## **NIB Neg**

**1NC Frontline: Competitiveness**

1). Competitiveness theory illogical – positive sum games are more likely in a globalized world

Mitschke 8

Andreas Mitschke, ‘The Influence of National Competition Policy on the International Competitiveness of Nations, 2008 Pg. 104-105, http://www.springer.com/economics/policy/book/978-3-7908-2035-5)

An early and well-known critic of using the concept of international competitiveness with reference to nations is Krugman338. His point of view is characteristic for many opponents of the concept of macroeconomic competitiveness who state that a macroeconomic competitiveness of nations does not exist. The concept is rejected because of the following reasons. Firstly, according to the Ricardian theory of comparative advantages, every country always has ‘a comparative advantage in something’339 so that competitiveness of nations is a largely meaningless concept.340 Chapter 3.1.3 has shown the weak points of this argumentation. Secondly, nations can not go bankrupt. While firms have to go out of business when they do not fulfil their liabilities to pay, countries only become poorer: ;Countries . . . do not go out of business. They may be happy or unhappy with their economic performance, but they have a well-defined bottom line’341. Thirdly, the international competitiveness of domestic enterprises can have a negative influence on the competitiveness of other domestic enterprises, for example in case that the increasing competitiveness and productivity of a certain national industry leads to an upward revaluation of the exchange rate or an increase of wages so that other domestic industries, which do not achieve the same productivity gains but also have to pay increased wages and sell at higher prices, become less competitive.342Fourthly, countries do not economically compete against eachother.343Instead, at the end of the day, only companies do compete in a zero-sum game because they are judged on their performances on global markets so that the competitiveness debate finally should be given up in favour of a mere microeconomic productivity concept. Besides the fundamental assumption of economic theory that ‘trade between a country and the rest of the world tends to be balanced, particularly over the long term’344, global trade can be regarded as a positive-sum game. This means that, in most cases, countries benefit from the welfare gains of foreign countries so that there is no rivalry and competition between countries, except for status and power.345 Indeed, quite the reverse, modern open economies’ welfare depends on the positive economic development of other countries, especially in times of economic slowdown or crisis. If a certain country grows, possibly faster than the others, then the global markets will expand and all foreign trading partners will benefit from the availability of better or cheaper products and from more favourable terms of trade. 346 Consequently, there are neither winners nor losers. The false and illogical idea to increase the welfare and international competitiveness of a country by means of national policy is based on the wrong idea that world economy would amount to a zero-sum game so that every country would have to increase its welfare and competitiveness at the expense of other countries. Krugman explicitly warns that this could cause the return of a ‘dangerous obsession’, which means protectionism, industrial policy, and other kinds of bad governmental policy, based on false and negative political attitudes and ideas against free trade and resulting in the waste of money. This would cause harm both to consumers, tax-payers, and to the development of the domestic economy. There are at least two reasons for these negative effects. Firstly, governments do not know which industries or companies have good prospects for the future. Furthermore, even in case that the government knew about the future prospects of industries or companies, all attempts to support their international competitiveness would have negative and selective effects. Secondly, every form of strategic trade and beggar-thy-neighbour policies would harm international competitors as a result in retaliatory measures. This would finally end in a negative-sum game. These arguments against the term ‘international competitiveness of nations’ have not convinced all economists because of several shortcomings. The following chapter will criticize these arguments by describing the proponents’ view on international competitiveness.

4.) Stimulus fails – the Keynesian theory isn’t supported

**Ross** (Ph.D., economist who lives in Arcata, California, author of The Unbeatable Market) 20**11**

(Ron, “Fatal Flaws of Keynesian Economics,” <http://spectator.org/archives/2011/07/22/fatal-flaws-of-keynesian-econo/1>, July 22nd 2011 ;)

It's now clear that the federal government's massive stimulus spending has not achieved its objectives. Why hasn't it? It's important that we have answers to that question. The stimulus was premised on the economic model known as Keynesianism: the intellectual legacy of the late English economist John Maynard Keynes. Keynesianism doesn't work, never has worked, and never will work. Without a clear understanding of why Keynesianism cannot work we will be forever doomed to pursuing the impossible. There's no real mystery about why Keynesianism fails. There are numerous reasons why and they've been known for decades. Keynesians have an unrealistic and unsupportable view of how the economy works and how people make decisions. Short-Run Focus Keynesian policy advocates focus primarily on the short ru n -- with no regard for the future implications of current events -- and they assume that all economic decision-makers do the same. Consider the following quote by John Maynard Keynes: "But the long run is a misleading guide to current affairs. In the long run we are all dead. Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is long past the ocean will be flat again." After passage of the stimulus package, Lawrence Summers, Obama's chief economic advisor at the time, often said that the spending should be "timely, targeted, and temporary." Although those sound like desirable objectives, they illustrate the Keynesian focus on the short term. Sure it would be convenient if you could just spend a bunch of money and make the economy get well, but it's not that simple. The implication of a Keynesian perspective is that you can hit the economy a few times with a cattle prod and get society back to full employment. Remember that so-called "cash-for-clunkers" program? Maybe it accelerated some new car sales by a month or two, but it had no lasting impact. The "Chicago School" is the primary source of serious research and analysis related to the Keynesian model. Two Chicago School conclusions, in particular, make it clear where Keynesian policies run aground. The two theories are the "permanent income hypothesis" and the theory of "rational expectations." The "permanent income hypothesis" was how Milton Friedman termed the findings of his research on the spending behavior of consumers. The *MIT Dictionary of Economics* defines the permanent income hypothesis as "The hypothesis that the consumption of the individual (or household) depends on his (or its) *permanent income*. Permanent income may be thought of as the income an individual expects to derive from his work and holdings of wealth during his lifetime." Whether consumers and investors focus mostly on the short run or the long run is basically an "empirical question." A convincing theoretical case can be made either way. To find out which focus actually conforms closer to reality, you have to gather evidence. Not Evidence-Based Much of the difference between the two schools of thought can be explained by differences in their methodologies. Keynes was not known for his research or empirical efforts. Keynesianism is definitely not an evidence-based model of how the economy works. So far as I know, Keynes did no empirical studies. Friedman was a far more diligent researcher and data collector than was Keynes. Friedman fit the theory to the data, rather than vice versa. The Keynesian disregard for evidence is reflected in their advocacy for more stimulus spending even in the face of the obvious failure of the what's already been spent. At a minimum, we are due an explanation of why it hasn't worked. (Don't expect that to be forthcoming, however). Failure to Consider Incentives Another of the Chicago School's broadsides against Keynesianism is the theory of "rational expectations." It's a theory for which the 1995 Nobel Prize for Economics was awarded to Robert Lucas of the University of Chicago. As economic theories go, it is relatively straightforward. It essentially states that "individuals use all the available and relevant information when taking a view about the future." (*MIT Dictionary of Modern Economics*) The rational expectations hypothesis is the simple assertion that individuals take into account their best guesses about the future when they make decisions. That seemingly simple concept has profound implications. The Chicago School's research led them to conclude that individuals are relatively deliberate and sophisticated in how they make economic choices. Keynesians and their liberal followers apparently think individuals are short-sighted and simple-minded. An elemental but too often overlooked reality about our economy is that it is based on voluntary exchange. Voluntary exchange is an even more fundamental feature of our economy than is the market. A market is any arrangement that brings buyers and sellers together. In other words, the primary purpose of a market is to make voluntary exchange possible. Voluntary exchange leaves large amounts of control in the hands of private individuals and businesses. The market relies on carrots rather than sticks, rewards rather than punishment. The actors, therefore, need to be induced to move in certain desired directions rather than simply commanded to do so. This is the basic reason why incentives are such an important part of economics. If not for voluntary exchange, incentives wouldn't much matter. In designing economic policy in the context of a market economy it becomes important to take into account what actually motivates people and how they make choices. If you want to change behavior in a voluntary exchange economy, you have to change incentives. Keynesian policies do not take that essential step. The federal government's share of GDP has gone from 19 percent to 24 percent during Obama's time in the White House. A larger government share of GDP ultimately necessitates higher taxes or more debt. In and of themselves, higher taxes retard economic growth because of their impact on incentives. The disincentive effect of higher taxes illustrates why big government is far costlier than it first appears. It's no accident that Keynesianism is so popular with liberals. It blends well with their unquenchable thirst for expansive government. It doesn't work for the economy but it works for them. The obvious failure of Keynesianism is further evidence of the bankruptcy of liberalism. Keynesianism is essentially all the Democrats have. It's a one-trick pony. That one trick hasn't worked and now Dems are floundering with nothing more to offer. All but one member of the president's original economic team has exited. According to liberal columnist Ezra Klein, "Lawrence Summers and Christina Romer were two of the most influential Keynesians in the country. Obama didn't just have a team of Keynesians. He had a Keynesian all-star team." Now the president has a Keynesian all-gone team. It will be a brighter day for the country when Keynesianism itself is gone for good.

Econ collapse is inevitable – Europe recession

**Snyder** (Undergraduate degree in Commerce from the University of Virginia and I have a law degree from the University of Florida law school. I also have an LLM from the University of Florida law school. Worked for some of the largest law firms in Washington D.C) 20**12**

(Michael, “Europe’s train-wreck and the inevitable collapse of the global economy,” <http://theextinctionprotocol.wordpress.com/2012/06/20/europes-train-wreck-and-the-inevitable-collapse-of-the-global-economy/>, June 20th 2012)

June 20, 2012 – ECONOMY – Yes, it is officially time to start freaking out about the global economy. The European financial system is falling apart and it is going to go down hard. If Europe was going to be saved, it would have happened by now. The big money insiders have already pulled their funds from vulnerable positions and they are ready to ride the coming chaos out. Over the next few months, the slow motion train-wrecks currently unfolding in Europe will continue to play out and things will likely really start really heating up in the fall, once summer vacations are over. Most Americans greatly underestimate how much Europe can affect the global economy. Europe actually has a larger population than the United States does. Europe also has a significantly larger economy and a much larger banking system. The world is more interconnected today than ever before, and a collapse of the financial system in Europe will cause a massive global recession. Once the global economy slides into another major recession, it is going to take years to recover. The pain is going to be immense. Yes, that is going to include the United States. Sadly, we never recovered from the last recession, and it is frightening to think about how much farther this next recession is going to knock us down. The big problem is that there is simply way, way, way too much debt in the United States and Europe. It has been a lot of fun spending all of this borrowed money, but now we get to pay the price. Citigroup Chief Economist Willem Buiter says that both Italy and Spain are going to need major bailouts and despite the new Greek elections in favor of a continual bailout by Euro nations, Greece will have to bite the austerity bullet with no chance of the loan payments being restructured as many Greeks are hoping. German Chancellor Angela Merkel has declared that Germany will not budge at all on the terms of the Greek bailout. If you are looking for some kind of a global financial miracle; you can stop watching. If European leaders had a master plan to save Europe, they would have shown it by now. The entire house of cards is starting to come down and things are going to get really messy.  A lot of people both in the United States and in Europe are going to lose their jobs and their homes over the next few years. It is likely that the next recession will be even more painful than the last one was. –[The Economic Collapse](http://theeconomiccollapseblog.com/archives/oh-crud-19-reasons-why-it-is-time-to-start-freaking-out-about-the-global-economy%22%20%5Ct%20%22_blank)

NIB fails—adds to the debt, redundant, not self sufficient, project size, and loan selection process

Istrate (senior research associate and associate fellow with the Metropolitan Policy Program at Brookings) and Puentes (senior fellow with the Brookings Institution’s Metropolitan Policy Program where he also directs the Program's Metropolitan Infrastructure Initiative) 09

(Emilia Istrate and Robert Puentes, 2009, “Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank”, Brookings, p. 16-17, http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes) aw

However, an NIB is not a silver bullet for the problems of the federal investment. An entity that is not self-sufficient over time and relies on Congress appropriations, by definition, will be under Congress’ influence. In this case, it will be hard to entirely remove the political criterion from the selection process. If NIB is a shareholder-owned corporation, its cost of borrowing would be higher and the entity might experience similar problems to those of Fannie Mae and Freddie Mac. Lack of a clear federal role, performance based selection criteria, and a lack of emphasis on loan repayment, may render an NIB into another federal earmarks program. These issues are discussed below. Political interference in the selection process. An NIB, as envisaged by recent proposals, would be under congressional influence. It would receive annual appropriations from Congress and the board would have to submit a report to the president and the Congress at the end of each fiscal year. Evidence from the federal transportation program shows that congressional directives sometimes choose projects which are not a priority and that would not have been chosen in a competitive selection process. 111 Talking about changing the U.S. transportation policy into performance driven decisionmaking, former U.S. Department of Transportation official Tyler Duvall articulated the problem: “The objective of depoliticizing transportation decisions by using the political process is a tough challenge.” 112 Debt and cost of borrowing. The NIB would add to the federal debt and budget deficit if it were to use debt to finance its activities and if there were not cuts in federal spending taken elsewhere. There is also a trade-off between independence from political influence and cost of borrowing. If an NIB is a federal agency, it may draw upon Treasury’s low interest rates to finance its activities. If it is a shareholder–owned entity, it would incur higher costs of borrowing than Treasury, so the loans going to recipients would have to be at higher interest rates .113 Loan repayment. An issue of discussion is the revenue source required to repay an NIB loan. There is a concern is that only revenue producing projects, such as toll roads, would be able to obtain funding from an NIB. The TIFIA awards track record shows that while tolls are the main revenue source, there are alternatives. Awardees may use other sources of funding to reimburse the loan or secure the loan guarantee, such as availability payments. The Washington Metropolitan Area Transit Authority secured a loan guarantee with its gross revenues as well as payments provided by the local area governments to support its Capital Improvement Program. 114 Size of projects. Although the 2007 Dodd-Hagel bill referred to a $75 million threshold for awards, the current proposals do not mention any size. The size of projects is often considered as a proxy for the expected effect. A low threshold size might signal that the money is intended to be spread around to satisfy as many projects as possible. If that’s the case, some entities might not consider applying for the funding, given the large cost to prepare the application for a project. Ultimately, the size of projects will depend on the funding available to an NIB and the perceived federal role in directly funding infrastructure projects. Sectors. There is also a concern that an NIB would favor transportation over other infrastructure modes, due to potentially larger projects and associated revenue streams. The wastewater and drinking water advocates are worried that water projects would not be able to compete with transportation, because the water projects have a localized effect and usually do not reach the size of transportation construction projects. Overlap with other federal programs. The mandate of an NIB in practice would overlap with the mandates of other existing programs. There are two major issues arising from this problem: how would an NIB use the existing agency expertise and how would other federal agencies relate to this new entity? If the sharing-of-expertise is accomplished through detailing personnel from other agencies, the other federal agencies may have indirect control over NIB. 115 The issue of coordination with other agencies is a thornier one. Even current federal agencies do not have a great record at coordinating their programs. What it is not. Independent of any proposal design, an NIB is no panacea for the problems of the federal investment process. It is not a solution for the current federal investment programs. An NIB would be focused only on its own projects, which would be financed through new federal investment. It is not a revenue source, but a financing mechanism. It is not a replacement of the current formulabased grants or direct federal funding in infrastructure.

