main conclusion is that because of the availability of underutilized resources (especially labor), the opportunity cost of infrastructure investment is currently well below its normal level.

The recession that started in late 2007 had an exceptionally large impact on the labor market, as the United States lost 8.7 million jobs between December 2007 and December 2009. Due to the collapse of the real estate market, the contraction of employment in the construction industry was especially acute. A full 21 percent of those who lost jobs over this time period were in the construction industry.

Even as the economy has begun to recover, construction employment remains well below pre-recession levels. In December 2011, total payroll jobs in the construction industry remained 25 percent below the level of December 2007, dropping 1.9 million from 7.5 million to 5.6 million employees (seasonally-adjusted), which constitutes one-third of the total jobs lost over this period. In February 2012, the unemployment rate for construction workers was 17.1 percent, and over the past twelve months, the unemployment rate for construction workers has averaged 15.6 percent.

Building more roads, bridges, and rail tracks would especially help those workers that were disproportionately affected by the economic crisis – construction and manufacturing workers. Accelerated infrastructure investment would provide an opportunity for construction workers to productively apply their skills and experience. Moreover, hiring currently unemployed construction workers would impose lower training costs on firms than would be incurred by hiring workers during normal times because these workers already have much of the requisite skills and experience. Analysis by the Congressional Budget Office found that additional investment in infrastructure is among the most effective policy options for raising output and employment.25 Given this situation, the President’s proposal to front-load our six-year surface transportation legislation with an additional $50 billion investment makes sound economic sense.

I-Bank 1aC [17/18]

#### And, we control the strongest internal-link into long-term economic recovery—restoring competitiveness outweighs all their alt causes to growth—also an answer to spending disads

**Atkinson, President of the Information Technology and Innovation Foundation, Ph.D. in City and Regional Planning from UNC-Chapel Hill, 2011**

Robert D., Information Technology and Innovation Foundation, “Explaining Anemic U.S. Job Growth: The Role of Faltering U.S. Competitiveness,” December, http://www.itif.org/files/2011-great-recession-anemic-job-recovery.pdf, last accessed 5.25.12

These six diagnoses are simply not sufficient to explain the timing of the crisis, its severity or the unprecedented weaknesses of the recovery. A more compelling diagnosis is that we are failing to achieve robust recovery because the overall U.S. economy has lost international competitiveness.

We see this most clearly in manufacturing. In the 1980s, U.S. employment expanded by 19 percent and in the 1990s by 20 percent. During the same periods, manufacturing employment fell 7 percent and 1 percent, respectively. But between 2000 and the peak of employment in January 2008, jobs grew just 5.4 percent, while manufacturing jobs fell 32 percent. Remarkably, few economists or pundits have made this connection between the anemic overall job performance in the last decade and largest percentage drop in manufacturing employment in American history, even greater than that of during the Great Depression. This is all the more troubling since manufacturing jobs have the highest employment multipliers of any sector, meaning that the loss of these manufacturing jobs led to significant job loss in the rest of the economy.

Another way to look at this is by examining the changes in the contribution of manufacturing to changes in GDP. From 1980 to 1989 the sum of annual GDP changes was 30 percent of which manufacturing added 5.8 percentage points (about 20 percent of the sum of annual GDP growth). From 1990 to 1999, it was 32 percent, of which manufacturing added 5.2 percentage points (about 17 percent). But in the last decade the annual sum of GDP changes (gains or losses) was just 18 percent, with manufacturing changes subtracting 4.7 percentage points. If manufacturing had contributed its same share to GDP growth as it did in the 1980s and 1990s, overall GDP growth would have been 28 percent in this last decade, rather than 18 percent

This loss of manufacturing turned to the U.S. economy into a leaky boat with worn sails so it couldn’t tack the headwinds that increased into a gale force in the last decade. For most of the 2000s, it meant slow growth. For 2008 to 2009, it helped make a recession “The Great Recession.”

And now it is meaning painfully slow economic recovery. For example, annual new orders for manufacturers are down 11 percent from 2007 to 2010 in constant dollars while durable goods orders are down 21 percent, while real GDP is down one percent.

One reason for the slow return of manufacturing orders is evidenced by the increase in the trade deficit. In 2011, the deficit in non-petroleum products at an annualized basis is $440 billion, 11 percent higher than in 2010 and 40 percent higher than in 2009. As shown in Figure 2, the trade deficit was smallest in 2009 after the height of the recession, but it has grown since then, approaching 2007 levels.

Some will argue that, while we may be losing manufacturing, the United States is still strong in innovation and that this will power our growth in the future. But this ignores two key factors. First, much of manufacturing is high tech and powered by innovation—think computers, semiconductors, pharmaceuticals, medical devices, aviation, and instruments. Losing production in these areas means losing the upstream R&D and design jobs as well. Second, it’s not as if the United States leads in innovation anymore. As we found in The Atlantic Century II, the United States ranks 43rd of 44 nations or regions in the rate of progress on 16 innovation-based competitiveness indicators (such as the growth of corporate and government R&D, venture capital, new businesses, productivity, etc.). Other nations are not standing still when it comes to the race for global innovation advantage.

This stiff headwind of robust foreign competition has two impacts on recovery. First, just as reductions in corporate investment or consumer spending will exert a negative influence on GDP growth, so too do net increases in the trade deficit. Recall your Macroeconomics 101 and the equation GDP= C+I+G+(X-M). When imports grow faster than exports in the short run, it exerts a contractionary effect on GDP and jobs. Conversely if exports were growing faster than imports, it would exert an expansionary effect on the economy and jobs, precisely why President Obama declared a goal of doubling exports.

But there is a second, more subtle, but ultimately more important impact on the economy of the loss of U.S. competitiveness: it erodes the confidence of businesses, workers and consumers. Ultimately, a strong and

brisk recovery will depend on a faith that America will once again lead in the global innovation economy. Absent that faith—or in the presence of a sense of economic foreboding and decline—the rational exuberance needed to power investment and spending will be lacking, and recovery will continue to drag along. As Keynes noted, “Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as the result of animal spirits—a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities.”

Today, with America losing the race for global competitive advantage, the quantitative benefits and the quantitative probabilities of success are lower than before. And most Americans sense this. One survey of likely voters in 2012 found that 60 percent believe that the next generation of Americans will be worse off, with only ten percent saying better off.

One reason for this is 62 percent said that the United States no longer has the strongest economy in the world, with 39 percent saying that China is the strongest. A Pew Research Survey reports similar findings with almost half (47 percent) of Americans saying that China is the world's leading economic power, while just 31 percent name the United States. Three years ago—prior to the global economic crisis—only 30 percent characterized China as the global economic leader, compared with 41 percent for the United States. A Gallup poll shows a 13-point surge in the past two years in the percentage of Americans who think that China will lead the world economy over the next two decades.

Yet, it would be one thing if Americans were fatalistic to their current and impending decline. Little could be done. But of the 60 percent who thought the United States was not the strongest economy, 85 percent believed that it is possible for the United States to have the strongest economy in the world. And this gets to the real nub of it: America will recover in the short run and the long run when American businesses, workers, and consumers have faith that policymakers are taking the needed steps to restore America’s leadership. Therefore, restoring America’s competitive edge should be job number one for policymakers. They need to focus on both on short-term job creation and long-term economic growth. The two goals are inextricably linked.

## Inherency

### No national infrastructure bank now

#### SQ can’t solve—rigid distribution and political processes limit effective ness

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<<While the nation`s current transportation funding system has a source of revenue-the federal gas tax-for the short-term, a porous political process and rigid distribution formulas too often misallocate funding away from key projects. (The last transportation bill, for example, included thousands of discretionary earmarks.) Government budgeting hampers strategic decisionmaking since funding for long-term projects is contingent on annual revenue distributions.Thus, a long-term capacity need may not be met because in any given year annual revenues might not be sufficient to finance the project. This is a problem endemic at the state level as well as the national level, as the public concern over lagging reauthorization of federal transportation funding showed at the end of 2009.>>

### Now key time for investment

#### Now is the key time to invest because economic conditions made infrastructure investment

**Landers, Contributing Editor, Board on the ASCE, 2010**

(Jay, Civil Engineering, EBSCOhost, November, June 25, 2012) KKC

<<Next year could be a different story, according to one ardent proponent of the infrastructure bank concept on Capitol Hill. In May 2009 Representative Rosa L. DeLauro (D-Connecticut) introduced the National Infrastructure Development Bank Act (H.R. 2521), which would establish an infrastructure bank as a wholly owned government corporation to finance a range of infrastructure projects. Although the bill failed to make its way out of the committee stage, DeLauro thinks that the current lackluster economic conditions will give a fillip to the bank. At a September 16 symposium on infrastructure held by the Brookings Institution, of Washington, D.C., **DeLauro pointed to the infrastructure bank concept as a politically viable approach for helping to jump-start the economy.** “I sincerely believe that an infrastructure bank can be the centerpiece of action on the economy next year,” DeLauro said, according to a transcript provided by the Brookings Institution. Because support exists for an infrastructure bank across the political spectrum, DeLauro said, “I think [such a bank] can be a real center of activity on the future economy come next year.”

## Advantages:

### \*\*\*Competitiveness Advantage Extensions\*\*\*

### Internal links: Infrastructure Investment Key to Competitiveness

#### Infrastructure investment should increase jobs and biggest impact of economic growth

**Anderson, president and chief executive of CG/LA Infrastructure, 2011**

(Norman, The Washington Post, October 3,Lexis Nexis; KKC)

<<"Moneyball," Brad Pitt's new movie, tells of the transformation of baseball by a leader focused on a new set of critical metrics. It's a tremendous story, taking a business that almost everyone thought they knew and assessing it in a wholly different, much more energizing way.

If there is any industry in the United States right now that could use a Billy Beane it is infrastructure - absolutely critical to our future, moribund and ripe to be redefined. What if there is a different infrastructure game to be played, one that would allow us to quickly build a new national infrastructure strategy, create jobs and generate long-term competitiveness? What if focusing on dollars spent is the equivalent in the infrastructure world of focusing on batting average in the pre-Billy Beane baseball world? It is, and we need to fix that, and find the leadership to change how we think about the most important business opportunity that our country now faces. Here is how President Obama, and our country, can build a successful infrastructure initiative: First, focus on yield. This is an emergency, so focus on the one statistic that matters, creating jobs. An infrastructure project lasts for 30 to 40 years, so when selecting projects we should score three kinds of job yields: direct jobs, those workers directly employed by the project; indirect jobs, those involved in creating the materials for the work, such as manufacturing steel; and induced jobs, those that the project will eventually produce (such as when a D.C. Metro stop sparks new development nearby or a port project brings new commerce). Infrastructure projects need to be scored - and are scored in other countries - on both jobs created initially, and all the jobs created (and the quality of those jobs) over the lifetime of a project. A focus on job yield will help the nation prioritize those infrastructure sectors that are most productive in job creation, channeling marginally more resources in that direction. Think about it - project investment would have less to do with congressional districts and political favors and more to do with systematically building our future. Here you could easily argue that the Silver Line extension to Dulles Airport would be a better investment than adding a lane to a parallel highway. A focus on yield begs the addition of a second critical concept: velocity. Projects around the country are ready to go now, large and critically important projects; there are easily a million jobs in tipping-point projects. My firm recently identified 10 ready-to-go projects worth $90 billion, which would create nearly 1.5 million direct jobs. The problem is that today in our country it takes an average of 10 years to go from concept to the point at which heavy equipment gets its "notice to proceed." The Netherlands, not an environmental bandit, faced a similar problem a decade ago, took action and reduced that period to three years. The current process is not deliberate and systematic; it is ponderous, inefficient and deeply dysfunctional. We need to change that. Think about it. If our leadership - public, private, federal, state and local - would refocus attention to job yield, investment yield and project velocity, then we would be creating a roadmap to build a new jobs and competitiveness model, now and for the next generation. All sorts of transformations would take place, and the public would be much more engaged in the process: Which firms have the best on-time and on-budget records? Which state agencies are most efficient with approvals, or efficient in the use of funds - by miles built or water pipes laid? Which types of projects actually create the most jobs, and/or contribute most to long-term competitiveness? And so on. This new paradigm in infrastructure would mean the creation of a whole language, and the release of enormous human energy in a new direction. >>>

