## Disad Links

### Politics - 1NC Link

#### **Plan's massively controversial - gets tied to the deficit debate**

Mitchell 11 Josh is a writer for the Wall Street Journal. "Plan for Highway Bank Faces Uphill Battle," Aug 15, WSJ, http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html

President Barack Obama is pressing Congress to create a new "infrastructure bank" to finance highway and rail construction, create jobs and jump-start the stalled economy, but the proposal faces hurdles on Capitol Hill.

White House officials have described the bank as a new government entity that would make loans to support public-works projects of regional and national significance with private funding. That includes interstate highways, rail lines linking Midwest farmers to West Coast ports, and equipment for planes to link up to a new satellite-based air-traffic-control network.

By luring more private capital to infrastructure projects with low-interest loans, the bank is designed to provide a long-term solution to more immediate problems.

The law authorizing the gasoline tax that provides the bulk of federal transportation money expires Sept. 30, and the tax, currently at 18.4 cents a gallon, isn't generating enough funds to keep pace with the nation's infrastructure needs anyway.

But the White House, House Republicans and some Senate Democrats differ on the best way to encourage more private investment in public infrastructure. Those disagreements are likely to be swept into a broader debate over how to shrink the federal deficit that could stretch to the November 2012 elections.

Some lawmakers fear that once they return from their August recess, a political fight over spending could delay reauthorization of the law for weeks or even months. The government would lose up to $100 million a day in gas-tax revenue, payments to states would be halted and construction jobs would likely be lost if the law lapses, business groups warn.

The U.S. Chamber of Commerce and others say they support the idea of an infrastructure bank but worry that the administration is giving short shrift to the more urgent problem.

"They have not focused on the need to pass a highway and transit bill," said Janet Kavinoky, the Chamber's chief lobbyist on transportation policy, noting that several years could pass before large-scale projects supported by the bank would get under construction. "We are very frustrated that they continue to hold out the bank as a substitute for doing a highway and transit bill."

A White House official said the administration has been in touch regularly with members of Congress to push for both a highway bill and a national infrastructure bank. The official said "no one is taking this for granted," referring to passage of the highway bill, and added that when the president talks about an infrastructure bank, he is referring to his long-term vision of how to reform transportation policies. In a time of dwindling public resources, said Jason Furman of the White House economic council, "you want to stretch the dollars you do have farther."

Under the White House plan, the infrastructure bank would augment current highway and transit programs. The bank would receive $30 billion over six years and would issue grants, loans and other financial tools.

The president's budget proposal in February suggested the bank reside in the Transportation Department and be controlled by an executive director and board of officials from various federal agencies. Projects would need to meet "rigorous" criteria to ensure they benefit the maximum number of people, preventing more "bridges to nowhere."

Some Republicans say that such a bank would simply add a new bureaucracy in Washington and shift decision-making from Congress to the executive branch.

### Politics - 2NC Links

#### Plan's massively unpopular - no democratic or GOP support

Orski 11 (August 30. Ken. Former Associate Administrator of the Urban Mass Transportation Administration and government transportation consultant for 2 decades, “Infrastructure Bank: Losing Favor with the White House?” <http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house> Pismarov)

 "A national infrastructure bank must garner broad bipartisan support to move forward," says Michael Likosky, Director of NYU's Center on Law & Public Finance and author of a recent book, Obama's Bank:Financing a Durable New Deal. "This means no grants, a multi-sector reach and a realistic idea of what projects will benefit straight away."

President Obama was expected to include the infrastructure bank among his recommended stimulus measures when he lays out his new job-creation plan before the congressional deficit reduction committee in early September. But lately, he seems to have put the idea on the back burner and turned his attention to more traditional "shovel-ready" highway investments using existing financing programs. His advisers may have concluded that the Bank will do little to stimulate immediate job creation--- and that the proposal will find little support among congressional Democrats and Republicans alike. If so, check off the Infrastructure Bank as an idea whose time had come and gone.

#### There's bipartisan opposition to the plan

Utt 11 Dr. Ronald Utt is Herbert and Joyce Morgan Senior Research Fellow in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation. "Obama’s Peculiar Obsession with Infrastructure Banks Will Not Aid Economic Revival," Aug 30, http://www.heritage.org/research/reports/2011/08/using-infrastructure-banks-to-spur-economic-recovery

The President’s ongoing obsession with an infrastructure bank as a source of salvation from the economic crisis at hand is—to be polite about it—a dangerous distraction and a waste of his time. It is also a proposal that has consistently been rejected by bipartisan majorities in the House and Senate transportation and appropriations committees, and for good reason. Based on the ARRA’s dismal and remarkably untimely performance, Obama’s infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity—a prospect woefully at odds with the economic challenges confronting the nation.