2NC AT: Inevitable

**Their evidence is pretty bad – it cites a tiny victory for the protectionists in the EU – goes nowhere to indicate that the entirety of the EU will be protectionist, only that existing protectionist countries swayed the opinion slightly.**

**No regulation has been passed yet, and it is impossible to tell the policy outcome**

**Mancini** (Catch 21 Writer, Catch 21 shoots cutting edge, non-partisan political videos and deliver content we care about) 20**12**

(Claudia, “The European Union: Caught between protectionism and free trade,” <http://www.catch21.co.uk/2012/03/the-european-union-between-protectionism-and-free-trade>, March 31st 2012)

All in all, it is very difficult to predict how the Council will deliberate on this critical matter, and there are serious doubts that the proposal will be approved. We should keep in mind that the issue will be decided through qualified majority voting, which means no country can yield a veto; moreover, behind the scenes, national diplomacies are still hard at work trying to reshape alliances and sway allegiances. What is sure is that a change in economic and trade policy in Brussels does not seem as far-fetched today as it might have looked just a month ago.

2NC AT: Free Trade Bad

**Free trade is key to every check a nuclear conflict – our Bernstein evidence indicates free trade is the only check to devastating trade wars that go nuclear – it’s try or die for the neg**

**Every instance of conflict since WWII has been because of protectionist policies – free trade solves – prefer empirics**

**Griswold** (Associate director of the Center for Trade Policy Studies at the Cato Institute in Washington) 19**98**

(Daniel T, “Peace On Earth, Free Trade For Men,” <http://www.cato.org/publications/commentary/peace-earth-free-trade-men>, December 31st 1998)

Advocates of free trade have long argued that its benefits are not merely economic. Free trade also encourages people and nations to live in peace with one another. Free trade raises the cost of war by making nations more economically interdependent. Free trade makes it more profitable for people of one nation to produce goods and services for people of another nation than to conquer them. By promoting communication across borders, trade increases understanding and reduces suspicion toward people in other countries. International trade creates a network of human contacts. Phone calls, emails, faxes and face-to-face meetings are an integral part of commercial relations between people of different nations. This human interaction encourages tolerance and respect between people of different cultures (if not toward protectionist politicians). Ancient writers, expounding what we now call the Universal Economy Doctrine, understood the link between trade and international harmony. The fourth-century writer Libanius declared in his Orations (III), "God did not bestow all products upon all parts of the earth, but distributed His gifts over different regions, to the end that men might cultivate a social relationship because one would have need of the help of another. And so He called commerce into being, that all men might be able to have common enjoyment of the fruits of the earth, no matter where produced." Open trade makes war a less appealing option for governments by raising its costs. To a nation committed to free trade, war not only means the destruction of life and property. It is also terrible for business, disrupting international commerce and inflicting even greater hardship on the mass of citizens. When the door to trade is open, a nation's citizens can gain access to goods and resources outside their borders by offering in exchange what they themselves can produce relatively well. When the door is closed, the only way to gain access is through military conquest. As the 19th century Frenchman Frederic Bastiat said, "When goods cannot cross borders, armies will." History demonstrates the peaceful influence of trade. The century of relative world peace from 1815 to 1914 was marked by a dramatic expansion of international trade, investment and human migration, illuminated by the example of Great Britain. In contrast, the rise of protectionism and the downward spiral of global trade in the 1930s aggravated the underlying hostilities that propelled Germany and Japan to make war on their neighbors. New York Times columnist Thomas Friedman has pointed out what he calls the Big Mac thesis: that no two nations with McDonald's franchises have ever gone to war. In the more than half a century since the end of World War II, no wars have been fought between two nations that were outwardly oriented in their trade policies. In every one of the two dozen or so wars between nations fought since 1945, at least one side was dominated by a nation or nations that did not pursue a policy of free trade. In the recurring Middle East wars between Israel and its Arab neighbors, dating back to 1948-49, none of the direct participants were what could be described as open economies at the time of conflict, with the Arab countries enforcing a virtual boycott of trade with Israel. Saddam Hussein, the instigator of the 1991 Persian Gulf War, could be described in many ways, but not as a free trader. Wars have been fought between members of the General Agreement on Tariffs and Trade, but only when at least one of the warring sides was protectionist in its trade policies. For example, India and Pakistan were both members of GATT during their 1965 and 1971 conflicts, but they were also both committed to protection as a trade policy. Great Britain and Argentina were members of GATT when they fought over the Falklands in 1982, but Argentina, the aggressor in that conflict, was at the time still under the protectionist spell of Peronism. After the nightmare of two world wars, the United States encouraged the nations of Western Europe to form a free-trade area not only to promote economic development but also to reduce international rivalries. Decades of trade liberalization have helped to make war among members of the European Union virtually unthinkable today or in the foreseeable future. A growing web of international investment has also strengthened peace among nations. New York Times columnist Thomas Friedman has pointed out what he calls the Big Mac thesis: that no two nations with McDonald's franchises have ever gone to war. A nation open enough and developed enough to be a profitable home for an established international franchise such as McDonald's will generally find war an unattractive foreign policy option. Of course, free trade does not guarantee peace, just as protectionism does not guarantee war. Enduring human vices such as greed, envy, racism and intellectual hubris, combined with the power of government, can overwhelm the beneficial influence of peaceful commerce. But free trade among nations does make war less likely, bringing us a step closer to the promise of peace on earth recorded 2,000 years ago.

2NC Stimulus Fails

**Stimulus may be effective in the short term but the economy fails in the long term as a result of stimulus—that’s Ross**

Specifically, infrastructure spending doesn’t stimulate the economy – the New Deal is a unique situation that is different than the current day crisis

**Bentley** (Writer for the Adam Smith Institute) 20**12**

(Guy, “Government infrastructure spending won’t stimulate growth,” <http://www.adamsmith.org/blog/planning-transport/government-infrastructure-spending-wont-stimulate-growth>, March 14th 2012 ;)

Next week the Chancellor will deliver a much-anticipated budget. With calls for tax cuts, tax rises and regulatory reform, the line between politics and economics will be a difficult one to tread. However, many commentators and politicians seem to be in agreement on one thing: that ‘infrastructure investment’ would be a boost to the economy, reinvigorating the construction sector and adding to the nation's productivity. Hence we have projects such as HS2 and £6 billion announced in the last year’s autumn statement for roads and other rail projects. These measures are supposed to create jobs in the short- and the long-term whilst bringing the country's transport infrastructure into the 21st century. In the US, too, President Obama has been keen to point to ‘shovel ready jobs’ available through government infrastructure spending. We should all be worried when politicians start spouting platitudes about the highly unrealistic benefits of these projects. The great myth of the success Roosevelt’s New Deal no doubt lingers in the minds of policy makers. But the truth about government infrastructure is wildly different from the conventional wisdom. It is a fallacy to believe that the government can allocate resources effectively to meet future economic needs, instead of entrepreneurs. What advocates of state infrastructure spending fail to grasp is that government cannot suddenly acquire the knowledge as to which parts of the UK’s infrastructure either needs repair, replacement or, indeed, which new projects should be undertaken. The economy is dynamic and never static. The government cannot predict what it will look like in 30 years time, whether there will be an increase of manufacturing jobs in the northeast or high tech in the midlands. This is simply not possible to anticipate into the next twenty or thirty years. The argument commonly made for infrastructure spending is that it will have a kind of Keynesian multiplier effect. Private construction firms will be employed, idle resources will be put to use and money will start to circulate through the economy as people spend their newly earned wages. But this, again, is untrue. Government infrastructure drains the economy of resources and, even in the short term, stops resources from being used elsewhere. These decisions are difficult even for the private sector, which relies on price signals. Sometimes the private sector fails, sometimes it succeeds, but because it is the investor's money that is on the line it has a reason to act rationally. Government lacks the information to act wisely, and the incentives to act prudently. In Japan, large government infrastructure projects have failed to lift the country out if its low growth high debt slump. In the UK, many cities have built tramlines, which have almost universally turned out to be loss makers and failed to promote growth.

Stimulus risks economic collapse

**Taylor and Vedder ’10** (Jason E. Taylor is professor of economics at Central Michigan University. Richard K. Vedder is distinguished professor of economics at Ohio University and adjunct scholar at the American Enterprise Institute, May/June 2010, “ Stimulus by Spending Cuts: Lessons from 1946” <http://www.cato.org/pubs/policy_report/v32n3/cpr32n3-1.html>) SRK

The conversation has begun regarding the nation's exit strategy from the unsustainable fiscal and monetary stimulus of the last two years. Our soaring national debt will not only punish future generations but is also causing concern that our creditors may bring about a day of reckoning much sooner (the Chinese have recently become a net seller of U.S. government securities). There are fears that the Fed's policy of ultra-low interest rates may bring new asset bubbles and begin the cycle of boom and bust all over again. And unless the Fed acts to withdraw some of the monetary stimulus, many fear a return of 1970s era double-digit inflation. On the other hand, there are widespread fears that if we remove the stimulus crutch, the feeble recovery may turn back toward that "precipice" from which President Obama has said the stimulus policies rescued us. History and economic theory tell us those fears are unfounded. More than six decades ago, policymakers and, for the most part, the economic profession as a whole, erroneously concluded that Keynes was right — fiscal stimulus works to reduce unemployment. Keynesian- style stimulus policies became a staple of the government's response to economic downturns, particularly in the 1960s and 1970s. While Keynesianism fell out of style during the 1980s and 1990s — recall that Bill Clinton's secretary of treasury Robert Rubin turned Keynesian economics completely on its head when he claimed that surpluses, not deficits, stimulate the economy — during the recessions of 2001 and 2007-09 Keynesianism has come back with a vengeance. Both Presidents Bush and Obama, along with the Greenspan/Bernanke Federal Reserve, have instituted Keynesian-style stimulus policies — enhanced government spending (Obama's $787 billion package), tax cuts to put money in people's hands to increase consumption (the Bush tax "rebate" checks of 2001 and 2008), and loose monetary policy (the Federal Reserve's leaving its target interest rate below 2 percent for an extended period from 2001 to 2004 and cutting to near zero during the Great Recession of 2007-09 and its aftermath). What did all of this get us? A decade far less successful economically than the two non- Keynesian ones that preceded it, with declining output growth and falling real capital valuations. History clearly shows the government that stimulates the best, taxes, spends, and intrudes the least. In particular, the lesson from 1945-47 is that a sharp reduction in government spending frees up assets for productive use and leads to renewed growth.

Massive stimulus fails—empirics prove

Stratmann and Okolski 10 Thomas Stratmann, a scholar at the Mercatus Center and a professor of economics at George Mason University, And Gabriel Lucjan Okolski, Presidential Management Fellow in the Department of Transportation, 6/10/10, “Does Government Spending Affect Economic Growth?” MERCATUS CENTER AT GEORGE MASON UNIVERSITY, http://mercatus.org/publication/does-government-spending-affect-economic-growth

Government spending, even in a time of crisis, is not an automatic boon for an economy's growth. A body of empirical evidence shows that, in practice, government outlays designed to stimulate the economy may fall short of that goal. Such findings have serious consequences as the United States embarks on a massive government spending initiative. Before it approves any additional spending to boost growth, the government should use the best peer-reviewed literature to estimate whether such spending is likely to stimulate growth and report how much uncertainty surrounds those estimates. These analyses should be made available to the public for comment prior to enacting this kind of legislation.