#### 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.

#### Infrastructure decline decrease long term competitiveness

**Murphy, Business Reporter for The Age, 2011**

(Mathew, The Age, “IBank the start to repairing America; Off the Wall,” , July 22, 2011 Lexis Nexis, Accessed: June 26, 2012) KKC

<<This is just a snapshot of the creaking and crumbling infrastructure that the US is faced with repairing and replacing. It is a problem that the American Society of Civil Engineers said in its benchmark 2009 report would take $US2.2 trillion of investment over five years to bring things up to scratch. While China this month opened the world's longest sea bridge and added a line to the largest high-speed rail network, the infrastructure in the world's biggest economy continues to come up short. The average score in the engineers' report for areas such as transport, aviation, rail and water is a D. Energy infrastructure was the only area to improve, and even that only mustered a D+, up from a D in 2005. No one argues about the need to boost infrastructure in a country that the World Economic Forum ranks as 23rd in terms of those with the highest-quality infrastructure, a ranking that has slipped steadily in recent years. So what is holding the US back? First, there was the global financial crisis that knocked the wind out of the US economy in 2008. Rising national debt and moves to slash spending does not bode well for the Obama administration's capacity to fund job-creating infrastructure projects. Infrastructure experts say the quagmire is due in part to the regulatory nightmare of planning big-thinking projects across state lines. >>

#### And, we can put a number to the costs of bad infrastructure—$100 billion

**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

Although infrastructure investments are expensive, it is even more expensive to skimp on infrastructure. There are real costs of failing to invest in infrastructure, including increased congestion and foregone productivity and jobs. Already, Americans are wasting too much time, money, and fuel stuck in traffic. The Texas Transportation Institute (TTI) recently estimated that Americans in 439 urban areas spent some 4.8 billion hours sitting in traffic in 2010, equivalent to nearly one full work week for the average commuter. TTI’s calculations suggest that congestion caused Americans to purchase an extra 1.9 billion gallons of fuel, costing over $100 billion in wasted time and added fuel costs in the 439 urban areas it surveyed.41

The United States’ infrastructure system benefits working families by reducing transportation costs and increasing efficiency. While traffic jams are one of the universal features of our infrastructure system, they do tend to occur at peak commuting hours. Those who are on the road then tend to be working Americans and the costs are often greatest for those who are on fixed schedules. We should continue to invest in infrastructure so working Americans can continue to accrue these benefits.

#### America is losing competitiveness due to failing infrastructure

**Rendell, American politician and former governor, and Smith, American politician and former mayor, 2011**

(Ed and Scott, “Transportation Spending is the Right Stimulus”, Wall Street Journal, Aug, 11, 2011, VKSP)

<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 network 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 Aqu 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.>

#### Infrastructure is underfunded which cause fatalities, delays, and lower productivity

**Congressional Digest, January 2009**

(Congressional Digest, “Infrastructure Financing: Investing in America’s Vital Public Utilities,” EBSCOhost, Accessed: June 26, 2012) KKC

<<According to the report, nearly 30 percent of the Nation's bridges are "structurally deficient or functionally obsolete." The number of unsafe dams has risen by 33 percent to more than 3,500. Public transit facilities are dangerously under-funded, even as demand for them has "increased faster than any other mode of transportation." Current funding for safe drinking water amounts to "less than 10 percent of the total national requirement," while "aging wastewater systems discharge billions of gallons of untreated sewage into U.S. surface waters each year."

The cost of these failures includes highway fatalities (13,000 a year due to inadequate maintenance), time lost to transportation delays, and lowered business productivity. National security has also been compromised.>>

#### Transportation infrastructure key to competitiveness

**Cervero, 2009**

(Robert, “Transport Infrastructure and Global Competitiveness: Balancing Mobility an Livability”, 10/26/2009, The ANNALS of American Academy of Political and Social Science, Accessed: 7/4/2012

<Transport infrastructure is critical to the competitiveness of cities and regions in the global marketplace. Airports, some contend, are gateways to today’s global economy, not unlike seaports a century or more ago. Kasarda (2001) argued that with the ascendancy of justin-time inventorying, airports are critical links in the global supply chain of economic production. The agglomerations of light industries, freight forwarders, air cargo carriers, consulting firms, and convention hotels that encircle major airports form what Kasarda called “aerotropolises.” Similarly vital to economic production are intermetropolitan networks such as the Chicago Land Bridge, being built to transport heavy containers from abroad through metropolitan Chicago to break-of-bulk distribution centers in the Midwest region of the United States.>

#### More evidence roads key to growth and employment

**Cervero, 2009**

(Robert, “Transport Infrastructure and Global Competitiveness: Balancing Mobility an Livability”, 10/26/2009, The ANNALS of American Academy of Political and Social Science, Accessed: 7/4/2012

Freeways and other high-performance roadway investments are an indispensable part of the industrialized world. Limited-access, grade-separated freeway systems drive down the costs of a key factor input to economic production: transportation (Aschauer 1990; Boarnet 1997). Past studies have revealed that urban land markets capitalize the benefit of proximity to freeway interchanges, especially for nonresidential uses (Boarnet 1997; Bhatta and Drennan 2003). Rapid population and employment growth, matched by worsening traffic congestion, must be present if nearby properties are to capitalize the accessibility benefits conferred by highway and freeway interchanges. Even then, other preconditions, such as supportive zoning and complementary infrastructure, must also be present if significant land-use impacts are to occur (Giuliano 2004). Moreover, evidence shows that land-use impacts are more redistributive than generative, shifting growth that would have occurred somewhere to one part of a region. In buoyant economic times, infrastructure generally “crowds in” investment, attracting private capital. Under stagnant conditions, however, it can “crowd out” private investment, effectively channeling private wealth into public goods and services. Moreover, infrastructure is incapable, by itself, of turning around lagging economies and distressed urban areas.

### Internal links: NIB key to competitiveness

#### And, more evidence that an infrastructure bank is key to economic competitiveness

**Rohatyn, Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC, 2011**

Felix, 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

While America's economic competitors and partners around the world make massive investments in public infrastructure, our nation's roads and bridges, schools and hospitals, airports and railways, ports and dams, waterlines, and air-control systems are rapidly and dangerously deteriorating.

China, India, and European nations are spending--or have spent--the equivalent of hundreds of billions of dollars on efficient public transportation, energy, and water systems. Meanwhile, the American Society of Civil Engineers estimated in 2005 that it would take $1.6 trillion simply to make U.S. infrastructure dependable and safe. The obvious, negative impact of this situation on our global competitiveness, quality of life, and ability to create American jobs is a problem we no longer can ignore.

One way to finance the rebuilding of our country is by creating a national infrastructure bank that is owned by the federal government but not operated by it. The bank would be similar to the World Bank and European Investment Bank. Funded with a capital base of $50 to $60 billion, the infrastructure bank would have the power to insure bonds of state and local governments, provide targeted and precise subsidies, and issue its own thirtyto fifty-year bonds to finance itself with conservative 3:1 gearing. Such a bank could easily leverage $250 billion of new capital in its first several years and as much as $1 trillion over a decade.

Run by an independent board nominated by the president and confirmed by the Senate, the bank would finance projects of regional and national significance, directing funds to their most important uses. It would provide a guidance system for the $73 billion that the federal government spends annually on infrastructure and avoid wasteful "earmark" appropriations. The bank's source of funding would come from funds now dedicated to existing federal programs. Legislation has been proposed that would create such an infrastructure bank. Congresswoman Rosa DeLauro (D-CT) has introduced a House bill, and Senators John Kerry (D-MA) and Kay Bailey Hutchison (R-TX) have brought forward legislation in the Senate. The Senate bill, with $10 billion of initial funding, is a modest proposal but passing it would give us a strong start.

#### infrastructure investment through a ibank key to competitiveness

**Delauro, U.S. House of Representatives, 2010**

(Rosa, Speech during Committee on House Ways and Means Subcommittee on Select Revenue Measures, EBSCOhost, May 13th 2010) PAD

<<Thank you Chairman Neal, Ranking Member Tiberi and members of the subcommittee for holding this timely hearing and for inviting me to testify about my proposal to create a national infrastructure bank. It is an honor to be testifying in front of this subcommittee with such an esteemed group of experts and proponents of smart investment in our **infrastructure**. We are all too frequently reminded of our crumbling infrastructure. In 2003, the Northeast experienced a major and widespread blackout. We will all never forget the breaking of the levees in the Gulf in 2005 as Hurricane Katrina moved toward New Orleans or the major I-35 bridge collapse in Minneapolis in 2007, and the resulting tragic loss of life.Just this month, the people of Boston endured a ``catastrophic`` pipe break that shut off water for 2 million people. Along with the human cost of failing to invest in our **infrastructure**, there is also an economic cost in terms of lost opportunities for the type of job creation and economic growth we need to remain competitive in the 215` century. China puts 9 percent of its GDP into **infrastructure**, India 5 percent and rising. Here, we spend less than 2 percent of GDP. Moreover, other nations are investing these hefty sums in 21st century **infrastructure**, while we too often are using our money to shore up old, legacy systems. Take, for example, China, which is investing the lion`s share of a recent $600 billion stimulus in high-speed rail networks. The Chinese will complete almost 10,000 miles of new track by 2020. Or consider Brazil, which is investing $800 billion in a state-of-the art energy grid over the next quartercentury. I believe there is a growing understanding in the United States that we too need to invest more in our **infrastructure** if we are going to rebuild this country and move from recovery to long-term economic growth. Yet, as this subcommittee is well aware, the question becomes, how do we pay for it?>>

#### ibank key to economic competitiveness

**Rohatyn, CEO of Lazard, ‘11**

(Felix, http://www.politico.com/news/stories/0711/58786\_Page2.html

7/12/11 accessed: July 1, 2012, BJC)

**<<**We should view infrastructure financing as an [**investment rather than an expense**](http://voices.washingtonpost.com/ezra-klein/2010/10/infrastructure_the_best_deal_i.html) and should establish a national, capital [budget for infrastructure](http://www.nytimes.com/2011/03/12/opinion/12herbert.html?_r=1). This idea is not new. China, India and European nations are spending the equivalent of hundreds of billions of dollars on efficient public transportation, energy and water systems. Here in the United States, a five-year investment of $2.2 trillion is needed simply to make U.S. infrastructure dependable and safe, according to the American Society of Civil Engineers The obvious, negative effect of this situation on our global competitiveness, quality of life and ability to create American jobs is a problem we no longer can ignore

#### NIB allows US to remain competitive

**Representative DeLauro, 2012**

(Congressional Documents, “DeLauro Statement On Student loans, Transportation Package; Applauds Student Loan Provision, Has Deep Concerns with Transportation Parts,” Lexis Nexis, June 29, Accessed: July 3, 2012) KKC

