# 2ACs- Infrastructure Bank

2ACs- Infrastructure Bank 1

A2 Topicality 3

A2 T: NIB won’t Increase Investment 4

A2 T: Won’t Invest in TI 5

A2 T: It’s 6

A2 T: Substantial 7

A2 T: Increase 8

A2 T: Physical 9

A2 T: Infrastructure Investment 10

2AC Case Extensions 12

Brink of Double Dip 13

Bad Infrastructure Kills Econ 14

Bad Infrastructure Kills Competitiveness 17

Squo Investment Bad 19

Bank Solves Jobs 21

Bank Solves Econ 24

Bank Solves Competitiveness 26

Infrastructure Investment Solves Econ (Generic) 28

2AC Solvency Extensions 30

Addresses Important Issues 31

Raises Private Capital 33

Tax-Exempted Bonds 36

Self-Sustainable 37

Utility 39

Loan Guarantees 40

Tolls 49

Bonds 51

Tolls Better than Gas Tax 52

Stops Political Paralysis On Funding 53

More Efficient Investing Than The Squo 56

PPPs Solve 58

2AC- US-Canada Add-on 59

US Canada relations low 61

2ac Terrorism add-on 63

AT: Deterrence Solves Terrorism 65

2AC Intercity Rail Add-on 66

2AC- air traffic control add-on 67

2AC- HSR Add-on 68

2AC- TIFIA Bad Add-on 69

NIB Benefits Public (Emissions/Econ) 70

A2: 50 States CP 71

Can’t solve- States Broke 72

Can’t solve- Private sector 74

Can’t solve- Jurisdiction 76

Can’t solve- Bank better 77

Can’t solve- politicized 79

Can’t solve- Long term 81

Perm 82

A2 PTX: Obama good 84

Obama will win 85

Bipart support 86

Interest Groups 89

Big Business 90

Big Labor 91

A2 PTX: Obama Bad 92

GOP opposition 93

CP links to the DA 99

A2: Election- Obama Good 100

Popular 101

A2: Election- Obama Bad 103

Unpopular 104

# A2 Topicality

## A2 T: NIB won’t Increase Investment

#### Infrastructure bank would increase investment and accelerate projects

Congressional Research Service (CRS) 2011, December 14, 2011 William J. Mallet, specialist in Transportation Policy, Steven Maguire, specialist in public finance, Kevin R. Kosar, Analyst in American National Government , “National Infrastructure Bank: Overview and Current Legislation”, pdf

Although the idea for a national infrastructure bank is not new, legislative proposals for creating a bank have drawn increased attention in the past few years. Proponents argue that an infrastructure bank offers three main advantages over traditional methods of federal support for infrastructure: • A federal infrastructure bank could increase the total amount of investment in infrastructure by leveraging state, local, and private resources. • It could accelerate construction of projects that may be slowed by the current need to await annual allocations of federal funds. • It could promote the distribution of federal spending on the basis of anticipated returns to investment, rather than according to traditional allocation methods such as formulas, discretionary programs, and earmarking.

#### We’re Topical- 10 Billion investment start could bring in 100 Billion

Congressional Research Service (CRS) 2011, December 14, 2011 William J. Mallet, specialist in Transportation Policy, Steven Maguire, specialist in public finance, Kevin R. Kosar, Analyst in American National Government , “National Infrastructure Bank: Overview and Current Legislation”, pdf

One attraction of the national infrastructure bank proposals is the potential to encourage significant nonfederal infrastructure investment over the long term for a relatively small amount of federal budget authority. Ignoring administrative costs, an appropriation of $10 billion for the infrastructure bank could encourage $100 billion of infrastructure the subsidy cost were similar to that of the TIFIA program.47 The critical assumption, however, centers on the estimated risk of each project. The current methods used to budget for federal credit programs generally underestimate the potential risk and thus the federal commitment (as measured by the “subsidy cost”).48 Increasing the estimated subsidy cost would result in a significant reduction in the amount available for investment. For example, doubling the average subsidy cost from 5% to 10% would reduce available loan capacity by half, as the loans are expected to cost the government twice as much.

## A2 T: Won’t Invest in TI

#### Laundry list of internal links to advantages (innovation/megaregions/emissions/protect environment/improve infra/safety/enhance growth+ competitiveness)

Congressional Research Service (CRS) 2011, December 14, 2011 William J. Mallet, specialist in Transportation Policy, Steven Maguire, specialist in public finance, Kevin R. Kosar, Analyst in American National Government , “National Infrastructure Bank: Overview and Current Legislation”, pdf

The legislation would offer loans, loan guarantees, and grants. Eligible recipients would include sub-national governmental entities and nongovernmental entities such as corporations, partnerships, and joint ventures. The nongovernmental recipients would be eligible only if there were a sub-federal governmental cosponsor of the eligible project. An eligible project would be “comprised of activities included in a regional, State, or national plan” and “transportation related.” In addition to loans and loan guarantees, the legislation would also establish a competitive investment grant program for a wide swath of transportation-related projects (see Table B-1). As proposed, this “National Infrastructure Investment Grant (NIIG)” program would (1) leverage federal investment by encouraging nonfederal contributions to the project, including contributions from public-private partnerships; (2) improve the mobility of people, goods, and commodities; (3) incorporate new and innovative technologies, including intelligent transportation systems; (4) improve energy efficiency or reduce greenhouse gas emissions; (5) help maintain or protect the environment, including reducing air and water pollution; (6) reduce congestion; (7) improve the condition of transportation infrastructure, including bringing it into a state of good repair; (8) improve safety, including reducing transportation accidents, injuries, and fatalities; (9) demonstrate that the proposed project cannot be readily and efficiently realized without federal support and participation; and (10) enhance national or regional economic development, growth, and competitiveness. A grant for the federal share of the NIIG project could not exceed 80% of the net project cost. Sub-national governments and government-sponsored corporations would be eligible for this program. Appropriations of $600 million in each of 2012 and 2013 would be made available to carry out the NIIG program.

## A2 T: It’s

We meet---federal investment includes assets not owned by the USFG

Istrate & Puentes 9 (Istrate, Emilia, senior research analyst and associate fellow with the Metropolitan Infrastructure Initiative specializing in transportation financing, and Puentes, Robert, Senior Fellow and Director of the Metropolitan Infrastructure Initiative, December 2009, “Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank”, Brookings Institute)FS

Transportation is also interesting in budget debates because it represents a case where the federal government invests in capital assets it does not own such as state and local roads. More than three quarters of the federal transportation investment goes to state and local assets (Figure 3).12 While the annual level of federal investment is usually the subject of contention, the identification of the object of investment is crucial for an effective federal investment process.13 The federal government is a special case, because it invests in capital assets that does not own, such as state and locally owned assets. The discussion around the object of investment focuses on the distinction between federal and national capital.14

## A2 T: Substantial

**C/I---Substantial has to be materially**

**Words & Phrases 2** (Words and Phrases Permanent Edition, “Substantial,” Volume 40A, p. 448-486 October 2002, Thomson West)

Ala. 1909. “Substantial” means “belonging to substance; actually existing; real; \* \* \* not seeming or imaginatary; not illusive; real; solid; true; veritable.” – Elder v. State, 50 So. 370, 162 Ala. 41.

## A2 T: Increase

**Plan increases**

**Garrett-Peltier, 10** --- research fellow at the Political Economy Research Institute at the University of Massachusetts, Amherst (11/1/2010, Heidi, Dollars & Sense, “The case for a national infrastructure bank: a bank could be a recession-proof source of jobs,” Factiva, JMP)

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.

**net increase**

**Words and Phrases 5**  (Cummulative Supplementary Pamphlet, v. 20a, p.295)

Cal.App.2 Dist. 1991. Term “increase,” as used in statute giving the Energy Commission modification jurisdiction over any alteration, replacement, or improvement of equipment that results in “increase” of 50 megawatts or more in electric generating capacity of existing thermal power plant, refers to “net increase” in power plant’s total generating capacity; in deciding whether there has been the requisite 50-megawatt increase as a result of new units being incorporated into a plant, Energy Commission cannot ignore decreases in capacity caused by retirement or deactivation of other units at plant. West’s Ann.Cal.Pub.Res.Code § 25123.

## A2 T: Physical

**Increases investment**

**Garrett-Peltier, 10** --- research fellow at the Political Economy Research Institute at the University of Massachusetts, Amherst (11/1/2010, Heidi, Dollars & Sense, “The case for a national infrastructure bank: a bank could be a recession-proof source of jobs,” Factiva, JMP)

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**federal funding**

**Warner, 11** – US Senator who introduced this bill into the Senate (introduced by Mark Warner and Mark Kirk, “S. 1968: A bill to require the Secretary of Transportation to establish a pilot program to increase accountability with respect to outcomes of transportation investments, and for other purposes,” December 8, 2011, <http://www.govtrack.us/congress/bills/112/s1968/text)//RD>

‘(5) TRANSPORTATION INVESTMENT- **The term ‘transportation investment’ means Federal funding for a project included in a transportation program**. ‘(6) TRANSPORTATION PROGRAM- The term ‘transportation program’ means a plan or strategy prepared by a metropolitan planning organization or a State for transportation systems and facilities in the metropolitan planning area or the State, including a transportation plan, transportation improvement program, statewide transportation plan, or statewide transportation improvement program developed under section 5303 or 5304 of this title or section 134 or 135 of title 23.

**We meet the C/I**

**Voorhees, 10** (2/1/2010, Josh, “White House Budget Seeks $4B for Transportation Infrastructure Bank,” <http://www.nytimes.com/gwire/2010/02/01/01greenwire-white-house-budget-seeks-4b-for-transportation-i-444.html>, JMP)

President Obama's proposed fiscal 2011 budget would create a national infrastructure bank to fund major transportation projects and provide an additional $1 billion for high-speed rail projects.

As expected, the request for overall spending on the two largest federal ground transportation programs, highways and transit, remained relatively constant from the previous year. The federal highway program would receive a $200 million bump to $41.3 billion, and transit investment would climb roughly $70 million to $10.8 billion.

The infrastructure bank -- called a National Infrastructure Innovation and Finance Fund -- would be used to expand existing federal transportation investments by providing direct federal funding and seed money for large-scale capital project grants that "provide a significant economic benefit to the nation or a region."

Obama requested $4 billion to launch the bank, $2.6 billion of which would be handed out in grants or loans during fiscal 2011. Roughly $270 million would be used for administrative, planning and project analysis costs, with the remaining carried over to the next year.

"The National Infrastructure Innovation and Finance Fund [It] will establish a new direction in federal infrastructure investment that emphasizes demonstrable merit and analytical measures of performance," the budget states.

Obama requested $5 billion to launch the bank last year, but appropriators balked at providing the cash until Congress first passed legislation that would officially create the bank. During his presidential campaign in the summer of 2008, Obama called for a total of $60 billion over 10 years for the bank.

A number of transportation advocates -- including Pennsylvania Gov. Ed Rendell (D), the Center for National Policy and the American Association of State Highway and Transportation Officials -- have pushed lawmakers to launch the infrastructure fund. Senate Banking Chairman Chris Dodd (D-Conn.) has said that creating it will be one of his top priorities this year, his last before he retires from the Senate (E&ENews PM, Jan. 20).

## A2 T: Infrastructure Investment

**More evidence**

**Voorhees, 10** (2/1/2010, Josh, “White House Budget Seeks $4B for Transportation Infrastructure Bank,” <http://www.nytimes.com/gwire/2010/02/01/01greenwire-white-house-budget-seeks-4b-for-transportation-i-444.html>, JMP)

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**Loan Guarantees are investments**

**Shaffer Et al 9** (Budd, Senior Financial Analyst at DAI Management Consultants “Loan guarantees: investments, not subsidies” http://www.neimagazine.com/story.asp?storyCode=2054006)

Through the Loan Guarantee Program, the Department of Energy ("DOE") has been entrusted with up to $90 billion in guarantee authority to facilitate the development of clean energy technologies. Before considering the ideals the program seeks to promote, the sheer magnitude of the authorization alone warrants consideration. The prudence of a $90 billion program should be assessed with impartial analysis of the risks and rewards. A simple analysis that treats the loan guarantee as an investment made by the government in exchange for future tax revenue can enable these risks and rewards to be evaluated in the same objective manner as any investment decision. Although the initial inclination may be to classify the loan guarantees as a subsidy, the analysis detailed herein reveals a mutually beneficial arrangement. The loan guarantee differentiates itself from a standard subsidy in that it is likely to result in a positive return on investment for the U.S. government. Typically, a subsidy is defined as a grant by the government to assist an enterprise deemed advantageous to the public. That is, subsidies are extended without any expectation of direct monetary return. In contrast, the Title XVII Loan Guarantee Program requires recipients to pay for the guarantee through a Credit Subsidy Cost ("CSC"). The term CSC is an oxymoron, however, in that if the loan guarantee were a true subsidy, the government would not require this compensation. Through the CSC, recipients are required to pay the net present value of the anticipated cost of default. This framework is similar to that used by insurance companies to calculate premiums.

**C/I---investment means federal funding**

**Warner, 11** – US Senator who introduced this bill into the Senate (introduced by Mark Warner and Mark Kirk, “S. 1968: A bill to require the Secretary of Transportation to establish a pilot program to increase accountability with respect to outcomes of transportation investments, and for other purposes,” December 8, 2011, <http://www.govtrack.us/congress/bills/112/s1968/text)//RD>

‘(5) TRANSPORTATION INVESTMENT- **The term ‘transportation investment’ means Federal funding for a project included in a transportation program**. ‘(6) TRANSPORTATION PROGRAM- The term ‘transportation program’ means a plan or strategy prepared by a metropolitan planning organization or a State for transportation systems and facilities in the metropolitan planning area or the State, including a transportation plan, transportation improvement program, statewide transportation plan, or statewide transportation improvement program developed under section 5303 or 5304 of this title or section 134 or 135 of title 23.

**loan guarantees enable investment in transportation infrastructure**

**NEI 11 (**Nuclear energy institute “Key facts about clean energy loan guarantees” http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CFgQFjAA&url=http%3A%2F%2Fwww.nei.org%2Ffilefolder%2Floanguaranteefastfacts.pdf&ei=mc3oT6mwONOv0AGOp9DECQ&usg=AFQjCNEzvSlK0TiMZStFOzXeQDIf76vQBw&sig2=rvEqIFgdQ621ngWInnYY8g)

Loan guarantees are widely and successfully used by the federal government to ensure investment in critical infrastructure. The federal government uses loan guarantees to enable investment in critical national needs, including shipbuilding, transportation infrastructure, exports of U.S. goods and services, affordable housing, and many other purposes. The federal government manages a successful loan guarantee portfolio of $1.2 trillion.

# 2AC Case Extensions

## Brink of Double Dip

#### US economy on the brink of double dip recession

Forrest Jones, July 2012, 7/10/12, writer for News Max citing economist Arthur Laffer, “Laffer: US Economy Close to Lapsing Back into Recession”, http://www.newsmax.com/StreetTalk/laffer-us-double-dip-recession/2012/07/10/id/444946

The U.S. is close to double-dipping back into recession, as the so-called fiscal cliff approaches at year end, says economist Arthur B. Laffer, an architect of Ronald Reagan's economic policies. "We’re close — the single worst recovery of all time," Laffer tells CNBC's The Kudlow Report. "If the tax increases go through to 2013, I think we fall off the cliff, to be very honest with you." Laffer sharply criticizes President Barack Obama’s plans to extend the Bush-era tax cuts for another year through 2013 but only for households earning less than $250,000 a year. Such a policy won't help the economy, but will hurt it instead, he says. The problem with hiking taxes on the wealthy is that it in turn, crimps jobs creation. "They employ everyone else, invest capital and provide the economic recovery," Laffer says. "It's just terrible."

## Bad Infrastructure Kills Econ

#### Deteriorating transportation infrastructure is holding the US economy behind – investment is key to jobs and productivity

**Jennings 11**

(Jim, writer for the ASCE, “New Report Shows Failing to Invest in Transportation Will Cause Job Losses, Shrink Household Incomes”, American Society of Civil Engineers, <http://www.asce.org/PressRelease.aspx?id=12884909810>)

WASHINGTON, D.C. - The nation’s deteriorating surface transportation infrastructure will cost the American economy more than 876,000 jobs, and suppress the growth of the country’s Gross Domestic Product by $897 Billion by 2020, according to a new report released today by the American Society of Civil Engineers. The report, conducted by the Economic Development Research Group of Boston, showed that in 2010, deficiencies in America’s roads, bridges, and transit systems cost American households and businesses roughly $130 billion, including approximately $97 billion in vehicle operating costs, $32 billion in delays in travel time, $1.2 billion in safety costs, and $590 million in environmental costs. If investments in surface transportation infrastructure are not made soon, those costs are expected to grow exponentially. Within 10 years, 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 per year. “Clearly, failing to invest in our roads, bridges and transit systems has a dramatic negative impact on America’s economy,” said Kathy J. Caldwell, P.E., F.ASCE, president of ASCE. “The link between a nation’s infrastructure and its economic competitiveness has always been understood. But today, for the first time, we have data showing how much failing to invest in our surface transportation system can negatively impact job growth and family budgets. This report is a wake-up call for policymakers because it shows that investing in infrastructure contributes to creating jobs, while failing to do so hurts main street America. “ American businesses and workers will suffer. The report shows that failing infrastructure will drive the cost of doing business up by adding $430 billion to transportation costs in the next decade. It will cost firms more to ship goods, and the raw materials they buy will cost more due to increased transportation costs. Productivity across the business sector will also tumble. Those increased costs will cause businesses to underperform by $240 billion over the next decade, which will drive the prices of goods up. As a result, U.S. exports will fall by $28 billion, including 79 of 93 tradable commodities. Ten sectors of the U.S. economy account for more than half of this unprecedented loss in export value – among them key technology sectors like machinery, medical devices, communications equipment, which produces much of this country’s innovations. America would also lose jobs in high-value sectors as business income goes down. Almost 877,000 jobs would be lost by 2020, primarily in the high-value, professional, business and medical sectors which are vital to America’s knowledge-based service economy. Ultimately, Americans will get paid less. While the economy would lose jobs, those who are able to find work will find their paychecks cut. “The cost to businesses will reduce the productivity and competitiveness of American firms relative to global competitors significantly. By 2020, American families will lose more than $7000 because of the ripple effects that will occur throughout the economy,” said Steven Landau of the EDR Group. “Business will have to divert increasing portions of earned income to pay for transportation delays and vehicle repairs, draining money that would otherwise be invested in innovation and expansion.” Families will have a lower standard of living. A lack of investment in transportation infrastructure would inflict a double whammy on American families who would see their household incomes fall by $60 a month by 2020, while having to spend $30 per month more for goods. The total cost to families would exact about $10,600per family between now and 2020, equal to $1,600 per year on household budgets. Modest investment needed The report estimates that in order to bring the nation’s surface transportation infrastructure up to tolerable levels, policymakers would need to invest approximately $1.7 trillion between now and 2020 in the nation’s highways and transit systems. The U.S. is currently on track to spend a portion of that - $877 billion - during the same timeframe. The infrastructure funding gap equals $846 billion over 9 years or $94 billion per year. Small investments in infrastructure, equal to about 60 percent of what Americans spend on fast food each year, would: Protect 1.1 million jobs Save Americans nearly 2 Billion hours in travel time each year and Deliver an average of $1,060 to each family, and Protect $2600 in GDP for every man, woman and child in the U.S. The report, the first of four scheduled by the Society, examined the country’s surface transportation infrastructure. Future reports will examine the state of the nation’s infrastructure as it relates to water and, wastewater delivery and treatment; energy transmission; and airports and marine ports.

#### **Infrastructure failing now and will crush the economy**

CEG 11 (Construction Equipment Guide, “American Society of Civil Engineers Releases U.S. Economy, Family Budgets Report,” 11-28-11, http://www.constructionequipmentguide.com/American-Society-of-Civil-Engineers-Releases-US-Economy-Family-Budgets-Report/17267/)

American Businesses and Workers Will Suffer The report shows that failing infrastructure will drive the cost of doing business up by adding $430 billion to transportation costs in the next decade. It will cost firms more to ship goods, and the raw materials they buy will cost more due to increased transportation costs. Productivity across the business sector also will tumble. Those increased costs will cause businesses to underperform by $240 billion over the next decade, which will drive the prices of goods up. As a result, U.S. exports will fall by $28 billion, including 79 of 93 tradable commodities. Ten sectors of the U.S. economy account for more than half of this unprecedented loss in export value — among them key technology sectors like machinery, medical devices, communications equipment, which produces much of this country’s innovations. America also would lose jobs in high-value sectors as business income goes down. Almost 877,000 jobs would be lost by 2020, primarily in the high-value, professional, business and medical sectors which are vital to America’s knowledge-based service economy, the report said. Ultimately, Americans will get paid less. While the economy would lose jobs, those who are able to find work will find their paychecks cut. “The cost to businesses will reduce the productivity and competitiveness of American firms relative to global competitors significantly. By 2020, American families will lose more than $7,000 because of the ripple effects that will occur throughout the economy,” said Steven Landau of the EDR Group. “Business will have to divert increasing portions of earned income to pay for transportation delays and vehicle repairs, draining money that would otherwise be invested in innovation and expansion.” Families Will Have a Lower Standard of Living. A lack of investment in transportation infrastructure would inflict a double whammy on American families who would see their household incomes fall by $60 a month by 2020, while having to spend $30 per month more for goods. The total cost to families would exact about $10,600 per family between now and 2020, equal to $1,600 per year on household budgets. Modest Investment Needed The report estimates that in order to bring the nation’s surface transportation infrastructure up to tolerable levels, policymakers would need to invest approximately $1.7 trillion between now and 2020 in the nation’s highways and transit systems. The United States is currently on track to spend a portion of that — $877 billion — during the same timeframe. The infrastructure funding gap equals $846 billion over 9 years or $94 billion per year. Small investments in infrastructure, equal to about 60 percent of what Americans spend on fast food each year, would: • Protect 1.1 million jobs • Save Americans nearly two billion hours in travel time each year and • Deliver an average of $1,060 to each family, and • Protect $2,600 in GDP for every man, woman and child in the United States The report, the first of four scheduled by the society, examined the country’s surface transportation infrastructure. Future reports will examine the state of the nation’s infrastructure as it relates to water and, wastewater delivery and treatment; energy transmission; and airports and marine ports.

#### There are significant long term economic effects to not investing in transportation infrastructure.

**ASCE 11**

(American Society of Civil Engineers, “Failure to Act The economic impact of current Investment trends In surface Transportation infrastructure”, <http://www.asce.org/uploadedFiles/Infrastructure/Report_Card/ASCE-FailureToActFinal.pdf>)

The specific economic implications of the further deterioration of the U.S. national surface transportation system are as follows: « Deficient surface transportation infrastructure will cost Americans nearly $3 trillion by 2040, as shown in Table 1, which represents more than $1.1 trillion in added business expenses and nearly $1.9 trillion from household budgets. « This cost to business will reduce the productivity and competitiveness of American firms relative to global competitors. Increased cumulative cost to businesses will reach $430 billion by 2020. Businesses will have to divert increasing portions of earned income to pay for transportation delays and vehicle repairs, draining money that would otherwise be invested in innovation and expansion. « Households will be forced to forgo discretionary purchases such as vacations, cultural events, educational opportunities, and restaurant meals, reduce health related purchases along with other expenditures that affect quality of life, in order to pay transportation costs that could be avoided if infrastructure were built to sufficient levels. Increased cumulative costs to households will be $482 billion in 2020. « The U.S. will lose jobs in high value, high-paying services and manufacturing industries. Overall, this will result in employee income in 2040 that is $252 billion less than would be the case in a transportation-sufficient economy. In general three distinct forces are projected to affect employment: n First, a negative impact is due to larger costs of transportation services in terms of time expended and vehicle costs. These costs absorb money from businesses and households that would otherwise be directed to investment, innovation and “quality of life purchases.” Thus, not only will business and personal income be lower, but more of that income will need to be diverted to transportation related costs. This dynamic will create lower demand in key economic sectors associated with business investments for expansion and research and development, and in consumer sectors. n Second, the impact of declining business productivity, due to inefficient surface transportation, tends to push up employment, even if income is declining. Productivity deteriorates with infrastructure degradation, so more resources are wasted in each sector. In other words, it may take two jobs to complete the tasks that one job could handle without delays due to worsening surface transportation infrastructure. n Third, related to productivity effects, degrading surface transportation conditions will generate jobs to address problems created by worsening conditions in sectors such as transportation services and automobile repair services. « Overall job losses are mitigated by more people working for less money and less productively due to the diminished effectiveness of the U.S. surface transportation system. Recasting the 2020 and 2040 initial job impacts based on income and productivity lost reduces worker effectiveness by an additional 27% (another 234,000 jobs). By 2040, this drain on wages and productivity implies an additional 115% effect if income and productivity were stable (another 470,000 jobs). « By 2040 the cost of infrastructure deficiencies are expected to result in the U.S. losing more than $72 billion in foreign exports in comparison with the level of exports from a transportation-sufficient U.S. economy. These exports are lost due to lost productivity and the higher costs of American goods and services, relative to competing product prices from around the globe.