2NC Keynesian Economics Fail

**Keynesian economics focus on the short term and neglect to consider future implications—this ensures long term failure—that’s Ross**

Keynesian economics is false – empirical studies disprove

Ross ’11 (Ron Ross Ph.D. is an economist who lives in Arcata, California. He is the author of The Unbeatable Market, 7.22.11, “ Fatal Flaws of Keynesian Economics”, http://spectator.org/archives/2011/07/22/fatal-flaws-of-keynesian-econo)

The stimulus was premised on the economic model known as Keynesianism: the intellectual legacy of the late English economist John Maynard Keynes. Keynesianism doesn't work, never has worked, and never will work. Without a clear understanding of why Keynesianism cannot work we will be forever doomed to pursuing the impossible. There's no real mystery about why Keynesianism fails. There are numerous reasons why and they've been known for decades. Keynesians have an unrealistic and unsupportable view of how the economy works and how people make decisions. Short-Run Focus Keynesian policy advocates focus primarily on the short run -- with no regard for the future implications of current events -- and they assume that all economic decision-makers do the same. Consider the following quote by John Maynard Keynes: "But the long run is a misleading guide to current affairs. In the long run we are all dead. Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is long past the ocean will be flat again." After passage of the stimulus package, Lawrence Summers, Obama's chief economic advisor at the time, often said that the spending should be "timely, targeted, and temporary." Although those sound like desirable objectives, they illustrate the Keynesian focus on the short term. Sure it would be convenient if you could just spend a bunch of money and make the economy get well, but it's not that simple. The implication of a Keynesian perspective is that you can hit the economy a few times with a cattle prod and get society back to full employment. Remember that so-called "cash-for-clunkers" program? Maybe it accelerated some new car sales by a month or two, but it had no lasting impact. The "Chicago School" is the primary source of serious research and analysis related to the Keynesian model. Two Chicago School conclusions, in particular, make it clear where Keynesian policies run aground. The two theories are the "permanent income hypothesis" and the theory of "rational expectations." The "permanent income hypothesis" was how Milton Friedman termed the findings of his research on the spending behavior of consumers. The MIT Dictionary of Economics defines the permanent income hypothesis as "The hypothesis that the consumption of the individual (or household) depends on his (or its) permanent income. Permanent income may be thought of as the income an individual expects to derive from his work and holdings of wealth during his lifetime." Whether consumers and investors focus mostly on the short run or the long run is basically an "empirical question." A convincing theoretical case can be made either way. To find out which focus actually conforms closer to reality, you have to gather evidence. Not Evidence-Based Much of the difference between the two schools of thought can be explained by differences in their methodologies. Keynes was not known for his research or empirical efforts. Keynesianism is definitely not an evidence-based model of how the economy works. So far as I know, Keynes did no empirical studies. Friedman was a far more diligent researcher and data collector than was Keynes. Friedman fit the theory to the data, rather than vice versa. The Keynesian disregard for evidence is reflected in their advocacy for more stimulus spending even in the face of the obvious failure of the what's already been spent. At a minimum, we are due an explanation of why it hasn't worked. (Don't expect that to be forthcoming, however). Failure to Consider Incentives Another of the Chicago School's broadsides against Keynesianism is the theory of "rational expectations." It's a theory for which the 1995 Nobel Prize for Economics was awarded to Robert Lucas of the University of Chicago. As economic theories go, it is relatively straightforward. It essentially states that "individuals use all the available and relevant information when taking a view about the future." (MIT Dictionary of Modern Economics) The rational expectations hypothesis is the simple assertion that individuals take into account their best guesses about the future when they make decisions. That seemingly simple concept has profound implications. The Chicago School's research led them to conclude that individuals are relatively deliberate and sophisticated in how they make economic choices. Keynesians and their liberal followers apparently think individuals are short-sighted and simple-minded. An elemental but too often overlooked reality about our economy is that it is based on voluntary exchange. Voluntary exchange is an even more fundamental feature of our economy than is the market. A market is any arrangement that brings buyers and sellers together. In other words, the primary purpose of a market is to make voluntary exchange possible. Voluntary exchange leaves large amounts of control in the hands of private individuals and businesses. The market relies on carrots rather than sticks, rewards rather than punishment. The actors, therefore, need to be induced to move in certain desired directions rather than simply commanded to do so. This is the basic reason why incentives are such an important part of economics. If not for voluntary exchange, incentives wouldn't much matter. In designing economic policy in the context of a market economy it becomes important to take into account what actually motivates people and how they make choices. If you want to change behavior in a voluntary exchange economy, you have to change incentives. Keynesian policies do not take that essential step. The federal government's share of GDP has gone from 19 percent to 24 percent during Obama's time in the White House. A larger government share of GDP ultimately necessitates higher taxes or more debt. In and of themselves, higher taxes retard economic growth because of their impact on incentives. The disincentive effect of higher taxes illustrates why big government is far costlier than it first appears.

2NC—Econ Decline Inevitable

**European economic decline ensures global recession and eventually collapse because of massive European influence in the global economy—that’s Snyder**

**Prefer our evidence—because the condition of the economy changes from day to day the most recent evidence should be preferred**

Econ collapse inevitable – US debt

Smith ’11 (Ron Smith, Baltimore Sun Staff Writer, September 15 2011, “Ron Smith: The only question now is how and when the global economy will collapse”, http://articles.baltimoresun.com/2011-09-15/news/bs-ed-smith-debt-20110915\_1\_debt-ceiling-global-economy-political-elite)

Predicting how the future will play out is a fool's game, but I make the above prediction with great confidence. If you haven't yet grasped it, government [debt](http://articles.baltimoresun.com/2011-09-15/news/bs-ed-smith-debt-20110915_1_debt-ceiling-global-economy-political-elite) in the U.S., Europe and Japan has grown to such heights that it is literally unrepayable.   People play with the figures all the time, but we can be confident that the actual federal debt alone is nearly $17 trillion. The current system is kaput, and the [financial](http://articles.baltimoresun.com/2011-09-15/news/bs-ed-smith-debt-20110915_1_debt-ceiling-global-economy-political-elite) and political elite are aware of this, but they prefer financial sleight-of-hand to revolution, which is certainly understandable. However, as we shall see pretty quickly, the game is over, and the only question now is how the collapse of the global economy will take place. All of the political theater over raising the debt ceiling limit can't conceal the fact that the economy in question was built on perpetual debt, created out of thin air. Federal Reserve Chairman Ben Bernanke is wedded to the fantastical notion that creating vast new debt won't affect [interest rates](http://articles.baltimoresun.com/2011-09-15/news/bs-ed-smith-debt-20110915_1_debt-ceiling-global-economy-political-elite). He's promised to keep them at their current levels for two more years, but will the markets allow that to happen? Even should the answer be yes, it does nothing to help Joe and Jill Sixpack as massive unemployment will persist and living standards will continue to fall. All the presidential exhortations to "pass this [jobs] bill now" are hollow words. Job creation is a byproduct of a growing economy, not the cause of one. The wagon cannot pull the horses. The debt ceiling fuss was carried out under the fictive notion that our elected representatives were desperately trying to save our bacon. The way it was represented in the major media was as a clash of disparate political beliefs, with tea party Congress critters cast as the penurious villains gumming up the finely tuned machine of governance. So-called mainstream Republicans were certainly willing to do their usual surrender to the Democrats, but elections have consequences, and the 2010 election of dozens of GOP representatives resulted in a sizable bloc willing to buck the system that had gotten us into this mess in the first place. In the end, though, what was delivered was just another delay of game's end. The nation's elites want the system that has allowed them to loot the economy to continue as long as possible. After all, the financial oligarchy that bought the people that ostensibly represent all of us is still flying high, though I'm certain the members of it are well aware that time is short and they'd better grab all they can before the final whistle blows. Perhaps the biggest story of the week was the release of the Census Bureau's annual snapshot of living standards, which showed that median household [earnings](http://articles.baltimoresun.com/2011-09-15/news/bs-ed-smith-debt-20110915_1_debt-ceiling-global-economy-political-elite) have fallen to 1996 levels and that poverty levels are up to more than 15 percent of the population. This is despite 2010 showing a growth of 3 percent in the GDP.

Economic collapse is inevitable – 4 experts prove

**Shell** (USA Today Correspondent) 2/27/**12**

(Adam, “3 doomsaying experts who foresee economic devastation ahead,” http://www.usatoday.com/money/perfi/stocks/story/2012-02-26/stock-market-bears-doomsayers/53259742/1)

Harry Dent, author of the new book *The Great Crash Ahead*, says another stock market crash is coming due to a bad ending to the global debt bubble. He has pulled back on his earlier prediction of a crash in 2012, as central banks around the world have been flooding markets with money, giving stocks an artificial short-term boost. But a crash is coming in 2013 or 2014, he warns. "This will be a repeat of 2008-09, only bigger, when it finally hits," Dent told USA TODAY. Gerald Celente, a trend forecaster at the Trends Research Institute, says Americans should brace themselves for an "economic 9/11" due to policymakers' inability to solve the world's financial and economic woes. The coming meltdown, he predicts, will lead to growing social unrest and anti-government sentiment, a [U.S.](http://content.usatoday.com/topics/topic/U.S) dollar with far less purchasing power and more people out of work. Celente won't rule out another financial panic that could spark enough fear to cause a run on the nation's banks by depositors. That risk could cause the government to invoke "economic martial law" and call a "bank holiday" and close banks as it did during the [Great Depression](http://content.usatoday.com/topics/topic/Events%2Band%2BAwards/Great%2BDepression). "We see some kind of threat of that magnitude," Celente, publisher of *The Trends Journal* newsletter, warned in an interview. [Robert Prechter](http://content.usatoday.com/topics/topic/Robert%2BPrechter), author of *Conquer the Crash*, first published in 2002 and updated in 2009, is still bearish. He says today's economy has similarities to the Great Depression and warns that 1930s-style deflation is still poised to cause financial havoc. Prechter predicts that the major U.S. stock indexes, such as the Dow Jones industrials and Standard & Poor's 500, will plunge below their bear market lows hit in March 2009 during the last financial crisis. The brief recovery will fail as it did in the 1930s, he says.If he's right, stocks would lose more than half of their value. "The economic recovery has been weak, so the next downturn should generate bad news in a big way," Prechter said in an e-mail interview. "For the third time in a dozen years, the stock market is in a very bearish position."

Economic crisis are inevitable – no amount of policy action can save us now

**Caims** (A freelance journalist and filmmaker from Edinburgh who taught journalism in Somalia and Kenya) 20**11**

(David, “Economic crisis is inevitable and it will get worse,” <http://www.theweek.co.uk/politics/debt-crisis/3287/economic-crisis-inevitable-and-it-will-get-worse>, 8/7/2011)

The G7 financial leaders are holding conferences by telephone today as they try desperately to get a grip on market confidence after the US was downgraded to an AA+ credit rating for the first time in modern history. The group may call a full emergency meeting – and UK chancellor George Osborne is said to be preparing to return from his summer holiday to take part, if it goes ahead. Meanwhile, the European Central Bank is holding emergency talks today on how best to contain turmoil spreading through the world's financial markets. The ECB is split on the issue of buying Italian debt to help calm the situation. The [US downgrade, by respected agency Standard and Poor's](http://www.theweek.co.uk/82711%2Cnews-comment%2Cnews-politics%2Cus-credit-downgrade-will-investors-ignore-standard-poors) – one of the 'Big Three' credit rating agencies – has sent shockwaves around world since it was announced on Friday. But many commentators see it as just another symptom of a deeper problem. Things can only get worse. In the *[Sunday Telegraph,](http://blogs.telegraph.co.uk/news/peteroborne/100099792/in-this-grave-crisis-the-worlds-leaders-are-terrifyingly-out-of-their-depth/%22%20%5Ct%20%22_blank)* Peter Oborne paints a catastrophically bleak picture. "Wake up," he writes, "the Eurozone is very close to collapse. It will come as no surprise if some Italian and Spanish banks are forced to close..." 2011 could be a turning point as significant in history as the Wall Street Crash of 1929 or Black Wednesday in 1989. Unlike in 2008, Oborne says, Europe's financial leaders lack the tools to contain the current crisis. National debts have risen - partly because of the bail-out of banks back then - and interest rates cannot be slashed any lower than they already are. "Where does this leave Britain?" asks Oborne. Well out of it, seems to be his answer: thank goodness we didn't join the Euro. Now all George Osborne has to do is hold steady on the austerity measures and the UK will "survive". Step forward Gordon Brown - either the greatest chancellor of modern times or the author of all our current misfortunes, depending on who you listen to (or when they were speaking) - to remind us in an article for the *[Independent on Sunday](http://www.independent.co.uk/opinion/commentators/gordon-brown-europe-is-still-burying-its-head-in-the-sand-2333170.html%22%20%5Ct%20%22_blank)* that it was he who said no to the Euro. Europe is burying its head in the sand**,** says Brown, for "since the early days of the crisis, it has suited European leaders to believe that theirs is a fiscal crisis confined to the weaker states". All of the measures the G7 will debate are too little, too late – because the economic malaise is bigger than the problems in Greece or Italy. Europe must stop "looking inwards" and instead look "outwards to export markets in the eight fastest-growing economies (India, China, Brazil, Russia, Indonesia, Turkey, Korea and Mexico)". "The key to achieving sustained growth is... radical capital-product and labour-market reforms to equip the euro area for global competition," he concludes. There's nothing we can do**.** Matthew Parris, in the *[Sunday Times,](http://www.thetimes.co.uk/tto/opinion/columnists/article3116663.ece%22%20%5Ct%20%22_blank)* sees the turmoil as a "spasm" in a broader – and inevitable – decline in affluence and influence of Western Europe. He writes: "Democratic pressures on Western governments to keep their voters getting richer and to bloat public spending may have fed into state encouragement of crazy borrowing, private as well as public. "Global banking crises may in part be the consequence of trying to maintain the dividend - national prosperity - even while the profits are falling: leading to sudden, violent, catch-up corrections. And if that's true, then the longer, gentler tragedy of our relative Western decline may be a root cause of this more immediate spasm.