<<Washington, DC - Congresswoman [Rosa DeLauro](http://www.lexisnexis.com/lnacui2api/search/XMLCrossLinkSearch.do?bct=A&risb=21_T15052031317&returnToId=20_T15052062046&csi=247474&A=0.7398039705474849&sourceCSI=9369&indexTerm=%23PE0009XOQ%23&searchTerm=Rosa%20DeLauro%20&indexType=P) (D-CT) released the following statement today on the bill before Congress that will keep the student loan interest rate at 3.4 percent for another year and continue to fund major **transportation** projects for the next 27 months: "My support for the **transportation** part of this package is much more reluctant. The bill does allow some Connecticut projects to move forward and is far better than the wholly inadequate funding in the House Majority's bill, which would have been devastating for Connecticut's **transportation** network and job creation. I have deep concerns with the bill, including cuts to conservation and other environmental policies that will likely have a detrimental impact, and the failure to put transit commuter benefits on par with parking benefits. Ultimately, this bill lacks the long-term national strategy and financing we need to create good middle class jobs and rebuild America. I will continue to fight for the enhanced commitments we need in our **transportation,** water, energy and telecommunications systems, including the establishment of a National **Infrastructure Bank** that would allow the United States to remain competitive in a global economy.">>

#### NIB key solving infrastructure

**Landers, Contributing Editor, Board on the ASCE, 2010**

(Jay, Civil Engineering, November, June 25, 2012) KKC

<<For its part, asce expressed its support for the creation of an infrastructure bank in a September 21 statement submit- ted to the Senate Committee on Banking, Housing, and Urban Affairs. Such an entity “could provide a fiscally prudent means to begin repairing our nation’s deteriorating infra- structure,” according to the statement. However, an infra- structure bank “should adhere to certain key requirements,” the statement said, including the need to operate in a self- sustaining manner after an initial capitalization from general fund appropriations. Moreover, the bank “should not replace existing infrastructure funding and financing mechanisms, but act as a supplement to leverage federal, state, local, and private infrastructure financing,” asce said.>>

#### Infrastructure bank funded investments necessary long term competitiveness

**Murphy, Business Reporter for The Age, 2011**

(Mathew, The Age, “IBank the start to repairing America; Off the Wall,” , July 22, 2011 Lexis Nexis, Accessed: June 26, 2012) KKC

What is needed to mobilise these funds? A **national infrastructure bank** is an idea that has been floated several times but now has bipartisan support through the BUILD Act proposed by failed presidential candidate Senator John Kerry and others. Essentially, board members of the infrastructure bank would be independent, appointed by the President and confirmed by the Senate as a way of preventing pork barrelling. If private investors wanted to invest in a project, they could join regional governments and present a proposal to the so-called "IBank". It would assess the project's credentials based on things like the public's acceptance and its ability to generate enough revenue to provide returns for investors. Loans of up to half of the project's cost could be extended, instead of grants, which are more costly for the taxpayer, and project borrowers would be required to put up a reserve against potential bad debt. The bank, the same as any other, would make money from upfront fees and interest-rate premiums. Such a bank, Kerry says, could turn $US10 billion into as much as $US640 billion over 10 years, a figure many believe is conservative. On these numbers, the bank could be self-sustaining in about three years. Those who support the concept of an IBank include the US Chamber of Commerce, the AFL-CIO (America's union movement) and heavyweight private equity firm Kohlberg Kravis Roberts. The roll-call of backers seems to indicate there are jobs to be created and money to be made through the venture. Former president Bill Clinton is another supporter, telling CNBC last week that "every manufacturing job you create tends to create more than two other jobs in other sectors of the economy". For the government to make the IBank a success it needs to engage Wall Street and sell the infrastructure story. If that money is not mobilised then the US will fall well short of the $US40 billion that the Boston Consulting Group estimates it will need to invest over 20 years for the US to stay globally competitive. Unless the US economy truly is mirroring the fall of Rome, then it will need to be nimble and savvy in addressing the country's infrastructure challenges as a high priority. An infrastructure bank is a good start.>>

### \*\*Competitiveness Impacts\*\* see economy file for more

### \*\*\*Economy Advantage Extensions\*\*\*

### Uniqueness: See Economy File

### \*\*\*Internal links\*\*\*

### Internal link: Middle class

#### And, infrastructure investment provides key middle class jobs

**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

Infrastructure Investment Creates Middle-Class Jobs. Spending on infrastructure generates demand for products and services from a variety of industries. For example, road building not only requires construction workers, but also grading and paving equipment, gasoline or diesel to run the machines, a variety of smaller hand tools, raw inputs of cement, gravel, and asphalt, surveyors to map the site, engineers and site managers, and even accountants to keep track of costs. Data from the Commerce Department’s Bureau of Economic Analysis (BEA) provide insight into how a dollar’s worth of demand for some broad categories of spending is divided among the supplying industries. Analysis of data from the BEA 2010 annual input-output table and related data from the Bureau of Labor Statistics (BLS) on the composition of industry employment suggests that 61 percent of the jobs created by investing in infrastructure would be in the construction sector, 12 percent would be in the manufacturing sector, and 7 percent would be in retail trade, for a total of 80 percent in these three sectors. Using BLS data on the structure of occupations in those industries, and the distribution of wages for those occupations by industry, nearly 90 percent of the jobs in the three sectors most affected by infrastructure spending are middle-class jobs, defined as those between the 25th and 75th percentile in the national distribution of wages. Further analysis suggests that the jobs created by investing in infrastructure are not only middle-class jobs, but also are concentrated in occupations and industries that have been disproportionately affected by the recent economic downturn. Overall, the unemployment rate among those who would be put to work by additional investment in infrastructure has averaged approximately 13 percent over the past twelve months, more than one and one-half times the current national unemployment rate.39

#### 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.

### Internal link: Jobs

#### High unemployment, low construction cost—best time to invest now

**Landers, Contributing Editor, Board on the ASCE, 2010**

(Jay, Civil Engineering, November, June 25, 2012) KKC

<<Among the reasons it cites for increasing federal spending on transportation infrastructure, the administration’s report maintains that the high unemployment rate among construction workers and the current low construction costs combine to make the present a “particularly opportune time to invest in infrastructure.” As of August, the unemployment rate for construction workers was 17 percent, nearly double the overall rate. The “excess supply of construction workers is one of many factors making current construction costs low,” the report states.>>

#### Infrastructure creates Jobs—no outsourcing

**Anand, MSNBC writer, 2011**

(Anika, , <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T-DDGitYuB1> , MSNBC, 7-6-11 accessed: 6-28-12)BJC

**<<**According to the Department of Transportation's 2008 numbers, every $1 billion invested in transportation infrastructure creates between 27,800 and 34,800 jobs. And they tend to be well-paying, middle-class jobs construction jobs that cannot be outsourced offshore, said Scott Thomasson with the Progressive Policy Institute.**>>**

#### NIB prevents disaster and create jobs

**Garrett-Peltier, research fellow at the Political Economy Research Institute, Nov/Dec 2010**

(Heidi, Dollars & Sense, “The Case for a National Infrastructure Bank,” EBSCOhost, Accessed: 6/27/12) KKC

<<Tragic events in recent years, such as the Minnesota bridge collapse or New Orleans’ failed levees, combined with the daily aggravations of pot holes and power failures, underscore the need for improved infrastructure across the United States. The American Society of Civil Engineers gave the United States a "D" on its most recent Report Card for America's Infrastructure; the organization estimates that it will cost $2.2 trillion over the next five years to bring our infrastructure up to "good" condition. Besides helping prevent disasters, infrastructure improvements create jobs. Maintenance, repair, and new construction of roads, buildings, water, and energy systems create jobs for engineers, construction crews, machinery manufacturers, and bookkeepers, among others.>>

#### NIB creates jobs and helps competitiveness.

**Anderson, president and chief executive of CG/LA Infrastructure, October 3, 2011**

(Norman, The Washington Post, Lexis Nexis, Accessed: June 26, 2012 KKC)

<<One way to bring about this change would be to task a new institution to oversee the process - a National Infrastructure Bank. Such an institution would have a clear imperative: modernize the U.S. infrastructure industry to create large numbers of jobs and to build real competitiveness into the U.S. economy. There is a unique window of opportunity. A bank that could borrow long-term money at today's low rates could easily double our infrastructure investment over a 10-year period, and create well over 1 million jobs a year for 10 years. And this would be, if we aimed low, at European yield levels. >>

#### Transportation investment sparks jobs directly and long term

**Jackson, Logistics Management Institute, 2011**(Lee, Defense Transportation Journal, December 2011, EBSCO host, Accessed: 6/26/12)

As I have previously stated, the importance of providing a funding mechanism to support our nation's deteriorating infrastructure is a critical element in making the US globally competitive. A direct result of increased funding and support for transportation infrastructure projects will be increased job growth and opportunities.

#### ibank solves jobs—long term investment stability

**Thomasson,Economic and Domestic Policy Director Progressive Policy Institute, 2011**

**(Scott, FDCH Congressional Testimony, National Infrastructure Banks, EBSCOhost, Accessed: 6/26/12 PAD.)**

<<A properly structured national **infrastructure** bank is an innovative but sound investment tool that deserves to be a part of the current debate about the many challenges of investing in long-term economic growth and job creation. As Chamber President Tom Donohue has said, it's an invaluable part of the solution to how we pay for projects we can't afford to ignore, but it can only work if added to a strong foundation of spending in the transportation reauthorization bills.>>

#### NIB fixes quality of life by saving money, creating jobs, and improving infrastructure

**This Week in Washington 2010**

(This Week in Washington, “ASCE Calls for Infrastructure Bank,” EBSCOhost; Accessed: June 27, 2012 KKC)

<<ASCE, the Building America's Future coalition, and a host of other supporting organizations met in the U.S. Capitol this week to urge Congress to create a national **infrastructure** **bank** (NIB). The NIB would invest in large projects of national importance to help improve the quality of **infrastructure** across the country and create **jobs**. ASCE's treasurer and chairman of the 2009 Report Card for America's **Infrastructure**, Andrew Herrmann, P.E. SECB, F.ASCE, was on hand to lend his support. In a statement Herrmann said, "Whether we're talking about billions of dollars lost as a result of traffic each year or billions of gallons of water lost through leaky pipes, failing **infrastructure** has a negative impact on the checkbook and quality of life of each and every American. Despite this, we have continued to woefully under-invest.">>

#### NIB is the biggest source of jobs because it builds the foundation for new industries

**Herbert, Op-ed columnist for NY Times, March 12, 2011**

(Bob, The New York Times, “The Master Key,” LexisNexis, Accessed: June 26, 2012) KKC

<<Creation of an infrastructure bank would be an important indication that leaders in Washington are still capable, despite most of the available evidence, of moving beyond partisan paralysis to engage one of the biggest challenges facing the country. If there is such a thing as a master key to a better American future, investment in the nation's infrastructure would be it. That is the biggest potential source of jobs. That is how you build the foundation for new and innovative industries.>>

#### NIB adds jobs—investment key

**Itkowitz, CQ Staff, 2009**

(Colby, *CQ Weekly*, November 16, Ebscohost, Accessed: June 25, 2012) KKC

<<A traditional way to generate jobs in a struggling economy is for the government to invest in public works, such as highways, railroads, airports or water projects. The difficulty in this struggling economy is paying for it. A second economic stimulus package with money for public works is probably out of the question, given the political hazards and inflationary risk of all that government borrowing. The Highway Trust Fund is a logical source for more infrastructure spending, because it is supposed to cover highway and transit projects. But the fund doesn’t have enough revenue now to sustain even routine projects for any length of time. The solution, then, might be something between the two: a mechanism to combine some government borrowing and private investment to build selected projects whose users then would help pay back the cost. It’s called a National InfrastructureBank. The European Union has one, as does California, and the idea is a favorite of President Obama. He endorsed it during the campaign, particularly as a way to build inter-city, high-speed rail lines, another of his favorites. Legislation to create such a bank was introduced in the House last spring by Connecticut Democrat Rosa DeLauro, but it has languished in committee despite 43 cosponsors.>>