## Bad Infrastructure Kills Competitiveness

#### Insufficient funding has left the US behind on transportation infrastructure- economic competitors are passing us- we are losing our competitiveness

Council on Foreign Relations June 2012, “Renewing America Progress Report and Scorecard: Road to Nowhere- Federal Transportation

Infrastructure Policy”, pdf

Expenditures The United States spends just 1.6 percent of its GDP on transportation infrastructure—a fraction of what it spends on Medicare (3.6 percent), Social Security (4.8 percent), and defense (4.7 percent).7 Among countries in the Organization for Economic Cooperation and Development (OECD), the United States consistently ranks last or second-to-last in transportation infrastructure spending as a percentage of GDP. Since 1970, OECD countries have, on average, spent 52.7 percent more of their GDP on transportation infrastructure than the United States.8 China’s total infrastructure spending may be as high as 9 percent of its GDP, though available data sources are unreliable, making international comparisons difficult.9 Quality The World Economic Forum ranked the overall quality of U.S. infrastructure at twenty-fourth globally in 2011.10 As recently as 2002, it was fifth. Since then, several economic competitors moved in front of the United States in the rankings, including Japan, South Korea, Canada, and Spain. China is still far behind in the rankings at sixty-ninth. But China is likely to move up, and move up fast. It built a highway system equivalent in size to the U.S. interstate highway system in fifteen years. The United States took thirty-five years. By 2015, China intends to build roughly fifty new airports. Infrastructure takes years, if not decades, to plan, build, and deliver payoffs. Current rankings reflect past investment decisions. Given the United States’ level of investment, its relative decline in overall quality of infrastructure will likely continue.

#### Current transportation infrastructure is putting the US behind – investment is key to competitiveness.

**Rendell 10**

(Edward G., the governor of Pennsylvania, “The Infrastructure Edge¶ ” Center for American Progress, <http://www.americanprogress.org/issues/2010/12/infrastructure_edge.html>)

¶ Infrastructure may be the least sexy word in the English language, but it’s one of the most important.

There are two startling facts about our competitors that highlight our economic challenge when it comes to the state of our infrastructure. China’s Port of Shanghai has almost as much container capacity as all U.S. ports combined. And Singapore, a nation of less than 4 million people and under 260 square miles, has global port capacity that outstrips the combined volume of our largest ports in California and New York. These countries understand that investing in state-of-the-art infrastructure is essential to maintaining their competitiveness in today’s global marketplace.¶ Contrast these examples with the American track record on infrastructure and our staggering needs. Rolling blackouts and inefficiencies in the U.S. electrical grid cost an estimated $80 billion a year. From 1980 to 2006 the number of miles traveled increased 97 percent for cars and 106 percent for trucks. But over the same period the number of highway lanes grew by only 4.4 percent. While the federal share of infrastructure investment has declined, total investment in infrastructure, adjusted for inflation, is the same as in 1968, just 2.5 percent of gross domestic product. And that’s when our population was just over 200 million. The Congressional Budget Office estimates that we need to spend $185 billion more every year just to repair our current infrastructure. Meanwhile, China is investing 9 percent of GDP in infrastructure, while Europe and India’s investment rates are 5 percent and 5 percent, respectively. We must get serious about our future and investing in our infrastructure. The first step is to craft a national strategy aimed at ensuring America’s long-term competitiveness. Ports, airports, freight rail, roads, bridges, water systems, and a modern electrical grid are essential infrastructure elements that must be central to a competitiveness strategy. Such a strategy would include a multiyear plan for smarter investment and prioritize the improvement projects necessary to increase exports and smooth transport of goods within the United States.

#### Current infrastructure investment strategies currently fail – ARRA, the Highway Trust Fund, Budget of the United States, and PPPs

**Little 10**

(Richard G., Senior Fellow at the USC Sol Price School of Public Policy. He is also Director of the USC Keston Institute for Public Finance and Infrastructure Policy, Director of the Board on Infrastructure and the Constructed Environment of the National Research Council (NRC), “Toward a New Federal Role in Infrastructure Investment: Using U.S Sovereign Wealth to Rebuild America”, Public Works Management Policy 2010 14: 288, <http://pwm.sagepub.com/content/14/3/288>)

As the United States emerges from the economic collapse of 2008, the question of ¶ how to address years of chronic underinvestment in infrastructure remains a pressing ¶ issue. Early in 2009, Congress approved, and the President signed, the American ¶ Recovery and Reinvestment Act of 2009 (ARRA), which called for the expenditure of ¶ $787 billion in stimulus funds, including more than $100 billion for “shovel ready” ¶ infrastructure projects. Driven in part by the recognized shortfall between infrastructure ¶ needs and projected funding, ARRA did not provide for comprehensive reinvestment ¶ in the infrastructure of the United States. Taken together, annual investment in public ¶ and quasi-public infrastructure systems of 4% to 6% of GDP ($500-$700 billion) will ¶ probably be necessary for the foreseeable future. At the same time, no funding source, ¶ either dedicated, such as the Highway Trust Fund (HTF), or general, such as the ¶ Budget of the United States, is projected to have the capacity to generate funds sufficient for infrastructure investment at these levels. At the same time, annual trillion-dollar ¶ deficits are projected well into the future. Private capital (both debt and equity), ¶ broadly deployed through various forms of public private partnerships (PPPs or P3s) ¶ could address a portion of the shortfall but PPPs have been slow to find widespread ¶ acceptance and have generated considerable opposition within elements of the U.S. ¶ Congress. As a result, the long-term viability of this model is unclear.

## Squo Investment Bad

#### Current federal and state funds are insufficient to fund transportation infrastructure now.

[Puentes](http://www.brookings.edu/experts/puentesr) 11

(Robert , Senior Fellow Metropolitan Policy Program “Transformative Infrastructure to Boost Exports and Manufacturing”, Brookings Institute, <http://www.brookings.edu/research/testimony/2011/11/16-infrastructure-puentes#note10>)

Since the recession began, financial markets have contracted and all actors are feeling the strain of insufficient funds and constrained credit supplies. On the public side federal resources are strained, especially for transportation projects which generally make up the largest share of federal domestic discretionary spending. The Congressional Budget Office estimates that the highway trust fund will be unable to meet obligations sometime next summer, if not sooner. And while money from the American Recovery and Reinvestment Act provided roughly $335 billion to support the physical drivers of prosperity—innovation, human capital, infrastructure, and quality places—those funds are largely spent with little prospect for additional dollars anytime soon.[[3]](http://www.brookings.edu/research/testimony/2011/11/16-infrastructure-puentes" \l "note3) State funding sources are also shrinking. Twenty-one states saw transportation program cuts in fiscal year 2010 and 14 are already proposing transportation program cuts in fiscal year 2012.[[4]](http://www.brookings.edu/research/testimony/2011/11/16-infrastructure-puentes" \l "note4) Other state and local sources—such as revenue from sales taxes—that are earmarked for infrastructure projects are also in decline due to the slow recovery. These financial barriers affect our ability to pursue a diverse set of new projects. The I-11 Corridor for the Intermountain West is initially proposed to extend from Phoenix to Las Vegas but will ultimately be a critical link in global trade networks linking ports from Mexico to Canada and Alaska. The Intermodal Cargo Hub is a project intended to "re-internationalize" the St. Louis metro by utilizing the excess freight capacity that currently exists in dormant parts of the urban core. The U.S. Route 460 Corridor Improvement Project in south central Virginia is designed to promote the growth of an inland logistics center by enhancing intermodal connectivity to the Port of Virginia. That port is currently the third busiest on the east coast, making it critical to the nation.

#### Politics is the main problem in our current lack of investment in infrastructure.

**Bosworth and Milusheva 11**

(Barry and and Sveta, former presidential advisor, expert on fiscal and monetary policy, economic growth, capital formation, and Social Security. His recent projects include studies of U.S. saving behavior and economic growth in China and India, “Innovations in U.S. Infrastructure Financing: An Evaluation”, The Brookings Institution, <http://www.brookings.edu/~/media/research/files/papers/2011/10/20%20infrastructure%20financing%20bosworth%20milusheva/1020_infrastructure_financing_bosworth_milusheva.pdf>)

On balance, there is significant evidence of inadequate levels of infrastructure in the United States, but the studies have also demonstrated that much of the problem lies with the process by which the United States makes decisions on funding and system management: its failures to use cost-benefit analysis to assign funds to those projects with the highest returns, a bias against funding of maintenance for existing systems, a political process that spreads the expenditures across jurisdictions regardless of needs, and an unwillingness to charge users in line with the benefits that they receive (Winston, 2010). The condition of the transportation system has deteriorated somewhat, but the most costly aspects are linked with increased congestion; and repeated experience has shown that those problems cannot be resolved by spending more money. Changes should be made in the management of the systems–specifically in the setting of prices 6 for use of the infrastructure and the allocation of investment funds–that would increase the benefits of the current system with little added overall spending. In addition, despite their professed support for improvements in the infrastructure, American voters and their representatives stand out for their unwillingness to pay and the constant efforts to shift the costs to others. Given these evident inefficiencies, it is difficult to favor large increases without reforms to the funding process.

## Bank Solves Jobs

#### The **Infrastructure Bank is essential to jobs and efficiency within the transportation infrastructure.**

Brad, Plumer 11 (Brad Plumer is a reporter at the Washington Post writing about domestic policy, particularly energy and environmental issues, 9/19/11, “How Obama’s plan for infrastructure bank would work”, <http://www.washingtonpost.co> m/business/economy/how-obamas-plan-for-infrastructure-bank-would-work/2011/09/19/gIQAfDgUgK\_story.html)

One of the key aspects of President Obama’s jobs plan is an idea that’s been knocking around Washington for some time: a national infrastructure bank that would leverage private investment to fund new roads, bridges, mass transit and other public-works endeavors. Here’s how it would work. The proposal, modeled after a bipartisan bill in the Senate, would take $10 billion in start-up money and identify transportation, water or energy projects that lack funding. Eligible projects would need to be worth at least $100 million and provide “a clear public benefit.” The bank would then work with private investors to finance the project through cheap long-term loans or loan guarantees, with the government picking up no more than half the tab — ideally, much less — for any given project. Critics have deemed the idea risky for taxpayers, and those voices will no doubt get louder after the collapse of Solyndra, a California-based solar manufacturer that received a $535 million loan guarantee from the Energy Department only to go bankrupt in August. Administration officials have, in turn, tried to allay fears about taxpayer losses by noting that the loans would only go toward projects that have “a dedicated revenue stream,” such as toll roads, to repay the loans. The bank would be managed by an independent seven-member board, with no more than four members from either party. The logic behind the bank isn’t hard to grasp. In recent years, reams of white papers have come out describing how much of the nation’s transportation, water and energy infrastructure is in shambles. A 2010 Government Accountability Office report, for one, found that a quarter of the country’s 600,000 bridges are either “structurally deficient” or inadequate to today’s traffic needs. Most U.S. infrastructure is funded through either federal outlays or state and local municipal bonds. The country lacks a central source of low-cost financing for big construction projects, akin to the European Investment Bank. The private sector chips in just 6 percent of infrastructure funding, although supporters of the bank say that number could be higher. Last year, Robert Wolf, chairman and chief executive of UBS Americas, told the Senate Banking Committee that there was more than $180 billion of private-equity and pension-fund capital available for infrastructure investments. The White House estimates that its infrastructure bank could ultimately backstop about $100 billion to $200 billion in construction. That would, in theory, boost the overall size and impact of its jobs bill, which nominally costs $447 billion. But that depends on how quickly the money flows. Sen. John F. Kerry (D-Mass.), who has backed a bank bill in the Senate, has said “We have projects all across America that are ready to go tomorrow.” Yet other supporters, including the Chamber of Commerce, sound more cautious, saying it could take a few years for the pipeline of projects to get going

#### Plan solves for the economy through jobs

Brian Greene 11(Writer for US NEW, 10/6/11, Is Obama's National Infrastructure Bank the Answer on Jobs, <http://www.usnews.com/news/articles/2011/10/06/is-obamas-national-infrastructure-bank-the-answer-on-jobs>)

The call for a National Infrastructure Bank in the United States is directly linked with the sluggish pace of job creation. According to the U.S. Department of Transportation, every $1 billion invested in infrastructure supports nearly 35,000 American jobs. With a languid economy and unemployment stuck at 9.1 percent, proponents of an infrastructure bank view investment in building projects as an immediately necessary step toward long-term financial stability. Director of the National Economic Council Gene Sperling voiced his support for the National Infrastructure Bank, saying, "There is nothing fiscally disciplined about deferred maintenance." Sperling explained that investing in infrastructure is not a quick fix for America's economic woes but the start of a continuing strategy to create jobs while improving the country and enticing new businesses to invest in America. The emphasis on the long-term benefits of the National Infrastructure Bank permeated the discussion on Thursday. Investment in public works would put a considerable number of people to work in the coming years, but, as Sen. Mark Warner of Virginia warned, "This is not a silver bullet." Rather, supporters of the proposal view it as one of an array of options for how America can improve its dire economic climate. Support for the National Infrastructure Bank from Democratic members of Congress and senior White House officials is unsurprising, but the Progressive Policy Institute's forum also featured leaders of multinational businesses. Dan DiMicco, the chairman and CEO of Nucor, North America's largest steel manufacturing company, explained, "What's good for America is good for Nucor." DiMicco clarified by saying that his company is interested in changing the trend of sending domestically manufactured steel abroad for building projects. Ed Smith, CEO of Ullico Inc., a major provider of insurance and financial solutions for labor unions, described his company's idea of the "double bottom line" approach. The strategy involves looking for investments that produce both profits and jobs, a criteria that infrastructure investment fits well. Daryl Dulaney, president and CEO of Siemens, was open in his concern that doing business in the United States was getting too expensive. He explained that a Siemens operation that produces wind turbines in Fort Madison, Iowa, had to rebuild railways in the area to transport its product. "How many companies are going to do that?" he asked the panel. Large businesses with overseas cash like the ones represented at the forum are possible targets for capitalization of the National Infrastructure Bank. While the idea is not explicitly spelled out in the president's bill, Warner noted that one of the ideas making the rounds in Washington is to allow big corporations to repatriate funds from overseas tax-free with the caveat that a set percentage of the cash must be used to fund the infrastructure bank.

#### Jobs created by NIB won’t be outsourced offshore

Anika Anand 2011, 7/6/11, contributor to MSNBC, “Bank plan would help build bridges, boost jobs”, http://www.msnbc.msn.com/id/43606379/ns/business-eye\_on\_the\_economy/t/bank-plan-would-help-build-bridges-boost-jobs/#.UAbcUXCSVRY

It’s important to note that the infrastructure bank is only meant to jump-start infrastructure investment, not fund every project, said Michael Likosky, a senior fellow at NYU's Institute for Public Knowledge and a long-time proponent of a national infrastructure bank. Supporters hope the bank also would jump-start the job market. Former President Bill Clinton endorses the idea of an Ibank, although he has not necessarily thrown his weight behind the BUILD Act. “I think there are enormous jobs there,” he said in an interview last week on CNBC. “Every manufacturing job you create tends to create more than two other jobs in other sectors of the economy and it makes America more competitive, more productive.” According to the Department of Transportation's 2008 numbers, every $1 billion invested in transportation infrastructure creates between 27,800 and 34,800 jobs. 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.

#### Transportation investment using the National Infrastructure Bank could potentially create up to 50 million new jobs in the future.

**Hindery and Gerard 12**

(Leo Jr and Leo W. co-chairs of The Task Force on Jobs Creation. Hindery is also founder of Jobs First 2012 and a member of the Council on Foreign Relations. Gerard is international president of the United Steelworkers and a member of the executive council of the AFL-CIO, “Re Jobs, Pick the Low Hanging Fruit”, The Huffington Post, <http://www.huffingtonpost.com/leo-hindery-jr/job-creation_b_1517730.html>)

Infrastructure Investment. After years of under-investing in public infrastructure, America faces an infrastructure deficit of $3 trillion that is impeding economic growth and undermining our economy's efficiency. We need to spend $2.2 trillion just to meet America's core infrastructure needs, according to the American Society of Civil Engineers. The administration and Congress should commit to at least $2 trillion of infrastructure spending over the next 10 to 15 years using the resources of a new National Infrastructure Bank that would be an independent financial institution owned by the government and supported by a soft federal guarantee on the order of $200 billion. This federal guarantee, appropriately structured, would not need to be 'scored' for budget purposes given the numerous layers of investment above it. In turn, the Bank should be able to invite private investment, notably including state and local government pension plan investments, aggregating about $1.8 trillion. Each $1 billion of infrastructure spending funded by the Bank would create around 25,000 permanent jobs. Two trillion dollars of such spending could equate, over the years, to as many as 50 million new jobs.

## Bank Solves Econ

#### Infrastructure investment is key to jobs and the economy

Jeff Berman 2011, 9/9/11, Group News Editor, “Obama points to infrastructure as a key driver for economic growth in speech to Congress”, http://www.logisticsmgmt.com/article/obama\_points\_to\_infrastructure\_as\_a\_key\_driver\_for\_economic\_growth\_in\_speec/

As anticipated, investment in transportation infrastructure was prominently mentioned in a speech President Obama made to Congress last night, which focused on job creation and the economy. In a wide-ranging speech centered on a piece of legislation—the $447 billion “American Jobs Act”—transportation infrastructure was one of the key themes for job growth, with unemployment currently at 9.1 percent, and ways to improve the economy, with GDP growth growing at a sluggish 1.3 percent in the second quarter. Obama wasted little time explaining current state of transportation infrastructure in the United States. “Everyone here knows we have badly decaying roads and bridges all over the country,” he said. “Our highways are clogged with traffic. Our skies are the most congested in the world. It’s an outrage.” He went on to say that building a world class transportation system is what made the U.S. an economic superpower, while other countries like China are now building newer airports and faster railroads at a time when millions of unemployed construction workers could build them right here in America.

#### Infrastructure investment generates both jobs and economic activity

Jerry Costello 2011, 3/14/11, U.S. Representative (Illinois) Senior Member of House of Transportation and Infrastructure Committee, “Infrastructure investment is key to economic recovery”, http://thehill.com/blogs/congress-blog/economy-a-budget/149389-infrastructure-investment-is-key-to-economic-recovery

Our nation is coming out of the worst economic recession since the Great Depression, and as a result, we are going to have to make serious and often painful cuts in federal spending to get our country back on track. However, even as we move forward with these tough decisions and work to find ways to do more with less, it is imperative that we continue to spur growth and recovery by making smart, targeted investments in key sectors of our economy. I can think of no better place to start than by getting serious about investing in our national infrastructure. As a senior member of the House Transportation and Infrastructure Committee, I have seen the economic benefits of infrastructure investment. In addition to the critical role we know our nation’s roads, bridges, railroads, airports and waterways play in maintaining our way of life, it is estimated that every $1 billion invested in national infrastructure creates 35,000 jobs and generates $6.1 billion in economic activity. That is why, when we passed the President’s economic stimulus package two years ago, I wanted to put every dollar in the stimulus bill toward our national infrastructure. Unfortunately, the bill only included $48.1 billion for infrastructure investment, just a fraction of the hundreds of billions of dollars needed to make vital improvements to our highways, railroads, bridges, airports and waterways. We should have done more then, and two years later, despite the many known economic benefits, we still are not investing enough in our nation’s infrastructure. There is no question that we need to move forward in Congress with legislation making necessary improvements to our nation’s highways, which will create a number of good-paying jobs in communities across the country and enhance our ability to move people and goods quickly, safely and efficiently. While there are challenges involved, including issues of funding, I am convinced that any policy differences can be resolved with bipartisan cooperation.

#### Creation of a national infrastructure bank is vital to economic growth – States are crumbling under the current fiscal climate

McConaghy and Kessler 2011 (Ryan McConaghy, Deputy Director of Third Way Economic Program; Jim Kessler, VP for Policy at Third Way; "A National Infrastructure Bank," Schwartz Initiative on American Economic Policy, Third Way Institute, 2011, http://www.bernardlschwartz.com/political-initiatives/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank-1.pdf)

America’s economic future will hinge on how fast and well we move people, goods, power, and ideas. Today, our infrastructure is far from meeting the challenge. Upgrading our existing infrastructure and building new conduits to generate commerce will put people to work quickly in long-term jobs and will create robust growth. Funding for new infrastructure will be a crucial investment with substantial future benefits, but the current way that Congress doles out infrastructure financing is too political and wasteful. A National Infrastructure Bank will provide a new way to harness public and private capital to bridge the infrastructure gap, create jobs, and ensure a successful and secure future. America’s investment in infrastructure is not sufficient to spur robust growth. In October, Governor Chris Christie announced his intention to terminate New Jersey’s participation in the Access to the Region’s Core (ARC) Tunnel project, citing cost overruns that threatened to add anywhere from $2-$5 billion to the tunnel’s almost $9 billion price tag. At the time, Christie stated, “Considering the unprecedented fiscal and economic climate our State is facing, it is completely unthinkable to borrow more money and leave taxpayers responsible for billions in cost overruns. The ARC project costs far more than New Jersey taxpayers can afford and the only prudent move is to end this project.”1 Despite the fact that the project is absolutely necessary for future economic growth in the New Jersey-New York region and would have created thousands of jobs, it was held captive to significant cost escalation, barriers to cooperation between local, state, and federal actors, and just plain politics.

## Bank Solves Competitiveness

**The bank promotes economic competitiveness and is funded through taxes**

**Donna, Cooper 12**(Senior Fellow with the Economic Policy team at the Center for American Progress, 2/16/12, “An Affordable Plan to Put Americans Back to Work Rebuilding Our Nation’s Infrastructure”, http://www.americanprogress.org/issues/2012/02/infrastructure.html)

The prospects for economic growth and job creation from increased federal investments in our transportation, water, and energy infrastructure are undeniable and more affordable than most think. American families and communities are suffering from the consequences of anemic economic growth and high unemployment. Meanwhile, aging roads, bridges, water systems, and other key public assets are putting our public safety and national economic competitiveness at risk. The challenges present an obvious opportunity for bipartisan action: Boost infrastructure investments that build permanent public assets, generate business for small- and medium-sized companies, create jobs, and enhance our global competitiveness. The need to repair our infrastructure is not in dispute. In a rare move, the U.S. Chamber of Commerce and the AFL-CIO issued a joint statement in January 2011 calling for Congress to focus on upgrading our national infrastructure: “With the U.S. Chamber of Commerce and the AFL-CIO standing together to support job creation, we hope that Democrats and Republicans in Congress will also join together to build America’s infrastructure.” Sadly, that hasn’t happened—yet. Among the tools at the government’s disposal to boost jobs, rebuilding our infrastructure is one of the options with the greatest impact. After President Barack Obama proposed the American Jobs Act, Mark Zandi, chief economist at Moody’s Analytics, found in 2011 that new federal spending for infrastructure improvements to highways and public schools would generate $1.44 of economic activity for each $1 spent. In reviewing the economic impact of the American Recovery and Reinvestment Act of 2009, the Congressional Budget Office found that infrastructure investments and purchases by the federal government for goods and services had the largest jobs multiplier impact of all the stimulus elements.

We need to do something similar beginning this year. The plan presented in this paper proposes a reasonable level of new federal investment and how to pay for it, enabling significant progress in bringing our infrastructure up to par. In addition, this paper outlines a set of critical reforms to how the federal government funds, prioritizes, finances, and plans for infrastructure improvements. These reforms can stretch the impact of each dollar invested. Together these policies will also stimulate sizable new private investment in public infrastructure projects to help close the gap between needs and the resources available. In our plan the proposed new level of federal investment is fully paid for by reasonable increases in specific sources of revenues, including a fee on imported oil, elimination of antiquated and expensive oil tax breaks, and modest increases to a limited number of infrastructure user fees. Aside from the strong economic impact of elevated spending on infrastructure, the need to do so is indisputable. The state of disrepair of every element of transportation, drinking water and wastewater, and dams and levees systems is well documented, as this paper details in the pages ahead. To a great extent these basic public assets are decades past their useful life or are currently being used far beyond their expected or engineered capacity. Meanwhile our energy infrastructure is woefully outdated. Before summarizing our proposal, however, let’s first examine what’s holding us back. In large part, the problem is a false perception that the cost of repairing America’s infrastructure requires trillions of dollars in new federal spending. In fact, our plan shows that the most pressing needs of infrastructure can be addressed by improving our use of current funds, making reasonable changes in how users of infrastructure pay for it, and increasing federal spending by roughly $48 billion a year, according to this new analysis by the Center for American Progress. This paper sets a spending target of the total level of investment needed by subcategory of infrastructure—roads, bridges, mass transit, rail, ports, airports, inland waterways, drinking water, wastewater, and energy—by comparing the detailed and credible needs assessments prepared by respected technical research institutes and federal agencies and comparing that level of needed spending against the amount of federal funds appropriated and funds leveraged by federal investment for the major infrastructure capital investment programs in 2010. For the purpose of this federal infrastructure plan, we have not examined the need for federal investment in public school buildings.