2NC NIB Fails—generic

**Our Istrate evidence says that NIB will inevitably fail because**

1. **Debt—instead of generating revenue, NIB will add to the federal debt**
2. **Not self sufficient—NIB requires congress appropriations and will not be able to become fully self sufficient**
3. **Loan selection—NIB only loans to toll roads which limits the scope of infrastructure projects that can be addressed**
4. **Project size—money spread to support as many projects as possible which discourages some entities from applying for funding, thus further limiting the type of project done**
5. **Redundancy—NIB’s goals are similar to that of TIFIA, and existing federal infrastructure loan program that is functioning well. If NIB were implemented the two programs would not coordinate causing further delays and redundancies in infrastructure projects**

NIB doomed to fail—multiple reasons

Utt (Morgan Senior Research Fellow in Economic Policy at the[*Heritage Foundation*](http://www.washingtontimes.com/topics/heritage-foundation/)) 11

(Ronald Utt, 9/14/11, “UTT: Infrastructure ‘bank’ doomed to fail”, Washington Times, http://www.washingtontimes.com/news/2011/sep/14/utt-infrastructure-bank-doomed-to-fail/) aw

But no matter what the source of the cash, this hard fact remains: An infrastructure bank would do little to spur the economic recovery — and nothing to create new jobs. Such a bank has all the liabilities of the American Revitalization and Investment Act of 2009 (ARRA). You’ll recall that this $800 billion “stimulus” included $48.1 billion for transportation infrastructure. Yet, as the president acknowledged recently and the [Heritage Foundation](http://www.washingtontimes.com/topics/heritage-foundation/)predicted, the funded projects have been very slow to get under way and have had little impact on economic activity. Why is an infrastructure bank doomed to fail? For starters, it’s not really a bank in the common meaning of the term. The infrastructure bank proposed in the president’s 2011 highway reauthorization request, for example, would provide loans, loan guarantees and grants to eligible transportation infrastructure projects. Its funds would come from annual appropriations of $5 billion in each of the next six years. Normally, a bank acts as a financial intermediary, borrowing money at one interest rate and lending it to creditworthy borrowers at a somewhat higher rate to cover the costs incurred in the act of financial intermediation. That would not be the case here. Grants are not paid back. As a former member of the National Infrastructure Financing Commission observed, “Institutions that give away money without requiring repayment are properly called foundations, not banks.” Infrastructure bank bills introduced by Sen. John Kerry, Massachusetts Democrat, and Rep. Rosa L. DeLauro, Connecticut Democrat, illustrate the time-consuming nature of creating such a bank. Both bills are concerned — appropriately — with their banks’ bureaucracy, fussing over such things as detailed job descriptions for the new executive team; how board members would be appointed; duties of the board; duties of staff; space to be rented; creating an orderly project solicitation process; an internal process to evaluate, negotiate and award grants and loans; and so on. This all suggests that it will take at least a year or two before the bank will be able to cut its first grant or loan check. Indeed, the president’s transportation “bank” proposal indicates just how bureaucracy-intensive such institutions would be. It calls for $270 million to conduct studies, administer the bank and pay the 100 new employees required to run it. In contrast, the transportation component of the ARRA worked through existing and knowledgeable bureaucracies at the state, local and federal levels. Yet, despite the staff expertise and familiarity with the process, as of July — 2½ years after the enactment of ARRA — 38 percent of the transportation funds authorized were still unspent, thereby partly explaining ARRA’s lack of impact. The president’s fixation on an infrastructure bank as a means of salvation from the economic crisis at hand is — to be polite about it — a dangerous distraction and a waste of time. It also is a proposal that has been rejected consistently by bipartisan majorities in the House and Senate transportation and appropriations committees. Those rejections have occurred for good reason. Based on the ARRA’s dismal and remarkably untimely performance, an infrastructure bank likely would yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity. And whatever it did manage to spend would have to be borrowed, only adding to the deficit. That’s no way to meet the economic challenges confronting the nation.

Federal infrastructure bank fails—4 reasons

Roth (Gabriel, Civil Engineer and Transport Economist, The Independent Institute) 11

(Gabriel Roth, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

But, as for myself, I am also against the President’s proposed American infrastructure financing authority. This is not because of any objection to an infrastructure bank. My disagreement is with the idea that the Federal Government should finance such a bank. My disagreement is for four principal reasons. First, the Federal Government, having run out of money, should not finance facilities that can be financed by others. Second, because U.S. transportation systems have a long user- pays tradition, having been financed over long periods by private investors and by user-funded, dedicated road funds. As you all know, the Federal Highway Trust Fund was set up in 1956 with great care to avoid subsidies from general revenues. And this seems to me to be a precedent worth following. Third, Government involvement can actually delay projects, and even politicize them, so that the most urgently needed projects do not get funded. This point is pertinent, because the executive branch seems to have a problem in identifying viable projects on which to spend taxpayers’ money. Job creation does not justify all projects. And the private sector actually tends to be good at finding those with benefits that exceed costs. urban traffic congestion by providing express toll lanes, the tolls being collected electronically and varied to ensure free flow on the lanes at all times. Finally, Federal involvement raises costs, for example, because of numerous regulations, including those arising from the Davis- Bacon and ‘‘Buy American’’ acts. Therefore, for projects that cannot be financed by private investment, it seems to me that financing by individual States seems preferable to Federal financing.

NIB doesn’t decides projects improperly—funds projects that make the most jobs regardless of necessity

The Washington Independent 10

(Annie Lowrey, Staff Writer, 9/10/10, “The Problem With Having an Infrastructure Bank as a Jobs Program”, The Washington Independent, http://washingtonindependent.com/97142/the-problem-with-having-an-infrastructure-bank-as-a-jobs-program) aw

A national bank would have an appointed but politically sheltered board to grant funds to or loans for projects based on national concerns. And now is a particularly good time for that to happen. The United States desperately needs [infrastructure improvements](http://www.popularmechanics.com/technology/engineering/rebuilding-america/4258053), even with the 2009 American Reinvestment and Recovery Act funding thousands of upgrade projects. Hundreds of thousands of construction workers are unemployed. The cost of construction has dropped. And interest rates are at record lows. That said, Obama’s proposal is not much to go on — and you cannot divine how effective a bank would be without reading the fine print, says Adrian Moore of the Reason Foundation. For one, it is not clear whether the bank would take the jobs situation into account when choosing which projects to fund. “Obama is couching this as a jobs program, and that worries me,” Moore says. “Let’s say we’ve got a bridge in Alaska that’s a complex project, a big bridge that goes across to an island. It’s going to create 7,000 jobs. And let’s say you’ve got a road in Los Angeles that is near a congested freeway and needs to be widened. That project is going to create 1,000 jobs. “Under this proposal, the money is going to go to the Alaskan bridge, to make more jobs, even though the Los Angeles road is going to create more wealth in the longer term.”

NIB mechanisms vague and similar banks fail

The Transport Politic 10

(Yonah Freemark, writes on cities and transportation at The Transport Politic, “Benefits and Pitfalls of a National Infrastructure Bank”, The Transport Politic, http://www.thetransportpolitic.com/2010/03/08/benefits-and-pitfalls-of-a-national-infrastructure-bank/) aw

 But as nice as the infrastructure bank may sound, its own financing mechanisms have yet to be clearly defined, even though the way it would lend out is relatively easy to understand. In his [fiscal year 2011 budget](http://www.thetransportpolitic.com/2010/02/01/obama-introduces-proposed-fy-2011-budget-transportation-appropriations-stay-largely-intact/), President Obama suggested appropriating $4 billion to establish the new infrastructure bank, with the assumption that the new agency would distribute grants to qualified projects and have its coffers refilled every year or so depending on need. Of course, what’s envisioned there [is no bank at all](http://www.infrastructurist.com/2010/02/08/whats-the-problem-with-a-national-infrastructure-bank-capitalism-and-politics/), since it wouldn’t be generating revenue in return for its investments: it would be draining Washington’s coffers even more, with no clear explanation for why it is necessary. What’s the point of establishing another federal agency to dole out grants for infrastructure, when the Departments of Transportation, Housing and Urban Development, and Energy already do that all the time? This non-bank idea, in other words, is a non-starter. But what about an infrastructure bank that distributed loans at low interest rates and then expected to get its money back over time? What Connecticut Congresswoman Rosa DeLauro[**has been proposing for years**](http://dc.streetsblog.org/2010/02/04/delauro-questions-obama-budgets-infrastructure-fund-proposal/) is something modeled on the [**European Investment Bank**](http://www.eib.org/)(EIB). The EIB was founded in 1958 and provides low-interest loans at up to 50% of cost to qualified projects in a [**variety of sectors**](http://www.eib.org/projects/loans/sectors/index.htm) in Europe and North Africa. Recent projects funded by the EIB’s [**transport division**](http://www.eib.org/projects/loans/sectors/transports.htm) include an extension of the Bilbao Metro in Spain, a tramway network in Lodz, Poland, and the high-speed rail line between Istanbul and Ankara in Turkey. Despite its vast size and lending obligations — it is larger than the World Bank — the EIB is independent, does not rely on infusions of funds from any European governments, and has a stellar credit rating. The principal of encouraging states and local governments to take out low-interest loans was championed by the stimulus act of early 2009, which included a provision for [**Build America Bonds**](http://www.ustreas.gov/press/releases/docs/BuildAmericaandSchoolConstructionBondsFactsheetFinal.pdf). Governments have [**now issued $78 billion**](http://online.wsj.com/article/BT-CO-20100304-713758.html?mod=WSJ_latestheadlines) in these bonds, now representing 20% of the municipal debt market, mostly because the BAB program is such a good deal for public authorities that want to take out debt for new construction projects. Unlike the proposed infrastructure bank, however, the BAB program does not distribute funds based on merit, nor does it rely on a government bank — the federal government artificially produces low interest rates by subsidizing private loans. But the EIB and BAB models, as interesting as they are, do not actually increase the amount of money being spent on transportation in the long-term — they simply transfer more of the current spending load into debt. Is that a good idea when governments are already so squeezed by limited budgets? How can we be sure that we’ll be in an adequate financial situation to pay back these debts in the future? Spending now through loans inherently means less spending in the future: If Los Angeles compresses thirty years of transit spending into ten, what happens during the other twenty? Nothing at all, unless another separate revenue source is established. So none of the the infrastructure bank proposals put forth thus far will actually aid in reversing the current lack of adequate financing for transportation.

NIB won’t create jobs

Utt (Herbert and Joyce Morgan senior research fellow at The Heritage Foundation.) 11

(Ronald, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Mr. UTT. Well, I didn’t mean to, if that was the perception. I agree with several of the other statements, that jobs will occur as a consequence of spending on infrastructure. But the issue that we are discussing today is being presented as a desperately needed effort to get the unemployment rate down as quick as possible. And if that is the case, then this is not the proper tool to do that.

Solvency Frontline

NIB expensive, not “shovel ready”

Lankford (Congressman, member of the Committee on Transportation and Infrastructure) 11

(James Lankford, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

There is a legitimate role for the Federal Government in transportation and facilitating interstate commerce. But creating a new infrastructure bank with the start-up cost of $270 million and 100 new employees to do what normal transportation funding, TIFIA, and many State infrastructure banks already do, I do not believe is one of them. States do not need yet another way to increase their debt from the Federal Government. They need answers to the problem. They also don’t need a group from Washington determining which projects get funding, based on the decisions of another yet-to-be- named group from the administration. The last thing we need is another Government enterprise like Fannie Mae and Freddie Mac, or another loan program like the Department of Energy’s loan to Solyndra. The Federal infrastructure bank is also not shovel-ready. It would take a significant amount of time to select directors, get established, do the studies, hire the large staff, then start giving taxpayer-backed loans. In the meantime, what is really needed is a long-term reauthorization bill, a funded TIFIA program, and a streamlined construction process so they can get started.

Large projects like NIB have little effect on long-term economic success

Chin (former U.S. Executive Director to the Asian Development Bank) 11

(Curtis S. Chin, 10/17/11, “Chin: Obama’s infrastructure bank won’t create real jobs”, Washington Times, http://www.washingtontimes.com/news/2011/oct/17/obamas-infrastructure-bank-wont-create-real-jobs/) aw

On a basic economic level, obviously the larger-scale infrastructure development projects tend to contribute more to gross domestic product growth and employment, especially in the short-term. But when it comes to sustained growth, better focused projects of more modest scale can have a longer-term impact than bigger, costlier projects - shovel ready, or not. While putting people back to work must remain a short-term and long-term goal for policymakers in countries suffering chronic unemployment, the last thing needed is any institution, new or existing, pushing more bridges to nowhere, no matter how many short-term jobs might be created in building them. What the world needs more of are jobs for the long-term - jobs that matter and infrastructure that lasts. The two are not mutually exclusive.