#### NIB creates jobs, stimulates the economy, improves transportation, helps US competitiveness

**Kulat, Public Affairs at FRA, 2010**

(Rob, US Rail News, “Obama Wants to Spend $50 billion for National Infrastructure Bank”, October, EBSCOhost, Accessed: June 26, 2012) KKC

<<President Barack Obama met with mayors and governors this week to drum up support for his pro- posed spending program to improve the nation’s railways and other transportation infrastructure. Obama says the “National Infrastructure Bank” is needed to create new jobs, stimulate the economy and improve transportation systems. Obama met with state and local leaders Oct. 11, the same day the Treasury Department released a report saying the government needs to invest more in railways and other transportation infrastructure. “It is clear that persistent neglect of our infrastructure will impact America’s competitive position vis-a-vis the rest of the world,” the report says.>>

#### NIB is a stable strategy for economy growth; it has no politics or fluctuations involved

**Congressional Digest, January 2009**

(Congressional Digest, “Infrastructure Financing: Investing in America’s Vital Public Utilities,” EBSCOhost, Accessed: June 26, 2012) KKC

<<Proponents of a National Infrastructure Bank believe that such an entity would enable the Federal Government to develop a stable, long-term strategy for economic growth based on infrastructure improvements. Financing, they contend, would be less prone to political whims and economic fluctuations. In addition, the bank would ensure that Federal funds are put to the best use by State and local governments for specific, high-priority infrastructure projects.>>

### Specific projects—laundry list internal links

#### Solvency-ibank leverage funding for all actors multiple projects

**Defazio, Chairman House Transportation and Infrastructure Subcommittee on Highways and Transit, 2010**

(Peter, FDCH Congressional Testimony, 5/13/2012, Infrastructure Banks, EBSCOhost, Accessed: 6/28/12, PAD.)

<Filling this substantial investment gap will require the use of innovative financing mechanisms that are able to leverage an increased level of infrastructure investment by the Federal government using sizable State and local government and private investments. To maximize the limited resources available for addressing surface transportation needs, the STAA includes provisions to increase the investment in infrastructure through the creation of a National Infrastructure Bank (Bank). The STAA creates a new Bank within DOT, administered by the Office of Intermodalism, to provide additional investment to supplement current Federal revenues and to allow the Federal Government to leverage additional resources to invest in our most critical transportation assets. The Bank is governed by a Board of Directors, and chaired by the Secretary. The Bank will finance a wide variety of transportation projects, including highway, transit, rail, intermodal freight projects, and seaports, and supplement the normal surface transportation program`s investment in the system.>

#### ibank spurs projects and increases leveraging of available funding

**Thomasson,Economic and Domestic Policy Director Progressive Policy Institute, 2011**

(Scott, FDCH Congressional Testimony, October 12, 2011National Infrastructure Banks, EBSCOhost, Accessed: 6/26/12 PAD.)

<As the unavoidable costs of repairing and maintaining our nation's infrastructure climb into the trillions of dollars, the time has come for a clear-eyed look at how a national bank might be one piece of a multi-pronged approach to making the investments we need. Doing that means we need to put aside polarizing rhetoric from both sides and talk frankly about what a national infrastructure bank is, and what it is not. The driving motivation behind the national infrastructure bank is twofold. First, the financing offered by the bank would provide an additional tool for reducing the costs of new projects and attracting private capital to share in the risks and expenses of these investments. The bank would be an optional tool available to states and local governments and for federally-sponsored projects like NextGen Air Traffic Control. Second, the bank's evaluation and financing of projects would be a transparent and predictable process, staffed by professional finance experts and guided by clearly defined, merit-based criteria. This would ensure that at least some portion of our public investment decisions would focus on projects that will generate economic benefits and enhance competitiveness at a national or regional level.>>

#### NIB funds multiple projects--self sufficient in 5 years

**Rodricks, columnist for the Baltimore Sun, 2012**

(Dan, The Baltimore Sun, “Fixing transportation makes too much sense for Congress,” Lexis Nexis, January 8, Accessed: July 3, 2012) KKC

<<His plan calls for the establishment of a National **Infrastructure** **Bank** to finance improvements to airports, marine **ports**, roads and bridges, high-speed rail, renewable energy systems, dams and levies and wastewater treatment plants. The Lee proposal says such a bank would be self-sufficient after five years; the government would recover its investment in 10. Cash flow from user fees -- tolls on bridges and certain roads -- would be necessary to achieve that.>>

### \*\*\*Add-ons\*\*\*

### NIB Warming module

#### A. National Infrastructure Bank increases productivity more than private companies

**Garrett-Peltier, research fellow at the Political Economy Research Institute, 2010**

(Heidi, Dollars & Sense, Nov/Dec “The Case for a National Infrastructure Bank,” EBSCOhost, Accessed: 6/27/12) KKC

<<Infrastructure improvements also have so-called positive externalities: their social benefits are greater than the financial gains earned by the parties who fund them. Improving roads, bridges, and transit systems can increase productivity, lower the cost of maintaining cars and buses, and reduce carbon emissions. Energy investments can increase productivity, and if directed toward energy efficiency and renewables, can also promote environmental sustainability. Investments in water systems lead to better health and lower health care costs. Private companies cannot reap financial rewards from all of these indirect benefits. For instance, a private rail company could not feasibly charge a fee to everyone who enjoys less-congested roads or cleaner air thanks to a new rail line. So infrastructure projects have traditionally been publicly funded, primarily at the local level with some state and federal assistance.>>

#### b. Climate change bad—studies prove climate cycles drive war, empirically proven

**Schiermeier, editor and writer for Nature specializing in policy and climate studies, degree in geography, statistics and economics from University of Munich, 2011**

Quirin, Nature Magazine, “Climate cycles drive civil war,” August 24, http://www.nature.com/news/2011/110824/full/news.2011.501.html, last accessed 7.3.12

Natural climate cycles seem to have a striking influence on war and peace around the equator. Tropical countries face double the risk of armed conflict and civil war breaking out during warm, dry El Niño years than during the cooler La Niña phase of the El Niño/Southern Oscillation (ENSO), according to an analysis published today inNature[1](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B1).

The study throws light on the hotly contested issue of whether climate change has any notable effect on violence and societal stability, particularly in poor countries. The authors of several popular books have previously proposed a link, but there are disagreements within the scientific literature over whether a robust climate signal can be detected in conflict statistics.

Previous studies have focused on the question of how anthropogenic climate change might increase conflict risk. A 2009 study[2](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B2) by economist Marshall Burke at the University of California, Berkeley, and his co-workers found that the probability of armed conflict in sub-Saharan Africa was about 50% higher than normal in some unusually warm years since 1981. But critics point to statistical problems — for instance when linking possibly random local temperature and rainfall variations with outbreaks of civil war — that may have resulted in a false appearance of causality.

To overcome this problem, Solomon Hsiang, an economist currently at Princeton University in New Jersey, and his colleagues opted to look at how historical changes in the global, rather than local, climate affect conflict risk[1](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B1).

Clear signal

The team designed a 'quasi-experiment' for which they divided the world into regions strongly affected by the ENSO — the tropical parts of South America, Africa and the Asia–Pacific region, including parts of Australia — and regions only weakly affected by it. They then searched for a link between climate and armed conflicts that arose in the first group between 1950 and 2004.

A very clear signal appeared in the data. The team found that the risk of annual civil conflict doubles, from 3% to 6%, in countries of the ENSO-affected, or 'teleconnected', group during El Niño years relative to La Niña years. In many cases, conflicts that might have broken out anyway may have occurred earlier owing to the effects of El Niño, Hsiang suggests.

Civil conflicts have been by far the most common form of organized political violence in recent decades, Hsiang says. Globally, one-fifth of the 240 or so civil conflicts since 1950 could be linked to the 4–7-year climate cycle originating in the southern Pacific, the study concludes. The results were unaffected by any modification to the statistical set-up of the analysis — such as excluding particularly crisis-prone African countries — which the team performed to confirm the robustness of their findings.

"A doubling of risk is a very strong effect," says Halvard Buhaug, a conflict researcher with the Peace Research Institute Oslo, who was not involved in the study.

Buhaug, who has previously criticized[3](http://www.nature.com/news/2011/110824/full/news.2011.501.html#B3) claims such as Burke's, says he feels "surprised and a bit puzzled" by the results. He grants that the study is "very competently executed" but adds that the issue is nonetheless far from being settled. "I don't dismiss that a correlation exists, but it is a correlation we so far don't understand," he says. "I remain sceptical about any potential causal connection."

A more detailed analysis of the 'narratives' of historical conflicts that have occurred during El Niño years is needed to establish whether any factors that may have caused these conflicts — such as harvest failures that led to food shortages — can be traced to El Niño events, he says.

Greenhouse effects

The authors of the study are aware of its limitation and of the difficulties involved in establishing a causal link between climate and conflict. But, says Hsiang, case studies are ongoing at Columbia University in New York and elsewhere on how El Niño events might link to local outbreaks of violence.

"Different hypotheses have been proposed as to how one phenomenon causes the other, and we aren't sure yet what the correct narrative is," he says. "It could be that agricultural income in El Niño years drops to levels that can trigger violence. Furthermore, psychologists think that aggressive behaviour gets generally more widespread during exceptionally warm conditions."

### NIB Marginalized communities Modules

#### a. Erratic funding disproportionately impacts marginalized communities, creating perpetual lack of transportation for those communities

**Garrett-Peltier, research fellow at the Political Economy Research Institute, 2010**

(Heidi, Dollars & Sense, Nov/Dec “The Case for a National Infrastructure Bank,” EBSCOhost, Accessed: 6/27/12) KKC

<<Public infrastructure funding often falls short, however. In a recession, state and local tax revenues fall, making it harder to fund infrastructure projects precisely at a time when they could help the economy recover. Another problem is that during downturns and recoveries alike, higher-income localities are better able to fund their own roads or water systems than poorer ones. So available funds do not necessarily go to the projects providing the greatest benefits.>>

#### b. Lack of access to transportation creates systemic dehumanization and poverty- plan solves

U.N. Habitat- March 18, 2010 URBAN TRENDS: URBAN SPRAWL NOW A GLOBAL PROBLEM http://www.unhabitat.org/documents/SOWC10/R4.pdf

In many developing countries, urban sprawl comprises two main, contrasting types of development in the same city: one is characterized by large peri-urban areas with informal and illegal patterns of land use. This is combined with a lack of infrastructure, public facilities and basic services, and often is accompanied by little or no public transport and by inadequate access roads. The other is a form of “suburban sprawl” in which residential zones for high- and middle-income groups and highly-valued commercial and retail complexes are well-connected by individual rather than public transport. Urban sprawl adds to the urban divide, pushing social segregation along economic lines that result in spatial difference in wealth and quality of life across various parts of cities and metropolitan areas run down inner cities and more suburbs. Suburbanization in developing countries happens mainly because people – rich and poor – flee poor governance, lack of planning and poor access to amenities. “In a nutshell: sprawl is a symptom of a divided city,” the report says. Urban sprawl involving the poor occurs because authorities pay little attention to slums, land, services and transport. Authorities lack the ability to predict urban growth and, as a result, fail to provide land for the urbanizing poor. In addition, the urban poor are denied land rights which is one of the main factors driving people to the periphery of towns, associated with urban sprawl in developing countries.