## Infrastructure Investment Solves Econ (Generic)

#### Spending on infrastructure will improve business competitiveness, profits and the job market

**Messer 9**

Raymond F., president and chairman of the board of Walter P Moore, headquartered in Houston, with offices nationwide. He has more than 35 years’ experience in various aspects of engineering design, project management, and construction, with a special interest in the interface between design and construction. Among other appointments, Messer serves on the executive board of the Design Futures Council and is a Senior Fellow of the Design Futures Council. “Infrastructure Improvements Will Boost a Struggling Economy”, <http://www.di.net/articles/archive/2966/>

Additional spending on infrastructure will foster immediate job creation, but it is also important for clients and policymakers to appreciate the long-term benefits to our national economic competitiveness. One, the transportation industry supports well-paying engineering and construction jobs, the kind of professions that are essential in the increasingly competitive global marketplace. Two, a safe and efficient transportation network is critical to economic growth — it reduces travel time and increases reliability, thereby lowering costs and leading to greater economic productivity for businesses and ease of mobility for travelers. Businesses depend on a reliable system for just-in-time manufacturing and delivery. There are other benefits as well. As outlined in a 2002 report published by the Transportation Research Board, transportation investment also strengthens local, regional, and state economies by energizing city centers and facilitating employment opportunities. One study found that a 10 percent increase in travel speed leads to increases of 15 percent to 18 percent in the size of the labor market. Transportation improvements also generate additional tax revenue by allowing businesses to expand operations and hire more workers. Despite these clear benefits, we are not doing enough to maintain, let alone improve, our infrastructure. According to the National Cooperative Highway Research Program, there is a $58 billion gap between current expenditures and the cost just to maintain highway and transit performance. To make improvements to the system, that gap grows to $119 billion. The National Surface Transportation Policy and Revenue Study Commission — a blue-ribbon panel of experts created by Congress to develop policy and funding recommendations — reported a $225 billion minimum annual investment needed to upgrade our system to a state of good repair and create a more advanced, sustainable system. Inadequate funding for transportation has led to deterioration, congestion, and delays, all of which raise the price of doing business through maintenance and repair needs, wasted fuel, and delayed cargo shipments. Last year, our national economy was crippled by nearly $80 billion in congestion costs. On the safety side, traffic accidents and fatalities, beyond their personal impact, exact a $230 billion annual toll in economic costs. The message is clear: We must not continue to put lives at risk or diminish our global competitiveness by failing to maintain and improve our transportation network.

#### Transportation infrastructure investment leads to more jobs to the construction industry and other supporting businesses which stimulates the entire economy.

**Costa and Hersh 11**

(Christina, Research Assistant for the Doing What Works project and the Economic Policy team at American Progress. She has written on regulatory policy, government reform, innovation, education, and infrastructure, among other areas. Kristina received her B.A. in political philosophy from Wellesley College. Prior to joining CAP, she worked as a legislative correspondent for Congresswoman Carol Shea-Porter (D-NH). and Adam, an Economist at American Progress focusing on economic growth, macroeconomics, international economics, and China and other Asian economies. Adam publishes articles in peer review economics journals and his writings have appeared in popular publications like The American Prospect,Challenge, and a number of newspapers and online journals., “Infrastructure Spending Builds American Jobs”, Center for American Progress, <http://www.americanprogress.org/issues/2011/09/jobs_infrastructure.html>)

Investments in infrastructure, of course, contribute more to the U.S. economy than simply providing much-needed construction sector jobs. Improved infrastructure reduces costs for businesses, making U.S. companies more competitive. Infrastructure and transportation investment indirectly creates jobs in other sectors of the economy, including manufacturing, because construction projects require sophisticated materials and machines. And the good middle-class incomes earned by those newly employed in infrastructure investment projects fuel spending elsewhere in the economy, thereby maintaining and increasing private-sector employment. When construction workers get their paychecks, for example, they may use the money to pay rent or the mortgage, buy groceries, take the kids to the dentist, or for other household spending—the same things all people do when they get paid. These activities generate sales for businesses and [help create and maintain jobs for workers](http://www.americanprogress.org/issues/2009/02/recovery_animation.html) throughout the rest of the economy. But for construction workers, the benefits of government spending on transportation and infrastructure investments are direct. The spending helped bring down the high unemployment rates experienced in the construction sector of the economy. The accompanying chart compares the most recent August 2011 construction unemployment rate with the unemployment rates for the same month in preceding years.[2] Prior to the Great Recession, average August unemployment in the construction industry was around 6.5 percent. As the real estate market collapsed and the recession took hold, construction unemployment shot up precipitously, reaching 8.7 percent in 2008 and 17 percent in 2009. Infrastructure projects often have long planning stages, but as Recovery Act infrastructure investment kicked into gear, construction unemployment notched steadily down, falling to 16.3 percent in 2010 and then to 13.2 percent in August 2011. Academic, private-sector, and nonpartisan government studies alike confirm the positive effects of infrastructure and transportation investments on private-sector employment. Data collected and published by the Transportation and Infrastructure Committee in the House of Representatives show that every $1 billion in additional funds committed to highway projects between 2009 and 2010 produced 2.4 million job-hours, according to an analysis by Smart Growth America.[3] The return on investment on transit projects was even higher, with 4.2 million job-hours produced by every $1 billion in investment. With $21.5 billion in highway funding alone, the Recovery Act put Americans to work on our nation’s roadways for 51 million hours—time they may have otherwise spent idle and unpaid. The fact that transportation spending translates to real jobs in construction and other industries isn’t surprising. The Federal Highway Administration periodically estimates the impact of highway spending on direct employment, defined as: Jobs created directly by the firms working on a given project Jobs supported indirectly by the project, including those in firms supplying materials and equipment for projects Jobs induced by direct and indirect hires when they make consumer purchases with their paychecks In 2007 every $1 billion in federal highway expenditures supported about 30,000 jobs—10,300 in construction, 4,675 in supporting industries, and 15,094 in induced employment.[4]

# 2AC Solvency Extensions

## Addresses Important Issues

**A NIB would address key issues with current investments.**

**Staley 10** (Samuel is a senior research fellow at Reason Foundation and associate director of the DeVoe L. Moore Center at Florida State University in Tallahassee where he teaches graduate and undergraduate courses in urban planning, regulation, and urban economics. “A National Infrastructure Bank Can Provide Important Benefits If Mission and Scope Are Defined Narrowly” May 13 http://reason.org/news/show/infrastructure-bank-testimony)AK

Independence. Infrastructure banks must be as insulated as possible from 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 infrastructure banks. 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.¶ Many of these criteria are summarized in the table below .¶ Unfortunately, the current infrastructure bank proposals before the Congress fall short on many of these criteria. The most detailed proposal, H.R. 2521, the "National Infrastructure Development Bank Act of 2009," envisions a complex and diffused management structure that includes 9 executive officers appointed, fired, and compensated by a five member Board appointed by the President of the United States (with the advice and consent of the Senate). The Board also appoints two standing committees that include four additional members each to a Risk Management and separate Audit Committee. The criteria for qualifying loans are extremely porous, including criteria that are more appropriately classified as social goals. Presumably projects that meet these social goals, which include workforce training, reducing poverty, job creation, and Smart Growth, would qualify for funding even if they do not provide adequate or efficient physical infrastructure. Indeed, these goals have little application to providing efficient or productive infrastructure, reflecting political considerations and policy tradeoffs.The White House's proposal to create a National Infrastructure Innovation and Finance Fund (I-Fund) is less well developed, so specific comments on its operation, mission, and potential programs are speculative at best. For example, it's unclear how nesting the I-Fund in the US DOT will create the independence necessary to follow through on a rigorous and objective analytical process, or what criteria will be used to determine the merits of varying infrastructure projects. The primary objective of the I-Fund appears to be consolidating federal programs that fund various forms of infrastructure (breaking down "silos"). While consolidation may have value, a national infrastructure bank would need to have clear criteria for assessing risk and the potential rate of return for investments in different projects. In fact, one possible outcome of consolidating federal funding programs might be less accountability, as a rigorous evaluation of investments in different infrastructure projects becomes difficult to assess without clear objectives or performance criteria.

## Raises Private Capital

#### A National Infrastructure Bank would raise private capital to invest in US infrastructure.

**Phillips et al 10**

Charles, Laura, and Roberts, Mr. Phillips is president of Oracle Corporation. Ms. Tyson is a professor at the Haas School of Business at the University of California, Berkeley. Mr. Wolf is CEO and chairman of UBS Americas. All three are members of President Obama's Economic Recovery Advisory Board., “The U.S. Needs an Infrastructure Bank”, Wall Street Journal, <http://online.wsj.com/article/SB10001424052748704586504574654682516084584.html>

This is why the president's Economic Recovery Advisory Board, an independent bipartisan group of business, academic and labor leaders of which we are members, recommends the establishment of a National Infrastructure Bank (NIB). The purpose of the bank is to invest in merit-based projects of national significance that span both traditional and technological infrastructure—roads, airports, bridges, high-speed rails, smart grid and broadband—by leveraging private capital.¶ Infrastructure banks have proven successful elsewhere in the world, most notably in the European Union where the European Investment Bank has been operating successfully for over 50 years. That bank is one of the top five issuers of debt in the world. In 2008, it lent 58 billion euros ($81 billion) to finance projects, and had a target of $112 billion last year.¶ It's time we accept that government alone can no longer finance all of the nation's infrastructure requirements. A national infrastructure bank could fill the gap.¶ We believe that the NIB should be structured as a wholly owned government entity to keep borrowing costs low, align its interests with the public's, and avoid the conflicting incentives of quasi-government agencies. We also recommend that the NIB be run by a government-appointed board of professionals with the requisite expertise to evaluate complex projects based on objective cost-benefit analysis. Today, projects are subject to the uncertainties of the opaque congressional appropriations process, which is how we end up with proverbial and actual bridges to nowhere.¶ The private sector raised over $100 billion in dedicated infrastructure funds in recent years, but most of that money is being spent on infrastructure projects outside the U.S. The NIB could attract private funds to co-invest in projects that pass rigorous cost-benefit tests, and that generate revenues through user fees or revenue guarantees from state and local governments. Investors could choose which projects meet their investment criteria, and, in return, share in project risks that today fall solely on taxpayers.

#### A National Infrastructure Bank is key to garnering public investment and competitiveness.

[**Rohatyn**](http://www.cfr.org/experts/world/felix-g-rohatyn/b665) **11**

Felix G., Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC, “Infrastructure Investment and U.S. Competitiveness”, The Brookings Institute, <http://www.cfr.org/united-states/infrastructure-investment-us-competitiveness/p24585>

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. 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. We should regard infrastructure spending as an investment rather than an expense and should establish a national, capital budget for infrastructure. While this idea is not new, it has been unable to gain political traction. From a federal budgeting standpoint, it would be the wisest thing to do. President Obama and Congress should take action promptly.

#### The bank is key to spurring private investment in infrastructure- current investment is risky and lacks regulation

Ehrlich 10 (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank: A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)AK

So Willie Sutton responded when asked why he¶ robbed banks. Infrastructure is almost the flavor¶ of the month in portfolio allocation. The landmark¶ refinancings of the Chicago Skyway, Indiana Toll¶ Road, and other projects have demonstrated the¶ viability if not eagerness of private capital to enter¶ this area. But, ultimately, these refinancings of old¶ assets are tantamount to structured financings of¶ toll receivables.¶ This falls short of what would be regarded as¶ optimal from an infrastructure policy perspective¶ for two predominant reasons. First, the current¶ structure of tolls is generally not the one that¶ rationalizes the use of the asset – tolls are not¶ used to respond to the level of congestion or to¶ maximize asset use. And while such as approach¶ could be subsumed within a private ownership¶ framework, it inevitably involves capturing 4¶ POLICY MEMO Progressive Policy Institute¶ some portion of a road’s monopoly rents. This¶ implies that these private deals are not correctly¶ structured; they need, as my colleague David¶ Lewis has remarked, some sort of rate-of-return¶ regulation that reconciles the public purposes of¶ pricing with the perquisites of private ownership, a¶ feature lacking in existing deals.¶ Second and perhaps more important in the long¶ term, the current arrangements for infrastructure¶ finance fail to marry the private appetite to provide¶ infrastructure financing with the availability of¶ potentially profitable infrastructure projects.¶ Investors will readily confess that the risks¶ associated with building new infrastructure assets¶ are too large and complex for them to bear. That¶ is because no mechanism exists to calculate and¶ separate public (social) and private (appropriable)¶ benefits and that distinguishes among the risks¶ accordingly. For example, cost overruns due to¶ public sector project management are not fair¶ game for a private investor, but failure to achieve¶ traffic targets might be.¶ A Bank, beyond¶ rationalizing project¶ selection, offers the¶ prospect of finding terms¶ on which private money¶ can enter the active¶ provision of capital for¶ new projects. Advocates for a Bank often¶ speak of gearing or leverage ratios when discussing¶ the advantages of such an institution. But this¶ leverage will be built from the ground up, on a¶ project-by-project basis — if the government puts¶ up ‘x,’ then private investors will be invited to put¶ up ‘y.’ This is more likely than investors buying¶ bonds or preferred stock from a Bank simply¶ because it announces it is open for business.¶ And if investors do flock to offer money in such a¶ fashion, then it is likely because they have come to¶ believe that the Bank has the same kind of implicit¶ guarantees that other government enterprises¶ have famously abused. One good measure of any¶ infrastructure proposal’s success, therefore, is¶ its ability to bring private risk capital to these¶ investments on a case-by-case basis.

**A NIB would help raise capital from private companies.**

**Staley 10** (Samuel is a senior research fellow at Reason Foundation and associate director of the DeVoe L. Moore Center at Florida State University in Tallahassee where he teaches graduate and undergraduate courses in urban planning, regulation, and urban economics. “A National Infrastructure Bank Can Provide Important Benefits If Mission and Scope Are Defined Narrowly” May 13 http://reason.org/news/show/infrastructure-bank-testimony)AK

A well structured infrastructure bank could have several potential advantages over the current system if structured properly and its scope sufficiently narrow to avoid political abuse and mismanagement. Potential benefits include;¶ Gap financing. The raison d'être of a government loan is to make up the difference between existing revenues and the amount required to underwrite the project. When the private sector is either unwilling or unable to fund a project and the project has significant public benefits-it is a "public good" in the terms of economists-public financing might be justified. Indeed, if financing can be obtained from the private sector (and the U.S. has yet to tap much of the private capital available for infrastructure investments), no compelling reason exists for putting taxpayers at risk. At times, public funding can be useful to bridge the period between funding the construction of facility and the time revenues come on line (e.g., a toll road or bridge).

## Tax-Exempted Bonds

#### The National Infrastructure Bank would be more efficient and more effective with funds because of tax-exempted bonds.

**Zuckerman 9**

(Mortimer B., a Canadian-born American businessman. His business holdings include interests in[magazines](http://en.wikipedia.org/wiki/Magazines), [publishing](http://en.wikipedia.org/wiki/Publishing), and [real estate](http://en.wikipedia.org/wiki/Real_estate)., “Mort Zuckerman: The Case for a National Infrastructure Bank¶ ”, US News and World Report, <http://www.usnews.com/opinion/mzuckerman/articles/2009/12/11/mort-zuckerman-the-case-for-a-national-infrastructure-bank?page=2>)

Let's scrap our fragmented, dysfunctional system and create a "National Infrastructure Bank."¶ Let's establish the NIB along the lines of the World Bank, with the purpose of using federal resources more effectively and with the potential to raise additional funding. This would take the place of the various modal programs, streamlining them and folding them into the control of a new entity with a new culture and purpose. No longer would grants be made through preset federal formulas or privileged congressional back-scratching. The proposals would still come primarily from state and local governments, but now there would be rational priorities and analysis.¶ Our NIB would have the power to provide different kinds of financial aid to states and cities. The CEO of the bank would be appointed by the president and confirmed by the Senate. The CEO would answer to a five member board of directors appointed by both the executive branch and congressional leadership.¶ Most of the [funds](http://www.usnews.com/opinion/mzuckerman/articles/2009/12/11/mort-zuckerman-the-case-for-a-national-infrastructure-bank?page=2) the federal government spends on existing programs would be transferred to the bank. The typical congressional allocations of infrastructure would be assigned to the bank, but the bank would have the additional power to resell its loans into the capital markets. This would give the bank an impact far greater than the current federal funding.¶ If the entity could borrow funds at a ratio of 2 or 3 to 1, it could add a couple of hundred billion [dollars](http://www.usnews.com/opinion/mzuckerman/articles/2009/12/11/mort-zuckerman-the-case-for-a-national-infrastructure-bank?page=2) of additional investment, providing many more jobs than the current programs. The NIB securities would not have the government's full faith and credit behind them; they would have to pass [investment](http://www.usnews.com/opinion/mzuckerman/articles/2009/12/11/mort-zuckerman-the-case-for-a-national-infrastructure-bank?page=2) scrutiny of the private market. But the bonds would be tax free, and the NIB would have the right to insist on "user taxes" for those who exploit the infrastructure. In this way we would have a steady flow of long-term revenue enabling the government to borrow money rather than paying the entire cost upfront out of current revenues. Like states, counties, and cities, our NIB would have the ability to issue debt to pay for specific capital projects.¶ It would also have the right to support maintenance at a time when many of these programs, such as efficient resurfacing, provide a benefit-cost ratio double that of new projects. This would eliminate the bias against maintenance.¶ Our NIB would place a greater emphasis on projects that cut across stove-piped federal infrastructure programs. It would have the obligation to focus first on projects of substantial regional and national significance, selecting them on a merit basis.

## Self-Sustainable

#### A National Infrastructure Bank is key to national economic goals and self-sustaining investments in the long run.

**Rohatyn 10**

(Felix G., Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC, “The Case for an Infrastructure Bank¶ ”, Wall Street Journal, <http://online.wsj.com/article/SB10001424052748703376504575491643198373362.html>)

A national infrastructure bank could begin to reverse federal policies that treat infrastructure as a way to give states and localities resources for projects that meet local political objectives rather than national economic ones. The bank would evaluate prospective infrastructure projects on consistent terms. It would be able to negotiate with state or local sponsors of a project what their cost shares should be. The bank also could help groups of states come together for regional projects such as high-speed rail and better freight management. Such consolidation would improve project selection. The bank also could ensure that states and localities consider all other options—from wetlands preservation to implementing tolls—before structural options are funded. It would create an avenue for private investors to put risk capital into new projects and bless their involvement with the bank's own participation. In short, it would treat infrastructure like a long-term investment, not an expense. The American Society of Civil Engineers periodically estimates the cost of bringing our infrastructure to an acceptable level—it now exceeds $2 trillion. This is a staggering sum, but the infrastructure bank could make strides to meet it by issuing its own bonds of up to 50 years maturity and, with a conservative gearing, could initially raise $200 billion to $300 billion and become self-financing over time.

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

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

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

## Utility

#### Status quo investment systems encourages differing key projects in - Bank solves by focusing on utility not credit

Ehrlich 10 (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank: A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)AK

The current funding system has a tendency to¶ encourage state and local governments to put¶ off needed projects in hope that they can secure¶ federal appropriations funding in the future.¶ The absence of an alternative to the current¶ infrastructure project funding system holds state¶ and local governments captive to that system, and¶ leads good and important projects to be deferred¶ or delayed.¶ Many believe that an improved levy system in¶ New Orleans was postponed because there was¶ always the chance that the city would be able to¶ grab the brass ring in the merry-go-round of the¶ annual appropriations process. Certainly, the¶ state’s political apparatus preferred that federal¶ money first go to the state’s barge navigation¶ system (even if any calculations that demonstrated¶ the superiority of that project, if they exist, were¶ subsequently proved false).¶ An associated source of delay is the carrying¶ capacity of the jurisdiction in question. It seems¶ unlikely that good, overdue projects in Illinois¶ or Harrisburg – places in different stages of¶ insolvency – will get built anytime soon. More¶ generally, funds allocated to infrastructure¶ projects too often follow the creditworthiness of¶ the jurisdiction, not that of the project itself. This¶ makes it harder for communities and regions to¶ make the investments that might help in their¶ economic improvement.

## Loan Guarantees

**A federal investment into a loan guarantees bridges bureaucratic and budget gaps between the states and is the best approach for a NIB**

**McConaghy and Perez 11** Ryan McConaghy, Director of the Economic Program, and Jessica Perez, Economic Program Policy Advisor (Ryan, Jessica, “Five Reasons Why BUILD is Better”, The Schwartz Initiative on American Economic Policy, June 2011, <http://content.thirdway.org/publications/404/Third_Way_Memo_-_Five_Reasons_Why_BUILD_is_Better.pdf>)

Across the country, job-creating infrastructure projects are stalled for lack of investment from cash-strapped federal, state, or local governments. Imagine the progress our country could make and the millions of jobs we could create if we could multiply our money by mobilizing the private sector to improve the nation’s transportation, water, and energy systems. As America struggles to create jobs for the nation’s more than 29 million unemployed or under employed, 1 it’s widely acknowledged that our outdated infrastructure is a drag on the economy. A multi-billion dollar program of infrastructure investment would no doubt create good jobs and increase our competitiveness. But, in an era of budgetary constraints the federal government simply cannot foot the entire bill. The American Society of Civil Engineers projects a five-year deficit of over $973 billion 2 for water and transportation infrastructure alone—equal to 247% of what the federal government spent in those areas from 2005 to 2009. 3 Clearly, in the current fiscal environment it’s unlikely that a more than tripling of direct federal infrastructure investment is on the horizon. At the same time, state and local governments are also facing budget shortfalls that make maintaining—let alone increasing—infrastructure spending a challenge. However, the way most infrastructure is currently funded, private capital is severely underutilized. Only a fraction of the trillions of dollars in sovereign wealth, hedge, and pension funds seeking long-term, stable avenues for investment are being used to rebuild America. Sovereign wealth funds alone have an aggregate value of $4.1 trillion, and are seeking to invest some of those resources in infrastructure development. A number of America’s foreign competitors have actively courted such sources of financing for their own infrastructure upgrades. 4 Despite our need for infrastructure financing, America has not been as aggressive in pursuing such investors. The recently introduced BUILD Act (Building and Upgrading Infrastructure for Long-Term Development Act), a bipartisan bill introduced by Senators Kerry, Hutchison, Warner, and Graham, would change that. By establishing the American Infrastructure Financing Authority (AIFA) to make loans and loan guarantees for up to half the cost of major projects in transportation, water, and energy infrastructure, the BUILD Act will create new incentives for investment and provide private capital with a new entryway into the infrastructure market. The AIFA’s improvements on the current Third Way Memo 2 system would make it possible to use private financing to create jobs and close the infrastructure gap without drowning the federal budget in more red ink. This memo lays out five reasons why the BUILD Act would improve our current system of infrastructure funding. Five Reasons Why BUILD is Better 1) It Stretches Dollars by Moving from Grants to Loans Much of federal infrastructure funding is dispensed in the form of direct spending through formula allocations to states and annual appropriations. These are scored as single year federal spending. In any given year, $1 billion in appropriated spending means $1 billion that must be paid for or tacked on to the deficit. For FY2010, this amounted to $52 billion for highway and mass transit grants alone. 5 However, in the current fiscal environment, the federal government is simply incapable of providing enough financing year after year to make the improvements needed to advance our economy. The BUILD Act offers an alternative model by providing loans and loan guarantees rather than direct grants for construction. The difference in terms of impact on the federal budget is stark. Since the loans and guarantees under AIFA are long-term credit vehicles as opposed to year-to-year spending, they score differently. The Congressional Budget Office (CBO) scores against the budget only the subsidy cost (amounts not expected to be recouped through principal, interest, and fee payments) of the loan or guarantee, rather than the entire amount. For example, the Administration estimates a subsidy cost of 20% for direct loans made by its proposed National Infrastructure Bank. 6 At that rate, a $100 million loan would score at a cost to the federal budget of only $20 million. Loan guarantees under the existing Transportation Infrastructure, Finance and Innovation (TIFIA) program have a subsidy rate of 10%, 7 meaning that a $100 million loan guarantee would come at a cost of $10 million. But under AIFA, because loans will be paid back with interest and fees will be charged on guarantees, loan recipients—not the government—will ultimately bear the subsidy cost. Much like the U.S. Export-Import Bank, which has supported more than $400 billion in U.S. exports at no cost to the government, AIFA will generate revenue and become self-sustaining over time. 8 This fact, combined with the dollarstretching capabilities of its credit instruments, means the AIFA will use less taxpayer money to build far more. This is crucial in light of America’s two separate, serious financial challenges: a $2.2 trillion overall infrastructure gap (including aviation, water, energy, rail, roads, bridges, schools, and other systems) 9 that hampers economic growth, and a $1.5 trillion annual budget deficit that has led to calls for cuts across all sectors of government. Not only do these shortfalls have their own negative consequences for the American economy, but each one makes the other harder to address. The BUILD Act will allow our nation to tackle our infrastructure deficiencies without expanding our budget deficit. Third Way Memo 3 2) BUILD Identifies a Potential One Trillion Dollars in Private Investment Under the current direct spending system, federal funding can finance a significant portion of a project and is often accompanied by a state or local government match. For example, the federal government pays 90% of costs for highway interstate bridges, such as the I-35W Bridge in Minneapolis that collapsed in 2007. 10 Other examples include the Federal Highway Administration’s High Priority Projects 11 and Federal Transit Administration’s New Starts and Small Starts 12 programs, under which the federal government provides 80% of the funding for selected projects. Estimates, however, place potential global private investment in infrastructure at more than $1 trillion annually, as hedge, pension, and sovereign wealth funds increasingly seek secure, long-term investments. 13 There is no reason why America’s infrastructure should not benefit from this tremendous pool of resources. The BUILD Act creates an avenue by which the U.S. can tap this available capital to upgrade our infrastructure. The AIFA will use credit instruments to attract investment. In fact, the BUILD Act requires that at least half of a project’s cost be financed by non-AIFA funds. By moving private capital off of the sidelines and into American bridges, railroads, and power plants, the AIFA will leverage taxpayer dollars many-times over and cost-efficiently begin to close the nation’s infrastructure gap. In each of its first two years BUILD would be authorized to provide $10 billion in loans and guarantees, with $20 billion authorized per year for years three through nine. It’s been estimated that, depending on the percentage of federal matching capital used, under AIFA, this potential $160 billion in direct assistance could generate between $320 and $640 billion in total investment over the first decade of operations. 14 3) BUILD is Targeted to Big Projects with Economic Merit The most effective catalysts for economic growth and job creation are those projects that go beyond localities to impact entire regions and make nationwide connections. These undertakings, however, are often the most difficult for state and local governments to launch, due to cost and cross-jurisdictional disconnects. For example, the Southeast High-Speed Rail Corridor, which stretches from Virginia to northern Florida, contains some of the fastest-growing metropolitan areas in the nation and the region is expected to grow 26% by 2030. High-speed rail service connecting these cities could tap the region’s potential and be a major catalyst of commerce, with a projected $30 billion in economic development, and 228,000 jobs. 15 However, the recent elimination of high speed rail funding in the FY11 budget 16 may—literally—keep projects in this, and similar regions, from leaving the station. The AIFA will target just this type of development by financing projects that cost a minimum of $100 million and that have true economic merit—meaning they will create jobs, generate revenue, and have widespread growth effects. By drawing in private capital, and providing coordination across city and state lines, the AIFA will enable significant, strategic improvements that are all too often thwarted by our current system.Third Way Memo 4 The BUILD Act also recognizes the unique value and scale of rural infrastructure. By setting a lower minimum of $25 million for rural projects, the legislation allows for a fair distribution of benefits across all regions of the country. 4) BUILD Takes Politics out of Infrastructure Spending Decisions Project selection has, to this point, been sullied by inefficient and politicized funding allocation. The most recent transportation authorization bill included more than 6,300 earmarks, benefitting individual Congressional districts, but overlooking larger regional and economic needs. 17 The BUILD Act takes politics out of the process and puts project selection in the hands of an independent, bipartisan Board of Directors and CEO appointed by the President and confirmed by the Senate. They will focus on economic benefits rather than parochial interests. And because the AIFA would provide only loans and loan guarantees, only projects that pass the initial market test of attracting private capital would be able to move forward. 5) BUILD Reduces Cost Overruns Another factor that has hampered the effectiveness of infrastructure investment is the prevalence of cost overruns. Estimates have placed cost escalation on transportation projects in North America at almost 25%. 18 By limiting assistance to loans and loan guarantees, the AIFA would inject private sector discipline into supported projects by giving project managers a financial incentive for efficient execution. Since loans and loan guarantees must ultimately be repaid, borrowers will have extra motivation to ensure that construction is completed in a timely and economical manner. Additionally, the BUILD Act provides for strict oversight of the AIFA to ensure that the board operates with integrity and financial prudence. Treasury’s Inspector General would provide initial oversight to the AIFA, with an independent AIFA Inspector General to be created after five years. An independent auditor would review the AIFA’s books, and the AIFA will be required to commission an independent assessment of its risk portfolio. Conclusion Looking into the future, America’s success will hinge in large part on how well our infrastructure supports commerce, travel, and living standards. Other countries realize this and are moving full-steam ahead. And while America cannot lose this race, in today’s budget environment we cannot expect government to be the sole financier of our infrastructure overhaul. The BUILD Act is a novel approach to a vexing problem. It brings in the private sector and modern financing techniques to leverage scarce dollars into abundance. It’s hard to imagine America investing what it needs to win the future without such innovative approaches.