#### Plan's unpopular - tea party - our evidence assumes their link turns

Gregory 11 Paul Gregory is a contributor to Forbes and a research fellow at the Hoover Institute. "Why We Don't Need An Infrastructure Bank? Japan Is Why," 8/21, http://www.forbes.com/sites/paulroderickgregory/2011/08/21/why-we-dont-need-an-infrastructure-bank-japan-is-why/

The president will spin seductive images of high speed trains, highways without traffic jams, and clockwork subways in every city. With an infrastructure bank, the sky is the limit.

He will roll out respected moderate Republicans and even the Chamber of Commerce to vouch for his bank. He will explain that his miserly opponents, like the kooky Tea Party, favor collapsing bridges, traffic jams, and the loss of international competitiveness. Past generations gave us the interstate highway system and the Hoover Dam. What will we leave behind, he will ask?

Under normal circumstances, the president could sell his infrastructure bank (It only costs $30 billion at the start). But 2010 and the Tea Party will make it a tough sell even to “reasonable” Republicans.

#### NIB's politically impossible - dead on arrival

Patton 11 (Oliver B, Washington editor of Heavy Duty Trucking, “Infrastructure Bank Going Nowhere in House”, Trucking Info, 10/13/11, <http://www.truckinginfo.com/news/news-detail.asp?news_id=74979>) SWOAP

Transportation and Infrastructure Committee Chairman John Mica convened a hearing yesterday on President Obama's proposal to create a national infrastructure bank, and opened the event by making the situation perfectly clear. "I'm afraid that the national infrastructure bank is dead on arrival in the House," he said. There followed two hours of testimony from four out of five witnesses on why the bank makes no sense: It's expensive, it takes too long to set up, it adds bureaucracy, and its purpose is better served by programs that already are in place. The bank is one element of the jobs bill Obama is pushing. Based in part on a Senate proposal by Democrats John Kerry and Mark Warner and Republican Kay Bailey Hutchison, it would provide $10 billion to leverage private and public investment in regional and national infrastructure projects. The infrastructure bank also has been discussed as a possible provision in the next federal highway program. As Mica made clear, the House has no interest. There's more support on the Senate side, where Barbara Boxer, D-Calif., chairman of the Senate Environment and Public Works Committee, has said she wants to have an infrastructure bank. So far, however, such a provision is not included in the Senate's draft legislation.

#### The majority of Congress hates the plan

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

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

#### Republicans reject NIB- don’t want more bureaucracy and spending

The Hill 11 (“Obama’s infrastructure bank proposal faces first test in Republican-led House”, 10/9/11, <http://thehill.com/blogs/transportation-report/infrastructure/186371-obamas-infrastructure-bank-faces-hurdles-in-republican-led-house>) Swoap

If Obama’s message has changed, it hasn’t been enough to convince Republicans so far. They are not only cool to the idea of the bank; they also haven’t warmed to Obama’s plan to spend $50 billion on transportation projects. Mica gave little reason to believe the debate would change any this week. “This hearing will focus on questions relating to the estimated $270 million yearlong process of creating another federally backed agency designed to pick project winners and losers,” Mica said in comments that seemed to dismiss Obama’s proposals. The phrase “picking winners and losers” could foreshadow references in the forthcoming hearing on the Solyndra energy loan controversy, which some observers have worried could damper even further the GOP’s receptiveness to a loan-based program like the infrastructure bank. Even without the Solyndra controversy, Obama this week acknowledged he may not be able to move the needle with Congress.

#### NIB unpopular with Congress- especially Republicans

Johnson 11 (Fawn, National Journal correspondent, “Is There Hope for an Infrastructure Bank?”, National Journal, 2/14/11, <http://transportation.nationaljournal.com/2011/02/is-there-hope-for-an-infrastru.php>)

Obama sees infrastructure investment as the key to job growth and economic competitiveness. The infrastructure bank would ensure success on large transportation projects because the administration would select only the best ideas for federal funding, in the White House view. Skeptics in Congress have balked at an infrastructure bank, worrying that it would face the same problems as the politically unpopular Fannie Mae and Freddie Mac. House Republicans are unlikely to give the Transportation Department the funding to make an infrastructure bank work as Obama would like.