## Solvency—National Infrastructure Bank

### Solvency—NIB solves job creation

#### NIB disciplined-causes many benefits

**Peirce, Chairman of Citistates group, 2010**

(Neal, National League of Cities, “Infrastructure bank proposal: ignore at our peril,” EBSCOhost, September 16, Accessed: June 27, 2012) KKC

<<Of course, there's some politics in everything. But well structured, an infrastructure bank would be disciplined--a way to drive us away from politically motivated earmarks, to put a premium on quality of projects and seek private-sector investments to match government outlays. Plus, as William Galston of the Brookings Institution notes, the bank idea "recognizes a key reality: The consumer-led model of economic growth on which we have depended for decades has hit a wall. It's time for investment to lead the way, with new partnerships between the public and private sectors." Amen! While the world races down the investment expansion track, we're constantly shortchanging decaying bridges, aging interstates, antiquated water systems and or high-speed rail serious enough to one day rival Europe, Japan or China. A serious infrastructure bank could start weaning us away from congressional pork-barrel spending and our "silo" pattern of funding infrastructure--roads and transit, airports, waterways and railways, in separate "buckets." Yet "on the ground," the systems are intricately interrelated. So imagine an infrastructure bank that challenges America's states and cities and public authorities to engage private banks and investment firms to formulate smart, multipurpose projects. That means mixing modes, and it means serving multiple goals simultaneously--mobility, economic growth, reduced energy use and carbon emissions, community quality of life, and fairness for all economic groups. A bank "priming the pump" in that imaginative way could have catalytic positive effect, especially at a time when much private capital is reportedly sitting uncommitted on the sidelines, suggests Michael Likosky, author of a forthcoming book, "Obama's Bank: Financing a Durable New Deal" (Cambridge University Press). Even under the "quick and dirty" fund disbursements of last year's recovery act, Likosky notes, the president's Council of Economic Advisers in a survey of multiple states found that every federal dollar stimulated roughly three dollars of investment by state or local governments or the private sector. An infrastructure bank could also span geographic borders--a big gain from today's system of funding within individual state or substate areas. Plus, some of our biggest metro regions span state lines. The mere presence of an infrastructure bank looking for best proposals, regardless of borders, would be a powerful motivator for broad regions, some multimetro, some multistate, to coalesce behind economically competitive projects.>>

### Solvency: Spurs private sector capital investment

#### NIB loans jump start jobs growth and investment

**Anand, MSNBC writer, 2011**

(Anika, , <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T-DDGitYuB1> , MSNBC, 7-6-11 accessed: 6-28-12)BJC

<<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>.”

### Solvency: increases leverage of fund

\*\*leverage means that the initial investment can spur or support additional funding through loans, etc

#### NIB leverage private capital towards public investment

**Representative Pelosi, 2011**

(Congressional Documents and Publications, “Pelosi-Transcript of Pelosi, Democratic Leaders Press Conference Today,” LexisNexis, August 2, Accessed: July 3, 2012) KKC

<<And with that in mind, I have long championed legislation to create a national infrastructure bank that can, in fact, leverage private capital toward public investment. According to a recent report, failing to invest in our Nation's infrastructure could cost the United States $129 billion a year and over the next 10 years. It reads, and I quote, U.S. businesses would pay an added $430 billion in transportation costs, household incomes would fall by more than $7,000, and U.S. exports will fall by $28 billion, end quote.>>

#### link turn—increase private investment and leverage funding to decrease amount needed from government

**Delauro, U.S. House of Representatives, 2010**

(Rosa, Speech during Committee on House Ways and Means Subcommittee on Select Revenue Measures, EBSCOhost, May 13th 2010) PAD

<<The legislation that I introduced, along with our colleagues Representatives Ellison, Israel and Weiner, the National **Infrastructure** Development Bank Act (H. R. 2521), is not a silver bullet, but rather an important way in which we can supplement other federal programs, which simply cannot make up for this**infrastructure** investment deficit, with additional funds. In short, a National **Infrastructure** Development Bank (Bank) as we propose would leverage private dollars to invest in merit-based projects across the country.>>

#### NIB can operate like TIFIA; cover loans

**Landers, Contributing Editor, Board on the ASCE, 2010**

(Jay, Civil Engineering, November <http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?sid=79eb3ce9-b8b8-4921-ba18-cb64471809bc%40sessionmgr112&vid=7&hid=12>, , June 25, 2012)

<<In response, Roy Kienitz, who as undersecretary for policy for the U.S. Department of Transportation offered testimony before the committee, maintained that an infrastructure bank would not be operated on the model of a government-sponsored enterprise, that is, a profit-seeking entity with a guaranteed line of credit from the federal government. As envisioned by the Obama administration, Kienitz said, an infrastructure bank would operate much like the program established by the Transportation Infrastructure Finance and Innovation Act, which provides federal credit assistance to state transportation departments to be used for funding regionally or nationally significant projects. Under the program, Kienitz said, the federal government sets aside a certain amount of money to cover outstanding loans, thereby reducing the risk to the government in the event that a loan goes bad. “That system works pretty well,” Kienitz said. “It’s been pretty safe.” One approach under consideration, Kienitz said, is to “simply take that system and put a whole lot more money be- hind it and expand the scope.” However, the Obama administration’s proposal for an infrastructure bank remains under development and will probably not be released until early next year, according to a spokesperson for the Department of Transportation.>>

### Solvency: Bonds from NIB increase leveraging

#### Bond program leverage funding--generates bonds without ownership

**Rohatyn, Brookings Institution and Feres Brookings Institution, 2011**

(Felix and Lazard “Infrastructure Investment and U.S. Competitiveness”Council on Foreign Relations, April 5, 2011, <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>, accessed 6/27 BJC)

**<<While America's economic competitors and partners around the world make massive investments in public infrastructure, our nation's** roads and bridges, schools and hospitals, airports and railways, ports and dams, waterlines, and air-control systems **are rapidly and dangerously deteriorating. China, India, and European nations are spending--or have spent--the equivalent of hundreds of billions of dollars on efficient public transportation, energy, and water systems.** Meanwhile, **the American Society of Civil Engineers estimated in 2005 that it would take $1.6 trillion simply to make U.S. infrastructure dependable and safe.** The obvious, negative impact **of this situation on our global competitiveness**, quality of life, and ability to create American jobs is a problem **we no longer can ignore**. One way **to finance the rebuilding of our country is** by **creating a national infrastructure bank that is owned by the federal government but not operated by it**. The bank would be similar to the World Bank and European Investment Bank. **Funded with a capital base of $50 to $60 billion, the infrastructure bank would have the power to insure bonds of state and local governments, provide targeted and precise subsidies, and issue its own thirty- to fifty-year bonds to finance itself with conservative 3:1 gearing. Such a bank could easily leverage $250 billion of new capital in its first several years and as much as $1 trillion over a decade.** Such a bank could easily leverage $250 billion of new capital in its first several years and as much as $1 trillion over a decade. Run by an independent board nominated by the president and confirmed by the Senate, the bank would finance projects of regional and national significance, directing funds to their most important uses. It would provide a guidance system for the $73 billion that the federal government spends annually on infrastructure and avoid wasteful "earmark" appropriations. The **bank's source of funding would come from funds now dedicated to existing federal programs.>**>

### Solvency: Build Act/ American Infrastructure Financing Authority

#### Build Act to leverage hundred of billions to fix and expand infrastructure

**Cook, Fordham University School of Law, 2011**

(Christopher, Fordham Urban Law Journal, October, LexisNexis, Accessed: June 25, 2012) KKC

<<President Obama resurrected the discussion of a **National Infrastructure Bank** during a 2010 Labor Day speech n184 and in his calls for increased infrastructure investment during the 2011 State of the Union Address. n185 On March 15, 2011, Senators John Kerry and Kay **[\*1551]** Bailey Hutchison introduced the Building and Upgrading Infrastructure for Long-term Development ("BUILD") Act. n186 The BUILD Act creates an American Infrastructure Financing Authority ("AIFA"), a type of infrastructure bank, to help "facilitate investment in, and long-term financing of, economically viable infrastructure projects of regional or national significance ... ." n187 An eligible project could include roads, bridges, rail, water systems, or power grids. n188 The BUILD Act provides for an initial government investment of $ 10 billion n189 that could "leverage up to $ 600 billion in private investments to repair, modernize, and expand ... [the United States'] ailing infrastructure system." n190 The AIFA's Board of Directors would be responsible for monitoring and overseeing the funding of eligible projects. n191 In meeting eligibility requirements, projects must have a minimum estimated cost of $ 100 million; however, qualifying projects in rural areas would need to demonstrate costs equal to or greater than $ 25 million.>>

#### NIB-loans from seed money to leverage $600 billion over time.

**Herbert, Op-ed columnist for NY Times, March 12, 2011**

(Bob, The New York Times, “The Master Key,” LexisNexis, Accessed: June 26, 2012) KKC

<<Senator Kerry will introduce legislation next week to create a **federal infrastructure bank** -- officially, the American Infrastructure Financing Authority -- to provide loans and loan guarantees to large, essential infrastructure projects. The loans will be seed money used to leverage other sources of funding. ''These are strictly loans -- not grants -- for commercially viable projects,'' the senator said. ''The federal government does no more than 50 percent of the loan. We expect that to leverage $600 billion or so in infrastructure investments over time.''>>

#### BUILD Act models successful government banks—not sharehold owned government enterprises

**Thomasson,Economic and Domestic Policy Director Progressive Policy Institute, 2011**

(Scott, FDCH Congressional Testimony, October 12, 2011National Infrastructure Banks, EBSCOhost, Accessed: 6/26/12 PAD.)

<<The president's current proposal in the American Jobs Act is not the same as his own earlier "IBank" included in his most recent budget proposal submitted to Congress earlier this year, nor is it the same as previous bills offered by Congresswoman DeLauro, Senator Dodd, and others, which are the versions many opponents choose as the targets of their criticism. The president's jobs bill proposal adopts the model that resulted from a thoughtful bipartisan effort in the Senate, embodied in the BUILD Act in introduced by John Kerry, Kay Bailey Hutchison, Mark Warner, and Lindsay Graham. The BUILD Act represents an entirely new approach to the idea of creating an infrastructure bank, one that goes a long way to reconcile the huge levels of needed investment with the very real spending constraints facing Congress. This proposal launches the bank on a fiscally responsible scale, while preserving the best principles of political independence and merit-based decision making that make the bank worth doing in the first place. They do this by structuring their bank as an independent, government-owned financing authority using model used by the U.S. Export-Import Bank, the TIFIA program, and other well-run existing federal credit programs, none of which bear any resemblance to shareholder-owned GSEs like Fannie Mae and Freddie Mac.>>

### Solvency: American Energy and Infrastructure Jobs Act of 2012

#### American Infrastructure Investment Act—regional and national significance

**This Week in Washington, 2011**

(This Week in Washington, 5/13, accessed on 6/25/12) KKC

<<Senators Jay Rockefeller (D-WV) and Frank Lautenberg (D-NJ) unveiled the American **Infrastructure** Investment Fund Act of 2011 on Thursday to create a fund, or **bank**, to finance projects outside of the typical government run **funding** **mechanisms**. The bill, S. 936, would prioritize **funding** for projects of regional or national significance and would authorize $5 billion for both fiscal years 2012 and 2013, to start providing loans and loan guarantees for transportation projects. Furthermore, the fund would provide loan guarantees and finance transportation, energy, water, and telecommunications projects. The legislation also would put $600 million into a competitive grant program for rail, highway, air and water transportation investments. The transportation secretary would determine who receives the grants.>>