**State budgets are overburdened and the private sector is underutilized- Only loan guarantees rectify this.**

**Likosky et al. 11** Michael Likosky is senior fellow at NYU’s Institute for Public Knowledge and also directs the Center on Law & Public Finance at the Social Science Research Council, Josh Ishimatsu, senior fellow at the Center on Law & Public Finance, is also principal of mz consulting, a consulting ﬁrm specializing in community development. Joyce L. Miller is senior fellow at the Center on Law & Public Finance, a board member of the New York State Empire State Development Corporation, and the founder and CEO of Tier One Public Strategies, a consulting ﬁrm that provides in-depth public policy analysis in the areas of infrastructure ﬁnance, real estate, and energy policy. (Michael Likosky, Joyce Miller, Josh Ishimatsu, “RETHINKING 21ST - CENTURY GOVERNMENT: PUBLIC-PRIVATE PARTNERSHIPS AND THE NATIONAL INFRASTRUCTURE BANK”, The Social Science Research Council, June 2011, http://www.ibtta.org/files/PDFs/Rethinking%2021st%20Century%20Government-%20Public%20Private%20Partnerships%20and%20the%20National%20Infrastructure%20Bank.pdf)

In an era of severe budgetary constraints, how can the federal government ensure that America is investing in what is needed to promote economic competitiveness, broad-based opportunity, and energy security? Increasingly, public-private partnerships enjoy broad support as the answer to this question, across party lines and political divisions. Partnership-driven projects are pursued today in wide-ranging areas, including education, transportation, technology, oil and gas, clean energy, mineral extraction, and manufacturing. Well-considered partnerships compliment, strengthen, and reinforce those existing meritorious approaches carried out through traditional means. They represent a fundamentally distinct way for government to address complex challenges, with federal agencies playing a catalytic role rather than a directive one. A National Infrastructure Bank can provide the requisite capacity to implement public-private partnerships. RETHINKING THE FUNCTION OF GOVERNMENT America is at a standstill. Federal, state, and local governments are facing overburdened public balance sheets while enormous sums sit in limbo in pension funds and in the accounts of what the McKinsey Global Institute has called the new global power brokers: Asian sovereign funds, petrodollar accounts, private equity funds, and hedge funds. 1 It is why President Obama posed this question to his Economic Recovery Advisory Board in 2009: Obviously we’re entering into an era of greater ﬁscal restraint as we move out of deep recession into a recovery. And the question I’ve had is people still got a lot of capital on the sidelines there that are looking for a good return. Is there a way to channel that private capital into partnering with the public sector to get some of this infrastructure built? 2 Unless we can shepherd this money into our productive economy, the country will have to forego much-needed projects for lack of ﬁnancing. Public-private partnerships involve federal agencies coinvesting alongside state and local governments, private ﬁrms, and nonproﬁts. Having partnerships within a government’s toolbox not only brings a sizable new source of capital into the market, it also allows public ofﬁcials to match assets with the most appropriate and cost-effective means of ﬁnancing. If a class of existing and new projects can be ﬁnanced from private sources, then we can begin to decrease our debt burden while also investing and growing our economy. Scarce public funds are then freed up to be spent on essential services and those projects best ﬁnanced through traditional means. Because the success of partnerships depends upon collaborations between government and private ﬁrms that may under other circumstances be viewed as raising conﬂicts of interest, a rethinking of the function of government is essential. In a recent opinion piece in the Wall Street Journal, the president announced an executive order, Improving Regulation and Regulatory Review, 3 which “requires that federal agencies ensure that regulations protect our safety, health and environment while promoting economic growth.” 4 The piece, entitled “Toward a 21st-Century Regulatory System,” “ Federal, state, and local governments are facing overburdened public balance sheets while enormous sums sit in limbo. ”5 was accompanied by an evocative drawing of a regulator wielding an oversized pair of scissors busily cutting through a sea of red tape. While widely viewed as an effort to curry favor with American businesses, this presidential outreach can also be read as an indication that the federal government will support—and encourage—divergent groups working together to cut through outmoded, counterproductive, or unnecessarily burdensome regulation. Public-private partnerships are especially suited to fulﬁlling the order’s directives and can serve as amodel for our twenty-ﬁrst-century federal agencies. If coming together as a team—public and private, Republican and Democrat, progressive and Tea Party—is a precondition not only to winning the future but also to solving today’s seemingly intractable problems, then we must take the task at hand seriously. Diverse groups must appreciate the unique and valuable resources and perspectives that those who are their combatants in other contexts bring to the team. Government agencies, more accustomed to acting as referee—setting down basic rules of the game and constraining behavior deemed contrary to the public interest—must ﬁnd ways of coaching this unruly bunch, not from the sidelines but as a vital player.

**The loan and loan guarantee merit based approach best combines public and private resources—accountability and lending environment mean it’s the best approach**

**McConaghy and Kessler 11**

(McConaghy, Ryan, Deputy Director at the Schwartz Initiative on Economic Policy, and Kessler, Jim, Senior VP at Third Way, January 2011, “A National Infrastructure Bank”, Schwartz Initiative on Economic Policy)

In order to provide innovative, merit-based financing to meet America’s emerging infrastructure needs, Third Way supports the creation of a National Infrastructure Bank (NIB). The NIB would be a stand-alone entity capitalized with federal funds, and would be able to use those funds through loans, guarantees, and other financial tools to leverage private financing for projects. As such, the NIB would be poised to seize the opportunity presented by historically low borrowing costs in order to generate the greatest benefit for the lowest taxpayer cost. Projects would be selected by the bank’s independent, bipartisan leadership based on merit and demonstrated need. Evaluation criteria may include economic benefit, job creation, energy independence, congestion relief, regional benefit, and other public good considerations. Potential sectors for investment could include the full range or any combination of rail, road, transit, ports, dams, air travel, clean water, power grid, broadband, and others. The NIB will reform the system to cut waste, and emphasize merit and need. As a bank, the NIB would inject accountability into the infrastructure investment process. Since the bank would offer loans and loan guarantees using a combination of public and private capital, it would have the opportunity to move away from the traditional design-bid-build model and toward project delivery mechanisms that would deliver better value to taxpayers and investors.35 By operating on principles more closely tied to return on investment and financial discipline, the NIB would help to prevent the types cost escalation and project delays that have foiled the ARC Tunnel.

**Only a loan-based infrastructure bank will be able to save infrastructure. Pushes private innovation while keeping costs down.**

**Likosky 11** Michael B. Likosky, a senior fellow at the Institute for Public Knowledge, New York University, is the author of “Obama’s Bank: Financing a Durable New Deal.” (Michael, “Banking on the Future”, 7-12-2011, The New York Times, http://www.nytimes.com/2011/07/13/opinion/13likosky.html)

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

MSNBC 11 (Anika Anand “Bank plan would help build bridges, boost jobs” 7/6/2011 http://today.msnbc.msn.com/id/43606379/ns/today-today\_news/t/bank-plan-would-help-build-bridges-boost-jobs/#.T\_9qwdUk\_q0)AK

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

**A loan-based NIB reinvigorates local governments and causes private investment.**

**Chapman and Cutler 11** Infrastructure based law firm that has represented market participants in all aspects of banking, corporate finance and securities and public finance transactions since its inception in 1913. (Law Firm, “The American Jobs Act and Its Impact on a National Infrastructure Bank”, 9-29-2011, Chapman and Cutler LLP, http://www.chapman.com/media/news/media.1081.pdf)

One of the goals of the proposed AIFA legislation is to maximize private investment in infrastructure projects. The criteria for approval of an AIFA loan includes a preference for projects that “maximize the level of private investment in the infrastructure project or support a public-private partnership…” While the establishment of public-private partnerships is explicitly provided for within AIFA, it is unclear at this point whether AIFA would allow tax-exempt bonds issued to private investors to qualify as the private investment encouraged by this legislation. Nevertheless, if AIFA legislation is passed, it will likely allow for municipalities and private investors to borrow funds for qualifying infrastructure projects at far below market rate. Municipal entities will likely find willing private investors because the private money that is being loaned to fund these projects is in essence backed by the full faith and credit of the United States. Furthermore, projects that benefit private industry, such as the renovation and expansion of airports and commercial ports, is expressly authorized under this legislation. The essence of the AIFA proposal is in the movement of private capital from private equity, pension, and other funds into much needed infrastructure projects. This capital, as well as the federal funds that would result from the loan, can be an important tool in reconciling the need for investment in national and regional infrastructure and the budget shortcomings of many state and local municipalities

**Loan Guarantees always help the economy – do not restrict the free market**

**Riding and Haines 01** \*Professor in the management of Growth Enterprises School of Management, University of Ottowa AND \*\*Associate Professor at the University of Toronto (Allan L., George H., “Loan guarantees: Costs of default and benefits to small firms”, Journal of Business Venturing, Volume 16, Issue 6, November 2001, Pages 595–612 http://www.sciencedirect.com.proxy.lib.umich.edu/science/article/pii/S0883902600000501)

Many have argued that government intervention in the credit market is unwarranted because of the lack of evidence that the market is imperfect (see Vogel and Adams 1997; among others). An important part of this argument is that the relatively high fixed costs associated with lenders' due diligence on small lending balances does not constitute an imperfection. This conclusion may arise because much of economic theory is based on marginal analysis. This has two implications. First, lenders may take a much longer time span into consideration when making their lending decisions than is usually assumed. If lenders view the so-called “fixed costs” associated with making a loan as marginal costs (in the economic sense) then such loans may not be justifiable on the basis of profit maximization. Second, the fixed costs in question arise because lenders seek to mitigate information asymmetries. To the extent that such costs are prohibitive in the context of small lending balances, the assumption of complete information would be violated and an imperfection in the credit market would result. The further development of this theory is an important area for future research. This study presents no evidence that the market is imperfect. Questions therefore remain about whether or not government intervention in the credit market is warranted, if market imperfections are held to be necessary to justify such interventions. This study documents that a loan guarantee program can make a substantive positive contribution to economic development and job creation. This study deals with the issue of financing for entrepreneurs who are starting their own businesses, who are seeking to expand their firms, or who are trying to save them from bankruptcy. Financing start-ups, growth, and survival are central questions in the field of entrepreneurship and are an important concern to many business owners. In the Canadian context more than 250,000 of the approximately 900,000 employer SMEs have, since 1992, availed themselves of loan guarantees (SBLA 1998). The thrust of this study relates to how objectives held by government may be met by meeting the needs of entrepreneurs for access to financing.

**A loan based NIB would encourage private sector involvement in more sectors of transportation infrastructure**

**Hammes and Freedman 11** Patricia Hammes is a partner in the Project Development & Finance Group at Shearman & Sterling in New York. Her practice focuses on acquisition financings, project financings, restructurings and joint ventures in the infrastructure and energy sectors, internationally and in the United States. Hammes has been named a leading lawyer in project finance by Chambers USA, Chambers Global and IFLR1000. Robert Freedman is a partner in the Project Development & Finance Group at Shearman & Sterling in New York. His practice focuses on finance and development, asset acquisitions and dispositions and complex work-outs and restructurings of infrastructure and energy assets, internationally and in the United States. Freedman has been named a leading lawyer in project finance by Chambers USA, Chambers Latin America, IFLR 1000 and Guide to the World’s Leading Project Finance Lawyers. (Patricia, Robert, 6-14-2011, “Closing the gap: Proposals for rebuilding US infra”, *Infrastructure Journal,* [***http://www.shearman.com/files/upload/PDF-061411-Closing-the-gap-Proposals-for-rebuilding-US-infra.pdf***](http://www.shearman.com/files/upload/PDF-061411-Closing-the-gap-Proposals-for-rebuilding-US-infra.pdf))

**A national infrastructure bank could create opportunities and capitalise on others**, and the President is not the only national leader pushing this type of proposal. Senators John Kerry, Kay Bailey Hutchison, and Mark R. Warner have recently introduced a bill, the BUILD Act, that would create an American Infrastructure Financing Authority, or AIFA [4][5] . AIFA would be a national infrastructure bank, **offering loans and loan guarantees for deserving infrastructure projects**. **The BUILD Act proposal contemplates an initial US$10 billion contribution by the Federal government with a goal of ultimately becoming a self funding bank in a manner similar to the Overseas Private Investment Corporation (OPIC**). **To be eligible for AIFA funding, projects must meet a minimum size requirement of US$100 million or more, or US$25 million for rural projects** [6] . **Transportation,** water and energy **projects would be eligible for AIFA assistance**. **The program would support only those projects backed by a dedicated revenue stream,** such as toll roads or energy subscribers, **helping to guarantee a return on investment**. **AIFA’s investments would not seek to cover the entire cost of a project—instead, loans and loan guarantees would be offered that could cover up to 50 per cent of a project’s price tag, with the rest coming from private investment. Fees and interest on the financing provided to projects would help the program achieve self-sufficiency.** Transportation and Regional Infrastructure Projects, or TRIPs, bonds would pair infrastructure investment with the potential for significant federal, state and local savings. The tax-exempt municipal bond market loses the federal government billions of tax dollars on the tax exemption to investors, [7][8] and the Congressional Budget office estimated that the federal government could save up to US$143 billion across ten years by eliminating tax-exempt municipal bonds in favor of a federal subsidy equal to 15 per cent of issuance costs [9] . A precedent exists in the Build America Bonds, or BABs programs, which allowed state and local governments to issue higher-yield, taxable bonds that were supported by a federal subsidy equal to 35 per cent of their interest costs [10]. State and local governments will be able to save more than US$12 billion in borrowing costs for the BABs issued during the first year of the program[11] . TRIPs would resurrect the BABs program, which expired in December 2010, with a narrower focus on rail, highway, waterway, and other transportation projects [12] . States would provide a matching contribution, and each state would be guaranteed at least 1 per cent of the US$50 billion annual budget for the program through a Transportation Funding Corporation [13] . The theme of public-private partnerships continues to wind through the Transportation Infrastructure Finance and Innovation Act, or TIFIA, program. This program seeks to bridge the gap in financing large-scale surface transportation infrastructure projects funded by tolls and other project-based revenues. State and local governments often struggled to obtain financing for these projects at reasonable rates, thanks to the uncertainties in the revenue streams [14]. **Offering loans, loan guarantees, and letters of credit at rates equivalent to Treasury rates, the support provided by this programme is capped at 33 per cent of project costs** [15] . Not limited to state and local governments, TIFIA assistance is available to transit agencies, railroad companies and other private entities for large-scale transportation projects [16] . Offering a wide range of credit support alternatives to a diverse array of borrowers, TIFIA has been identified as a possible candidate for expansion. But the growing pressure to reduce federal spending has made it an attractive target for deficit hawks as well [17] . Balancing infrastructure spending with fiscal conservatism Notwithstanding the heightened current climate of fiscal conservatism, there is reason to believe that compromises may be had. Proposals that transfer risks and costs from public budgets to private actors can help trim government expenditures; the UK and Canada have been able to shave 15-20 per cent from the costs of traditional project delivery by partnering with the private sector [18] . The BUILD Act, TRIPs, and TIFIA all concentrate on public-private partnerships, with a cap on the public contribution—and therefore the public exposure—to any given project. The public side of the public-private partnerships these programs seek to foster can carry its own budgetary weight as well. **A single, centralised institution such as AIFA or the Transportation Funding Corporation could establish consistent guidelines for eligibility and performance, and select only those projects that promise real economic benefit**. TIFIA has already demonstrated this potential, with streamlined criteria that make it more cost efficient than other sources of credit support. Overcoming the siloed approach to infrastructure spending In the United States, infrastructure spending has traditionally been “siloed”—specific constituencies support specific projects, and thus infrastructure dollars are allocated to narrow projects or categories of projects. The BUILD Act breaks out of these silos, with funding available across multiple sectors. With AIFA supervising project selection and setting eligibility criteria, infrastructure dollars can be targeted to address a range of infrastructure vulnerabilities and be based on a targeted national economic policy approach. TRIPs bonds and the President’s budget proposal remain within the siloed approach, but this may not be a significant issue. A weakening transportation network threatens to increase costs and inhibit growth, making this critical sector appropriate for targeted investment. Leveraging government dollars for maximum impact The key thread that runs through the BUILD Act, TIFIA, and Ts bonds is public-private partnership. Government dollars, when paired with private investment, go farther and build more than they ever could alone. The BUILD Act and TIFIA mandate private involvement through a funding cap—no more than 50 per cent of a project’s price tag can be borne by AIFA [19] , while TIFIA can only carry 33 per cent. Furthermore, AIFA’s investment guidelines target areas of the market underserved at present**; offering loans and guarantees with longer tenors at affordable rates,** AIFA **could encourage investors to become involved where they might otherwise have been priced out**. TIFIA offers the same potential, but limited to transportation projects. **The private sector can bring not only investment dollars**, **but expertise and oversight** to the partnership. With their dollars on the line, and with experience in managing infrastructure projects, investors can serve as watchdogs over their projects, ensuring accountability and maximising efficiency. **Both** the Overseas Private Investment Corporation (**OPIC**) **and the United States Department of Energy Loan Guarantee Program** may **provide** some **useful guidance** **in the establishment of a national infrastructure bank**. OPIC has taken initial federal government support to create a self-sustaining investment vehicle that helps propose United States investment around the world in a wide range of industries and using various structures. **The Loan Guarantee Program**, while getting off to an initial slow start, was jump started with monies made available under the American Recovery and Reinvestment Act of 2009 to cover credit subsidy costs and **has covered ground towards setting up a structure that enables the federal government to support the development and implementation of renewable energy projects**. After September 2011, under current legislation, commercially available technology in the renewable energy space will no longer be eligible for financing under the Loan Guarantee Program but could possibly be included in the bailiwick of a national infrastructure bank.