#### NIB unpopular with house Republicans

Carma 11 (Timothy, writer for Transport Topics, “Infrastructure Bank ‘Dead on Arrival,’ House Transportation Committee Says”, Transport Topics, 10/13/11, <http://www.ttnews.com/articles/basetemplate.aspx?storyid=27788>)

House Republicans attacked President Obama’s proposal for a national infrastructure bank at a hearing Wednesday, saying it is unnecessary and its goals could be achieved through other means. “A national infrastructure bank, as proposed … is dead on arrival in the House of Representatives,” Rep. John Mica (Fla.), chairman of the House Transportation and Infrastructure Committee, said at a hearing hosted by that panel’s subcommittee on highways and transit.

#### Plan costs political capital—Republicans oppose—distinction about leveraging private investment is irrelevant

Marshall & Thomasson 11 (October 7. Will. President of the think tank Progressive Policy Institute. Scott. Economic and Domestic Policy Director for the Progressive Policy Institute. Progressive Policy Institute, “Sperling on ‘Deferred Maintenance,’” <http://progressivepolicy.org/sperling-on-%E2%80%9Cdeferred-maintenance%E2%80%9D> Pismarov)

President Obama’s $447 billion jobs plan includes some constructive – literally – provisions for upgrading America’s economic infrastructure. These shouldn’t be controversial: Who could be against putting people to work rebuilding the rickety foundations of U.S. productivity and competitiveness?

Well, Republicans, that’s who. They have dismissed the president’s call for $50 billion in new infrastructure spending as nothing more than another jolt of fiscal “stimulus” masquerading as investment.

It’s hard to imagine a more myopic example of the right’s determination to impose premature austerity on our frail economy. From Lincoln to Teddy Roosevelt to Eisenhower, the Republicans were once a party dedicated to internal nation building. Today’s GOP is gripped by a raging anti-government fever which fails to draw elementary distinctions between consumption and investment, viewing all public spending as equally wasteful.

### Politics - AT: Link Turns

#### Link turns are empirically denied - NIB can't pass Congress even with tons of push

Orski 11 Ken Orski is a former senior U.S. Transportation Department official. "INFRASTRUCTURE BANK: LOSING FAVOR WITH THE WHITE HOUSE?," 8/30, http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house

Eighteen months ago, on January 20, 2010, a group of influential politicians, accompanied by a large coterie of representatives of the Washington transportation community, gathered at the Capitol to urge Congress and the Obama Administration to create a "National Infrastructure Bank" to help finance infrastructure investments. The speakers included all the well-known advocates of the Bank: Pennsylvania’s Governor Ed Rendell, Senator Chris Dodd (D-CT), Rep. Rosa DeLauro (D-CT), author of an Infrastructure Bank bill (H.R. 2521), former House Majority Leader Dick Gephardt (D-MO) and Felix Rohatyn, the spiritual godfather of the movement. Standing beside them, in a gesture of support and solidarity, was a large group of executives representing the transportation industry, labor unions and advocacy groups.

For a while, it seemed like their plea would be answered. A proposal for a $30 billion infrastructure bank focused on transportation-related investments was included in the President’s FY 2011 budget proposal unveiled last September. As recently as last month, Mr. Obama was mentioning the Infrastructure Bank as part of his job stimulus plan to be unveiled after Labor Day.

But today, the idea is on life support. Neither the Senate nor the House have seen fit to include the Bank in their proposed transportation bills. Congressional Democrats and Republicans alike are in agreement that decisionmaking control over major federal investments should not be ceded to a group of "unelected bureaucrats." Rather than creating a new federal bureaucracy, they think the focus should be placed on expanding federal credit assistance tools already in place, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation & Improvement Financing Program (RRIF).

#### And attachment to Obama means the plan will be controversial even if it's theoretically popular

Cohn 11 (August 11. Jonathan. Senior Editor at The New Republic. “Selling Public Works to the Tea Party”. <http://www.tnr.com/blog/jonathan-cohn/93496/infrastructure-bank-roads-airports-funding-obama-kerry-hutchison> Pismarov)

The main obstacle to creating the bank, really, is political. On the one hand, the infrastructure has a strong bipartisan and cross-ideological pedigree: In March, when Kerry (a Democrat) and Hutchison (a Republican) held a press conference to unveil their proposal, Richard Trumpka (of the AFL-CIO) and Tom Donohue (of the U.S. Chamber of Commerce) appeared with them to offer their endorsement. On the other hand, the infrastructure bank is part of Obama's agenda. And, as we've all seen, sometimes that's all it takes to generate fatal Republican opposition. Purely on the merits, conservatives ought to embrace the infrastructure bank. Alas, that doesn’t mean they will.