### Solvency: National Infrastructure Development Bank Act of 2011

#### National Infrastructure Development Bank Act (H. R. 2521), solves competitiveness and decreases spending

**Delauro, U.S. House of Representatives, 2010**

(Rosa, Speech during Committee on House Ways and Means Subcommittee on Select Revenue Measures, EBSCOhost, May 13th 2010) PAD

<<The Bank we propose is a development bank for America, an independent governmentowned corporation modeled after the European Investment Bank (EIB), which has been successfully investing in critical European transportation, energy and telecommunications **infrastructure** projects for over 50 years. As members of President Obama`s Economic Recovery Advisory Board pointed out in a Wall Street Journal op-ed, in 2008 the EIB lent $81 billion to finance projects and had a target of $112 billion last year Our proposed Bank would be managed by a 5-member Board of Directors with public and private sector experience appointed to six-year terms by the President with the advice and consent of the Senate. The Board`s essential function would be to issue 30 plus year federal bonds and use proceeds from the issuance of these bonds to offer loans and loan guarantees to transportation, environmental, energy and telecommunications projects. The Board, under the direction of the Treasury Secretary, could also buy and sell infrastructure-related loans and securities creating a secondary market for U.S. **infrastructuredevelopment** and increasing investments in these sectors.>>

### Solvency/internal links--investment in infrastructure

#### NIB solves infrastructure

**Anand, MSNBC writer, 2011**

(Anika, , <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T-DDGitYuB1> , MSNBC, 7-6-11 accessed: 6-28-12)BJC

**<<**American has fallen to 23rd in infrastructure quality globally, according to the World Economic Forum. [It](http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/) 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.**>>**

## Answer to blocks

### Answer “NIB can’t solve—bad structure”

#### Multiple types of funding mechanisms for NIB—all would solve

**Garrett-Peltier, research fellow at the Political Economy Research Institute, 2010**

(Heidi, Dollars & Sense, Nov/Dec “The Case for a National Infrastructure Bank,” EBSCOhost, Accessed: 6/27/12) KKC

<<Today the United States invests in infrastructure at only half the level the ASCE recommends. One proposal for an innovative method to finance infrastructure is currently garnering bi-partisan interest—a national infrastructure bank (NIB). An NIB would be a quasi-public agency whose function would be to use some federal funds to leverage a much larger amount of state, local, and private money which it would then provide to infrastructure projects. An NIB could use various tools to finance infrastructure. It could sell bonds to private investors. It could be set up as a revolving loan fund, whereby an initial pool of funds is lent, and future loans made only once the earlier ones are repaid. It could even make grants for certain projects. There are merits and drawbacks to any of these financing models. Some would make the NIB entirely self-sustaining, and so compel it to prioritize projects with a revenue stream, for instance from tolls, that would go to paying back the loan. Such a model would limit the bank's ability to choose projects with greater social benefits but less ability to repay funds quickly: it might fund construction of a toll road to a wealthy suburb rather than an upgrade to a municipal water system despite the latter's greater benefit. Other models would require more federal spending, but would give the bank greater flexibility to fund projects with less revenue potential. In any case, a national infrastructure bank would make an important contribution to upgrading and expanding the country's infrastructure. It would boost the overall level of infrastructure spending. By leveraging private investment, it could continue to fund infrastructure projects even during recessions. Plus, it would make infrastructure spending more equitable since it would raise funds from a geographically distributed population, then target those funds toward the areas of greatest need. >>

### Answer “NIB increases bureaucracy”

#### Public input in project key through infrastructure banks—increases transparency

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<--Improved strategic decision ma king. By adopting performance criteria for loans, whether rate of return or objective measurements of public benefits, aninfrastructure bank might help maximize public benefits. Loans have an inherent advantage over grants in that a ``willingness to pay`` criteria helps ensure benefits are aligned with costs. This is the case with true user fees, such as tolls or water rates that are priced to reflect the actual costs of using the facility. For toll roads, for example, the willingness of drivers to pay a toll is essential for securing the loans necessary to build the facility. Risk is not eliminated, but user based pricing allows state agencies and private companies to gauge the priority and importance of different projects based on the response of users. Unless the public (through taxation) or customers (through user fees) are willing to cover the costs of the loan (borrowing plus debt service), the project may not be justified or qualify for funding through a NIB because the users are simply not willing to pay for the projects----although there may be public benefits that still justify funding the project.>>>

#### Their evidence isn’t descriptive of our Aff--- NIB structure key to addressing flaws in negative’s evidence

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<<<If a national infrastructure bank were established by Congress, what would its fundamental characteristics look like? --Independence. Infrastructure banks must be as insulated as possible Irom political manipulation to be effective. This requires a management structure that is independent of the day-to- day policy concerns of Congress and the White House and a management structure that is focused on a bottom line with a clear bottom line to judge success and failure. In practice this will be very difficult to achieve, but it should still be an important goal. --Objective loan criteria. Bank viability is rooted in sound loan management, and the same criteria should be applied to government funded infrastructurebanks. In the cases where user fees are not fully capable of covering the costs of the loan, performance criteria must be tied to the loan agreement to ensure public benefits are maximized. Moreover, these benefits must be measurable, directly tied to the project, and objectively evaluated. For example, a new road should significantly improve travel times, increase mobility or reduce congestion. A new water treatment plant should improve public-health outcomes. In contrast, general social goals and planning objectives such as improving ``livability`` or ``enhance quality of life`` are difficult to measure and evaluate, leading to inefficiency and ineffective grant making. --Well-defined mission. The infrastructure bank should not be seen as a catch all for funding for public projects. The bank should have a clearly defined mission that constrains the types of loans and grants it can make. The NIB should not be considered a source of ``free`` money, or become a slush fund for favored projects. A NIB should be limited to making loans for bona fide physical infrastructure projects, and these projects should have measurable outcomes tied to them. --Well-defined federal role. In the case of a national infrastructure bank, projects must have a clear federal priority and justification, either because the project is of national importance or the project involves interstate or international cooperation beyond the scope of state and local governments. --Loans are restricted to capital projects. A fundamental principle of public and private finance is that debt should not be issued to cover ongoing operations and maintenance. Stable, steady revenues should be used to offset these expenses. Loans and their associated debt are used to finance long-term capital projects. --Loans require sustainable revenue sources. All projects selected for funding should have sustainable revenues sources to ensure the loan will be paid back in a timely way. As mentioned earlier, these revenue sources could include dedicated tax revenues although user fees would probably provide a more reliable, stable, and sustainable source. This is crucial for sustaining a NIB since it also protects the viability of the revolving loan function of the bank.>>

### Answers to “projects are not shovel ready”

#### NIB provides long term planning funding—increasing efficiency and promoting long term economic stability

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<<Accelerated funding. A key goal of an NIB would also be to more effectively align funding with project benefits (and revenues). Banks are able to make decisions that span decades because they have a long-term focus. Their decisions also tend to be more strategic than focused on more temporary conditions. Currently, most governments allocate funds to specific projects on an annual basis. In some cases, state governments have established five- or ten-yearinfrastructure plans, but this planning fails to adequately capture the need to finance and manage projects that extend over decades. Project commitments are driven by annual budget decisions and limited by current-year tax revenues. As a result, projects can be assessed and approved more efficiently in a bank-like setting, allowing state and local governments to commit to long-term projects more quickly based on expectations of future revenue (either fl-n-ough user fees or tax revenues).>>

### Answer to “NIB lacks oversight”

#### board structure ensures oversight

**Delauro, U.S. House of Representatives, 2010**

(Rosa, Speech during Committee on House Ways and Means Subcommittee on Select Revenue Measures, EBSCOhost, May 13th 2010) PAD

<<Under the Board would be a 9-member executive committee headed by the Bank`s executive director and including a chief compliance officer, chief financial officer, chief asset and liability management officer, chief loan origination officer, chief operations officer, chief risk officer, chief treasury officer and general counsel. The executive committee would handle the day- to-day operations of the bank and have finance and **infrastructure** experts that would recommend projects for the Bank to fund to the Board. The Bank would have a 5-member risk management committee, headed by the chief risk officer, to create financial, credit, and operational risk management guidelines and ensure diversification of lending activities by both region and **infrastructure** project type. Finally, the Bank would have a 5-member audit committee, headed by the chief compliance officer, which would work with outside auditors in providing auditing activities for the Bank. The Bank would objectively review projects and provide financing for those of significance with clear economic, environmental, and social benefits. Criteria for this meritbased project selection process would include such consideration as a transportation project`s ability to reduce surface or air traffic congestion; a water project`s public health benefits; an energy project`s ability to reduce carbon emissions; or a telecommunication`s project`s emphasis on deploying broadband to rural and disadvantaged comniunities.>>

## Counterplan Answers

### Answer To—Non-infrastructure Bank Counterplan (to solve economy)

#### No solvency—have to alter how funding is delivered, not just how much funding is given—an infrastructure bank is key—provides funds and ensures efficient investment

**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 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

#### And, current investment prioritizes “shovel-ready” projects over those with greatest long-term economic benefits—only an infrastructure bank reverses this trend

**Puentes, Senior Fellow, Brookings Institution, 2011**

Robert, 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

Infrastructure is central to U.S. prosperity and global competitiveness. It matters because state-of-the-art transportation, telecommunications, and energy networks--the connective tissue of the nation--are critical to moving goods, ideas, and workers quickly and efficiently and providing a safe, secure, and competitive climate for business operations. But for too long, the nation's infrastructure policies have been kept separate and apart from the larger conversation about the U.S. economy. The benefits of infrastructure are frequently framed around short-term goals about job creation. While the focus on employment growth is certainly understandable, it is not the best way to target and deploy infrastructure dollars. And it means so-called "shovel ready projects" are all we can do while long-term investments in the smart grid, high-speed rail, and modern ports are stuck at the starting gate. So in addition to the focus on job growth in the short term, we need to rebalance the American economy for the long term on several key elements: higher exports, to take advantage of rising global demand; low-carbon technology, to lead the clean-energy revolution; innovation, to spur growth through ideas and their deployment; and greater opportunity, to reverse the troubling, decades-long rise in inequality. Infrastructure is fundamental to each of those elements. Yet while we know America's infrastructure needs are substantial, we have not been able to pull together the resources to make the requisite investments. And when we do, we often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important. If designed and implemented appropriately, it would be a targeted mechanism to deal with critical new investments on a merit basis, while adhering to market forces and leveraging the private capital we know is ready to invest here in the United States.

### Answers to States CP—national key to multi-jurisdictional projects

**Perm—do both—solves the link to the net benefit—extend U.S. Department of the Treasury from solvency that the bank would allow states to better leverage federal and state funding**

#### No solvency—large, national body is key to complete investment

Mallet, Specialist in Transportation Policy, Maguire, Specialist in Public Finance, and Kosar, Analyst in American National Government, 2011

William, Steven and Kevin, Congressional Research Service, “National Infrastructure Bank: Overview and Current Legislation,” December 14, http://www.fas.org/sgp/crs/misc/R42115.pdf, last accessed 5.20.12

Once established, a national infrastructure bank might help accelerate worthwhile infrastructure projects, particularly large projects that can be slowed by funding and financing problems due to the degree of risk. These large projects might also be too large for financing from a state infrastructure bank or from a state revolving loan fund.44 Moreover, even with a combination of grants, municipal bonds, and private equity, mega-projects often need another source of funding to complete a financial package. Financing is also sometimes needed to bridge the gap between when funding is needed for construction and when the project generates revenues.