**Loan Guarantees are critical to motivating private sector involvement – no risk of default**

**Cooper 12** Donna Cooper is a Senior Fellow with the Economic Policy Team at the Center for American Progress. Her portfolio of policy work includes federal infrastructure policy. Before coming to CAP in 2010, she served for eight years as the secretary of policy and planning for the Commonwealth of Pennsylvania, where she was responsible for crafting the state’s plan for accelerating infrastructure improvements as well as measures to promote smart infrastructure policy. Ms. Cooper was the co-leader of the state’s implementation team for managing the state’s infrastructure improvements supported with federal Recovery Act resources. She also served as lead member of the state’s Sustainable Infrastructure Task Force. (Donna Cooper, “Meeting the Infrastructure Imperative: An Affordable Plan to Put Americans Back to Work Rebuilding Our Nation’s Infrastructure”, February 2012, *Center for American Progress*, <http://www.americanprogress.org/issues/2012/02/pdf/infrastructure.pdf>) RaPa

Loans and loan guarantees **Approximately $3.3 billion in federal funding enables at least $145 billion in federal infrastructure loans Federal loans and loan guarantees play a small but increasingly significant role in U.S. infrastructure improvements**. CAP’s review of the plethora of federal loan and loan guarantee programs concluded that in 2010 nine major federal government lending programs had approximately $124 billion in credit capacity for core public infrastructure projects. For federal budgeting purposes, the cost of these programs is called the credit subsidy, which is determined by the Office of Management and Budget for each program after accounting for expected principal disbursement, loan repayments, defaults, and interest or fees collected. **Based on our analysis, this maximum capacity would cost the government an estimated $3.25 billion**. 39 Of that total capacity, CAP’s analysis found that roughly $44 billion in loans and guarantees were actually disbursed in 2010, with an estimated total credit subsidy cost of $1.8 billion. 40 Most federal loan programs require that borrowers for infrastructure projects also find other investors or demonstrate other available investment capital when applying for a federal loan or loan guarantee. Based on the loan matching requirements established by Congress, at least $20 billion in private, state, local, or public authority capital could be drawn into U.S. infrastructure projects if the full federal loan and loan-guarantee program were tapped. We describe those programs in this section. (see Figure 8) These loans and loan guarantees go toward an array of infrastructure projects, which we examine briefly in turn. Transportation loans and loan guarantees There are two major loan and loan guarantee programs within the Department of Transportation aimed at boosting infrastructure improvements. In total these loan programs were authorized at slightly more than $36 billion in 2010, of which $1.7 billion was disbursed in 2010. 41 Chief among these loan programs are the Transportation Infrastructure Financing and Innovation Act and the Railroad Improvement and Financing Act loan programs. **Loans and loan guarantees for innovative surface transportation projects The 1998 Transportation Infrastructure Financing and Innovation Act, or TIFIA, authorized federal credit programs to support publicly funded transportation infrastructure.** Through the TIFIA program**, infrastructure projects that cost at least $50 million are competitively selected for federally subsidized loans and loan guarantees to state and local governments**, **public and private transportation authorities** such as turnpikes and airports, **and private sponsors** of new projects. These loans are backed by an annual appropriation of credit assistance for lines of credit and loans issued. TIFIA loans are capped at 33 percent of overall project costs and offer low-interest, long-term loans with a two-year grace period before principal and interest payments begin. The cost to the U.S. Treasury for these loans and loan guarantees are estimated to be 10 percent of the overall value of the federal loan or guarantee for accounting purposes, figuring in the cost of an interest subsidy and the risk of possible losses on the loans and loan guarantees. The TIFIA program’s $122 million FY 2010 appropriation enables the Department of Transportation to lend or guarantee slightly more than $1 billion per year toward public, private, and public-private partnership infrastructure projects. Over the past 12 years, the TIFIA program has entered into 25 loan agreements totaling $8.7 billion. In some cases, the public and private sponsors of projects found enough capital to exceed the program’s matching requirements. As a result, for well less than $10 billion, TIFIA loans enabled $33 billion in public and private capital improvements to public highways, airports, mass transit systems, and large intermodal centers. 42 **The federal government has been making loans and loan guarantees for transportation infrastructure projects for nearly a decade with negligible defaults**. The exception that proves the rule: One of the earliest TIFIA loans made in 2003 was a $172 million loan to a private company to finance the expansion and tolling of a nine-mile stretch of the South Bay Expressway in California. The loan went into default in 2010. While the company was able to cover operating expenses, toll revenues could not generate enough funds to pay back investors. The federal government was identified as a primary creditor, as were the large bank investors who backed the project. The bankruptcy court’s restructuring of the debt reduced the TIFIA loan repayment to $99 million in debt and $6 million in equity ownership of the company. 43 The upshot**: Debt and equity payments to repay this one failed investment are reliable under the restructured financial structure**. The balance of the funds owed to the Department of Transportation will be generated by earnings on toll revenues above the court-approved operating expenses (including debt and equity payments to creditors). Thirty-two cents on each dollar of these earnings beyond those needed for operations will be made to the federal government to meet the obligation of the $73 million in unsecured debt. Over the life of the project, the federal government expects to be repaid at least 90 percent of the federal loan’s principal and interest charges. 44 This loan represents the only TIFIA project to date where federal funds were at risk of not being repaid. Railroads **The 1998 Railroad Improvement and Financing Act authorizes 35-year federal loans or loan guarantees to privately operated freight rail companies under essentially the same lending guidelines as the TIFIA program. This enables repayment requirements to more closely align with the cash flow and earnings associated with large-scale infrastructure projects.** Unlike the TIFIA program, **however, these railroad loans are not accompanied by a federal credit subsidy.** 45 This means that these loans are issued with an interest rate set at the sum of the U.S. Treasury lending rate plus the government’s cost for program administration and the estimated cost of the risk of loan default. **This in turn means that freight companies borrowing from the federal government receive a very small financial benefit from this loan program.** The program was authorized in 1998, and as part of the multiyear surface transportation authorization act, the Transportation Equity Act for the 21st Century, the program’s initial lendiwng authority was set at $3.5 billion. With the passage of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LU, the program’s lending capacity was set at $35 billion in loan authority. Since then a total of $1.6 billion in loans has been awarded. The largest single loan, $562 million, was made to Amtrak in June 2010 to finance the purchase of 70 new railcars. 46

## Tolls

#### Tolls could be a funding mechanism

Davidson 11 - American macroeconomist who has been one of the leading spokesmen of the American branch of the Post Keynesian school in economics (Paul, “Obama budget plan could create millions of jobs; But it's fuzzy on how $556 billion in projects would be funded,” February 15, 2011, Lexis)//

President Obama's proposed fiscal 2012 budget is potentially a massive job-creation engine, with plans to generate millions of them by repairing and expanding highways, bridges and railways. But the spending plan also heralds an outsize political battle as it reignites the type of Republican skepticism over the effectiveness of such outlays that characterized the 2009 economic stimulus. More critically, it's fuzzy on how the $556 billion in projects over six years will be funded. Experts say that makes it unlikely to pass a deficit-obsessed Congress. "There's just no way you can get a bill of that size" approved, says Chris Krueger, an analyst at MF Global. The plan calls for $53 billion to build a high-speed rail system, $336 billion for highways and a "national infrastructure bank" that would combine public and private money to build national or regional transportation systems. Associated General Contractors (AGC), a trade group for the construction industry, estimates the plan could create about 5.4 million construction jobs and 10 million more jobs in related industries and the broader economy. The proposal calls for new outlays to be offset by new revenue. So, a trust fund that now finances highway projects and raises about $35 billion a year largely from a gasoline tax would also pay for other things. Additional revenue could come from tolls or other sources. "It is hard to take this proposal seriously when the administration has yet to identify how it will pay for the other programs it wants to add to the trust fund," says AGC CEO Stephen Sandherr. The blueprint is certain to set off political battles. Mark Zandi, chief economist of Moody's Analytics, says infrastructure improvements not only create construction jobs but improve transportation systems to increase U.S. economic competitiveness. A study co-authored by Zandi concluded the economic stimulus, which included $135 billion in infrastructure spending, generated 8 million additional jobs in 2009 and 2010. Yet Republicans ripped the stimulus for not cutting unemployment. Economist Chris Edwards of the libertarian Cato Institute says the stimulus siphoned bank loans and workers from more efficient private projects. This time, the administration vows to eliminate duplication and waste.

#### Tolling is able to fund the NIB

**Atkinson et al 9** (Robert is the president of information technology and innovation foundation “Paying our way a new framework for transportation finance” http://financecommission.dot.gov/Documents/NSTIF\_Commission\_Final\_Report\_Advance%20Copy\_Feb09.pdf)

Any proposal to create a national infrastructure financing entity, as has been discussed in recent months in the form of a National Infrastructure Bank or National Infrastructure Reinvestment Corporation, must be considered in relation to its ability to provide necessary financing unavailable through current government programs or the private markets and to be more effective than current programs in delivering the financial subsidies. It should be noted that the Commission’s finance-related recommendations can be achieved within existing agencies and programs (e.g., the TIFIA credit assistance program) and do not require the creation of a new national-level entity. Either way, the Commission urges that important steps be taken (through fundamental reform of existing programs and/or proper structuring of a new entity) to support infrastructure investment that provides the highest societal returns while leveraging limited tax dollars with private-sector investment and new sources of revenue—particularly from direct user fees. Any existing or new federal financing for targeted investments should be structured to offer one or more of the following benefits: access to capital that is difficult to obtain in private markets, lower-cost financing and more flexible terms than available from other sources, credit enhancement to help projects gain access to private markets, or financial assistance for projects of importance to the national transportation system that cannot be fully funded with identified revenues. The Commission cautions that the potential role of a new infrastructure financing entity should be examined in the context of long-term funding needs and not only as an immediate response to the current disruption in the credit markets. Finally, the Commission emphasizes that the focus on new or enlarged funding programs and financing techniques should not be seen as a substitute for generating revenue by raising taxes, expanding tolling capabilities, or developing other sources. The institutional mechanisms being proposed, whatever their merit, will not in and of themselves directly address the core problem of insufficient revenue to support needed investment.

#### Tolls are a good source of revenue- empirics prove

**Layton 08-** Washington Post Staff Writer (Lyndsey, **“**For New Transportation Secretary, a Hard Road Ahead,” November 25, 2008, The Washington Post, Lexis)

The next transportation secretary will walk into an agency that oversees an outdated air traffic control system; congested roads, rails and skies; crumbling highways and bridges; and a financing system teetering on collapse. Transportation experts, both parties in Congress and the current White House agree that the traditional ways of easing congestion and funding transportation are not working and that a fundamental overhaul is needed. A key problem is the Highway Trust Fund, which generates about $50 billion annually for road, bridge and transit projects. The vast majority of this money -- about 82 percent -- goes to roads and bridges, while 15 percent goes to transit and 3 percent toward highway safety. The fund dates from 1956 and relies on the federal gasoline tax, which has not been increased by Congress in 15 years. The tax is not indexed to inflation, so it remains steady at 18.4 cents per gallon, despite the rise in gas prices. As the nation's transportation needs have grown, gas tax revenue has not kept up, largely because of two factors: Cars and trucks have become more fuel-efficient, and gas prices have soared, leading motorists to drive less. The result is that the highway fund is becoming an increasingly unreliable source of transportation dollars. In the past fiscal year, the fund was taking in less revenue than it was paying out to states. It was headed for insolvency in September when Congress stepped in with an $8 billion emergency transfer from the general fund. Without that, hundreds of transportation projects underway across the country would have slowed or stopped. Some think that the infusion is not enough to keep the highway fund afloat. "It won't get us through the year," said John Horsley, executive director of the American Association of State Highway and Transportation Officials. What's more, the federal deficit has grown to the point that the general fund cannot be relied upon to keep bailing out the highway fund, according to an analysis by the Government Accountability Office. Meanwhile, the costs of maintaining the country's transportation network and expanding it to accommodate growth are soaring. Transportation spending at federal, state and local levels totals about $90 billion annually. But the nation needs to spend about $225 annually for 50 years to create a highway and transit system that can sustain economic growth, according to the nonpartisan National Surface Transportation Policy and Revenue Study Commission, chartered by Congress. The commission recommended gradually increasing the federal gas tax to 40 cents a gallon, a move that the Bush administration and many in Congress have opposed. President-elect Barack Obama has not said whether he favors raising the tax. Other ideas to raise revenue include expanding **toll** roads, increasing public-private partnerships and using congestion pricing, a system in which motorists or transit passengers pay more during peak travel periods. Another idea, which is being tried in Oregon, is to charge motorists a tax based not on the gas they buy but on the number of miles they drive. The Clinton administration experimented with some of these initiatives, but the Bush Transportation Department has embraced them, particularly **toll** roads and public-private partnerships. Under Bush, the department has been shrinking the federal role in road building and public transportation and opening the sector to private investors who assume the risks of building the projects in exchange for profits from **tolls** and fees. Congressional Democrats and some Republicans, along with transit advocates, have accused the department of rationing good road transportation to those who can afford fees, tolls and taxes. In some cases, the public-private partnerships have lacked adequate protection of the public interest, according to reports by the GAO. "We need to look at all kinds of alternatives," said William Millar, president of the American Public Transportation Association, an industry group that represents transit systems. "Tax credit bonds, public-private partnerships, tolling, user fees -- we should be looking at it not from an ideological standpoint but from a very practical standpoint. . . . There may be places even in public transit where you could charge more for certain services." New leaders at the Transportation Department will also have to address the country's ailing intercity passenger rail network, Amtrak. A recent GAO analysis found a dysfunctional system in which the players -- Amtrak workers, freight railroads, and state and federal governments -- hold divergent views about the purpose of rail service, the federal role and appropriate funding. The GAO found a system in "poor financial shape" and hobbled by a structure "that doesn't effectively target federal funds where they provide the greatest public benefits, such as transportation congestion relief." The new secretary also will have to quickly craft a proposal for Congress to reauthorize the nation's five-year transportation spending plan, which expires in September. The law gives $286 billion to transportation projects. Most observers say reauthorizing the same amount will not be enough, considering the country's needs. Last year, for example, the Federal Highway Administration declared 72,000 bridges, or 12 percent nationwide, to be structurally deficient. During the campaign, Obama proposed creating a **national infrastructure bank,** an independent bank that would disburse $60 billion over 10 years and determine the level of federal investment based on factors such as location, project type, regional and national significance, and environmental benefits. The idea is to make more rational decisions about spending, removing some of the politics. Critics say $60 billion doesn't come close to addressing needs. In addition, the new secretary will have to try to jump-start a stalled plan to create a state-of-the-art air traffic control system that uses satellites to allow pilots and controllers to see the exact location of an aircraft, making takeoffs and landings safer. It also would make them faster, easing delays that are plaguing air travel. The legislation, which would also reauthorize the Federal Aviation Administration for five years, is in limbo in the Senate.

## Bonds

**NIB using bonds would remove politics from infrastructure improvements and facilitate better projects**

**Mele, 10** (Jim Mele—Editor-In-Chief of Fleet Owner, General OneFile, “Don't bank on it,” 1 January 2010, <http://go.galegroup.com.proxy.lib.umich.edu/ps/i.do?id=GALE7CA215899908&v=2.1&u=lom_umichanna&it=r&p=ITOF&sw=w>,)

Traffic congestion is a sexy topic for the general media - everyone relates to pictures of stopped cars and trucks stretching to the horizon. And with unemployment over 10%, job creation is certainly a hot topic in the press. But utter the word "infrastructure" and all eyes glaze over. So it comes as no surprise that no major media outlet noticed when Congress rejected one of the most innovative ideas for funding a long-term solution to our infrastructure problems. The proposal for creation of a national infrastructure bank was first introduced in the Senate in 2007. It went nowhere. Although it's taken on slightly different names, it's cropped up every year since and been rejected every time. The latest rejection came just last month when the Senate removed it from the fiscal 2010 budget bill it approved. So what is this idea that refuses to go away, yet attracts little support or attention beyond a few special interest policy groups? Without getting into the complex Federal budgetary processes, a national infrastructure bank, or NIB among the policy wonks, would be a development bank that would issue bonds and use the proceeds to fund major infrastructure projects. In general terms, creation of a NIB would have two major advantages. First, it would remove Federal infrastructure funding from the six-year reauthorization cycle which is causing so many delays and problems right now. Also, moving those investment decisions outside the Congressional authorization process would eliminate the hodgepodge of pork-barrel projects larded into reauthorization bills needed to attract votes, but adding little to national transportation efficiency. Instead, a NIB could fund projects based on overall merit and bring accountability to infrastructure investment. Today, the Federal government collects fuel taxes to fund highway and other infrastructure projects, but it actually has little control over those projects. More than three-quarters of those funds are distributed as grants to states or local governments. Yet the Federal government has little direct control over the projects funded or how they might fit into national goals such as congestion reduction. Worse, the current highway funding mechanism actually discourages preventive maintenance. That money can only be used for major maintenance projects, in effect giving states an incentive to ignore preventive maintenance until the situation deteriorates enough to qualify for Federal funds. Insulated from Congressional influences, a NIB could choose infrastructure projects based on merit, focusing on those that cross state lines and other jurisdictional barriers to satisfy regional and national transportation needs. Such power to choose projects would also allow it to enforce performance standards and give us clearer accountability for the way our infrastructure money is spent. The European Investment Bank has filled just such a role for over fifty years, helping build an effective transportation network that spans many national borders. It could work here, as well.

## Tolls Better than Gas Tax

#### Congestion tolls should replace the gas tax- better funding, influence in driving habits, social benefits and environmental effects

**GALELLA 11** - One of the world's greatest specialists in traffic management and safety runs the company, Trafix (OTTAVIO, “Smart tolls are the best option,” October 18, 2011, The Gazette (Montreal), Lexis)//

The federal government's decision to build a new Champlain Bridge that would be financed through user tolls has brought about criticism from many observers - including the respected Gazette columnist Henry Aubin - who favour financing through a special metropolitan-fuel tax instead. But tolls are, I believe, the wiser policy option. Unlike the United States, Canada does not have a culture of dedicating fuel taxes for highways and public transit, except in special cases. What's more, proposed increases in existing fuel taxes south of the border have been stalled for a long time as new kinds of tolls are being tested. In a few states, like New York, revenues from tolls exceed those from fuel taxes. A growing number of jurisdictions have begun configuring tolls in order to influence when people drive their vehicles. Tolls are no longer merely being seen as a way to finance construction and maintenance. They can influence driving habits when the price is set highest at peak periods of morning and evening travel, and lowest during other parts of the day. This variable pricing model is known as congestion tolling. It has the effect of spreading out traffic flow to less-expensive time periods, and encouraging the use of public transit or carpooling. With proven electronic technology, there is no need for old-fashioned tollbooths, so traffic doesn't have to slow down or come to a stop. Congestion tolls can be applied to roads or bridges, or to express-toll lanes on highways. They can also be set up around a central-city core, as is the case now in London. Or they can be applied to all roads within a specific geographical area, through per kilometre charges, a system being tested in the states of Oregon and Washington. Congestion tolls have broad societal benefits. Because they reduce gridlock, they prevent lost economic productivity due to traffic congestion, which costs billions of dollars every year to the economies of big cities. At the same time, they are beneficial from an environmental standpoint. Reducing congestion means reducing the amount of time that vehicles spend idling in gridlock - and that, in turn, means fewer greenhouse-gas emissions. In 1975, Singapore introduced a manual-toll scheme during morning rush hour; it shifted to an electronic variable-toll system in 1998. Singapore's example proved that electronic tolls worked well, and set the stage for electronic tolling elsewhere. In 2003, London adopted an electronic-toll system to charge motorists entering the central area of the city. It worked well as far as reducing congestion was concerned, but when London tried to expand the toll ring, it ran into some logistical problems and had to go back to its original 2003 framework. In 2006, Stockholm tested a system like the one that London introduced in 2003. The test resulted in a 22-per-cent reduction in traffic volumes and a significant increase in bus ridership. When the test came to an end, the roads became congested again. In a referendum, residents voted to reinstate the tolls. In Milan, toll prices vary by vehicle type and model, according to how much pollution is emitted by different categories of vehicles. In the U.S., a dozen pilot projects were implemented between 1993 and 2008. O**bjectives were met for the great majority of projects, without any significant political controversy.** A 2010 report prepared for the Federal Highway Administration evaluated congestion tolls in the metropolitan areas of Seattle, San Francisco, Dallas and Minneapolis. **The report concluded that congestion tolling is effective and should be incorporated into long range plans.** In Montreal, congestion tolling should be used on all of Montreal Island's 16 bridges, which carry 1.2 million vehicles per day and are chronically congested at peak periods. Montreal's bridges constitute the weakest links in a highway system that would benefit greatly from a fundamentally different approach to traffic management. Evening and weekend travel could be exempted from tolling. Revenues in excess of the money needed for preventive and regular maintenance could be funnelled into regional public transportation. The reduction of vehiculartraffic volumes at peak periods could allow for expansion of bus and taxi lanes, and of other modes of transportation. More park-andride facilities would appear along bridge corridors. In my opinion, congestion tolling offers advantages for mobility that cannot be matched by fuel taxes.

## Stops Political Paralysis On Funding

#### A National Infrastructure Bank would dodge the political and monetary issues of current transportation spending.

**Tyson 11**

([Laura D’Andrea,](http://www.nytimes.com/ref/business/economy/laura-dandrea-tyson-bio.html) professor at the Haas School of Business at the [University of California, Berkeley](http://topics.nytimes.com/topics/reference/timestopics/organizations/u/university_of_california/index.html?inline=nyt-org), and served as chairwoman of the [Council of Economic Advisers](http://topics.nytimes.com/top/reference/timestopics/organizations/w/white_house_council_of_economic_advisers/index.html?inline=nyt-org) under President Clinton. She currently serves on President Obama’s Council on Jobs and Competitiveness and its infrastructure subgroup. , “The Virtues of Investing in Transportation”, The New York Times, <http://economix.blogs.nytimes.com/2011/06/03/the-virtues-of-investing-in-transportation/>)

That’s also why both the administration and a bipartisan group — led by Senators [John Kerry](http://topics.nytimes.com/top/reference/timestopics/people/k/john_kerry/index.html?inline=nyt-per), Democrat of Massachusetts; Kay Bailey Hutchison, Republican of Texas; and Mark Warner, Democrat of Virginia — have proposed the creation of a national infrastructure bank.¶ Such a bank would focus on transformative projects of national significance, like the creation of a [high-speed rail](http://topics.nytimes.com/top/reference/timestopics/subjects/h/high_speed_rail_projects/index.html?inline=nyt-classifier) system or the modernization of the air traffic control system. Such projects are neglected by the formula-driven processes now used to distribute federal infrastructure funds among states and regions.¶ The bank would also provide greater certainty about the level of federal funds for multiyear projects by removing those decisions from the politically volatile annual appropriations process and would select projects based on transparent cost-benefit analysis by independent experts.¶ The bank would be granted authority to create partnerships with private investors on individual projects, and these would increase the funds available and foster greater efficiency in project selection, operation and maintenance. Such partnerships — common in Europe and other parts of the world — [often result in earlier completion of projects, lower costs and better maintenance](http://www.chaire-eppp.org/files_chaire/02_partnerships_engel_fischer_galetovic_paper2.pdf) of infrastructure compared with investments made solely by public entities.¶ Despite rapid growth in the last decade, such partnerships are still rare in the United States. Why? Because infrastructure decisions [are fragmented](http://www.thebanker.com/Markets/Infra-Project-Finance/America-s-crumbling-infrastructure-can-private-capital-save-it), with states, cities and municipalities owning their own assets and applying their own political and economic criteria to potential deals with private investors. Several states do not have legislation authorizing partnerships and no guidelines exist for how decisions will be made.¶ One obstacle may be gone: Representative James Oberstar, Democrat of Minnesota and the previous chairman of the House Transportation and Infrastructure Committee, opposed these partnerships and urged state and local officials to avoid them. He lost his seat in 2010, and Representative John Mica, Republican of Florida, who now heads the committee, supports the partnership concept.¶ Improving infrastructure investment decisions through cost-benefit analysis and public-private partnerships is one way to realize larger returns on scarce investment dollars.¶

#### An NIB removes stops political paralysis

**Mele, 10** (Jim Mele—Editor-In-Chief of Fleet Owner, General OneFile, “Don't bank on it,” 1 January 2010, <http://go.galegroup.com.proxy.lib.umich.edu/ps/i.do?id=GALE7CA215899908&v=2.1&u=lom_umichanna&it=r&p=ITOF&sw=w>,)

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#### An NIB removes politics from infrastructure improvements and facilitate better projects

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## More Efficient Investing Than The Squo

#### Investment is needed, but only consistent rational investing solves- A national infrastructure bank is most efficient and effective

Ehrlich 10 (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank: A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)AK

Consistency may be the hobgoblin of little minds, but it is the foundation of rational investment calculation. In infrastructure, this means, at a minimum, consistency in the assumptions made for future economic growth and its constituents: inflation, the cost of capital and the discount rate, and the value of human life and the time lost to delay. The public financing of infrastructure also requires a consistent approach to such policy measures as environmental degradation, the fiscal carrying capacity of states and localities, the level (if any) of second-round employment and output multiplier effects, and the treatment of such diverse variables as the distribution of income and ancillary homeland security benefits. American infrastructure is depreciating rapidly – we are likely well below the replacement rate of investment in roads, mass transit, airports, ports, rail, and water assets. The logical implication is that we need to invest more. But more investment in and of itself will not move us towards the right mix of infrastructure assets. Federal agencies are now obliged by the Office of Management and Budget (OMB) to use consistent values in their project analysis and capital allocation decisions, but their obligation to do so is ultimately not binding. These are opt-outs and, ultimately, the invisible but decisive weighting given to projects with political sponsorship. The driving idea behind the National Infrastructure Bank is that we can do much better than that. It would be utopian to believe that the Bank’s presence would wipe the blight of political interference from the process. But it is possible to hope that projects above some threshold of federal involvement be publicly and visibly evaluated and ranked by the Bank, so that their relative merits can be known. And it is not impossible to imagine that rational funding decisions be the rule rather than the exception. The closer we get to such a rule, the better off we are, and the more rapidly so. Replacing a project anointed by a non-rational mechanism that has, let us charitably assume, zero economic return with a positive rate of return above some threshold (related to the cost of capital) produces a mathematically infinite improvement in project benefits. Rational project selection maximizes the effectiveness of spending. It also delivers better budgeting decisions and economic information. For one, it leads us to spend the next dollar on infrastructure on the project with the highest available return. It also allows us to understand far more accurately the level of net investment in infrastructure by improving the value we assign to both the creation and depreciation of public wealth. And it allows us to more easily monitor our progress against the backlog of viable infrastructure projects. This may be unduly idealistic or utopian as well, but no policy should be put in place without some idea of its ongoing success and when its job may one day be done.

#### Squo investment is inefficient- NIB funds large projects

Congressional Research Service (CRS) 2011, December 14, 2011 William J. Mallet, specialist in Transportation Policy, Steven Maguire, specialist in public finance, Kevin R. Kosar, Analyst in American National Government , “National Infrastructure Bank: Overview and Current Legislation”, pdf

One of the main arguments for creating a national infrastructure bank is to encourage investment that would otherwise not take place. This investment is especially thought to be lacking for large, expensive projects whose costs are borne locally but whose benefits are regional or national in scope.33 A national infrastructure bank might help facilitate such projects by providing large amounts of financing on advantageous terms.34 For instance, an infrastructure bank could provide loans with very long maturities and allow repayment to be deferred until a facility is up and running. Whether this would lead to an increase in the total amount of capital devoted to infrastructure investment is unclear. One purported advantage of certain types of infrastructure banks is access to private capital, such as pension funds and international investors. These entities, which are generally not subject to U.S. taxes, may be uninterested in purchasing the tax-exempt bonds that are traditionally a major source of project finance, but might be willing to make equity or debt investments in infrastructure in cooperation with a national infrastructure bank. If this shift were to occur, however, it could be to the detriment of existing investment, as the additional investment in infrastructure may be drawn from a relatively fixed amount of available investment funds.

Banks use economic estimates, not engineering- this is key to better allocation of resources and eliminating costs

Ehrlich 10 (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank: A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)AK

A Bank will evaluate infrastructure “needs” from an economic, not engineering, perspective. When engineers speak of national infrastructure “needs,” they are producing an engineering, not economic, estimate. That’s not to disparage the work of engineering bodies, which have far too often been our sole link to understanding the deficiencies of current policy. But there is a difference – an economic estimate has been subjected to a test that reflects willingness to pay. Absent this context, we may build perfectly good bridges, but some of them will go nowhere. The primary feature of current policy that works to obstruct this test is cost-sharing grants. Too many programs operate under cost-sharing rules, which specify that approved projects will receive either 75 or 90 percent of project costs for roads, or 100 percent for waterways. Absent some local “skin in the game,” a local “want” can easily morph into a “need.” A sizable improvement in the allocation of federal infrastructure resources would occur if we were to eliminate these modal cost shares and move to a more rational system. In many ways, all that follows is an extension of that principle.