NIB takes a long time

Yamera (INFRASTRUCTURE PRACTICE GROUP, NOSSAMAN LLP) 11

“NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Mr. YAREMA. Early in my career, I was a lawyer for the U.S Synthetic Fuels Corporation, which was formed under the Energy Security Act of 1980. It was a Government corporation intended to provide loans, loan guarantees, and other instruments for alternate energy projects. And it worked fairly well. But it took a long time to get the program started. I think a year is a very unlikely period of time to get this program off the ground. The rulemaking alone will take time.

2NC—Too Expensive

**NIB expensive and redundant--NIB costs a minimum of $270 million and 100 new employees to do what TIFIA already does—that’s Lankford**

NIB fails—too expensive and other programs solve

Mica (Congressman, Chairman of Committee on Transportation and Infrastructure, Subcommittee of Highways and Transit) 11

(John L. Mica, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

So, at the cost of $270 billion, when I already have in place infrastructure banks that can make immediate decisions—what they need is the financial backing—so these are some of the reasons I think a Federal infrastructure bank is dead on arrival at this time, if we want to get people working. Now, if you want a recipe not to get people to work, adopt that current proposal. If you want a recipe to put off job creation, adopt that national infrastructure bank proposal. And we can do just the opposite. We can get people working right away. Let me just talk about what we have got, as far as existing financing structure. These are existing programs. And I thought we had a pretty good agreement, both with the House and Senate, TIFIA, transportation infrastructure financing. We have a loan program, and we have a guarantee program. And I think we have agreed on the 33 percent Federal participation can be increased. I will go to 49, I will consider others. So we can finance with existing structures if we modify it. We have a successful example that needs some improvement, and it does also have a loan guarantee program. The RRIF program—I checked yesterday—railroad infrastructure financing—has $34 billion in capacity. It doesn’t work. The joke at Federal Railroad Administration that administers this program, the joke is that they have had more FRA administrators than they have had RRIF loans granted. That is one of the problems. So, we can make this work. It exists. We don’t have to create a new infrastructure bank. We have private activity bonds. And again, I think they need backing. GARVEE, Government-advanced revenue, where you can dedicate a stream of Federal dollars to projects, we can increase the amount of money that is available for commitments to States, and they can go ahead and get people working and do projects. Harbor Maintenance Trust Fund—and that had a balance as of yesterday of $6 billion-plus—existing program. So those are some things, as far as existing finance programs. Let me go to grants, because again, the Kerry-Hutchison bill calls for loans, loan guarantees, and grants. Well, the last time I checked, folks, none of my banks have been willing to give me a grant. I don’t know any banks that are giving free money out right now, or grants. But the Federal Government has all of these agencies now giving grants. So we have a grant mechanism. What do I need to create another one? They are also specialized. Most of them do a pretty good job, too. The Federal Aviation Administration people are critical of agencies getting their money out. They are the exception. They have actually got just about all of their money out through AIP money. Most of it is funded through a trust fund. And there are examples of getting grant money out. We have got plenty of agencies that can do that. So, we have TIFIA that works—we can make it work better— RRIF that works. Sometimes it can work a lot better. Harbor Maintenance Trust Fund, we have got a good example of a grant program with AIP.

2NC—Doesn’t Boost Economy

**NIB fails to stimulate the economy**

1. **Large, costly projects have little effect on the economy because it only produces a few jobs in the short term instead of having a lasting effect on the economy which is necessary to boost it—that’s Chin**
2. **Even if jobs are critical to saving the economy, NIB wont even create jobs in the short term—that’s Utt**

NIB doesn’t stimulate economy—jobs outsourced to China

Prestowitz (founder and President of the Economic Strategy Institute, He formerly served as counselor to the [Secretary of Commerce](http://en.wikipedia.org/wiki/Secretary_of_Commerce) in the[Reagan Administration](http://en.wikipedia.org/wiki/Reagan_Administration).[[1]](http://en.wikipedia.org/wiki/Clyde_V._Prestowitz_Jr.#cite_note-0) He is a Labor economist.[[2]](http://en.wikipedia.org/wiki/Clyde_V._Prestowitz_Jr.#cite_note-1) Prestowitz has written for [Foreign Affairs](http://en.wikipedia.org/wiki/Foreign_Affairs).) 11

(Clyde, 7/11/11, “Where the jobs went”, Foreign Policy, http://prestowitz.foreignpolicy.com/posts/2011/07/11/where\_the\_jobs\_went) aw

Think about this in the wake of the recent *New York Times* article reporting on the new Oakland Bay Bridge being made in and**[imported from China](http://prestowitz.foreignpolicy.com/posts/2011/06/27/cheap_is_expensive%22%20%5Ct%20%22_blank)**. Building infrastructure like bridges is a time-honored way of creating demand in the economy that creates jobs. Indeed, just this past weekend President Obama **[called for](http://articles.latimes.com/2011/jul/09/nation/la-na-obama-jobs-20110709%22%20%5Ct%20%22_blank)**creation of an Infrastructure Bank that would enable a dramatic ratcheting up of U.S. investment in critical infrastructure. It's a good idea and one that I, along with others, have long promoted. But if the decision of the state of California to have the main structural elements of the Oakland Bay Bridge made in China is a harbinger of things to come, then an Infrastructure Bank is likely to create more jobs in Asia than in the United States. No doubt former Governor Arnold Schwarzenegger and his cabinet thought they would save about $400 million on steel by buying the bridge in China because Chinese steel production has been heavily subsidized and China's government manages its yuan to be artificially undervalued versus the dollar. But what they didn't consider was that those subsidies tend to make U.S.-based production uncompetitive and not only put American workers out of jobs but exert downward pressure on wages generally while eroding critical investments in equipment and human skills, reducing state, municipal, and federal tax revenues, and contributing to the shrinkage of the national educational base. No one in California took a look at even the whole state picture, let alone the national picture, to determine whether buying a bridge in China was really going to be a net gain for the state (as it turns out, in the past two years the price of Chinese steel has risen much faster than that of U.S. steel so that even the initially projected savings are unlikely to be realized). Even worse, no one at the federal level of the U.S. government has any responsibility for evaluating the net impact of these kinds of deals or for reducing the leakage of stimulus spending abroad and maximizing the domestic production impact of government spending. Until our economists and officials begin to wrestle with the need for the United States not only to stimulate its economy but to do so in ways that will lay the basis for America to increase its wealth-producing capacity and pay its way, they are likely to find themselves in a continuous state of shock.

NIB wouldn’t produce revenue

CBO July 2012

(CBO, July 2012, “Infrastructure Banks and Surface Transportation”, p.6, http://www.cbo.gov/sites/default/files/cbofiles/attachments/InfrastructureBanks\_One-Col\_0.pdf) aw

Over time, project sponsors might develop more proposals tailored to receive support from an infrastructure bank. At least initially, however, an infrastructure bank would probably generate neither significant new revenues for surface transportation nor significant new interest from private-sector investors, when considered as a share of current investment in surface transportation infrastructure (see Table 1).

NIB does only shifts investment source—attempt at new investment results in poor project decisions

CBO July 2012

(CBO, July 2012, “Infrastructure Banks and Surface Transportation”, p.8, http://www.cbo.gov/sites/default/files/cbofiles/attachments/InfrastructureBanks\_One-Col\_0.pdf) aw

 To the extent that projects funded by an infrastructure bank would otherwise have proceeded using more traditional financing, the result of creating such a bank might be a shift in investment sources rather than an increase in total investment. Of the projects that would not have proceeded without bank support, some might have faced higher interest rates elsewhere because of greater risks that the loans would not be repaid. Infrastructure bank loans to such projects would involve larger economic subsidies (measured as the difference between the interest rates the projects would have faced in the private bond market and the rates provided by the bank) unless the Congress authorized the bank to vary its lending rates according to each project’s risk. To increase the attractiveness to a state or locality of borrowing from the bank instead of issuing municipal bonds, the Congress could allow the bank to lend at below-Treasury rates. Doing so, however, would increase the cost of the bank’s assistance to federal taxpayers and could encourage proposals for projects that would not otherwise pass a cost-benefit test.

Infrastructure bank doesn’t boost the economy

Chin (U.S. Executive Director to the Asian Development Bank) 11

(Curtis S. Chin, 10/17/11, “Chin: Obama’s infrastructure bank won’t create real jobs”, Washington Times, http://www.washingtontimes.com/news/2011/oct/17/obamas-infrastructure-bank-wont-create-real-jobs/) aw

Policymakers in Washington would be mistaken, however, if they see short-term job creation as rationale for creation of another federal bureaucracy in the guise of a U.S. national infrastructure bank. The latest proposal, part of [Mr. Obama](http://www.washingtontimes.com/topics/barack-obama/)’s recent [Senate](http://www.washingtontimes.com/topics/senate/)-rejected $447 billion jobs bill, envisioned a new $10 billion institution in Washington. That subproposal of the “jobs” bill may well rise again. The benefits, proponents say, will be twofold: rebuilding the United States’ crumbling infrastructure and creating jobs. Just as the [World Bank](http://www.washingtontimes.com/topics/world-bank/) helped rebuild Europe after World War II and brings critical investment dollars to the poorest nations, isn’t it time, they say, to do the same thing at home in the United States? Yet, like many things too good to be true, caveat emptor - buyer beware. Asia, with its multitude of infrastructure projects, offers a lesson, albeit a counterintuitive one. For all the billions of dollars in projects pushed by the [World Bank](http://www.washingtontimes.com/topics/world-bank/) and other multilateral development banks, what is clear is that such institutions are not the key players when it comes to infrastructure investment and job creation for much of Asia. Much more critical to growth have been trade, a still-evolving but strengthening infrastructure of transparency, governance and the rule of law, and allowing businesspeople the chance to, well, go about doing their business. In that context, the recently passed U.S. Free Trade Agreements with Korea, Panama and Colombia may well do more in the long run to spur economic growth in the United States and those countries than any individual bridge or other single infrastructure project. A further case in point: [China](http://www.washingtontimes.com/topics/china/) borrows a few billion dollars annually from the [World Bank](http://www.washingtontimes.com/topics/world-bank/) and the [Asian Development Bank](http://www.washingtontimes.com/topics/asian-development-bank/). That being said, for an economy of several trillion dollars, the financial and employment impact of these banks’ infrastructure lending to [China](http://www.washingtontimes.com/topics/china/) are minimal, and even questionable on other policy grounds. And therein lies another lesson: A new U.S. national infrastructure bank may capture headlines but any proposal needs to be thoroughly vetted, lest taxpayers find themselves with another government-created institution that made political sense, but delivered very little in the long run beyond employment of the people who work there. Certainly, the infrastructure in the United States could use some serious updating. Recall the bridge collapse in Minnesota and the continued congestion of U.S. roads and skies. Sen. John F. Kerry, Massachusetts Democrat, Sen. Kay Bailey Hutchison, Texas Republican, and others in their own proposed legislation for a national infrastructure bank have rightly and usefully drawn attention to the need for greater investment in our country’s dated infrastructure. But, as with proposed “bridges to nowhere,” not all infrastructure projects or infrastructure banks are equal. Infrastructure spending is essential but not a panacea for persistent joblessness in the United States or persistent poverty in the developing world, particularly when larger, underlying economic issues are at play. So, what to do?

NIB won’t aid in economic recovery

Utt (Herbert and Joyce Morgan senior research fellow at The Heritage Foundation.) 11

(Ronald, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Third, I am perplexed by how such a bank would aid in the economic recovery. For some advocates, these banks are seen as a mechanism to propel the economy forward out of the lingering recessions and into an era of greater prosperity and more jobs. Sadly, all evidence indicates that this isn’t so. In large part, such programs have been a disappointment because of time delays in getting underway, projects identified, projects approved, and money spent.

Infrastructure banks don’t stimulate economy

Utt (Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation) 11

(Ronald Utt, 10/30/11, “The Limited Benefits of a National Infrastructure Banks”, Hawaii Reporter, http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123) aw

 Infrastructure-based stimulus programs have been a disappointment, in large part because of time delays in getting programs underway, projects identified and approved, and money spent. More recently, supporters of the American Recovery and Reinvestment Act (ARRA) claimed that it would focus on shovel-ready projects, but USDOT recently reported to this committee that as of July 2011—two and a half years after the enactment of the ARRA—just 61 percent of the authorized transportation funds had been spent. Perhaps contributing to this is the fact that the Federal Railroad Administration required 12 months to set up a mechanism to receive, review, and approve rail infrastructure projects authorized by the ARRA. In both of these cases, the stimulus funds were being spent through existing federal, state, and local channels by departments, managers, and employees with many years of experience in the project approval business. In large part, these delays are not due to any particular institutional failing but simply to the time it takes to establish guidelines and rules for project submission, for outside parties to complete the request, and for USDOT to review the many requests submitted and pick the most promising, perhaps with modifications, and fulfill the contractual details of awarding the contract. Once the award is made to state and local entities, they in turn must draw up the RFP (and perhaps produce detailed engineering plans as appropriate), put the contract out for bid, allow sufficient time for contractors to prepare bids, review submitted bids, and finally accept the winning contract. It is at this point that money can be spent on the project, and the time that elapses from the beginning to the end of the beginning can easily exceed a year or more. In the case of an infrastructure bank, such delays will be much longer—perhaps even double that described above. In the case of the above example, the assumption is that the newly authorized stimulus money would flow through an institutional “infrastructure” of well-established channels staffed by experienced people. In the case of the proposed infrastructure banks, no such administrative structure exists, and one will have to be created from scratch once the enabling legislation is enacted. In the case of some of the proposals, this creation process could take a while. President Obama’s most recent plan, for example, first requires the selection, recommendation, and Senate confirmation of a seven-person bipartisan board appointed by the President. The President will also appoint, and the Senate confirm, a Chief Executive Officer who in turn will select the bank’s senior officers—Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, General Counsel, Chief Operation Officer, and Chief Lending Officer—subject to board approval. The Chief Lending Officer will be responsible “for all functions relating to the development of project pipelines, the financial structuring of projects, the selection of infrastructure projects to be reviewed by the board, and related functions.” So once all of this administrative effort is completed and the bank is ready to go, then the process of fulfillment, as described in the paragraph just prior to the preceding paragraph, would then be in effect. As is obvious, dependence upon this prospective bank will further delay the time in which the project money would be spent, but in the process, it would also incur substantial administrative expenses that might better be used for actual infrastructure repair and investment.