#### No solvency—states fail—can’t fund multi-jurisdictional projects like high-speed rail, that’s key to our middle class spending internal-link

**Puentes, Senior Fellow and Director, Metropolitan Infrastructure Initiative, Brookings Institution, 2010**

Robert, Congressional Testimony, presented before the Committee on Ways and Means, Subcommittee on Select Revenue Measures, U.S. House of Representatives, May 13, http://waysandmeans.house.gov/media/pdf/111/2010May13\_Puentes\_Testimony.pdf, last accessed 5.22.12

Multi-jurisdictional projects are largely neglected in the current federal investment process in surface transportation, due to the insufficient institutional coordination among state and local governments that are the main decisionmakers in transportation. The NIB would provide a mechanism to catalyze intergovernmental cooperation and could result in higher rates of return compared to the localized infrastructure projects.

#### No solvency—states fail—heavy focus on highways means that ports and public transit don’t get funded—our evidence is comparative that the federal government is better

**Freemark, specialist on urban transportation at The Transport Politic, 2012**

Yonah, The Atlantic – Cities, “How to Pay for America’s Infrastructure,” January 2, http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/, last accessed 5.25.12

In most states studied, the vast majority of infrastructure bank funds has gone to roads projects, indicating that the commitment of the federal government to multi-modality - 20 percent of federal surface transportation spending generally goes to public transit - has not been followed through in the states. Texas has loaned virtually none of its $477 million total to transit, while Ohio, Oregon, and Pennsylvania have devoted just two to four percent of their funding to bus and rail improvement projects. Only Florida stands out, with 11 percent of its loans going to transit, thanks to major investments in projects like the SunRail commuter line.

#### States can’t solve, multiple jurisdictions create bog down

**Neal, Chairman Select Revenue Measures Subcommittee Committee on House Ways and Means Subcommittee on Select Revenue Measures, 2010**

(Richard, May 13th “Statement of The Honorable Daniel Lipinski Representative U.S. House of Representatives”Committee on House Ways and Means Subcommittee on Select Revenue Measures; EBSCOhost, Accessed: 6/27/12 PAD)

Chemist Dr. Linus Pauling said, ``The best way to have a good idea is to have a lot of ideas.`` With an infrastructure funding shortfall estimated by some to be greater than $2 trillion, we surely need to explore some new ideas. Today`s hearing will examine one such proposal that utilizes innovative financing options, already at work in several states and foreign countries. Our witnesses today will tell us of the serious need for investment in our infrastructure supporting roads, airports, wastewater, drinking water, energy, and research. America`s competitiveness in our global economy depends on a reliable and consistent infrastructure. Sometimes the funding for such improvements can get bogged down, particularly if the project might involve multiple jurisdictions.

### Answers to States CP: States lack funding

#### No solvency—states fail—funding and balanced budgets prevent full commitment

**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

Finally, it is important to consider the economic situation facing state and local governments who are significant partners in funding public infrastructure. During recessions, it is common for state and local governments to cut back on capital projects – such as building schools, roads, and parks – in order to meet balanced budget requirements. At the beginning of the most recent recession, tax receipts at the state and local level contracted for four straight quarters; receipts are still below pre-recession levels. Past research has found that expenditures on capital projects are more than four times as sensitive to year-to-year fluctuations in state income as is state spending in general.30 However, the need for improved and expanded infrastructure is just as great during a downturn as it is during a boom. Providing immediate additional federal support for transportation infrastructure investment would be prudent given the ongoing budgetary constraints facing state and local governments, the upcoming reduction in federal infrastructure investment as Recovery Act funds are depleted, and the strong benefits associated with public investment.

### Answers to States CP: permutation solvency

#### perm solvency can provide support for states and private companies

**Anand, MSNBC writer, 2011**

(Anika, , <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T-DDGitYuB1> , MSNBC, 7-6-11 accessed: 6-28-12)BJC

 **<<**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.

#### Perm—all levels of government best for infrastructure

**Puentas, Senior Fellow, Brookings Institution, 2011**

(Robert “Infrastructure Investment and U.S. Competitiveness” Council on Foreign Relations, April 5, 2011, <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>, accessed 6/27 BJC)

**<<Infrastructure is central to U.S. prosperity and global competitiveness. It matters because state-of-the-art transportation, telecommunications, and energy networks--the connective tissue of the nation--are critical to moving goods, ideas, and workers quickly and efficiently and providing a safe, secure, and competitive climate for business operations** But for too long, the nation's infrastructure policies have been kept separate and apart from the larger conversation about the U.S. economy. The benefits of infrastructure are frequently framed around short-term goals about job creation. While the focus on employment growth is certainly understandable, it is not the best way to target and deploy infrastructure dollars. And it means so-called "shovel ready projects" are all we can do while long-term investments in the smart grid, high-speed rail, and modern ports are stuck at the starting gate. We often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important. So in addition to the focus on job growth in the short term, **we need to rebalance the American economy for the long** term on several **key elements: higher exports, to take advantage of rising global demand; low-carbon technology, to lead the clean-energy revolution; innovation, to spur growth through ideas and their deployment; and greater opportunity, to reverse the troubling, decades-long rise in inequality. Infrastructure is fundamental to each of those elements** Yet while we know America's infrastructure needs are substantial, we have not been able to pull together the resources to make the requisite investments. And when we do, we often fail to make infrastructure investments in an economy-enhancing way. This is why the proposal for a national infrastructure bank is so important. If designed and implemented appropriately, it would be a targeted mechanism to deal with critical new investments on a merit basis, while adhering to market forces and leveraging the private capital we know is ready to invest here in the United States. Building the next economy will require deliberate and purposeful action, across all levels of government, in collaboration with the private and nonprofit sectors. Infrastructure is a big piece of that.

#### Funding from federal government used in states infrastructure

**Jackson, Logistics Management Institute, 2011**
(Lee, Defense Transportation Journal, December 2011, EBSCO host, Accessed: 6/26/12)

President Obama recently proposed a $50 billion plan as an initial first step toward a six-year reauthorization of transportation projects, which calls for building, fixing or maintaining thousands of miles of roads, rail lines and airport runways, along with installing a new air navigation system to reduce travel delays. In addition to the President's transportation infrastructure plan, President Obama's jobs plan includes $10 billion dollars in seed money for establishing a national infrastructure bank, designed to fund our Nation's deteriorating infrastructure. House Transportation & Infrastructure Committee Chairman John Mica (RFIa) . opposes this idea. Congressman Mica states that such a program is unnecessary as FHWA already has numerous funding mechanisms already in place, such as Transportation infrastructure Finance and Investment Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing (RRIF) Program. Further, thirty-three states already have state infrastructure banks in place. "Current law allows a state to use their Federal-aid funding to capitalize a State Infrastructure Bank and provide loans and loan guarantees to appropriate transportation projects that the state deems most important.'

### Answers to States Counterplan: no federalism net benefit

#### National infrastructure bank prioritizes local and regional projects—proves the perm and that there isn’t a link to the fism nb

#### Non-unique: proposals to establish NIB made in SQ

**Buckley and Ichniowski, ENT Construction/ Correspondent and Washington D.C. Bureau Chief, March 28, 2011**

(Bruce and Tom, Engineering News-Record, Lexis Nexis; KKC)

<<Seeking to stretch federal public-works dollars, Sen. John Kerry (D-Mass.) has proposed legislation to create a **federal infrastructure bank,** called the American Infrastructure Financing Authority, to help fund transportation, water and energy projects. Under Kerry's bill, introduced on March 17, the bank would have $10 billion in initial federal funding. He estimates that could stimulate up to $640 billion in private and other non-federal investment over 10 years. The Obama administration's 2012 budget proposal includes an infrastructure bank, funded at $30 billion over six years but limited to transportation projects. It would provide grants and loans. Kerry's bank would issue loans and loan guarantees but not grants.>>>

#### National bank solves federalism

**Thomasson,Economic and Domestic Policy Director Progressive Policy Institute, 2011**

(Scott, FDCH Congressional Testimony, National Infrastructure Banks, EBSCOhost, Accessed: 6/26/12 PAD.)

<<An independent and professionally staffed **infrastructure** bank is the best response to the increasing need for expanded federal credit programs and for ensuring prudent financial management of those programs. A properly structured national bank achieves this first and foremost by replacing politically driven decision making with a more transparent and merit-based evaluation process overseen by a bipartisan and expert board of directors. This feature of the bank becomes even more important as the federal government moves toward financing larger; big-ticket projects that are beyond the scale of anything existing programs have taken on before. But unlike the DOE approach that has'been characterized as "picking winners," a national bank would rely on the same bottom-up approach of state and local project sponsorship currently used by TIFIA. Because that approach is purely voluntary and would not mandate specific project finance structures, the bank would empower states, rather than tying their hands with red tape.>>

#### States receive federal funding proves not violation or that the violation is non-unique

**Jackson, Logistics Management Institute, 2011**
(lee, Defense Transportation Journal, December 2011, EBSCO host, Acessed: 6/26/12)

<<President Obama recently proposed a $50 billion plan as an initial first step toward a six-year reauthorization of transportation projects, which calls for building, fixing or maintaining thousands of miles of roads, rail lines and airport runways, along with installing a new air navigation system to reduce travel delays.

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#### Non-unique transportation bill included authorization for states infrastructure banks—proves no link to federalism because fed already regulates

**Glazier, reporter at The Bond Buyer, 2012**

(Kyle, The Bond Buyer, “Muni Provisions Dropped from Highway Bill”, Lexis Nexis, June 29, Accessed: July 3, 2012) KKC

<<House and Senate conferees worked late into Wednesday night and into early Thursday morning to finalize the report, a two-year compromise that funds federal surface transportation programs at current levels. Although largely based on the Senate bill sponsored by Sens. Barbara Boxer, D-Calif., and James Inhofe, R-Okla., the resulting bill dropped the bank-qualified and private activity bonds provisions. Also absent from the legislation, which still needs to be approved by both chambers before the current law expires June 30, are Senate bill sections that would have eliminated the PAB volume cap for water and sewer bonds, and authorize state infrastructure banks to issue tax-credit bonds for transportation projects, or TRIPS.>>

### Answers to States CP: no solvency public private partnerships

#### Complexity of P3s make them in effective—need increase in infrastructure funding to solve

**Murphy, Business Reporter for The Age, 2011**

(Mathew, The Age, “IBank the start to repairing America; Off the Wall,” , July 22, 2011 Lexis Nexis, Accessed: June 26, 2012) KKC

Not to mention the often complex structure of public-private partnerships. He says funds that want to get involved in infrastructure investment will first look at emerging markets like China and India where they can make more money for their clients. Felicity Gates, managing partner and co-head of Citi Infrastructure Investments, says US pension funds are the most likely source for much-needed investment. Indeed. At the end of 2010, the US Census Bureau said the value of the 100 major government employee retirement schemes had increased by $US138 billion to $US2.64 trillion. "American pension funds have not been as diversified historically as others," Gates says. "Many had significant investments in bonds but that is starting to change and they have been looking at things like real estate and now infrastructure." Gates points to the Australian Council of Infrastructure Development report from some years back, which showed that if just 16 per cent of the infrastructure backlog in Australia was picked up by the private sector, it would allow significant investment by pension funds and allow financial headroom for Australian federal and state governments to build other required infrastructure. There is no reason to believe the same in not possible in the US.