## PPPs Solve

#### Public-private partnership effective

Edward Glaeser 2012, 2/13/12, Bloomberg View columnist and economics professor at Harvard, “Spending Won’t Fix What Ails U.S. Infrastructure: Edward Glaeser”, http://www.bloomberg.com/news/2012-02-14/spending-won-t-fix-what-ails-u-s-transport-commentary-by-edward-g,laeser.html

PROMOTE PRIVATE-PUBLIC PARTNERSHIPS: Chile has been at the forefront of pioneering public-private transportation investment, and the U.S. has much to learn from its example. The basic idea is that the government establishes the need for some new investment, and clears the political hurdles, but then takes bids from the private sector for construction and operation. The private entity pays the upfront costs, which are then recouped with toll revenue. In some cases, a moderate subsidy may be required, but at least that subsidy is transparent. This system has three big advantages. The private sector may be most cost-effective at construction and maintenance. The project only goes forward if private investors anticipate significant toll revenue. The private operator has every incentive to keep up maintenance, because it can only recoup costs if people keep driving the roads. There are also challenges involved in managing private concessions, as California’s experience with State Road 91 illustrates, but these hurdles should be surmountable, especially if we have enough regulation to keep private roads and bridges safe.

# 2AC- US-Canada Add-on

#### National Infrastructure bank is key to boosting US Canada Trade- that’s an internal link to the economy

Niagara Gazette 12 (Justin Sondel “Officials discuss cross-border commerce in Falls” July 4, 2012 Lexisnexis)AK

The roundtable discussed solutions to problems that slow the flow of people and money from New York to Canada and Canada to New York. The discussion centered around improving bridges, or building new ones, and granting pre-clearance border crossing for travelers and freight. An estimated $9 billion in costs are lost to border delays in the trucking industry each year, according to a document produced by Gillibrand's office. New York State needs to do a better job of capitalizing on the millions of potential customers that live just across the border, officials agreed. Shopping malls are already doing a great job of attracting Canadian visitors, but more needs to be done to get those visitors to enjoy the other attractions that New York has to offer, Gillibrand said.¶ "We want them to start going to our vineyards to do wine tours," Gillibrand said. "We want them to go to our architectural heritage places. We want them to understand that this region has much more to offer than just shopping malls."¶ Gillibrand said that New York should also be looking to grow the amount of goods exported to Canada.¶ New York exported $12.5 billion in goods to Canada in 2011 while Canada exported $22.6 billion in goods to New York, according to Gillibrand's office.¶ "We want to make sure that we really can untap all of that potential so that we can take advantage of it and create the jobs that we desperately need," Gillibrand said.¶ With governments on both sides of the border tightening belts, some lawmakers are looking to the private sector to help fund infrastructure improvements. U.S. Sen. John Kerry, D-Mass., has introduced a bill in the Senate that would establish a National Infrastructure Bank. That institution would use public funds to leverage private investment in infrastructure. Gillibrand helped craft the bill, which she said has bipartisan support.¶ "The goal would be to have private sector investors to help that work get done now," Gillibrand said.¶ Higgins said that he also sees infrastructure improvements as the key to expanding commerce between New York and Canada.¶ The Grand Island Bridge, which serves a community of 20,000 people, has four lanes between the north- and south-bound spans while the Peace Bridge, which connects Western New York to about 8 million people in lower Ontario, only has three lanes, he said.¶ "People avoid the cross-border movement," Higgins said. "The only way to deal with it is to build in capacity, to build in reliability and predictability."

#### US-Canada Trade is key to US Canadian relations- spurring domestic innovation spills over

Espinel 2011 (Victoria is the United States Intellectual Property Enforcement Coordinator for the Office of Management and Budget. “Remarks by at U.S.-Canada Innovation Conference by White House IP Enforcement Coordinator” 2nd November http://canada.usembassy.gov/news-events/2011-news-and-events/november-2011/9-november-2011-remarks-by-at-u.s.-canada-innovation-conference-by-white-house-ip-enforcement-coordinator)AK

I am President Obama's advisor on Intellectual Property Enforcement. My job is to ensure that we protect our technology and innovation. And we, the U.S. and Canada, have a shared interest in promoting and protecting innovation. The United States and Canada are linked by more than a border; we are neighbors who share the same vision both economically and technologically. That vision is to move technology and innovation forward -- as partners -- in a new century that will see great advances and revolutionary inventions.¶ Our relationship is beyond that of simple bilateral trade. We've built an integrated economy over many decades. At the same time, we've also built successful and similar regulatory approaches. Our leaders recognize that trade is important to our economies, and to be successful, we should look at ways to facilitate business and lower costs and barriers. The economic health of both Canada and the U.S. will lie in part in making the most of our unique and mutually beneficial economic relationship. Improved innovation performance in both countries is central to this.¶ Improving innovation performance is one of the most important economic goals for the leaders of Canada and the United States. This is reflected today in both Washington and Ottawa, where innovation is at the top of the policy agenda. Innovation improvement north or south of the border is not a zero sum game benefitting one economy at the expense of the other. Rather, it is in the interest of Canada to see improved U.S. innovation performance, and vice versa. We need to think of innovation as a broad North American challenge and not simply as a domestic one.¶ In an integrated North American economic space, innovation on one side of the border has positive spill-over effects on the economy of the other, making each more efficient and competitive. Innovation is a product of a complex, often informal system consisting of industry, universities, finance and government. Improving the performance and interaction of these various links in the chain within each country and across borders will bear the fruits of innovation.¶ In February 2011, the Regulatory Cooperation Council (RCC) was created by President Obama and Prime Minister Harper to deliver a more deliberate approach on regulatory cooperation between Canada and the United States. The President and the Prime Minister have taken on this initiative because they believe that our citizens and Canadian citizens deserve smarter, more effective approaches to regulation that enhance the economic competitiveness and well-being of the United States and Canada, while maintaining high standards of public health and safety and environmental protection.¶ The President and the Prime Minister both recognize the crucial importance of such regulatory cooperation. This is particularly critical as the U.S. and Canadian economies pull out of the recession and confront the challenges of improving productivity and spurring innovation that will preserve our competitive edge. Regulatory cooperation can spur economic growth in both of our countries country, fuel job creation, and lower costs for consumers, manufacturers, and governments. Regulatory cooperation can be particularly helpful to small and medium-sized businesses that we need to support.¶ This effort by President Obama and Prime Minister Harper exemplifies the commitment and cooperation between Washington and Ottawa in exploring new approaches to preserve innovation during these tumultuous economic times.¶ President Obama knows that innovation is essential to winning the future. The way to win the future is to make investments in long term growth, sustainability and create an environment that encourages innovation and ingenuity and to ensure we protect innovations. These recurring themes have been the cornerstone of White House initiatives since President Obama took office. These policies are built on the notion that government should encourage innovation, not stifle it.

[insert terminal impact]

### US Canada relations low

#### US Canada relations near the brink- dairy industry concerns

Wall Street Journal (ALISTAIR MACDONALD “U.S.-Canada Relations Face Test Over Trade“ 4-2

http://online.wsj.com/article/SB10001424052702303816504577319521338466132.html)AK

U.S. businesses have their own complaints about Canadian trade practices, including what they see as Ottawa's protection of its dairy industry.¶ "We have met multiple times with our Canadian counterparts—and with other potential TPP partners—for the express purpose of discussing issues to be addressed, and will continue to do so," a spokeswoman for the U.S. Trade Representative said.¶ "Are there are areas where we want to see changes in Canadian practices? For sure," Mr. Obama told reporters at a post-summit news conference Monday.¶ Without referring specifically to Canada, he said that in trade negotiations such as the TPP, countries need to tackle protected industries that create disadvantages for other countries.¶ Canadian officials have said that they have been willing to put everything up for negotiation—including, some officials say, dairy products and other issues such as a U.S. push for Canada to increase intellectual-property protections.¶ TPP joins a list of recent points of tension in the world's largest trade relationship. Canadians were angered by "Buy America" provisions in last year's U.S. stimulus plan, new surcharges imposed on Canadians traveling to the U.S. and regulatory delays in approval for the Keystone pipeline, a massive project to move crude from the oil sands of Alberta to U.S. refineries.

#### US Canada relations near the brink- trade dispiutes

Wall Street Journal (ALISTAIR MACDONALD “U.S.-Canada Relations Face Test Over Trade“ 4-2

http://online.wsj.com/article/SB10001424052702303816504577319521338466132.html)AK

President Barack Obama and Canadian Prime Minister Stephen Harper talked common cause on the Americas on Monday, but their two nations' historic trade relationship is being tested anew by tensions over membership in a trans-Pacific trade group.¶ Mr. Obama, after hosting a one-day summit with Mr. Harper and Mexican President Felipe Calderón, said all three nations will take new steps to ease regulations with the aim of increasing trade among them and creating more jobs. The three also discussed immigration policies and the war on drugs. Mr. Obama said the U.S. would welcome both countries' entry into the Trans-Pacific Partnership, a free-trade zone spanning the Pacific Ocean. And Mr. Harper reiterated his country's eagerness to join the TPP, saying it was part of Canada's "ambitious trade agenda."¶ The TPP began in 2005 as a pact including Brunei, Chile, New Zealand and Singapore. A second wave of five countries, including the U.S. and Australia, started negotiations to join soon after and have said they aim to reach a deal this year. Canada and Mexico began the process to join the group later.¶ Some Canadian officials say that despite the verbal support from the White House, U.S. trade negotiators have been reluctant to encourage Canada's entry into the TPP. The treaty is seen as important for both countries to take advantage of Asia's booming growth, at a time when much of the rest of the developed world is still struggling to recover from the global downturn.¶ The tension over the TPP follows a series of minor trade spats last year, including the surprise decision by the White House to reject a proposed expansion of an oil pipeline running from Alberta to the U.S.¶ Some Canadian officials are taking the negotiations over the TPP more seriously than the other trade disputes. One official said that should the U.S. not back Canada on the TPP it would cause "diplomatic blowback."¶ Although several TPP member countries and countries among those seeking to enter the group have signaled their willingness to allow Canada in, The U.S. stymied Canada's attempts to join the most recent round of entry talks in Melbourne last month, saying there wasn't enough time to accommodate Ottawa.¶ "Our assessment is that the U.S. just doesn't want Canada in," said Peter Clark, a former Canadian trade negotiator who now runs Grey, Clark, Shih & Associates Ltd., an Ottawa-based international trade consultancy.¶ "Canada has gone to Washington and told them they were putting everything on the table, and Washington is still saying that is not good enough," he said.

# 2ac Terrorism add-on

**Bad infrastructure leads to terrorist attacks- fragile systems make attacks worth pursuing**

**US Newswire 10** ("Coalition Urges Congress and Obama Administration to Create National Infrastructure Bank" 1/20 <http://www.prnewswire.com/news-releases/coalition-urges-congress-and-obama-administration-to-create-national-infrastructure-bank-82167467.html>)AK

"There is also a national security benefit to be derived from reversing the corrosive condition of U.S. critical infrastructure," said **Stephen E. Flynn, Ph.D., President, Center for National Policy**. "Acts of terrorism will have substantial political and military value for our adversaries as long as these operations promise to generate large costs or produce political changes that advance their interests. It follows that the more fragile U.S. vital systems are, the more likely it is that terrorists will assume they can cause the kind of fallout that makes these attacks worth pursuing."

#### A nuclear terrorist attack causes extinction- a single strike would trigger massive retaliation and nuclear winter

Ashford 2004 (Mary-Wynne is Past President of International Physicians for Prevention of Nuclear War which won the 1985 Nobel Peace Prize “Canada and the new American Empire” August 11 http://www.newsociety.com/Contributors/A/Ashford-Mary-Wynne)AK

For Canada there are risks inherent in being a close ally of the U.S. Our proximity means that an attack on the U.S. using nuclear, chemical or biological weapons could have devastating effects on Canadian territory. The greatest danger we face is not that North Korea will launch a nuclear missile against Los Angeles, it is the danger posed by 30,000 nuclear weapons held by the other eight nuclear weapons states. Despite the “unequivocal commitment to the complete elimination of nuclear weapons” made by the nuclear weapons states in 2000, (and withdrawn by President George W. Bush) some 4000 nuclear weapons are still kept on high alert (launch on warning) between the U.S. and Russia. Today the risk of accidental or inadvertent launch of a missile is much more likely than a deliberate attack, but the risk of a terrorist attack has brought a new factor into the equation. The consequences of an unauthorized launch could be catastrophic. Gen Lee Butler (U.S. ret.) told the Canadian Parliament that when he was head of U.S. Strategic Command, if a missile appeared to be coming toward the U.S., the response would be the retaliatory launch of 10,000 missiles against Russia. Bruce Blair, Director of the U.S. Center for Defence Information states that in spite of all the positive changes in U.S.-Russian relations, the Pentagon still focuses on Russia as the major threat to the U.S.

Nuclear war remains the only thing that could wipe out human life in an afternoon. Whether or not Canadian cities and military bases were targeted, an exchange of hundreds or thousands of nuclear explosions between the U.S. and Russia would be likely to trigger nuclear winter. Scientists predict that the fires and large amounts of debris sent into the atmosphere would be carried around the earth, blocking out the sun and causing a drop in temperature that would lead to massive crop failures in both the Northern and Southern hemispheres.2. Ballistic Missile Defence

The expenditure of hundreds of billions of dollars on systems to try to shoot down a small number of missiles is the fulfilment of a dream of many successive U.S. leaders.

### AT: Deterrence Solves Terrorism

#### None of their framing arguments apply- terrorists can’t be deterred

Ashford 2004 (Mary-Wynne is Past President of International Physicians for Prevention of Nuclear War which won the 1985 Nobel Peace Prize “Canada and the new American Empire” August 11 http://www.newsociety.com/Contributors/A/Ashford-Mary-Wynne)AK

It is hard to imagine a nation choosing to attack the U.S. with missiles because the retaliation would ensure complete destruction of their country. Terrorists who are willing to commit suicide would not use a missile to carry a bomb when there are many easier ways to transport a nuclear bomb if that were their intent.

# 2AC Intercity Rail Add-on

#### An infrastructure Bank would build intercity rail

Ehrlich 10 (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank: A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)

I believe a Bank is the right step in the evolution¶ of federal infrastructure programs. We should¶ implement one now, focusing it on a handful of¶ national projects to begin – perhaps rapid intercity¶ rail, upgrading of the Chicago freight rail¶ nexus, and modernization of the air traffic control¶ system. We can then gradually expand the Bank¶ – in part by imposing and gradually lowering the¶ threshold of federal involvement that requires the¶ Bank’s approval until the major projects of the¶ modal programs have all been moved to the Bank’s¶ selection process.

# 2AC- air traffic control add-on

#### An infrastructure Bank would modernize air traffic control system

Ehrlich 10 (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank: A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)

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# 2AC- HSR Add-on

#### A National infrastructure bank is the only way to build HSR

MSNBC 11 (Anika Anand “Bank plan would help build bridges, boost jobs” 7/6/2011 http://today.msnbc.msn.com/id/43606379/ns/today-today\_news/t/bank-plan-would-help-build-bridges-boost-jobs/#.T\_9qwdUk\_q0)

America is one of the last industrialized countries in the world without high-speed rail and will only get it built through public-private partnerships such as those encouraged by a national infrastructure bank, said Andy Kunz, the president of the US High-Speed Rail Association. The group has been pushing for a 17,000-mile national high-speed rail network run on electricity to be completed by 2030. “Nearly every country in the world has come to us and said they have money to invest in our high-speed rail system in the U.S.,” he said. Kunz said a national infrastructure bank would simplify the process of building a rail network because it would simplify the steps and the number of people needed to approve it. "The bank would focus on the project as the number one issue, rather than constituents and politics as the number one focus," he said.

# 2AC- TIFIA Bad Add-on

#### New TIFIA regulations mean projects that help the public won’t pass

Phineas Baxandall, July 10, 2012, Senior Analyst, United States Public Interest Research Group (U.S. PIRG), in response to “Lender's Remorse in the Highway Deal?”, “New TIFIA Bias Will Hurt Public”, http://transportation.nationaljournal.com/2012/07/lenders-remorse-in-the-highway.php#2224456

Turning TIFIA into a first-come-first-served funding pool means it will no longer prioritize projects that provide the most public benefits. TIFIA has been vastly oversubscribed in past years, mostly with applications from private toll roads. Many of these applications, previously rejected because they couldn’t compete based on broader performance criteria, can now be quickly resubmitted. Newly eligible transit systems like LA’s, by contrast, must navigate new rules for public revenue sources and grouped project applications, and may wind up being too late to receive a penny. When next year’s project list is announced, TIFIA may come to stand for “Tolling Is Faster In Applications.” There are downsides to converting TIFIA into a financing pool for the first applications that show they can generate a profit. Transportation systems are interconnected and create externalities that aren’t reflected in the bottom line of each individual project. The benefits of the FasTracks light rail system in Denver, for instance, include encouraging more efficient compact development and reducing the number of cars on the road at peak commuting hours. That added value is nowhere expressed on the ledger of its credit worthiness. A new toll road, while generating profits, may also generate more pollution and asthma. It may leave poorer drivers who can’t pay higher tolls stranded. A new toll highway in Seattle will reportedly divert large volumes of toll-avoiding traffic onto overburdened downtown streets. The point isn’t that new toll roads are necessarily bad – they’re not – but that none of the externalized costs or benefits will be considered under the new rules. A program that ignores externalized costs and benefits will be biased toward projects that impose their true costs on the general public. Projects that include public benefits that can’t be monetized and transferred to creditors will be at a disadvantage. It is a win for the investment banks and law firms that lobbied for these provisions, but a loss for the public interest.

#### Creation of NIB would remove TIFIA

Congressional Research Service (CRS) 2011, December 14, 2011, Congressional Research Service, William J. Mallet, specialist in Transportation Policy, Steven Maguire, specialist in public finance, Kevin R. Kosar, Analyst in American National Government , “National Infrastructure Bank: Overview and Current Legislation”, pdf

The federal government already has a number of programs to support infrastructure projects (see Appendix A for a discussion of these). Drinking water and wastewater infrastructure projects, for instance, can receive low-interest loans for up to 20 years from the state revolving loan fund program, and repayment does not begin until the facility is operating, although these loans tend to be relatively small. The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides large low-interest loans of up to 35 years from the substantial completion of a project (see the box below). For these and other reasons, some argue that TIFIA already functions as an infrastructure bank for transportation projects.36 Only transportation projects are eligible for TIFIA assistance, which has generated interest in creating similar programs in other infrastructure areas. For example, there have been proposals for the creation of a WIFIA, a Water Infrastructure Financing and Innovations Authority, to support infrastructure for drinking water and wastewater systems.37 If it were to create a national infrastructure bank, Congress would need to consider the fate of these other programs. One option would be abolish the programs that appear to have the same objectives as the infrastructure bank, such as TIFIA, but keep the programs that are primarily aimed at providing assistance to smaller projects, such as the Wastewater and Drinking Water SRFs and the State Infrastructure Bank program. Another option would be to create the national infrastructure bank as an added mechanism for credit assistance, with the possible duplication of effort this entails. All existing national infrastructure bank proposals take this latter approach.

### NIB Benefits Public (Emissions/Econ)

#### NIB would benefit public by reducing emissions and improving regional economic performance

Congressional Budget Office (CBO) July 2012, 7/12/12,“Infrastructure Banks and Surface Transportation”, PDF

An infrastructure bank, through loans, loan guarantees, and lines of credit with low interest rates and fees, could provide a federal subsidy commensurate with the benefits of a project that accrue to the general public rather than to individual end users. (A project whose benefits to end users exceed its costs could be completed without any government subsidies if the users could be charged appropriately.) Those public benefits might include improved air quality resulting from reductions in congestion, increased property values surrounding improved infrastructure, or improved regional economic performance.7 Under current law, most federal assistance for transportation projects is in the form of grants to state and local governments that are paid for primarily from federal tax revenues. Federal grants provide a large subsidy, but because there is no repayment requirement, they may not induce state and local governments to charge user fees that align payment of the costs with the ultimate beneficiaries.

# A2: 50 States CP

## Can’t solve- States Broke

#### **SIB’s fail- poor allocation of funds and lack of revenue- supercharges the perm**

Slone 11- CSG Senior Transportation Policy Analyst, State Infrastructure Banks, <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>

Although many states have experienced some degree of success in employing state infrastructure banks to help fund their infrastructure projects, observers say not all such banks have reached their full potential, especially when it comes to using capital from federal sources. In a 2010 analysis done for the Virginia Department of Transportation, George Mason University’s Jonathan Gifford writes that “although state (departments of transportation) can allocate up to 10 percent of the federal highway funds apportioned under the National Highway System, Surface Transportation, Highway Bridge and Equity Bonus programs, full utilization of such resources is not commonplace.” Gifford said the accessibility to existing credit options available through the municipal bond market may be a reason for the underutilization. The introduction of the Build America Bonds program in 2009 in particular may have limited use. It may also be difficult to identify revenue streams for smaller scale projects that are locally sponsored. Finally, it may be that the size of project backlogs in many states requires state departments of transportation to fully allocate core federal highway program dollars before seeking other project financing.

#### Fed key/ States fail- budget shortfalls and deficit problems

Pollack 11- Ethan, Working Economics, Economic Policy Institute, http://www.epi.org/blog/reasons-invest-national-infrastructure/

There’s no one else. States governments are facing nearly $150 billion in shortfalls in this fiscal year and the next, and, unlike the federal government, states generally cannot run deficits. Adding to this situation, fiscal relief from the Recovery Act has petered out, falling from $127 billion over the last two years to only $6 billion over the next two years. Local governments face equally difficult fiscal challenges. At this point in time, only the federal government can make these needed investments.

#### SBI’s fail- duplicate existing programs, increase taxes and debt

Vock 11- Daniel C. Vock covers transportation, politics and immigration for Stateline, State Infrastructure Banks Get Mixed Marks, http://ts-si.org/finance/31200-state-infrastructure-banks-get-mixed-marks

Isn't an infrastructure bank just another form of debt? Some critics say it is. Ronald Utt, a research fellow at the Heritage Foundation, believes that the banks do little more than duplicate existing programs. Many of the advantages of the infrastructure banks, Utt argues, can be found in almost any program that issues debt. “Essentially,” he says, “what you’re doing is using the taxes of tomorrow to fund projects today.” “Any kind of debt instrument comes with a contractual servicing of it, so all debt is self-extinguishing in the normal course of payments,” Utt says. “There’s no reason why, as some debt is paid off, you couldn’t take on more debt to do other projects through more traditional methods.”

## Can’t solve- Private sector

**NIB at the federal level is key—investment is guided by cost-benefit analysis, provides certainty that attracts investors, and avoids the political agendas of both congress and the states**

**Tyson 11**-Professor @ the Haas School of Business of UC-Berkeley, PhD in Economics @ MIT, BA Summa Cum Laude in Economics @ Smith College, former Chair of the US President’s Council of Economic Advisers, served as the Director of the National Economic Council [Laura, The New York Times Blogs, “The Virtues of Investing in Transportation,” 6/3/2011, <http://economix.blogs.nytimes.com/2011/06/03/the-virtues-of-investing-in-transportation/>,)

In a time of budget austerity, the allocation of scarce federal dollars for infrastructure must be guided by cost-benefit analysis — rather than by earmarks and formula-based grants, as is currently the case. That’s why the Obama administration is calling for the use of performance criteria and “race to the top” competition among state and local governments to allocate federal spending among competing projects. That’s also why both the administration and a bipartisan group — led by Senators [John Kerry](http://topics.nytimes.com/top/reference/timestopics/people/k/john_kerry/index.html?inline=nyt-per), Democrat of Massachusetts; Kay Bailey Hutchison, Republican of Texas; and Mark Warner, Democrat of Virginia — have proposed the creation of a national infrastructure bank. Such a bank would focus on transformative projects of national significance, like the creation of a [high-speed rail](http://topics.nytimes.com/top/reference/timestopics/subjects/h/high_speed_rail_projects/index.html?inline=nyt-classifier) system or the modernization of the air traffic control system. Such projects are neglected by the formula-driven processes now used to distribute federal infrastructure funds among states and regions. The bank would also provide greater certainty about the level of federal funds for multiyear projects by removing those decisions from the politically volatile annual appropriations process and would select projects based on transparent cost-benefit analysis by independent experts. The bank would be granted authority to create partnerships with private investors on individual projects, and these would increase the funds available and foster greater efficiency in project selection, operation and maintenance. Such partnerships — common in Europe and other parts of the world — [often result in earlier completion of projects, lower costs and better maintenance](http://www.chaire-eppp.org/files_chaire/02_partnerships_engel_fischer_galetovic_paper2.pdf) of infrastructure compared with investments made solely by public entities. Despite rapid growth in the last decade, such partnerships are still rare in the United States. Why? Because infrastructure decisions [are fragmented](http://www.thebanker.com/Markets/Infra-Project-Finance/America-s-crumbling-infrastructure-can-private-capital-save-it), with states, cities and municipalities owning their own assets and applying their own political and economic criteria to potential deals with private investors. Several states do not have legislation authorizing partnerships and no guidelines exist for how decisions will be made. One obstacle may be gone: Representative James Oberstar, Democrat of Minnesota and the previous chairman of the House Transportation and Infrastructure Committee, opposed these partnerships and urged state and local officials to avoid them. He lost his seat in 2010, and Representative John Mica, Republican of Florida, who now heads the committee, supports the partnership concept. Improving infrastructure investment decisions through cost-benefit analysis and public-private partnerships is one way to realize larger returns on scarce investment dollars.