2NC—takes too long

**Implementing NIB takes a long time and rulemaking alone will take at least a year—that’s Yamera**

**Not shovel ready—NIB would take a long time to hire staff, determine directors, do studies, and eventually give loans—that’s Lankford**

NIB Redundant

NIB useless—other programs and state infrastructure banks do same thing

Ridley (SECRETARY OF TRANSPORTATION, OKLAHOMA DEPARTMENT OF TRANSPORTATION) 11

(Hon. Gary, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Conversely, the concept of a new Government corporation and Federal authority will somehow enhance the ability to finance infrastructure seems untimely and entirely unnecessary. Especially when considering that many of the ideas encompassed by the proposed authority already appear to be closely paralleled provisions of other existing Federal financing programs. In addition, recognizing the apparent Federal duplication and administrative control of the proposed national infrastructure bank, most States already have and can easily obtain the expertise necessary to facilitate infrastructure banks and other innovative transportation financing methodologies. States can choose to work with existing Federal bureaucracies, or seek assistance of private financial institutions, knowledgeable investors, or even experience of other States. In Oklahoma, we have been effectively and efficiently arranging financing for transportation improvement projects within our borders for more than 50 years. Again, it is important to acknowledge the difference between identifying new sources of transportation revenue and creating new ways to incur debt without providing for new revenue streams capable of retiring that debt. None of the referenced financing opportunities specifically provides for any new additional funding. Bonds still must be repaid with interest. Government-guaranteed loans are still loans. And the associated long- term repayment plan reduces the availability of future resources. Capitalizing an infrastructure bank duplicates other financing methodologies, and does not generate new revenue. For financing transportation projects, States only require clear Federal guidance in the law and continued and enhanced utilization of existing financing opportunities. A bold new vision will be necessary to meet the increasing transportation challenges ahead, and it is unlikely that such a vision will be defined by an easy payment plan. It is much more likely that efficiencies can be gained through regulatory reforms and red tape reductions, rather than through the creation of a new Government corporation and additional bureaucracy.

NIB unnecessary—system already in place

Mr. Coble (Congressman, member of the Committee of Transportation and Infrastructure) 11

(Howard, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Mr. COBLE. Thank you, sir. Mr. Utt, do you see any benefit in creating another Federal bureaucracy, when it appears we have one in place now that would essentially serve the same purpose? Mr. UTT. Exactly. I agree with you there. We have a program that is ready to go with experienced people running it, a huge batch of knowledge out there by potential users on how it works. And you lose all that, or you ignore all that if you then spend as much as a year creating a new entity with new rules, new procedures, which will then go out and solicit the projects, and then people have to come in with the projects, and according to their rules. You are talking about more than a year before the first dollar or first commitment goes out. Just to add to that, even some of the current programs are not working as efficiently as possible. The rail part of the ARRA took about a year before the first awards were made. It took them that long to get up and running because it was a relatively new program, even with a bureaucracy—even within a Government department of experienced people in the area of making judgments about railroads and their viability.

US Infrastructure Fine

US infrastructure ranking inaccurate—inconsistencies in the report, economic factors, and motives of the ASCE prove

Washington Post 11

(Charles Lane, editorial writer for the Washington Post, 10/31/11, “The U.S. infrastructure argument that crumbles upon examination”, Washington Post, http://www.washingtonpost.com/opinions/the-us-infrastructure-argument-that-crumbles-upon-examination/2011/10/31/gIQAnILRaM\_story.html) aw

The American Society of Civil Engineers [gives America’s system a “D,”](http://www.infrastructurereportcard.org/) as President Obama often notes in support of his jobs bill, which provides $50 billion for transportation infrastructure and $10 billion to capi­tal­ize a national infrastructure bank. So how come my family and I traveled thousands of miles on both the east and west coasts last summer without actually seeing any crumbling roads or airports? On the whole, the highways and byways were clean, safe and did not remind me of the Third World countries in which I have lived or worked. Should I believe the pundits or my own eyes? For all its shortcomings, U.S. infrastructure is still among the most advanced in the world — if not the most advanced. I base this not on selective personal experience but on the same data alarmists cite. The contiguous United States (that is, excluding Alaska and Hawaii) cover 3.1 million square miles, including deserts, mountain ranges, rivers and two oceanic coastlines. In a world of vast dictatorships (China), tiny democracies (Switzerland) and everything in between, from Malta to Mexico, the challenge of building and maintaining first-rate roads, bridges, railroads, airports and seaports in a country like the United States is extraordinary — and so is the degree to which the United States succeeds. When you compare America’s WEF rankings with those of the 19 other largest countries, it stands second only to Canada, which is lightly populated — and whose infrastructure is linked with ours. Among the 20 most populous countries, the United States ranks behind France, Germany and Japan, in that order. This would seem to confirm the case for U.S. inferiority in the developed world. But France and Germany, in addition to being substantially smaller than the United States, are part of the European Union, a borderless single market from the Baltic Sea to the Black Sea. Sure enough, when you average out the scores of all 27 E.U. nations, the United States beats them by a clear margin. The WEF produced its rankings based on a survey in which business executives were asked to rate their respective countries’ infrastructure on an ascending scale of 1 to 7. Barbados’s 5.8 average score means that paradise’s execs are a smidgen happier with their infrastructure than are their American counterparts, who gave the United States an average score of 5.7. This is a “national disgrace”? Barbados has one commercial airport. The United States has more than 500. The WEF asked executives to rate “railroad infrastructure,” without distinguishing between freight (which excels in the United States) and passenger (which does not). Perhaps the survey’s subjectivity accounts for odd results such as Guatemala outranking Italy. Or that the U.S. score plunged below 6.0 for the first time in 2008 — proof of a sudden drop in the actual quality of our roads and bridges, or merely an indicator of the general despondency that hit U.S. businesses along with the Great Recession? And while that D from the American Society of Civil Engineers is undoubtedly sincere, the organization has a vested interest in greater infrastructure spending, which means more work for engineers. The engineers’ lobby has given America’s infrastructure a D in every one of its report cards going back to 1998, except for 2001, when the mark was D-plus.

Management Fails

Management issues

Utt (Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation) 11

(Ronald Utt, 10/30/11, “The Limited Benefits of a National Infrastructure Banks”, Hawaii Reporter, http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123) aw

Previous sections have already touched on the management challenges confronting any of these banks. If these banks are allowed to borrow on their own, or if they are funded by a large, one-time appropriation that can be leveraged into more debt and loan guarantees, it seems that Congress and the President would have little say in what they did and how they did it. Indeed, the nation has already experienced a couple of such incidents, and they are commonly referred to as Fannie Mae and Freddie Mac. All of the bills to create infrastructure banks include many pages of exhaustive detail on the prospective management structure, a pseudo-corporate board, and its duties. Degrees of independence vary from one proposal to another, but the greater the independence, the more likely it is that the bank may wander away from the changed priorities of future Congresses and Presidents and instead pursue opportunities that are not necessarily in the public interest. In a democratic society where voters periodically get to pick the people and policies that govern them, it might not be appropriate to have entities supported by taxpayers that are not responsive to the voters. There is also the question of the extent to which some of these infrastructure bank proposals may be designed also to circumvent existing budget controls and spending caps, as well as ongoing oversight. How each of these proposals might be scored is beyond the scope of this testimony, but it is certainly an issue that Congress should carefully review.

NIB PPP’s fail

PPP’s slow and lack political support

Little (Senior Fellow in the School of Policy Planning and Development and Director of the Keston Institute for Public Finance and Infrastructure Policy at the University of Southern California) 10 (Robert G. Little, 3/5/2010, “Toward a New Federal Role in Infrastructure Investment: Using U.S. Sovereign Wealth to Rebuilt America”, Public Works Management and Policy, p.294-295, http://pwm.sagepub.com/content/14/3/288.full.pdf+html) aw

Over the past several years, there have been numerous proposals for radical change in how infrastructure renewal is funded and financed. One side of the conversation calls for increased reliance on PPPs that use as much private capital as possible so that public funds can be diverted to other purposes. At the other end of this discussion are those who believe that large increases in federal grant making would be desirable to spur job creation, economic productivity, and quality of life improvements. Although legislation to authorize PPPs has been successful in some states, actual projects have been slow to materialize, and those that have come to closure have generally been individual projects that lacked broad programmatic context. At the same time, support for PPP in the U.S. Congress has been lukewarm at best. In 2007 and 2008, Congressmen Oberstar and DeFazio, Chairs of the House Committee on Transportation and Infrastructure and the Subcommittee on Highways and Transit, respectively, issued a series of letters openly questioning the financial viability and social equity of using PPPs to construct or operate parts of the Interstate Highway System (Oberstar & DeFazio, 2007, 2008). More recently, Chairman Oberstar has championed the creation of an “Office of Public Benefit” within the Federal Highway Administration to oversee PPPs for federal highway projects. The agency would be charged with reviewing and approving PPP arrangements as well as states’ plans for toll increases on federally funded highways. Many believe that the creation of this new office would effectively end private investment in U.S. highway infrastructure (Infrastructure Investor, 2009).

NIB won’t spur private investment or be self-sufficient

Mallet (Specialist in Transportation Policy, CRS) et al 11

(William J. Mallett, Steven Maguire, Specialist in Public Finance, CRS, Kevin R. Kosar, Analyst in American National Government, 12/14/11, “National Infrastructure Bank: Overview and Current Legislation”, Congressional Research Service, http://www.fas.org/sgp/crs/misc/R42115.pdf) aw

It is unclear how much new nonfederal investment would be encouraged by a national infrastructure bank, beyond the additional budgetary resources Congress might choose to devote to it. The bank may be able to improve resource allocation through a rigorous project selection process, but this could have consequences that Congress might find undesirable, such as an emphasis on projects that have the potential to generate revenue through user fees and a corresponding de-emphasis on projects that generate broad public benefits that cannot easily be captured through fees or taxes. As with other federal credit assistance programs, the loan capacity of an infrastructure bank would be large relative to the size of the appropriation. The bank is unlikely to be self-sustaining, however, if it is intended to provide financing at below-market interest rates. The extent to which the bank is placed under direct congressional and presidential oversight may also affect its ability to control project selection and achieve financial self-sufficiency.

NIB fails—doesn’t increase infrastructure investment and PPP’s draw from existing fixed investment pool

Mallet (Specialist in Transportation Policy, CRS) et al 11

(William J. Mallett, Steven Maguire, Specialist in Public Finance, CRS, Kevin R. Kosar, Analyst in American National Government, 12/14/11, “National Infrastructure Bank: Overview and Current Legislation”, Congressional Research Service, p. 12, http://www.fas.org/sgp/crs/misc/R42115.pdf) aw

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. Even if it were to increase the total amount of infrastructure investment, an infrastructure bank may not be the lowest-cost means of achieving that goal. The Congressional Budget Office has pointed out that a special entity that issues its own debt would not be able to match the lower interest and issuance costs of the U.S. Treasury.

Politics Links

Plan unpopular—republicans hate NIB

ABC News 10

(Matthew Jaffe, Staff Writer, 9/8/10, ABC News, “Another Bank? President Obama Pushing National Infrastructure Bank”, abcnews.go.com) aw

But proposing such a plan is the easy part. The hard part will come in getting it approved by a Congress bogged down in partisan gridlock and ever more focused on the November elections. And those are just two of a litany of roadblocks. Before a single shovel hits the pavement, numerous questions will have to be answered: How will the bank work? How will the $50 billion project be paid for? How will this plan not fall prey to the political grab-bagging so often seen with federal spending projects? No sooner had Obama outlined his proposal than [Rep. Eric Cantor](http://cantor.house.gov/%22%20%5Ct%20%22external), the House Republican Whip, accused the administration of "blindly throwing darts at the board and hoping for a bulls-eye." "Reports from across the country show that dollars intended for infrastructure improvement in the President's first stimulus are being wasted, so how will his latest be any different?" asked Cantor. "Additionally, federal infrastructure projects are typically slow to commence on the ground, meaning that this new effort will do little in the immediate future to kick start the economy."

Some dems oppose NIB

ABC News 10

(Matthew Jaffe, Staff Writer, 9/8/10, ABC News, “Another Bank? President Obama Pushing National Infrastructure Bank”, abcnews.go.com) aw

But Democrats are not unanimous in support. Before Obama took the podium in Cleveland on Monday, [Sen. Michael Bennett](http://bennet.senate.gov/%22%20%5Ct%20%22external) of Colorado became the first Senate Democrat to come out against the President's infrastructure plan. "I will not support additional spending in a second stimulus package," Bennet said. "Any new transportation initiatives can be funded through the Recovery Act, which still contains unused funds. Public-private partnerships that improve our infrastructure are a good idea, but must be paid for, should not add a dime to the deficit, and should be covered by unused Recovery Act dollars. We must make hard choices to significantly reduce the deficit."