### Elections

#### NIB unpopular with the public

Long 11 (Cate, works in the bond market developing tools and systems for retail investors, “Thumbs down on infrastructure bank”, Reuters, 9/15/11, <http://blogs.reuters.com/muniland/2011/09/15/thumbs-down-on-infrastructure-bank/>) SWOAP

The Bond Buyer is reporting that U.S. transporation groups have given the thumbs down to President Obama’s proposed infrastructure bank. The core repayment mechanism for loans guaranteed by the proposed bank would be user fees and tolls. This contrasts to the current methods, which involve state and local governments borrowing in the municipal market to fund projects or the federal government collecting gasoline taxes to fund highway infrastructure. Given the growing opposition globally to the privatization of public assets, the core purpose of the infrastructure bank is bound to create more unease among public players and citizens. From the[Bond Buyer](http://www.bondbuyer.com/issues/120_178/obama-jobs-bill-proposal-1031081-1.html):

### Spending

#### NIB is funded through deficit spending

Puentes 10 (May 13. Robert. Senior Fellow with the Brookings Institution Metropolitan Policy Program. “Hearing on Infrastructure Banks” <http://www.brookings.edu/research/testimony/2010/05/13-infrastructure-puentes> Pismarov)

Other Considerations. As currently proposed, an NIB would receive annual appropriations from Congress and its board would have to submit a report to the President and the Congress at the end of each fiscal year. Establishing an NIB as a shareholder-owned entity would help shield it from political influence. However, there is also a trade-off between independence and the cost of borrowing. If an NIB is a federal agency, it may draw upon the Treasury’s low interest rates to finance its activities. If it is a shareholder–owned entity, it would incur higher costs of borrowing than the Treasury, so the loans going to recipients would have to be at higher interest rates [7]. Therefore, the budgetary and debt impact of federal investment through an NIB depends heavily on its governance structure. Unless the NIB is a shareholder-owned corporation its investment would be included in the federal budget. If it has the power to issue its own bonds and it is not a shareholder-owned corporation, its debt would be on the federal books. In any other case, it would be treated like other federal agencies, funded through appropriations and included in the federal budget. The federal government would have to pay for increased spending which is likely to add to the federal debt.

### Coercion

#### The NIB is coercive and limits our freedom

The Economist 10 (Weekly newspaper focusing on international and national affairs “National Infrastructure Bank versus democracy” <http://www.economist.com/blogs/democracyinamerica/2010/09/infrastructure_and_democracy> Pismarov)

In a speech yesterday, [President Obama unveiled a new infrastructure plan](http://www.bbc.co.uk/news/world-us-canada-11203656) which includes the creation of an **infrastructure bank**. I'm interested not so much in the wisdom of increasing tax-financed infrastructure as in the idea that the entity Mr Pearlstein envisions to dole out the funds should be "insulated, as much as possible, from political influence and the pork-laden congressional appropriation process." **This seems problematic for several reasons.** Unless I misremember the lessons of sixth-grade social studies**, it is democracy that makes legitimate the coercion of taxation**. Mr Pearlstein's proposal seems to be that **the peoples' representatives today should seek to enact a scheme specially designed to disburse funds extracted from tomorrow's taxpayers without the interference of their duly-elected democratic representatives.** Infrastructure: too critical to leave to risky democracy! Now, I certainly understand the desire to insulate one's own cherished pet projects from the vicissitudes of the democratic appropriations process. However, **an argument for withdrawing matters of infrastructure, of all things, from the domain of democratic authority suggests equally persuasive arguments for similarly immunising defence spending, entitlement spending, spending on subsidies to "strategic" industries**, etc. If we generalise Mr Pearlstein's reasoning, we end up with, at best, a ruthlessly rational and efficient Singapore-style technocracy, which wouldn't be so bad, but isn't anybody's idea of liberal democracy. More likely, **we would end up with a system even more corrupt, corporatist, and inefficient** than the one we've got, but with fewer of the protections afforded by democracy. This is not to say nothing should be immune from democratic discretion. Our basic rights should not be subject to the whims of majorities. And monetary policy is bound to lead to disaster unless central banks are afforded a good deal of independence from the exigencies of electoral politics. Yet high-speed rail is not among our basic rights and policy regarding "smart electric grids" is not in any relevant respect similar to monetary policy. A better general theory of the circumstances under which independence from democratic politics is justified would be useful here. But it seems clear enough that if we can't trust democracy do infrastructure, we probably can't trust democracy, period.