**Federal investment is key to catalyze private sector investment for large, multijurisdictional projects**

**Building America’s Future 11**

(Building America’s Future, bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, “Transportation Infrastructure Report 2011: Falling Apart and Falling Behind”, Building America’s Future)

Private sector investors are ready and able to invest in infrastructure. Over $180 billion in private equity and pension fund capital focused on infrastructure equity investments is available around the world, waiting for worthy public works projects to get off the ground. Elsewhere, infrastructure projects generate dependable, low-risk revenue for private investors through tolls and ticket fees. But the U.S. has not fostered an environment in which the private sector will step in to help finance the large-scale infrastructure projects we need. The U.S. is now one of the only leading nations without either a national plan for public-private partnerships (PPPs or P3s) for infrastructure projects or a national infrastructure bank to finance large-scale projects and harness private capital. Many states have passed laws allowing local public-private partnerships, but the U.S. does not have a national policy that would facilitate them for large-scale, multi-jurisdictional projects. While we fail to leverage government dollars to attract private investors, billions of dollars of private capital are flowing to infrastructure projects in other countries.

**A federal approach causes large scale investment**

**Building America’s Future 11**

(Building America’s Future, bipartisan coalition of elected officials dedicated to bringing about a new era of U.S. investment in infrastructure, “Transportation Infrastructure Report 2011: Falling Apart and Falling Behind”, Building America’s Future)

Establish a National Infrastructure Bank. A National Infrastructure Bank would allow the U.S. to tap into the billions of private-sector dollars that could be invested in the large-scale capital projects that our transportation network so desperately needs. With a relatively small down payment from the federal government, a National Infrastructure Bank could employ a range of finance and funding tools—including, but not limited to, grants, credit assistance, low interest loans, and tax incentives—to leverage federal investments with private capital. It is because of the European Investment Bank, a similar institution in operation since 1957, that European countries have been able to build high-speed rail and modernize their ports and motorways. There is already bipartisan support in Congress for establishing such an institution in the U.S., and it should be part of the next transportation bill.

## Can’t solve- Jurisdiction

**A federal bank creates a mechanism to finance national projects that transcend state and metro boundaries --- State infrastructure bank procedures make them ineffective**

**Puentes, 11** --- Senior Fellow, Brookings Metropolitan Policy Program (9/9/2011, Robert, “Obama's Plan a Chance to Get Strategic on Infrastructure,” <http://www.tnr.com/blog/the-avenue/94771/obamas-plan-chance-get-strategic-infrastructure>)

The focus on infrastructure in President Obama’s jobs speech was much-anticipated and necessary. While much the attention is on increasing funding for fixing roads and bridges, the president also reiterated the call to improve the way the federal government invests in infrastructure. (“No more earmarks. No more boondoggles. No more bridges to nowhere.”) He also called for the kind of transformative infrastructure investments that made the U.S. an economic superpower. One way to do that is through a national infrastructure bank. A quasipublic entity like the Tennessee Valley Authority or Amtrak, the bank would make loans to fund transportation projects that were important to the nation as a whole. It would have to not only further policy goals, as a federal agency would, but also demand from project sponsors the same assurances and rate of return that a bank would. While not a panacea, if appropriately designed and with sufficient political autonomy, it could improve both the efficiency and effectiveness of future infrastructure projects of truly national significance. That last part is important. Today we do not really have a mechanism to focus on investments that truly **matter to the nation as a whole or that transcend state and metro boundaries**. Think global ports to boost American exports, long-haul transmission lines for renewable energy, or a build-out of electric vehicle recharging infrastructure. After the speech, some Congressional Republicans rightly pointed out that we already have infrastructure banks operating within 33 states. No doubt these state infrastructure banks (SIBs) are important and, since 1998, when the federal government provided $150 million in seed funding for initial capitalization, SIBs have become an attractive financing tool for transportation projects. Most of this support comes in the form of below-market revolving loans and loan guarantees. States are able to capitalize their accounts with federal transportation dollars but are then subject to federal regulations over how the funds are spent. Others, including Kansas, Ohio, Georgia, and Florida, capitalize their accounts with a variety of state funds and are not bound by the federal oversight which they feel helps accelerate project delivery. Other states—such as Virginia, Texas, and New York—are also examining ways to recapitalize their SIBs with state funds. The problem is that, rather, than bringing the tough, merit-based approach, SIBs generally do not filter projects through a competitive application process. A better approach would be for states to make their SIBs more strategic and more nimble than a typical appropriation process and as a **complement to existing state, metro, and federal transportation funding and financing**. Projects should be evaluated according to strict return on investment criteria, not selected with an eye towards spreading funding evenly across the state. States should also think beyond just transportation and create true infrastructure and economic development banks to finance not just roads and rails, but also energy and water infrastructure, perhaps even school and manufacturing development. California’s Infrastructure and Economic Development Bank (“I-Bank”) provides a compelling model. After its initial capitalization of $181 million in 1999, the I-Bank has funded itself on interest earnings, loan repayments, and other fees, and has supported over $400 million in loans. The bottom line is that **either/or debates about a national or state infrastructure bank is a false choice. Both are needed but for different reasons.**

**States Fail- can’t fund national scale projects or cross borders**

**MSNBC 11** (Anika Anand “Bank plan would help build bridges, boost jobs” 7/6/2011 http://today.msnbc.msn.com/id/43606379/ns/today-today\_news/t/bank-plan-would-help-build-bridges-boost-jobs/#.T\_9qwdUk\_q0)AK

**There are** currently **a handful of state infrastructure banks**, although **it’s** more **difficult** for them **to cross state borders and bring municipalities together to fund national-scale projects**.

## Can’t solve- Bank better

**FED KEY: State infrastructure banks can’t solve national infrastructure issues even with extra funding**

Yonah **Freemark 2012**, January 1, 2012, specialized writer in transportation and writes for Transportation Politic, *The Atlantic*, “How to Pay for America's Infrastructure”, http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/#

**A review of the current work of state infrastructure banks, though, raises the question of whether state governments are ready to significantly expand their infrastructure banks. Consider the experience of five state infrastructure banks** in Florida, Ohio, Oregon, Pennsylvania, and Texas. Total investments have ranged from $60 million in Oregon to $1.1 billion in Florida, which are about a decade old on average. In the case of Pennsylvania, which has had a bank since 1998 and loaned a total of $132 million in 13 years, a $1 billion allocation from Washington such as has been suggested by Senator Wyden would represent a rapid eight-fold increase in spending. The limited funding from state infrastructure banks thus far results from a confluence of supply and demand. One example - Pennsylvania’s bank currently receives up to $30 million annually from the state budget, according to the agency. Hugh McGowan, the manager of the state bank, says that "it is a very popular program" but that annual applications had never reached $30 million. 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. McGowan, of the Pennsylvania bank, said that "there are no maximums or minimums" for the types of projects approved, one problem might be that few transit agencies apply for aid. In Ohio, Ohio Department of Transportation Press Secretary Steve Faulkner agreed. "Any type of transportation project is eligible for state infrastructure bank funding" he says. "So, the number of transit loans is a direct result of the corresponding number of transit applications received." The state infrastructure banks are making sound financial choices when it comes to the projects they sponsor. Kane, of Florida, told me that the state’s program had never "experienced any default on repayments." Ohio’s Faulkner said "all loans - with the exception of two - were repaid." In both cases, the defaulter was a private developer. Though this sample of infrastructure banks does not profess to represent the sum of experience on the subject, **the five considered are large states with a mix of urban, suburban, and rural environments, and a mix of Democratic and Republican constituents**. Thus their involvement with infrastructure banks would likely to be followed in other states if Washington were to choose to invest more in them. **Yet the mixed outcomes - responsible management but a general focus on small roads projects in most states - suggests that increased funding for state infrastructure banks will hardly provide a panacea for resolving national infrastructure woes.**

**Projects taken on by bank would be too large for state banks**

**Congressional Research Service (CRS) 2011**, December 14, 2011 William J. Mallet, specialist in Transportation Policy, Steven Maguire, specialist in public finance, Kevin R. Kosar, Analyst in American National Government , “National Infrastructure Bank: Overview and Current Legislation”, pdf

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.

**Nationally coordinated strategy is the only way to make sure that money is well spent.**

**McConaghy and Kessler 11**

(McConaghy, Ryan, Deputy Director at the Schwartz Initiative on Economic Policy, and Kessler, Jim, Senior VP at Third Way, January 2011, “A National Infrastructure Bank”, Schwartz Initiative on Economic Policy)

America’s infrastructure policy has been significantly hampered by the lack of a national strategy rooted in clear, overarching objectives used to evaluate the merit of specific projects. The politicization and lack of coordination of the process has weakened public faith in the ability of government to effectively meet infrastructure challenges. In polling, 94% of respondents expressed concern about America’s infrastructure and over 80% supported increased federal and state investment. However, 61% indicated that improved accountability should be the top policy goal and only 22% felt that the federal government was effective in addressing infrastructure challenges.36 As a stand-alone entity, the NIB would address these concerns by selecting projects for funding across sectors based on broadly demonstrated need and ability to meet defined policy goals, such as economic benefit, energy independence, improved health and safety, efficiency, and return on investment.

## Can’t solve- politicized

**Devolving power to the states can’t solve- inefficient and politicized**

**Ehrlich 10** (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank:

A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)AK

As many writers have noted, American infrastructure is depreciating rapidly – we are likely well below the replacement rate of **investment in roads, mass transit, airports, ports, rail**, and water assets. The logical implication is that we need to invest more. But more investment in and of itself will not move us towards having the right mix of infrastructure assets in place. The current mix results from one of two selection processes. The first is **devolution to the states** (for example the **cost-sharing grants** delivered by the Highway Trust Fund), and the second is selection by Federal agencies (e.g., the Corps of Engineers). At worst, these processes **lead to politically motivated outcomes**, either **because state governments favor some projects for** wholly **non-economic reasons**, or because the Congress can muscle the selection process from the federal agencies. **The most recent** transportation authorization bill, passed in 2005, **made** the word “**earmark**” **famous** **by** **incorporating** a stunning **$24 billion of them** – the price of having a law passed. Insofar as we have given the task of project selection to the political process, it would be surprising if this kind of event didn’t happen, not that it sometimes does. **Politicized project selection is one of several problems associated with the current process**. But **it is one of the reasons why a National Infrastructure Bank is so important** and so urgently needed: not just because a bank might be able to lever federal dollars, but because **it can use** the **existing dollars more wisely** and obtain a higher public return. What follows, then, is a description of the role a National Infrastructure Bank could play, taken from the perspective of the specific problems in the current process it might solve. This perspective also allows us to evaluate the administration’s proposal.

**Federal Agencies and States can’t solve- only a National infrastructure bank can effectively invest in transportation infrastructure**

**Ehrlich 10** (Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank:

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#### States fail—costs, barriers to cooperation, and local politics—New Jersey proves

McConaghy and Kessler 11

(McConaghy, Ryan, Deputy Director at the Schwartz Initiative on Economic Policy, and Kessler, Jim, Senior VP at Third Way, January 2011, “A National Infrastructure Bank”, Schwartz Initiative on Economic Policy)

In October, Governor Chris Christie announced his intention to terminate New Jersey’s participation in the Access to the Region’s Core (ARC) Tunnel project, citing cost overruns that threatened to add anywhere from $2-$5 billion to the tunnel’s almost $9 billion price tag. At the time, Christie stated, “Considering the unprecedented fiscal and economic climate our State is facing, it is completely unthinkable to borrow more money and leave taxpayers responsible for billions in cost overruns. The ARC project costs far more than New Jersey taxpayers can afford and the only prudent move is to end this project.”1 Despite the fact that the project is absolutely necessary for future economic growth in the New Jersey-New York region and would have created thousands of jobs, it was held captive to significant cost escalation, barriers to cooperation between local, state, and federal actors, and just plain politics.

## Can’t solve- Long term

**States can’t solve for long term projects**

**Staley 10** (Samuel is a senior research fellow at Reason Foundation and associate director of the DeVoe L. Moore Center at Florida State University in Tallahassee where he teaches graduate and undergraduate courses in urban planning, regulation, and urban economics. “A National Infrastructure Bank Can Provide Important Benefits If Mission and Scope Are Defined Narrowly” May 13 <http://reason.org/news/show/infrastructure-bank-testimony)AK>

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-year infrastructure 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 through user fees or tax revenues).

## Perm

#### **Perm do the CP- Federal action is the best internal like to state infrastructure**

Dutton 10- Audrey, Bond Buyer Online, Transportation Infrastructure Bank Plan Would Cost $4B, http://www.bondbuyer.com/issues/119\_270/2011-budget-transportation-projects-1006756-1.html

The National Infrastructure Innovation and Finance Fund would have to be authorized by Congress and would not be subject to pay-as-you-go rules, according to budget documents. It would fund or finance ­projects “that provide a significant economic benefit to the nation or a region” and “encourage collaboration among non-federal stakeholders including states, municipalities, and private investors, and also promote coordination with investments in other infrastructure sectors,” the documents said. Investment categories would include highways, tunnels, bridges, transit, commuter rail, passenger rail, freight rail, airports, aviation, and ports — almost the whole transportation universe. Projects or programs generally would cost $25 million or more, but small cities, regions, or states could squeeze in with lower-priced proposals.

**Perm solves- the plan helps with state funding, but will leave differences between the state and federal level.**

[**Rohatyn**](http://www.nybooks.com/contributors/felix-g-rohatyn/)**and**[**Ehrlich**](http://www.nybooks.com/contributors/everett-ehrlich/) **8**

Felix G., Special Advisor to the Chairman and CEO, Lazard Freres and Co. LLC, and Everett, President of ESC Company, a Washington, D.C.-based consulting firm that addresses economic and business problems. He has served as Chief Economist and head of strategic planning for Unisys Corporation, research director of the Committee for Economic Development, and as Undersecretary of Commerce in the Clinton Administration

**The bank would replace the various “modal” programs for highways, airports, mass transit,** water projects, **and other infrastructure, streamlining them and folding them together into a new entity with a new culture and purpose. Any project seeking federal participation over a set dollar threshold would have to be submitted to this bank. (Smaller projects would be left to states, cities, and towns, perhaps with an accompanying federal grant to be used at the discretion of the state or local government.) Rather than receiving grants through pre-set federal formulas or privileged congressional payments, states, cities, or other levels of government would come to the bank with proposals they wished to pursue**. These proposals—for, say, a new or improved highway, a subway, expanded airport, or harbor improvements—would outline the investment that state and local governments would be willing to make, what the users of the project would be expected to pay, and what support was wanted from the federal government.¶ **The bank would have no preconceived, overarching plan for the nation’s infrastructure. Proposals for infrastructure investment would still predominantly come from state and local governments. Our plan would preserve almost entirely the existing balance of power between federal, state, and local government, but would change dramatically the way priorities are set and projects funded. That is because it would proceed project-by-project, and dollar-by-dollar, to find the best use of federal resources.¶**

#### Perm Solves Best

Slone 11- CSG Senior Transportation Policy Analyst, State Infrastructure Banks, <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>

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

#### **Perm Solves Best- Federal funding to SIB’s**

Slone 11- CSG Senior Transportation Policy Analyst, State Infrastructure Banks, <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>

The future of these federal programs is likely dependent on what emerges from the next surface transportation authorization still under debate in Washington. The kinds of federal funding and financing resources that will be available to states going forward may go a long way in determining whether state infrastructure banks continue to grow in popularity. If uncertainty about the future of the federal highway program continues, the role of the state infrastructure bank could grow in the years ahead as states seek additional tools to help them meet their infrastructure needs. But state infrastructure banks already have clearly proven their worth in helping to finance key transportation projects around the country.

# A2 PTX: Obama good

## Obama will win

#### Obama winning election now

Elise, **Foley 7/12/12**(Elise Foley is a reporter for the Huffington Post in Washington, 7/12/12,” Obama Slips With Latino Voters: Quinnipiac Poll”, http://www.huffingtonpost.com/2012/07/12/obama-latino-voters-quinnipiac-poll\_n\_1667891.html?ref=topbar.

President Barack Obama still has a considerable lead with Latino voters, but it may be slipping, according to a poll out Wednesday from Quinnipiac University. The poll found Obama at 59 percent support, lower than many other polls that put him at a higher advantage. Fox News Latino points out that its poll from March showed 73 percent of Latinos supported Obama, while a USA Today/Gallup poll in June found he had 66 percent support. Other findings from the poll: More women -- 51 percent versus 39 percent -- prefer Democrats to Republicans, while 47 percent of men prefer Republicans to the 40 percent who favor Democrats. Obama continues to lead with black voters, 92 percent of whom support him over Romney. Another poll from the university, this one released on Thursday, sheds some light onto how voters feel about immigration, an issue important to Latinos. Most American voters, 55 percent to 39 percent, support Obama's recent policy change that will allow some undocumented young people to stay in the United States temporarily should they meet certain requirements, according to the poll. About half say it would not impact their decision in November, but 30 percent would be less likely to vote for him. Nearly 20 percent say they are more likely to vote for Obama based on his deportation directive.

## Bipart support

#### Plan has bipartisan support in both the house and senate

Bosworth and Milusheva 11 (Barry Bosworth is a senior fellow in economic studies at The Brookings Institution. He has also taught at Harvard University and the University of California at Berkeley and has served as a staff economist for the Council of Economic Advisors. Sveta Milusheva is an undergraduate at the university of Emory. “Innovations in U.S. Infrastructure Financing: An Evaluation” 5/16/11 (most recent citation) <http://www.brookings.edu/~/media/research/files/papers/2011/10/20%20infrastructure%20financing%20bosworth%20milusheva/1020_infrastructure_financing_bosworth_milusheva.pdf>)AK

One major aspect of the Administration’s proposed American Jobs Act is the creation of a national infrastructure bank (NIB). The idea also has considerable support in the Congress with bipartisan bills in both the Senate and House of Representatives.10 The Administration version proposes a large-scale restructuring of the federal support for infrastructure spending, with the bank taking over many of the responsibilities for allocating federal grants and loan guarantees. The Congressional proposals have more modest objectives: the bank would have limited access to budgetary funds beyond an initial capitalization and it would operate largely through the extension of various forms of government guarantees.

#### Bank has bripartisan and cross-ideological support

Cohn 11 (Jonathan is an American author and journalist who writes mainly on United States public policy and political issues. Formerly the executive editor of The American Prospect, Cohn is currently a senior editor at The New Republic magazine and a senior fellow at Demos. “Selling Public Works to the Tea Party” 8/11 http://www.tnr.com/blog/jonathan-cohn/93496/infrastructure-bank-roads-airports-funding-obama-kerry-hutchison)

The main obstacle to creating the bank, really, is political. On the one hand, the infrastructure has a strong bipartisan and cross-ideological pedigree: In March, when Kerry (a Democrat) and Hutchison (a Republican) held a press conference to unveil their proposal, Richard Trumpka (of the AFL-CIO) and Tom Donohue (of the U.S. Chamber of Commerce) appeared with them to offer their endorsement.

#### The bank garners both bipartisan support and provides key investment in important infrastructure sectors

Michael, Likosky 11(Michael is an Expert on public-private-partnerships to the Organization on Economic Cooperation and Development and he co-chairs the Task Force to Modernize California’s State Infrastructure and Economic Development Bank, 12/9/11,

“Gov Cuomo Infrastructure Fund, U.S. Senators Best Practices, and an American Infrastructure Bank”, http://www.huffingtonpost.com/michael-likosky/cuomo-infrastructure-fund\_b\_1133453.html)

Governor Andrew Cuomo recently issued this press release describing his own bipartisan plan with Senate Majority Leader Dean Skelos and Assembly Speaker Sheldon Silver to create a multi-sector New York Works Infrastructure Fund. Governor Cuomo's plan is the most ambitious proposal at the state level to create a NEW multi-sector infrastructure bank. It is benchmarked on national and international best practices. At NYU, we've been doing public education and technical assistance on the New York Infrastructure Fund over the last year and a half. We have held a number of meetings, often bringing together pension fund managers and other investors, construction firms, and public officials. I advise members of the NY State Senate and Assembly, the NY Empire State Development Corporation, U.S. Congressman Israel, Manhattan Borough President Stringer, as well as pension funds on Governor Cuomo's multi-sector investment facility. A main focus for us has been on how to leverage this type of infrastructure fund to promote manufacturing within NY, especially upstate. The New York Infrastructure Fund shares a number of features with the American Infrastructure Bank proposed by Senators Kerry, Hutchison, Graham and Warner -- endorsed by President Obama in his State of the Union Address and also by President Clinton in his newly published book: Accelerates targeted investment in key infrastructure sectors; Adopts a bipartisan approach. Recently, U.S. Senator Kay Bailey Hutchison (R-TX) spoke of the importance of bipartisanship for infrastructure banks; Leverages pension fund and other institutional investor capital through public-private partnerships; Benefits urban, suburban and rural areas by addressing genuine needs sitting across the state and within a range of sectors including bridges, dams, parks, water systems, and also energy retrofits on homes, farms, businesses and schools. An American Infrastructure Bank can help states such as New York leverage more effectively across sectors. Sometimes money goes further if we turn grants into loans and loan guarantees for profit-making projects. In the coming months, I will be sending around more on how best practices state-driven initiatives by U.S. Senator Jim DeMint and others can become more attractive to private investment through an American Infrastructure Bank partnership. States such as TN, SC, AL, OH, IL, CA and KY can make the most of a multi-sector federal infrastructure bank in the near term. This blog follows up on the recent news from California where Governor Jerry Brown signed AB29, creating the Governor's Office of Business and Economic Development (GO-Biz) to promote partnership-driven job creation and economic growth. GO-Biz brings together the California Infrastructure and Economic Development Bank, The Small Business Loan Guarantee Program, The Employment Panel, The California Workforce Investment Board, The Employment Development Department, The Tourism Commission, and the Film Commission. With the creation of GO-Biz, Governor Brown shows us the value of multi-sector Infrastructure Banks in serving economic growth as members of a tight directed economic team. An American Infrastructure Bank will be a key member of state economic teams looking to make money go further and be better spent.

#### Democrats, Republicans, business and labor leaders support the plan

Micahel Cooper 2011, 3/15/11, writer for NY Times, “Group Wants New Bank to Finance Infrastructure”, http://www.nytimes.com/2011/03/16/us/politics/16infrastructure.html?pagewanted=print

Amid growing concerns that the nation’s infrastructure is deteriorating, a group of Democrats, Republicans, and labor and business leaders called Tuesday for the creation of a national infrastructure bank to help finance the construction of things like roads, bridges, water systems and power grids. The proposal — sponsored by Senator John Kerry, Democrat of Massachusetts, and Senator Kay Bailey Hutchison, Republican of Texas — would establish an independent bank to provide loans and loan guarantees for projects of regional or national significance. The idea is to attract more infrastructure investment from the private sector: by creating an infrastructure bank with $10 billion now, they say, they could spur up to $640 billion worth of infrastructure spending over the next decade. “We have a choice,” Mr. Kerry said at a news conference in Washington. “We can either build, and compete, and create jobs for our people, or we can fold up, and let everybody else win. I don’t think that’s America. I don’t believe anybody wants to do that.” To underscore the need for better infrastructure, two frequent rivals were on hand at the news conference: Richard Trumka, the president of the A.F.L.-C.I.O., and Thomas J. Donohue, the president of the U.S. Chamber of Commerce, the main business lobby. With a nod to the strange-bedfellows experience of having a labor leader as an ally, Mr. Donohue said, “He and I are going to take our show on the road as the new ‘Odd Couple.’ ”

#### Plan garners bipartisan support

Matt **Compton, 11**(Deputy Director of Online Content for the Office of Digital Strategy,” Five Facts About a National Infrastructure Bank”, 11/03/11, http://www.whitehouse.gov/blog/2011/11/03/five-facts-about-national-infrastructure-bank)

Yesterday, with the Key Bridge, which connects Washington, DC with Arlington, Virginia, as a backdrop, President Obama discussed the ways that the American Jobs Act will invest in the nation's highways, airports, roads, and bridges -- and create new jobs for construction workers. Today, the Senate is set to take up one idea that the President touted -- the creation of a national infrastructure bank. Here's how it would work: 1) Congress would appropriate an initial $10 billion in startup money to capitalize the bank. 2) The new bank would identify transportation, energy, and water infrastructure projects that lack funding, offer a clear benefit for taxpayers, and are worth at least $100 million or $25 million for rural projects. 3) Loans made by the bank would then be matched by private sector investments or money from local governments -- so that the infrastructure bank provides half or less than half the total funding. 4) Each project would generate its own revenues to help ensure repayment of the loan. 5) Decisions would be made by a seven-person board of governors -- of whom, no more than four could be from the same political party -- and a CEO chosen by the President. One bonus fact: The legislation that would create the bank has serious bipartisan backing -- and the support of both the U.S. Chamber of Commerce and the AFL-CIO.