NIB unpopular—republicans

WSJ 11

(Josh Mitchell, Staff Writer, WSJ, “Roads Bill Gets Another Look”, http://online.wsj.com/article/SB10001424053111904070604576516662238918694.html?mod=dist\_smartbrief) aw

With the support of the White House, Senate Democrats are lining up support from Republican colleagues, the U.S. Chamber of Commerce, other business groups and labor unions to pass a two-year, $109 billion bill that would maintain existing funding levels. The plan is likely to run into opposition elsewhere in Congress, however. House Republicans are pushing a six-year, $230 billion bill. Their plan would reduce transportation spending by about a third from existing levels, as it relies only on funds generated by the current 18.4-cents-a-gallon federal gas tax.

States Solvency

SIB’s better than NIB’s—allow for more state flexibility

Duncan (Congressman, Member of Committee on Transportation and Infrastructure, Chairman, Subcommittee of Highways and Transit) 11

(John J. Duncan, Jr., “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Many people are skeptical that bureaucrats in Washington would have any idea of which transportation projects are the most worthy of receiving a Federal loan. We are going through many hearings and so forth about the Solyndra right at this time. This skepticism is why Congress already has established the State infrastructure bank program in SAFETEA–LU. A State infrastructure bank allows the States to use their Federal aid funding to capitalize the State infrastructure bank, and to provide loans and loan guarantees to appropriate transportation projects that the State deems most important. It is not a one-size-fits-all; it would vary from State to State. The Transportation Infrastructure Finance and Innovation Act program, or TIFIA, was established in 1998 to provide loans and loan guarantees to surface transportation projects. In fact, the TIFIA program is so popular, that it has received 14 times the amount of project funding requests in fiscal year 2011 than the program has available to distribute. Why not give these established programs more funding, in order for them to reach their full potential? Also, there is no guarantee that transportation projects would be favored over the water and energy projects that the President’s national bank proposal would set up. This proposal seems to many simply just another distraction as Congress pushes for a long-term surface transportation reauthorization bill. The administration should be focused on helping Congress to pass this much-overdue legislation, and give the States some long-term funding certainty that a national infrastructure bank would most certainly not accomplish.

SIB’s already functioning

Utt (Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation) 11

(Ronald Utt, 10/30/11, “The Limited Benefits of a National Infrastructure Banks”, Hawaii Reporter, http://www.hawaiireporter.com/the-limited-benefits-of-a-national-infrastructure-bank/123) aw

At present, there are several state infrastructure banks (SIBs) in operation, and their existence, or lack thereof, reflects a series of past federal SIB legislative initiatives enacted in 1991, 1995, 1997, and 1998. Today, several SIBs are in active operation, some very much so, and some illustrate the concerns discussed earlier in discussing a federal bank. A quick review of some of these SIBs suggests that few of the projects they fund return a stream of income (if any) sufficient to cover debt service and operating expenses and that state and local tax revenues account for much of the revenues supporting these banks. This suggests that they may not be materially different from the workings of the state DOT and are not banks in the normal use of the term.

**SIB’s established in 32 states and Puerto Rico**

Mallet (Specialist in Transportation Policy, CRS) et al 11

(William J. Mallett, Steven Maguire, Specialist in Public Finance, CRS, Kevin R. Kosar, Analyst in American National Government, 12/14/11, “National Infrastructure Bank: Overview and Current Legislation”, Congressional Research Service, p.3, http://www.fas.org/sgp/crs/misc/R42115.pdf) aw

Many state governments have established infrastructure banks to support projects in surface transportation. Most of these were created in response to a federal state infrastructure bank (SIB) program originally established in surface transportation law in 1995 (P.L. 104-59). According to the Federal Highway Administration (FHWA), 32 states and Puerto Rico had established federally authorized SIBs by December 2008. 10 No more recent data are available. At least four states, Florida, Georgia, Kansas, and Ohio, also have SIBs that are unconnected to the federal program. 11 As part of the federal transportation program, a state can use its allocation of federal surface transportation funds to capitalize an SIB. There are some requirements in federal law for SIBs connected with the federal program (23 U.S.C. 610), but for the most part their structure and administration are determined at the state level. Most SIBs are housed within a state department of transportation, but at least one (Missouri) was set up as a nonprofit corporation and another (South Carolina) is a separate state entity. 12 A number of SIBs also provide assistance to nontransportation projects. Most SIBs function as revolving loan funds, in which money is directly loaned to project sponsors and its repayment with interest provides funds to make more loans. 13 Some SIBs, such as those in Florida and South Carolina, have the authority to use their initial capital as security for issuing bonds to raise further capital as a source of loans. This is known as a leveraged SIB, and repayment of its loans is used to repay bondholders. 14 SIBs also typically offer project sponsors other types of credit assistance, such as letters of credit, lines of credit, and loan guarantees.

T

1NC Shell

( ) Transportation Infrastructure Investment involves the purchase and construction of facilities – means the aff is effectually topical at best

Department of Transportation 03 (U.S. Department of Transportation, Bureau of Transportation Statistics, "Transportation Investment-Concepts, Data and Analysis," draft, compiled based on data from U.S. Department of Commerce (USDOC), Bureau of Economic Analysis (BEA), "Fixed Assets and Consumer Durables," and personal communications with BEA; and USDOC, U.S. Census Bureau, "Value of Construction Put in Place Statistics," Detailed Construction Expenditure Tables, available at http://www.census. gov, as of February 2003. http://www.bts.gov/publications/transportation\_statistics\_annual\_report/2003/html/chapter\_02/figure\_109.html )

Investment in transportation infrastructure includes the purchase or construction value of transportation facilities and structures. Data on state and local transportation investment are not available separately. For rail infrastructure, only state and local investment from 1993 to 2000 are included. Government investment in pipeline infrastructure and federal investment spending on railroads are not covered due to lack of data. Investment in rolling stock consists of government outlays for motor vehicles only. Government spending on other rolling stocks (e.g., aircrafts, vessels, and boats) and other machinery and equipment used by federal, state, and local DOTs are not counted in the estimates due to lack of data. All dollar amounts are expressed in chained 1996 dollars, unless otherwise specified. Current dollar amounts (which are available in appendix B of this report

**Vote negative:**

**( ) Limits – any action or number of actions could eventually result in superior transportation infrastructure investment – preparing for and researching this caselist makes it impossible to be negative.**

**( ) Ground – Effectually-topical affirmatives make the aff conditional – they lack the certainty necessary to generate counterplan competition and stable disad links.**

**2NC Overview**

**Our interpretation outweighs –**

**It’s the most predictable – our interpretation is from the Department of Transportation and indicates the official US definition of transportation infrastructure investment**

**Extend limits – there are an infinite number of ways the aff could invest in transportation infrastructure by creating things that invest in transportation infrastructure – this explodes the limits and makes being neg impossible – our interpretation limits out those by making the government actually build feasible transportation projects**

**Extend ground – effectual topical aff’s allows the aff to potentially operate in two worlds – this is bad because we can’t actually generate coherent strategies because they can just link spike everything.**

AT We Meet

We Meet

No, our interpretation is that transportation infrastructure has to be directly created or purchased by the federal government – the aff creates a separate “bank” external to the United States Federal Government

Third Way, 2011, (Third Way is an innovative and influential think-tank that creates and advances moderate¶ policy and political ideas. We advocate for private-sector economic growth, a tough and¶ smart security strategy, a clean energy revolution, bold education and anti-poverty reforms and progress on divisive culture issues.) “A National Infrastructure Bank” (http://content.thirdway.org/publications/365/Third\_Way\_Idea\_Brief\_-\_A\_National\_Infrastructure\_Bank.pdf)

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.

Furthermore, Infrastructure investment is defined as solely government funded – grants given by a government funded bank is explicitly defined as not topical

**EPA 9** (U.S. Environmental Protection Agency – Office of Grants and Debarment, “Definition of “Infrastructure” for Purposes of the American Recovery and Reinvestment Act of 2009”, 5-8, <http://www.epa.gov/ogd/forms/Definition_of_Infrastructure_for_ARRA.pdf>)

EPA does not consider remediation activities conducted with Brownfields supplemental funds by tribes, private sector developers, non-profit organizations (except non-profit organizations that are councils of governments or regional or interstate governmental entities per 40 CFR 31.3 Local government) or other non-governmental borrowers or subgrantees to be infrastructure investments for the purposes of the certification and reporting requirements.

**Counter-Interpretation**

**Prefer our interpretation – requiring the aff to directly create infrastructure using the USFG is a reasonable limit that keeps the majority of core aff’s like HSR and CO2 pipelines to remain – our interpretation is a literal definition of “transportation infrastructure investment” – the use of the phrase should be preferred to independent definitions of the word investment because it is the best indication of the resolution’s intent**

**Prefer our interpretation -**

**Limits - Their interpretation massively underlimits because it allows an infinite amount of investment in literally ANY created or already third parties – this kills fairness because we could never prepare to debate such a small aff- no literature exists. Fairness outweighs education because debaters would leave the activity if it weren’t fair**

**Ground – the question of stable links is no longer dependent on stable plan action, but now rather just an effect of the plan, leading to no counterplan competition due to the fact that they don’t have to defend the action of the plan.**

You should always prefer overlimiting – leads to better debates because of both sides have a coherent strategy – underlimiting means that we have purely breadth debates – those are bad and minimize education

WP 9

(Washington Post, “Will Depth Replace Breadth in Schools?” http://voices.washingtonpost.com/class-struggle/2009/02/will\_depth\_replace\_breadth\_in.html)

The truth, of course, is that students need both. Teachers try to mix the two in ways that make sense to them and their students. But a surprising study — certain to be a hot topic in teacher lounges and education schools — is providing new data that suggest educators should spend much more time on a few issues and let some topics slide. Based on a sample of 8,310 undergraduates, the national study says that students who spend at least a month on just one topic in a high school science course get better grades in a freshman college course in that subject than students whose high school courses were more balanced. The study, appearing in the July issue of the journal Science Education, is “Depth Versus Breadth: How Content Coverage in High School Science Courses Relates to Later Success in College Science Coursework.” The authors are Marc S. Schwartz of the University of Texas at Arlington, Philip M. Sadler and Gerhard Sonnert of the Harvard-Smithsonian Center for Astrophysics and Robert H. Tai of the University of Virginia. This is more rich ore from a goldmine of a survey Sadler and Tai helped organize called “Factors Influencing College Science Success.” It involved 18,000 undergraduates, plus their professors, in 67 colleges in 31 states. The study weighs in on one side of a contentious issue that will be getting national attention this September when the College Board’s Advanced Placement program unveils its major overhaul of its college-level science exams for high school students. AP is following a direction taken by its smaller counterpart, the International Baccalaureate program. IB teachers already are allowed to focus on topics of their choice. Their students can deal with just a few topics on exams, because they have a wide choice of questions. AP’s exact approach is not clear yet, but College Board officials said they too will embrace depth. They have been getting much praise for this from the National Science Foundation, which funded the new study. Sadler and Tai have previously hinted at where this was going. In 2001 they reported that students who did not use a textbook in high school physics—an indication that their teachers disdained hitting every topic — achieved higher college grades than those who used a textbook. Some educators, pundits, parents and students will object, I suspect, to sidelining their favorite subjects and spending more time on what they consider trivial or dangerous topics. Some will fret over the possibility that teachers might abandon breadth altogether and wallow in their specialties. Even non-science courses could be affected. Imagine a U.S. history course that is nothing but lives of generals, or a required English course that assigns only Jane Austen. “Depth Versus Breadth” analyzes undergraduate answers to detailed questions about their high school study of physics, chemistry and biology, and the grades they received in freshman college science courses. The college grades of students who had studied at least one topic for at least a month in a high school science course were compared to those of students who did not experience such depth. The study acknowledges that the pro-breadth forces have been in retreat. Several national commissions have called for more depth in science teaching and other subjects. A 2005 study of 46 countries found that those whose schools had the best science test scores covered far fewer topics than U.S. schools.

TIFIA CP

TIFIA CP—1NC

Text: The United States federal government should [plan] by expanding Transportation Infrastructure Finance and Innovation Act

TIFIA meets same goals of NIB

CBO July 2012

(CBO, July 2012, “Infrastructure Banks and Surface Transportation”, p.11, http://www.cbo.gov/sites/default/files/cbofiles/attachments/InfrastructureBanks\_One-Col\_0.pdf) aw

 A program with many of the characteristics of an infrastructure bank already exists within DOT: the Transportation Infrastructure Finance and Innovation Act program. The TIFIA program provides loans, loan guarantees, or lines of credit to help finance complex, large-scale transportation projects deemed significant to a region or the nation. Applicants’ projects are weighed against those of others to determine which receive financing. TIFIA provides flexible repayment terms and potentially more favorable interest rates than applicants could secure in private capital markets for up to one-third of a project’s costs. 27 As an alternative to establishing a federal infrastructure bank, the Congress could broaden the TIFIA program to achieve many of the same goals. TIFIA can offer credit assistance for projects that can achieve an investment-grade rating and that can repay a loan with project-generated funds. The scope of that assistance could be adjusted to better support applications from municipalities that include multiple projects. Nevertheless, all aspects of a project would have to meet federal requirements to proceed under TIFIA, just as they would under an infrastructure bank, and only a limited number of projects are likely to be able to generate revenues that could be used to repay a TIFIA loan. Most projects receiving TIFIA loans have been able to leverage those loans and receive additional financing. Since its inception in 1998, TIFIA has received about $600 million in budget authority. 28 That budget authority supported almost $8 billion in initial project assistance that will be repaid over time. That assistance, in turn, supported projects costing about $30 billion in total; for those projects, the private sector and state and local governments contributed most of the funding.