#### NIB is funded with taxpayer money

Kile 11 (Joseph, Assistant Director of the Microeconomic Studies Division at the Congressional Budget Office, following 16 years in various positions at the Government Accountability Office. Testimony before the Senate Committee on Finance on May 17th, 2011. <http://dallasmobility.org/Reports/USSenateFinanceTestimony.pdf>)

Some funding mechanisms concentrate decision-making authority with the federal government; others offer greater latitude for state and local governments. Currently, state and local governments choose most federally funded projects. However, concerns about that process have motivated proposals for a federal infrastructure bank that might use the results of cost-benefit analyses to select projects. In addition, a federal infrastructure bank could lower the cost of borrowing by providing credit assistance and thus attract private financing; however, it would impose the cost of such credit assistance on federal taxpayers.

## Topicality Violations

### Extra-T

#### Plan's extra-topical - it increase investment in energy and water infrastructure AND increases private sector investment

Compton 11 Matt Compton is a writer for The White House Blog. "Five Facts About a National Infrastructure Bank," Nov 3, http://www.whitehouse.gov/blog/2011/11/03/five-facts-about-national-infrastructure-bank

Today, the Senate is set to take up one idea that the President touted -- the creation of a national infrastructure bank.

Here's how it would work:

1) Congress would appropriate an initial $10 billion in startup money to capitalize the bank.

2) The new bank would identify transportation, energy, and water infrastructure projects that lack funding, offer a clear benefit for taxpayers, and are worth at least $100 million or $25 million for rural projects.

3) Loans made by the bank would then be matched by private sector investments or money from local governments -- so that the infrastructure bank provides half or less than half the total funding.

#### Topicality—the national infrastructure bank would consider for funding projects in the environmental, energy, and telecommunications infrastructure industries

National Infrastructure Development Bank Act of 2011 (H. R. 402, January 24th, <http://thomas.loc.gov/cgi-bin/query/C?c112:./temp/~c112X8cqQC>) Cass

SEC. 10. ELIGIBILITY CRITERIA FOR ASSISTANCE FROM BANK.

(a) In General- No financial assistance shall be available under this Act from the Bank unless the applicant for such assistance has demonstrated to the satisfaction of the Board that the project for which such assistance is being sought meets--

(1) the requirements of this Act; and

(2) any criteria established in accordance with this Act by the Board.

(b) Establishment of Project Criteria-

(1) IN GENERAL- Consistent with the requirements of subsections (c) and (d), the Board shall establish--

(A) criteria for determining eligibility for financial assistance under this Act;

(B) disclosure and application procedures to be followed by entities to nominate projects for assistance under this Act; and

(C) such other criteria as the Board may consider to be appropriate for purposes of carrying out this Act.

(2) FACTORS TO BE TAKEN INTO ACCOUNT-

(A) IN GENERAL- The Bank shall conduct an analysis that takes into account the economic, environmental, social benefits, and costs of each project under consideration for financial assistance under this Act, prioritizing projects that contribute to economic growth, lead to job creation, and are of regional or national significance.

(B) CRITERIA- The criteria established pursuant to paragraph (1)(A) shall provide for the consideration of the following factors in considering eligibility for financial assistance under this Act:

(i) The means by which development of the infrastructure project under consideration is being financed, including--

(I) the terms and conditions and financial structure of the proposed financing;

(II) the financial assumptions and projections on which the project is based; and

(III) the extent to which the infrastructure project maximizes investment from other sources.

(ii) The likelihood that the provision of assistance by the Bank will cause such development to proceed more promptly and with lower costs for financing than would be the case without such assistance.

(iii) The extent to which the provision of assistance by the Bank maximizes the level of private investment in the infrastructure project while providing a public benefit.

(c) Factors for Specific Types of Projects-

(1) TRANSPORTATION INFRASTRUCTURE PROJECTS- For any transportation infrastructure project, the Board shall consider the following:

(A) Job creation, including workforce development for women and minorities, responsible employment practices, and quality job training opportunities.

(B) Reduction in carbon emissions.