National infrastructure bank has bipartisan support

Niagara Gazette 12 (Justin Sondel “Officials discuss cross-border commerce in Falls” July 4, 2012 Lexisnexis)AK

With governments on both sides of the border tightening belts, some lawmakers are looking to the private sector to help fund infrastructure improvements. U.S. Sen. John Kerry, D-Mass., has introduced a bill in the Senate that would establish a National Infrastructure Bank. That institution would use public funds to leverage private investment in infrastructure. Gillibrand helped craft the bill, which she said has bipartisan support.

## Interest Groups

### Big Business

#### Business leaders support the plan

Micahel Cooper 2011, 3/15/11, writer for NY Times, “Group Wants New Bank to Finance Infrastructure”, http://www.nytimes.com/2011/03/16/us/politics/16infrastructure.html?pagewanted=print

Amid growing concerns that the nation’s infrastructure is deteriorating, a group of Democrats, Republicans, and labor and business leaders called Tuesday for the creation of a national infrastructure bank to help finance the construction of things like roads, bridges, water systems and power grids. The proposal — sponsored by Senator John Kerry, Democrat of Massachusetts, and Senator Kay Bailey Hutchison, Republican of Texas — would establish an independent bank to provide loans and loan guarantees for projects of regional or national significance. The idea is to attract more infrastructure investment from the private sector: by creating an infrastructure bank with $10 billion now, they say, they could spur up to $640 billion worth of infrastructure spending over the next decade. “We have a choice,” Mr. Kerry said at a news conference in Washington. “We can either build, and compete, and create jobs for our people, or we can fold up, and let everybody else win. I don’t think that’s America. I don’t believe anybody wants to do that.” To underscore the need for better infrastructure, two frequent rivals were on hand at the news conference: Richard Trumka, the president of the A.F.L.-C.I.O., and Thomas J. Donohue, the president of the U.S. Chamber of Commerce, the main business lobby. With a nod to the strange-bedfellows experience of having a labor leader as an ally, Mr. Donohue said, “He and I are going to take our show on the road as the new ‘Odd Couple.’ ”

### Big Labor

#### Labor leaders support the plan

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# A2 PTX: Obama Bad

## GOP opposition

#### The GOP hates the Bank- they want it dead on arrival

The Hill 11 (Keith Laing “House Republicans: White House plan for infrastructure bank ‘dead on arrival’” 10/12/11 http://thehill.com/blogs/transportation-report/highways-bridges-and-roads/187049-gop-infrastructure-bank-dead-on-arrival-in-the-house-)

¶ President Obama’s national infrastructure bank is dead on arrival, the Republican chairman of the House Transportation Committee said Wednesday.¶ ¶ At a hearing ostensibly held to discuss the merits of the bank, Rep. John Mica (R-Fla.) ridiculed the proposal as something that would cost more jobs than it would create. ¶ ¶ “A national infrastructure bank, as proposed … is dead on arrival in the House of Representatives,” Mica said. “If you want a recipe to not get people to work, adopt that proposal.” ¶ ¶ Democrats fired back by questioning why Mica was holding a subcommittee hearing on the proposal when it appeared he had already decided against the plan. ¶ ¶ “The majority seems to have already made up its mind about this proposal,” said Rep. Eddie Bernice Johnson (D-Texas). ¶ ¶ The evidence, Johnson said, was in the very name of the hearing: “National Infrastructure Bank: More Bureaucracy and More Red Tape.” ¶ ¶ The infrastructure bank is a key component of Obama’s jobs package, which Senate Democrats are now breaking into smaller parts after the measure failed to move forward in the upper chamber on Tuesday night.

#### Even if Republican support infrastructure spending- they still oppose the infrastructure Bank

**Waldron 11**

(Travis, reporter/blogger for ThinkProgress.org at the Center for American Progress Action Fund, “[After Claiming To Support Infrastructure Investments, House GOP Blocks Infrastructure Investment Plan](http://thinkprogress.org/economy/2011/09/17/321775/gop-jobs-plan-infrastructure-hypocrisy/)

”, <http://thinkprogress.org/economy/2011/09/17/321775/gop-jobs-plan-infrastructure-hypocrisy/>)

Despite their recent exclamations of [support for improving American infrastructure](https://twitter.com/#!/EricCantor/status/112275111796682752), House Republicans circulated a memo this weekend informing members that the caucus would [oppose](http://www.nytimes.com/2011/09/17/us/politics/house-gop-leaders-find-some-things-to-like-about-obamas-jobs-plan.html?_r=1&ref=politics) the majority of President Obama’s jobs plan, particularly the proposed infrastructure bank that would make large investments into the nation’s crumbling roads, bridges, and other forms of infrastructure.¶ In the memo, House Speaker John Boehner (R-OH) laid out opposition to Obama’s proposed $30 billion to keep teachers and law enforcement officers in their jobs, rejected money for school construction, and again claimed Republicans supported spending on infrastructure. But Boehner wrote that the GOP opposed the way Obama’s plan would make those investments, as Republicans continue to base their opposition to new stimulus plans on the misguided, false belief that the American Recovery and Reinvestment Act [didn’t work](http://thinkprogress.org/economy/2011/09/09/315347/gop-second-stimulus/), as The Hill [reported](http://thehill.com/homenews/house/182115-gop-leaders-assess-obama-jobs-plan-in-memo-to-members):¶ “Rather than adding more money to a broken system,” Boehner and his deputies wrote, “Congress and the president should spend the next few months working out a multi-year transportation authorization bill that fixes these problems.”¶ Despite those claims, there is [little evidence](http://thinkprogress.org/economy/2011/09/12/317046/cantor-billions-iraq-schools/) that Republicans [actually support](http://thinkprogress.org/economy/2011/09/10/316190/while-mcconnell-opposes-infrastructure-investment-major-kentucky-bridge-shuts-down-over-safety-concerns/) spending the[money necessary](http://www.washingtonpost.com/local/study-2-trillion-needed-for-us-infrastructure/2011/05/16/AFyppB5G_story.html) to bring the nation’s infrastructure up to date. In fact, this is the third major infrastructure investment plan Republicans have opposed since Obama took office in 2009, after it lobbied to reduce the amount of infrastructure-centered spending in the Recovery Act and derailed Democrats’ infrastructure spending plan in 2010.

#### Infra Bank Unpopular with conservatives

Chris Isidore 2011, 9/7/11, writer for CNN Money- America’s Job Crisis, “Infrastructure Bank: Fixing how we fix roads”, http://money.cnn.com/2011/09/07/news/economy/jobs\_infrastructure/index.htm

But despite support from such typical adversaries as the U.S. Chamber of Commerce and the AFL-CIO, getting I-Bank legislation through Congress will not necessarily be easy. One problem is that it's not fast-acting. As a result, those who argue for immediate stimulus would much rather pursue projects that are ready to go. "An I-Bank will not create any jobs on day one; it probably won't create jobs on day 365," said Janet Kavinoky, executive director of transportation and infrastructure for the Chamber of Commerce. "In my view it could take three years." Another problem is that the cost, though limited, isn't nothing. It could take $5 billion in seed money to get the I-Bank rolling. Some proposals call for $5 billion of seed money every year for several years. "It may be an idea whose time has come," said Kavinoky. But there's also a good chance it gets crowded out by what's going on with debt and deficit reduction." And conservatives don't like government's involvement in the I-Bank, even as facilitator. They think it will merely add more bureaucracy. "The President's ongoing obsession with an infrastructure bank as a source of salvation from the economic crisis at hand is - to be polite about it - a dangerous distraction and a waste of his time," said Ronald Utt, a senior research fellow at the Heritage Institute, a conservative think tank. "Obama's infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity -- a prospect woefully at odds with the economic challenges confronting the nation."

#### Unpopular with Republicans – they want to cut government spending and view the plan as wasted spending.

**Marshall 11**

(Will, "Obamas Minimalist Budget." Progressive Fix. LexisNexis Academic. Date Accessed: 2012/07/21)

The administration apparently is calculating that its modest deficit-reduction proposal has several tactical advantages. First, it may better reflect the publics actual appetite for fiscal restraint. The same polls that show strong public support for reining in public deficits also find majorities opposed to major program cuts. Second, and relatedly, the White House wants to contrast its moderate approach to GOP austerity zealots, who have launched a single-minded jihad against government spending. Once the public tumbles to the implications of the GOPs demands for $100 billion in domestic program cuts now, Democrats reason, they will recoil and demand a more balanced approach that includes defense cuts and tax hikes.¶ That seems likely. Republicans have convinced themselves that most Americans share their goal of shrinking government by cutting off its credit card. The countrys biggest challenge, domestically speaking, no doubt about it, is a debt crisis, House Budget Committee Chair Paul Ryan said this weekend.¶ But progressives believe that Americans “ especially the independents and moderates who abandoned Democrats in the midterm election “ are even more concerned about the scarcity of good jobs and Americas eroding competitiveness. More than fiscal stringency, they are looking to their leaders for a hopeful plan to jumpstart the stalled U.S. job machine.¶ The President’s budget accordingly makes room for significant new public investments, especially in infrastructure, innovation, and education. He wants to spend $53 billion over the next six years on high speed rail, and invest $50 billion in capitalizing a National Infrastructure Bank. The GOPs knee-jerk dismissal of such strategic investments as just more government waste is wrong as a matter of economics, and it leaves conservatives without a credible theory for how they would rekindle economic growth.

#### A National Infrastructure Bank is unpopular with Republicans and rural lawmakers.

**Mitchell 11**

(Josh, writer for the Wall Street Journal specializing in political issues, “Plan for Highway Bank Faces Uphill Battle” Wall Street Journal, <http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html>)

Some Republicans say that such a bank would simply add a new bureaucracy in Washington and shift decision-making from Congress to the executive branch.¶ "How this project would be funded, what it would fund and how those funds would be repaid are critical questions the Obama administration has not answered yet," said Kevin Smith, a spokesman for House Speaker John Boehner (R., Ohio). "If this is more of the same 'stimulus' spending, we won't support it."¶ The White House didn't respond to a request for comment.¶ A bill unveiled this year, by Sens. John Kerry (D., Mass), Kay Bailey Hutchison (R., Texas) and Lindsey Graham (R., S.C.), and backed by the Chamber, would take a slightly different approach that could be more palatable to conservatives.¶ First, the price tag would be lower, with the bank getting $10 billion in initial "seed money." Aides to Mr. Kerry said last week that they were looking to lower that amount further and trying to find savings from other programs to fund the bank.¶ The bank would be controlled by a chief executive and a board appointed by the president and confirmed by the Senate. And it would issue only loans and loan guarantees, not grants, which critics have called a handout.¶ The proposal also requires that projects have a dedicated revenue stream—tolls—to ensure the money is paid back. And by limiting funding assistance to 50% of a project's costs, proponents say, the risk to taxpayers would be limited.¶ Mr. Kerry said the bank, under his bill, would finance economically viable projects without political influence.¶ "We can't keep pace with our rapidly crumbling infrastructure, and at the same time hardworking Americans are out of work. An infrastructure bank is the key to addressing both problems," Mr. Kerry said in a statement.¶ Both proposals probably would face resistance from rural lawmakers, whose states are less likely to have large-scale projects able to draw private investors. They fear that the funding would go to the most populous regions, such as California and the Northeast.

Republicans hate the plan

Council on Foreign Relation 11 (Christopher Alessi reports and writes on global economics for CFR.org. Previously, he worked as a London-based correspondent for Institutional Investor magazine. “Banking on U.S. Infrastructure Revival” 9/8. http://www.cfr.org/economics/banking-us-infrastructure-revival/p25782)AK

Congressional Democrats (WSJ)--and President Obama--are Washington's biggest proponents of an independent, national infrastructure bank. They argue that the bank would incite private investment and spur job creation in the short term--while strengthening the foundations of the economy in the long run. But many congressional Republicans say that, as with the stimulus package implemented during the height of the financial crisis, U.S. workers would not immediately feel the effects of infrastructure spending, if at all. Senate Republican leader Mitch McConnell says more government spending (NYT) would only strangle already-anemic economic growth.

#### Republicans are against a National Infrastructure Bank- Tax increases

The Hill 2011 (Alexander Bolton “Dems seek to fracture GOP unity in the Senate” November 2 Lexisnexis)AK

A senior Senate Democratic aide predicted Tuesday that not a single Republican would vote for the latest jobs package of $50 billion in infrastructure spending combined with a $10 billion national infrastructure bank. Senate Democratic leaders hope to vote Thursday on the jobs bill, but they expect the outcome to follow the same lines as the previous two jobs measures Republicans voted unanimously to block. The first vote was on Obama’s entire plan; the second highlighted aid for emergency responders. Both triggered a couple defections from the Democratic Caucus. Asked on Tuesday if he was frustrated, Reid responded, “I’m not frustrated, I’m terribly disappointed.” Obama will try to ramp up pressure on Republicans by visiting Washington’s Key Bridge on Wednesday, one of many bridges around the country eligible for funding if the infrastructure bill passes. The event comes two weeks after Vice President Biden held a rally on Capitol Hill to seek votes on the administration’s plan. Democratic operatives are quick to note that they never expected to pass the jobs bills through the Senate, adding that the multiple roll calls will put Republicans on the defensive and force them to explain on the 2012 campaign trail why they voted no on measures that poll well with voters. Two of the Democrats’ targets, Sens. Olympia Snowe (R-Maine) and Mark Kirk (R-Ill.), said they would likely vote against the infrastructure bill because it would raise the income tax. A third, Sen. Susan Collins (R-Maine), said she is reviewing it. Senate Republican Leader Mitch McConnell (Ky.) has exasperated Reid by keeping his conference tightly unified throughout the fall’s debate on stimulus spending. Reid lashed out at Republicans on Tuesday, accusing them of acting “like puppets” of Americans for Tax Reform (ATR) President Grover Norquist, a conservative activist. “My Republican friends, those poor folks, are being led like puppets by Grover Norquist. They’re giving speeches that we should compromise on our deficit. Never do they compromise on Grover Norquist. He is their leader,” Reid said. Reid and other Democrats have lashed out at a taxpayer pledge, signed by most Republicans in Congress, that opposes any bills that call for a net increase in taxes. “Harry Reid should read the Taxpayer Protection Pledge. It is a written promise by legislators to their voters. Not to ATR or me,” Norquist tweeted in response to Reid. The GOP opposition has highlighted the inability of Democrats to completely unify their own caucus, undermining their messaging strategy. Senior Democratic staffers have expressed frustration that much of the media coverage of the jobs bills has focused on the few Democratic defectors instead of Republican opposition. Centrist Republicans’ chief problem with the jobs bills is the way it is funded, with various tax increases on income over $1 million. Senate Democrats this fall lifted the income tax threshold in Obama’s plan from $250,000 annually for families to the $1 million mark. The amended version might have won over a few skeptical Democrats, but none on the other side of the aisle. “I’m not sure I understand the mindset of being intractable and intransigent. If they truly wanted to be working on a bipartisan basis, why aren’t they willing to work with Republicans to figure out alternative offsets?” asked Snowe. The Maine centrist, who has been targeted by Tea Party activists in the 2012 primary, said she could support ending tax breaks for oil and gas companies, or ethanol production. But she has balked at raising taxes on families earning over $1 million, which Republicans say would affect job-creating small businesses. Snowe, a member of the Finance Committee, might support increasing taxes on income over $1 million, but argued it should be part of comprehensive reform of the tax code that ignites economic growth. “My concern is if we start using piecemeal aspects of the code to underwrite other parts of the budget that we’ll never get to the point of doing true tax reform,” she said. Kirk called the latest installment of the Obama jobs agenda “another partisan exercise.” He said his fellow centrist Republicans are more likely to support a national infrastructure bank that would be funded by a repatriation tax holiday. Kirk and Sen. Charles Schumer (D-N.Y.) have teamed up on legislation to combine those proposals. “The Kirk-Schumer legislation will be more bipartisan,” said Kirk. “My hope is to get the mod squad on board,” he added, using a nickname for centrist Republicans. “The structure will be far more attractive to Republicans.” A repatriation tax holiday would allow corporations to bring overseas profits back to the U.S. at a reduced tax rate. However, the Obama administration and House Democrats have raised major concerns about repatriation. McConnell signaled Tuesday that Republicans could join Democrats in boosting infrastructure funding if paid for in the right way. “Infrastructure is pretty bipartisan and pretty popular. So I think at some point we’ll come together here,” McConnell said. “I can’t give you a precise answer at this point as to what I would support or oppose, but everyone knows we have a crumbling infrastructure.” McConnell said Republicans would offer an alternative infrastructure bill when Reid moves the Democratic jobs plan. Obama recently traveled to Kentucky to highlight the need to fix ailing bridges in McConnell’s home state. Senate Environment and Public Works Committee Chairwoman Barbara Boxer (D-Calif.) and Sen. James Inhofe (Okla.), the panel’s ranking Republican, are close to a deal on a two-year $109 billion transportation authorization bill. They need to find an additional $12 billion in funding. Sen. Ben Nelson (Neb.), the upper chamber’s most conservative Democrat, said he would consider voting for the Democratic jobs bill, even though it raises taxes on income, an indication of the popularity of infrastructure spending in Congress. Nelson voted with Republicans to block the last two Democratic jobs bills. Sen. Jim Webb (D-Va.), who is not seeking reelection in 2012, said he would vote for the motion to begin debate on the Democrats’ infrastructure jobs bill but would not support its final passage. He has consistently opposed increasing income taxes.

#### The National Infrastructure Bank is unpopular with Republicans because it increases spending.

**Greenhouse 11**

(Steven, labor and workplace reporter for The New York Times, “A Union Plan for Financing Construction ”, The New York Times, <http://www.nytimes.com/2011/06/29/business/29labor.html>)

A.F.L.-C.I.O. officials said they planned to work with [Deutsche Bank](http://topics.nytimes.com/top/news/business/companies/deutsche_bank_ag/index.html?inline=nyt-org) and other financial institutions in the hope of coming up with hundreds of millions of dollars to retrofit large commercial buildings. Many building owners are hesitating to do such retrofits because they are highly leveraged and do not have the cash to make the investments. The A.F.L.-C.I.O. hopes its $10 billion will provide an incentive for banks and hedge funds to develop financing vehicles to make such projects happen. “America’s construction workers need work and want to work,” Mr. Trumka will say, according to his prepared remarks, noting that unemployment is 16 percent in the industry. “Never in modern times has so much construction work needed to be done.” A.F.L.-C.I.O. officials said they also hoped their plan would help persuade Congress to create a National Infrastructure Bank or a program similar to the expired Build America Bonds program, in which the federal government subsidized bonds issued by states and municipalities to finance bridges, airports or other infrastructure. While labor unions and many Democrats support such measures to create jobs, many Republicans oppose them because they will increase federal spending.

#### Republicans are opposed to the Bank

Cohn 11 (Jonathan is an American author and journalist who writes mainly on United States public policy and political issues. Formerly the executive editor of The American Prospect, Cohn is currently a senior editor at The New Republic magazine and a senior fellow at Demos. “Selling Public Works to the Tea Party” 8/11 http://www.tnr.com/blog/jonathan-cohn/93496/infrastructure-bank-roads-airports-funding-obama-kerry-hutchison)

On the other hand, the infrastructure bank is part of Obama's agenda. And, as we've all seen, sometimes that's all it takes to generate fatal Republican opposition.¶ Purely on the merits, conservatives ought to embrace the infrastructure bank. Alas, that doesn’t mean they will.

# CP links to the DA

#### Federal agencies link to the PTX DA- congress controls the project selection process

Ehrlich 10(Everett is the president of ESC Company, a Washington, DC-based economics consulting firm. Ehrlich served in the Clinton Administration as under secretary of commerce for economic affairs. He also served as vice president for strategic planning and chief economist of Unisys Corporation, senior vice president and research director for the Committee for Economic Development, and assistant director of the Congressional Budget Office. Ehrlich was also the executive director of the CSIS Commission on Public Infrastructure under Co-Chairmen Ambassador Felix Rohatyn and Senator Warren Rudman. “A National Infrastructure Bank:

A Road Guide to the Destination” October <http://www.progressivefix.com/wp-content/uploads/2010/09/09.2010-Ehrlich_A-National-Infrastructure-Bank.pdf>)AK

The current mix results from one of two selection processes. The first is devolution to the states (for example the cost-sharing grants delivered by the Highway Trust Fund), and the second is selection by Federal agencies (e.g., the Corps of Engineers). At worst, these processes lead to politically motivated outcomes, either because state governments favor some projects for wholly non-economic reasons, or because the Congress can muscle the selection process from the federal agencies. The most recent transportation authorization bill, passed in 2005, made the word “earmark” famous by incorporating a stunning $24 billion of them – the price of having a law passed. Insofar as we have given the task of project selection to the political process, it would be surprising if this kind of event didn’t happen, not that it sometimes does.

# A2: Election- Obama Good

## Popular

Polls show 60% want A National Infrastructure Bank

MSNBC 11 (Anika Anand “Bank plan would help build bridges, boost jobs” 7/6/2011 http://today.msnbc.msn.com/id/43606379/ns/today-today\_news/t/bank-plan-would-help-build-bridges-boost-jobs/#.T\_9qwdUk\_q0)AK

Voters, facing ever-growing commutes on crumbling roads and bridges, clearly want rancor over the issue to end. [A Rockefeller Foundation poll](http://www.rockefellerfoundation.org/news/press-releases/rockefeller-foundation-infrastructure) in February found 71 percent of those surveyed wanted legislatures to come to a consensus on transportation — more than any other issue. And 60 percent said they would support an unspecified national infrastructure bank.

#### A bank to invest in transportation infrastructure is popular with the public.

**Rothstein 1/30**

(Joe, editor for EINNEWS.com, “An Infrastructure Bank: Democrats and Republicans Both Like It. Why Won't They Create It And Put Millions of People to Work?”, EINNEWS, <http://uspolitics.einnews.com/column/78189117/an-infrastructure-bank-democrats-and-republicans-both-like-it-why-won-t-they-create-it-and-put-millions-of-people-to-work>)

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

#### Transportation infrastructure spending is a priority for voters.

**Smart Growth America 11**

(Smart Growth America, the only national organization ¶ dedicated to researching, advocating for and leading coalitions to bring smart growth ¶ practices to more communities nationwide, “Recent Lessons From The Stimulus: Transportation Funding and Job Creation”, <http://www.smartgrowthamerica.org/documents/lessons-from-the-stimulus.pdf>)

According to a recent national survey conducted by ¶ Smart Growth America, 91 percent of voters believe ¶ that maintaining and repairing our roads and ¶ bridges should be the top or a high priority for state ¶ spending on transportation programs, and 68 percent believe that expanding and improving bus, rail, ¶ van service, biking, walking, and other transportation choices should be the top or a high priority. ¶ This is because they believe our government has an ¶ obligation to citizens to create jobs and implement ¶ policies that will strengthen our economy. When it ¶ comes to transportation spending, they don’t think ¶ we need to build more roads and highways, but rather we need to fix what we already have. Moreover, ¶ they understand that public transportation choices ¶ give people low cost ways to get to work when they ¶ need them, particularly in these difficult times. ¶

# A2: Election- Obama Bad

## Unpopular

#### A National Infrastructure Bank is unpopular – past proposal proves.

**AFP 11**

(Agence France Presse -- English , "Republicans defeat Obama-backed infrastructure bill.". LexisNexis Academic. Date Accessed: 2012/07/21)

US Senate Republicans blocked a $60 billion plan Thursday to overhaul crumbling roads and bridges, part of US President Barack Obama's campaign-season drive to boost the faltering economy.¶ Lawmakers voted 51-49 in favor of ending debate on the legislation, falling short of the 60 needed to do so in the face of united opposition from the chamber's 47 Republicans, joined by one centrist Democrat and an independent.¶ The proposal included $50 billion for roads, airports, bridges, railways and other infrastructure and another $10 billion to create a "national infrastructure bank."¶ Republicans thwarted the bill because it would have been funded with a 0.7 percent surcharge on people making more than $1 million annually -- a recurring Democratic tactic meant to embarrass the president's foes ahead of the November 2012 elections.¶ Obama blasted Republicans as "out of touch" with struggling Americans and demanded his foes explain why they "refuse to put some of the workers hit hardest by the economic downturn back on the job rebuilding America."¶ "It's time for Republicans in Congress to put country ahead of party and listen to the people they were elected to serve. It's time for them to do their job and focus on Americans' jobs," he said in a statement.¶ Obama, whose reelection bid will largely turn on what voters make of his stewardship of the sour US economy, offered a $447-billion jobs package in September only to see the divided Congress reject it.¶ Democrats have sought to move forward with parts of the president's plan, but to date just one has cleared the House of Representatives: Repealing a never-enforced rule requiring government agencies to withhold three percent of payments to contractors in order to guard against tax cheats.¶ Republican Senate Minority Leader Mitch McConnell, who has said his party has no greater priority than defeating Obama next year, accused Democrats of playing politics.¶ "The truth is, Democrats are more interested in building a campaign message than in rebuilding roads and bridges. And frankly, the American people deserve a lot better than that," he said.¶ Senators also rejected a rival Republican proposal that would have been funded with tens of billions of dollars in unspent funds and would have rolled back regulations, notably tied to environmental protection, that the party views as stifling economic growth.