Solvency

TIFIA solves better than NIB and saves money

The CT Mirror 11

(Deirdre Shesgreen, Staff Writer, The CT Mirror, “Has the time come for an ‘Infrastructure Bank’?” , http://www.ctmirror.org/story/11635/i-bank) aw

She said she's already told the Administration that she'll look at expanding TIFIA first, before she pushes for a new infrastructure bank. TIFIA is currently funded at $122 million per year, which translates into about $1.5 billion in credit assistance. But in 2010, the agency that oversees TIFIA got 39 funding requests from states and local communities seeking more than $13 billion in credit assistance. Boxer has signaled that an expended TIFIA, more flush with funding and more flexible in its financing rules, would be the best way to go for now. "I don't think anything should be off the table, but TIFIA is a very good way to start moving forward," Boxer said. "It's already in existence, and we don't have to have an argument about how it would work," how it should be set up, and whether a new program is needed. That's exactly the argument Sen. Richard Shelby, R-Ala., will mount if a national infrastructure bank gains traction. "It sounds good on paper, but right now we better worry about how we're going to be pay our current bills, not create more," said Shelby, the top Republican on the Senate banking committee. He said the infrastructure bank proposal sounds too much like Freddie Mac and Fannie Mae, the government-sponsored mortgage giants that played a key role in the housing crisis. "It looks like a government-sponsored enterprise, a hybrid deal between the private sector and the government," Shelby said. "And always, the government winds up footing the bill."

TIFIA can do everything NIB can

Federal Transit Administration No Date

(Federal Transit Administration, Department of Transportation, “Transportation Infrastructure Finance and Innovation Act (TIFIA) Program”, http://www.fta.dot.gov/printer\_friendly/12309\_9711.html) aw

TIFIA assistance can provide a funding source when there is no market liquidity, improved access to capital markets, flexible repayment terms and, in many cases, more favorable interest rates than can be found in the capital markets for similar instruments.  TIFIA can help accelerate nationally and regionally significant transportation investments that otherwise might be delayed or deferred because of size, complexity or uncertainty over the timing of revenues.  Through the TIFIA program, the U.S. DOT can lend funds with final maturities as long as 35 years after substantial completion of the project.  The TIFIA loan can be the only debt, a parity lien, or functionally subordinate as to cashflows, which may allow for higher coverage margins and may improve the project’s credit rating.  The program also offers rare flexibility, as a TIFIA loan can be prepaid in part or in whole at any time without penalty. The interest rate on a TIFIA loan is equal to the rate on U.S. Treasury securities of similar maturity on the day of loan closing.  The line of credit interest rate is equal to the 30-year Treasury rate, and the rate on guaranteed loans is subject to negotiation between borrower and lender and approval by DOT.

TIFIA faster than NIB

Yamera (INFRASTRUCTURE PRACTICE GROUP, NOSSAMAN LLP) 11

“NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Mr. YAREMA. Early in my career, I was a lawyer for the U.S. Synthetic Fuels Corporation, which was formed under the Energy Security Act of 1980. It was a Government corporation intended to provide loans, loan guarantees, and other instruments for alternate energy projects. And it worked fairly well. But it took a long time to get the program started. I think a year is a very unlikely period of time to get this program off the ground. The rulemaking alone will take time. If TIFIA is managed and staffed properly, it can make significant loans quickly. In 2003 the TIFIA program issued a $917 million loan to the Texas Department of Transportation for the $3.6 billion Central Texas Turnpike Program. That loan was made when needed—the projects are all built and it is completely performing. There was no problem in getting that loan made. And there are very few projects in the United States that would be larger than that.

TIFIA could handle any size project

Ridley (SECRETARY OF TRANSPORTATION, OKLAHOMA DEPARTMENT OF TRANSPORTATION) 11

(Hon. Gary, “NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

Mr. RIDLEY. Congressman, without adding a permanent revenue stream, adding another credit card to the Government will not create jobs in the short term nor the long term. It will not. We have the abilities to be able to finance projects today. States need to ensure that they have the revenue streams in order to repay the debt as accumulated. So, having another way to do that is not necessary, in our belief. Dr. HARRIS. Thank you. And working the way down, just kind of a very brief answer, so what I am hearing is that basically we could take the currently existing program, TIFIA, and with some modification—Mr. Thomasson mentioned maybe putting some other areas of expertise on it—we could basically deal with virtually any size project that comes along. General agreement? All kind of nodding. Mr. YAREMA. Absolutely correct.

TIFIA successful—makes money

Yamera (INFRASTRUCTURE PRACTICE GROUP, NOSSAMAN LLP) 11

“NATIONAL INFRASTRUCTURE BANK: MORE BUREAUCRACY AND MORE RED TAPE”, HEARING BEFORE THE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION, 10/12/11, http://www.gpo.gov/fdsys/pkg/CHRG-112hhrg70681/pdf/CHRG-112hhrg70681.pdf) aw

In my memory, over the 12-year history of TIFIA, there has only been one default. That is the SR–125 toll road in eastern San Diego County which opened right at the beginning of the recession. As a result, the traffic isn’t there. So, the TIFIA program has a default on its record. But if you look at it as you should, which is a program where Congress effectively pays insurance premiums into the Treasury every year under the Credit Reform Act, the Treasury has actually made money off the TIFIA program. So that, I think, gives it strong credibility, going forward.

TIFIA meets same goals of NIB

CBO July 2012

(CBO, July 2012, “Infrastructure Banks and Surface Transportation”, p.11, http://www.cbo.gov/sites/default/files/cbofiles/attachments/InfrastructureBanks\_One-Col\_0.pdf) aw

 A program with many of the characteristics of an infrastructure bank already exists within DOT: the Transportation Infrastructure Finance and Innovation Act program. The TIFIA program provides loans, loan guarantees, or lines of credit to help finance complex, large-scale transportation projects deemed significant to a region or the nation. Applicants’ projects are weighed against those of others to determine which receive financing. TIFIA provides flexible repayment terms and potentially more favorable interest rates than applicants could secure in private capital markets for up to one-third of a project’s costs. 27 As an alternative to establishing a federal infrastructure bank, the Congress could broaden the TIFIA program to achieve many of the same goals. TIFIA can offer credit assistance for projects that can achieve an investment-grade rating and that can repay a loan with project-generated funds. The scope of that assistance could be adjusted to better support applications from municipalities that include multiple projects. Nevertheless, all aspects of a project would have to meet federal requirements to proceed under TIFIA, just as they would under an infrastructure bank, and only a limited number of projects are likely to be able to generate revenues that could be used to repay a TIFIA loan. Most projects receiving TIFIA loans have been able to leverage those loans and receive additional financing. Since its inception in 1998, TIFIA has received about $600 million in budget authority. 28 That budget authority supported almost $8 billion in initial project assistance that will be repaid over time. That assistance, in turn, supported projects costing about $30 billion in total; for those projects, the private sector and state and local governments contributed most of the funding.

Expanding TIFIA eliminates the need for an infrastructure bank

CBO July 2012

(CBO, July 2012, “Infrastructure Banks and Surface Transportation”, p.2, http://www.cbo.gov/sites/default/files/cbofiles/attachments/InfrastructureBanks\_One-Col\_0.pdf) aw

A key limitation of providing funding through a federal infrastructure bank is that only some surface transportation projects would be good candidates for such funding, because most projects do not involve tolls or other mechanisms to collect funds directly from project users or other beneficiaries. A second drawback is that the support offered for surface transportation by most proposed infrastructure banks would not differ substantially from the loans and loan guarantees already offered by the Department of Transportation (DOT) through its Transportation Infrastructure Finance and Innovation Act (TIFIA) program. As an alternative to creating a federal infrastructure bank, that program could be expanded to meet most of the same goals.

TIFIA supports infrastructure projects—NIB redundant

Mallet (Specialist in Transportation Policy, CRS) et al 11

(William J. Mallett, Steven Maguire, Specialist in Public Finance, CRS, Kevin R. Kosar, Analyst in American National Government, 12/14/11, “National Infrastructure Bank: Overview and Current Legislation”, Congressional Research Service, p. 12, http://www.fas.org/sgp/crs/misc/R42115.pdf) aw

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.

AT Perm: Do Both

Perm fails—NIB and TIFIA won’t work together

Istrate (senior research associate and associate fellow with the Metropolitan Policy Program at Brookings) and Puentes (senior fellow with the Brookings Institution’s Metropolitan Policy Program where he also directs the Program's Metropolitan Infrastructure Initiative) 09

(Emilia Istrate and Robert Puentes, 2009, “Investing for Success Examining a Federal Capital Budget and a National Infrastructure Bank”, Brookings, p. 16-17, http://www.brookings.edu/~/media/research/files/reports/2009/12/10%20infrastructure%20puentes/1210\_infrastructure\_puentes) aw

Overlap with other federal programs. The mandate of an NIB in practice would overlap with the mandates of other existing programs. There are two major issues arising from this problem: how would an NIB use the existing agency expertise and how would other federal agencies relate to this new entity? If the sharing-of-expertise is accomplished through detailing personnel from other agencies, the other federal agencies may have indirect control over NIB. 115 The issue of coordination with other agencies is a thornier one. Even current federal agencies do not have a great record at coordinating their programs. What it is not. Independent of any proposal design, an NIB is no panacea for the problems of the federal investment process. It is not a solution for the current federal investment programs. An NIB would be focused only on its own projects, which would be financed through new federal investment. It is not a revenue source, but a financing mechanism. It is not a replacement of the current formulabased grants or direct federal funding in infrastructure.

AT: CP Links to Politics

TIFIA generates money and is popular in congress

Infrastructure Investor 11 (Cezary Podkul, associate editor of Infrastructure Investor, published by PEI, 2/15/11, “Obama budget would quadruple TIFIA funding”, Infrastructure Investor, http://www.infrastructureinvestor.com/Article.aspx?article=59558&hashID=84F8CB0807BD76ABBB2C19039E7E112580CE47D1) aw

TIFIA, short-form for the 1998 Transportation Infrastructure Finance and Innovation Act, promotes infrastructure development by providing investors and governments with low-cost, long-term loans for bridge, highway and transit projects. The financial crisis caused such a spike in demand for TIFIA loans that the programme’s current level of $122 million in annual funding is barely keeping up with demand.
During last year’s round of TIFIA funding, the department received 39 letters of interest for $12.5 billion of TIFIA loans but only cleared applications for four projects seeking $1.3 billion.
Each federal dollar can create up to $10 in TIFIA loans, according to the programme’s website, so, at $450 million, Obama’s proposed funding level could enable the department to make $4.5 billion in loans – more than three times last year’s take.
The dramatic step-up in loan volume available from increases in TIFIA funding has prompted investors and members of Congress to push for scaling-up the programme. Last month, Eddie Bernice Johnson, a Democrat from Texas, introduced a bill to fund TIFIA at $285 million a year from 2012 through 2016.
Obama’s budget proposes that, after 2012, TIFIA be absorbed into another government programme long-sought by investors and some members of Congress: a national banking entity that would lend to infrastructure projects based on merit.
Obama’s budget allocates $30 billion for a “National Infrastructure Bank” over six years.  The bank would give grants and loans to projects of “regional or national significance to the economy” and would fund projects on merit rather than on “on more narrow considerations” such as regional or local politics.
But Obama’s proposals could face a tough road ahead in Congress, which must ultimately approve the budget. In 2009, Congress nixed President Obama’s call for a $5 billion National Infrastructure Bank in his 2010 budget.
A similar idea in his 2011 budged was also denied because Congress funded the Department of Transportation through a continuing resolution, meaning that no new budget proposals were enacted into law.

TIFIA bipartisan

WSJ 11

(Josh Mitchell, Staff Writer, WSJ, “Roads Bill Gets Another Look”, http://online.wsj.com/article/SB10001424053111904070604576516662238918694.html?mod=dist\_smartbrief) aw

One idea the White House and House Republicans appear to agree on is expanding a program called the Transportation Infrastructure and Innovative Finance Act, or Tifia, which provides low-cost loans and loan guarantees to states, cities, regional transit agencies and private companies to carry out projects. Both the House and Senate proposals would increase annual funding for the program by roughly tenfold, to about $1 billion, while also modifying standards to allow more projects to qualify for aid. Mr. Furman, of the National Economic Council, said the White House viewed the program as a "bridge" to an infrastructure bank. In Los Angeles, Mayor Antonio Villaraigosa has secured Tifia loans for various transit projects that his administration says should be completed in about 10 years instead of 30 years had they not received the aid. The Los Angeles County Metropolitan Transportation Authority recently secured a Tifia loan covering about a third of a $1.7 billion project to build an 8.5 mile light-rail line linking northern and southern neighborhoods to Los Angeles International Airport.