#### Public private partnerships no solve—regulations and taxes

[**Goldsmith**](http://www.nyc.gov/portal/site/nycgov/menuitem.047d873163b300bc6c4451f401c789a0/index.jsp?pageID=nyc_photo_slide&catID=1194&doc_name=http%3A%2F%2Fwww.nyc.gov%2Fhtml%2Fom%2Fhtml%2Fbios%2Fbio_om_dm_ops.html)**, New York City Deputy Mayor for Operations 2011**

 (Stephen “Infrastructure Investment and U.S. Competitiveness”

Council on Foreign Relations, April 5, 2011, <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>, accessed 6/27 BJC)

Public-private partnerships can produce access to capital that will accelerate the building of critical infrastructure in sectors ranging from transportation to wastewater treatment. However, maximizing their potential to solve America's infrastructure challenges also requires governments to create a regulatory climate conducive to them. Government agencies should be given maximum flexibility to enter into partnerships with the private sector; and private companies should not have to navigate unreasonable tax laws that limit their ability to partner with government entities to produce better public value.

At a time when every dollar counts, extracting maximum public value out of infrastructure investment is crucial. The private sector can be a strong partner to government. By prioritizing long-term value creation over short-term politics, America can bridge the infrastructure divide and ensure our continued prosperity.>>

#### States use bonds—higher risk, higher costs

**Lipinski, U.S. Representative, 2010**

(Daniel, May 13th “Statement of The Honorable Daniel Lipinski Representative U.S. House of Representatives”

Committee on House Ways and Means Subcommittee on Select Revenue Measures; EBSCOhost, Accessed: 6/29/2012, PAD)

But even when we complete this bill we will still have much work to do just on surface transportation infrastructure. That is one reason why considering options, like the establishment of a national infrastructure bank, is so important. To fund infrastructure, state or local governments often use municipal bonds, which can carry with them higher costs because of risk and overhead. Infrastructure banks can provide states, cities, and other infrastructure developers with debt financing options that can allow projects to be built at lower cost.

### Answer to private investment cp

#### You can’t fiat private capital investment risk calculation—if we read evidence that privates don’t want to risk investment now, then the presence of the CP doesn’t change that reality. Means all the CP does is to set up option but not increase the actual investment

#### Case is a DA to the plan---without longer term investment no private capital investment

#### Need government to facilitate the private investment in the US

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<<l. What is an **Infrastructure** Bank?

In an ideal world, the private sector would be able to identify water, sewer, utility, roads, bridges, and other physical infrastructure projects necessary to meet key community need, tap private capital markets to finance them, and fund them through market-based user fees. In practice, this approach has been outside the U.S. framework for funding and financing core infrastructure although the extensive use of public-private partnerships in other countries (e.g., China, Australia, France, and elsewhere) have brought many countries closer to a market- driven environment. Instead, we have relied on a system of government grants and ad hoc funding measures to bridge an increasingly large infrastructure funding gap. In the absence of effective markets for large, capital intensive projects, infrastructure banks have stepped in an attempt to fill some of this gap. The question now before the U.S. Congress is whether the nation needs to create a national **infrastructure** bank to take us a step closer to meeting our core public service needs and adopt new ways of thinking about and financing these projects.>>

#### Need long term stability to entice private investment

**Murphy, Business Reporter for The Age, 2011**

(Mathew, The Age, “IBank the start to repairing America; Off the Wall,” , July 22, 2011 Lexis Nexis, Accessed: June 26, 2012) KKC

<<Where does the government look to stump up the money to repair and replace crumbling infrastructure? Why not Wall Street? The current reporting season is showing bumper results. Companies now have more than a trillion dollars ($A931 billion) on balance sheets in the US and a further trillion elsewhere in the world. Boston Consulting Group said in its recent asset management report that the global value of professionally managed assets rose by 8 per cent to $US56.4 trillion in 2010. That was up 13 per cent in 2009. Monish Kumar, Boston's global leader of asset and wealth management, says despite the increased funds sloshing through the system, little of it will find its way into infrastructure. "It is good to say invest in toll roads, repave the highway system, whatever, but until there is the proper economic model with the appropriate legal safeguards I am not sure you will see money stampeding in," he says. What Kumar means is that the risks are too high and the returns are too small.

### Answers to Fiscal Discipline DA: link turn--Plan is cheap

#### Establishment one time deal—money multiplies to create multiple sources of funding

**Anand, MSNBC writer, 2011**

(Anika, , <http://www.msnbc.msn.com/id/43606379/ns/business-eye_on_the_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.T-DDGitYuB1> , MSNBC, 7-6-11 accessed: 6-28-12)BJC

**<<**[The BUILD Act](http://kerry.senate.gov/work/issues/issue/?id=f0a4612d-382a-46fb-9d31-73e949167108), 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.**>>**

### Answers to Fiscal Discipline DA: More efficient use of money

#### Link turn—plan isn’t deficit spending its smart spending

**LA TIMES 2012**

(Los Angeles Times, January 24 http://articles.latimes.com/2012/jan/24/opinion/la-ed-sotu-20120124; KKC)

<<In his preview, the president also called for boosting manufacturing, education and training, all of which are worthy goals. But if Obama hopes to achieve them by spending more federal dollars, that's a dead letter in this Congress. A more achievable goal would be to put the dollars Washington is already collecting from gas taxes to better use by doing more to promote public-private partnerships on highway and mass-transit projects. Obama has proposed to do so by creating an "**infrastructure bank**" that would use federal dollars as seed money for projects largely financed by investors. That's not deficit spending, it's smarter spending.>>

#### NIB stimulus for economy, improve efficiency in funding across jurisdictions

**Landers, Contributing Editor, Board on the ASCE, 2010**

(Jay, Civil Engineering, EBSCOhost, November, June 25, 2012)KKC

<<Not only, the report argues, would infrastructure spending help to alleviate unemployment among construction workers; funding projects at the present time would also enable the federal government to take advantage of the current low construction costs to finance more projects than might be possible in a different economic climate. Citing the experience of the Department of the Treasury in disbursing federal “stimulus” funds allocated as part of the American Recovery and Reinvestment Act of 2009, the report notes that so many projects either received bids that were lower than expected or came in under budget that the department was able to fund an additional 2,000 projects. The report also highlights the potential benefits of a national infrastructure bank, another component of the plan proposed by Obama in his Labor Day speech. By attracting private capital, such a bank would “increase overall investment in infrastructure,” according to the report. What is more, an infrastructure bank would “improve the efficiency” of infrastructure investment by selecting projects on a competitive basis “using rigorous economic analysis or cost- benefit comparisons.” Finally, such a bank would help to facilitate funding for multimodal and multijurisdictional projects, which frequently receive short shrift under existing funding mechanisms, according to the report.Although legislation to create an infrastructure bank was introduced during the current and the previous Congress, such bills have yet to go very far. However, congressional interest in the concept of an infrastructure bank remains, as evidenced by a September 21 hearing on the subject by the Senate Committee on Banking, Housing, and Urban Affairs. Testifying before the committee in favor of an infrastructure bank, Senator John Kerry (D-Massachusetts) described the bank concept as an “idea whose time has not just come but is long overdue.” Kerry pointed to the example of the European Investment Bank, which he maintained had financed $350 billion in infrastructure projects between 2005 and 2009. “Fundamentally, what we need is an American infra- structure bank that complements our public efforts and acts as a catalyst for significant private investment,” he said.>>

### Answers to Fiscal Discipline DA: no link loans

#### no link: loans repayment decrease the cost to government

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<<If an infrastructure bank, however, is used to simply consolidate existing grant programs, these benefits are not likely to materialize. By their nature, loans to public and private customers are based on expectations of paying the bank back. They include assessments of uncertainty and risk that balance the costs of providing capital to fund long-term investments. In principle, these revenues should become part of a ``revolving`` fund, in which revenues from previous loans are used to underwrite future investments.>>

#### NIB loan providing institutions—not grant prove no link to the DA

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<<Grants, in contrast, work on fundamentally different principles. A grant reflects a onetime payment without an expectation of repayment. Grants often carry more risk to the taxpayer and government because once the funds are dispersed they are difficult to reclaim if the project fails. Grants, for example, do not have revenue streams tied to the project since the nature of the grant is to provide fi-ee and clear funding without future financial obligations. While aninfrastructure bank might have responsibilities for making grants of some types, grants are not loans and should not be confused with the fundamental nature and character of a bank which is to incur debt and loan funds to underwrite the construction and sometimes maintenance of infrastructure facilities. Thus, a national infrastructure bank should be thought of primarily as a lender of public funds, not a grant maker. To the extent that a national**infrastructure** bank might include grant making responsibilities, explicit rules and regulations should be adopted that recognize the fundamental differences between the financing instruments, the criteria needed to evaluate proposals, and evaluating the projects receiving the funds. And whenever possible, grants should be tied to loans to provide a greater level of accountability for the projects.Fundamentally, however, a NIB should be constituted to issue debt, not grants, and use the proceeds fi-om these loans to underwrite capital projects.>>

#### Infrastructure bank would spur private investment

**Senator Kerry, 2011**

(States News Service, “Investing in the future of employment,” , May 19 http://www.kerry.senate.gov/press/speeches/speech/?id=fe095fea-5056-a032-527d-54447c6c020f, Accessed: July 3, 2012) KKC

That’s why I joined with my Republican colleagues Kay Bailey Hutchison and Lindsey Graham to build a bipartisan coalition to pass the BUILD Act that creates an American **infrastructure** **bank** financing projects from rail to sea **ports.** We need to do more with less federal spending right now, so the **infrastructure** **bank** wouldn’t just allot federal resources it would act as a catalyst for private investment. By removing roadblocks to private investment sources that don’t invest in infrastructure today, the bank would help solve our infrastructure deficit without straining our budget. The bank would also operate without political influence, so it would finance projects based on their national and regional importance not their political value. It would be run transparently, by experienced professionals under congressional oversight. It would include checks and balances to prevent abuse by both the private sector and political players.

### Answer to Fiscal Discipline DA: no link bonds

#### Increasing use of bonds leverages initial government investments

**Rohatyn, CEO of Lazard, ‘11**

(Felix, http://www.politico.com/news/stories/0711/58786\_Page2.html7/12/11 accessed: July 1, 2012, BJC)

<This national [infrastructure bank](http://globalpublicsquare.blogs.cnn.com/2011/06/13/zakaria-u-s-needs-an-infrastructure-bank/) should be owned by the federal government but not operated by it. In this, it would be similar to the World Bank and European Investment Bank. Funded with a capital base of $50 billion to $60 billion, the infrastructure bank would have the power to insure bonds of state and local governments, provide targeted and precise subsidies and issue its own 30-to-50-year bonds to finance itself with conservative 3:1 gearing. Such a bank could easily leverage $250 billion of new capital in its first few years and as much as $1 trillion over a decade. Run by an independent board nominated by the president and confirmed by the Senate, the bank would finance projects of regional and national significance, directing funds to their most important uses. It would also provide a valuable guidance-system for the $73 billion that the federal government spends annually on infrastructure and avoid wasteful “earmark” appropriations. The money would come from funds now dedicated to existing federal programs.>

### Answers to Toll DA

#### AT toll road DAs—the NIB would encourage diversification of revenue streams better approach

**Staley, Robert W. Galvin Fellow and Director of Urban and Land Use Policy for Reason Foundation, 2010**

(Sam, Speech for Committee on House Ways and Means Subcommittee on Select Revenue Measures, 5/13/10, EBSCOhost, Accessed: 6/27/12, PAD.)

<<<--Diversifying revenue streams. Since a primary criterion for making loans involves ensuring a revenue stream exists to pay the loan back, a NIB can encourage state and local governments to identify and implement more diversified revenue streams. As a practical matter, this would include tolls for roads and bridges or quantity-based usage fees for water and sewer systems. Because user fees tie costs to specific benefits, they can be both practical and sustainable alternatives for raising revenue compared to general taxes (which also often have sunset provisions).>>