(C) Reduction in surface and air traffic congestion.

(D) Poverty and inequality reduction through targeted training and employment opportunities for low-income workers.

(E) Use of smart tolling, such as vehicle miles traveled and congestion pricing, for highway, road, and bridge projects.

(F) Public health benefits.

(2) ENVIRONMENTAL INFRASTRUCTURE PROJECT- For any environmental infrastructure project, the Board shall consider the following:

(A) Public health benefits.

(B) Pollution reductions.

(C) Job creation, including workforce development for women and minorities, responsible employment practices, and quality job training opportunities.

(D) Poverty and inequality reduction through targeted training and employment opportunities for low-income workers.

(3) ENERGY INFRASTRUCTURE PROJECT- For any energy infrastructure project, the Board shall consider the following:

(A) Job creation, including workforce development for women and minorities, responsible employment practices, and quality job training opportunities.

(B) Poverty and inequality reduction through targeted training and employment opportunities for low-income workers.

(C) Reduction in carbon emissions.

(D) Expanded use of renewable energy.

(E) Development of a smart grid.

(F) Energy efficient building, housing, and school modernization.

(G) In any case in which the project is also a public housing project--

(i) improvement of the physical shape and layout;

(ii) environmental improvement; and

(iii) mobility improvements for residents.

(H) Public health benefits.

(4) TELECOMMUNICATIONS- For any telecommunications project, the Board shall consider the following:

(A) The extent to which assistance expands or improves broadband and wireless services in rural and disadvantaged communities.

(B) Poverty and inequality reduction through targeted training and employment opportunities for low-income workers.

(C) Job creation, including work force development for women and minorities, responsible employment practices, and quality job training opportunities.

(d) Consideration of Project Proposals-

(1) PARTICIPATION BY OTHER AGENCY PERSONNEL- Consideration of projects by the executive committee and the Board shall be conducted with personnel on detail to the Bank from relevant Federal agencies from among individuals who are familiar with and experienced in the selection criteria for competitive projects.

(2) FEES- A fee may be charged for the review of any project proposal in such amount as maybe considered appropriate by the executive committee to cover the cost of such review.

(e) Discretion of Board- Consistent with other provisions of this Act, any determination of the Board to provide assistance to any project, and the manner in which such assistance is provided, including the terms, conditions, fees, and charges shall be at the sole discretion of the Board.

(f) State and Local Permits Required- The provision of assistance by the Board in accordance with this Act shall not be deemed to relieve any recipient of assistance or the related project of any obligation to obtain required State and local permits and approvals.

(g) Annual Report- An entity receiving assistance from the Board shall make annual reports to the Board on the use of any such assistance, compliance with the criteria set forth in this section, and a disclosure of all entities with a development, ownership, or operational interest in a project assisted or proposed to be assisted under this Act.

### Investment

#### NIB not investment– the private sector does the investment

Carollo 12 [George Carollo, 3/5/12, Research Assistant at CRGP, “A National Infrastructure Bank: Why or Why Not?”, *Collaboratory for Research on Global Projects*, <http://crgp.stanford.edu/news/global_projects_a_national_infrastructure_bank_why_or_why_not.html>.] Ari Jacobson

There are large initial costs in setting up a bank.

**The bank would not actually directly fund investment in infrastructure; rather, the private sector would assume the responsibility of directing investments.**

Many Americans are opposed to increasing the size or strength of the government.

Some argue that it is the role of the Departments of Transportation, Housing and Urban Development, and Department of Energy to manage and fund infrastructure projects. Therefore an infrastructure bank is redundant.

### Vagueness

#### "National Infrastructure Bank" is vague - guts all negative disad links and counterplan competition

Utt 11 (October 20. Ronald. Herbert and Joyce Morgan Senior Research Fellow at The Heritage Foundation, PhD. “The Limited Benefits of a National Infrastructure Bank” <http://www.heritage.org/research/testimony/2011/10/the-limited-beneftis-of-a-national-infrastructure-bank> Pismarov)

What these federal-level proposals all have in common is the goal of attempting to muster a greater volume of financial resources for various types of infrastructure, but beyond that they all differ significantly in how they would operate, who would run them, the volume and source of funds, what they can invest in, and what types of infrastructure would be eligible for support.

Some would be limited to just transportation infrastructure; others would allow investments also in water supply and treatment, housing, energy, and environment; and still others would focus on infrastructure with a social welfare intent. Some would be funded by appropriations only, while others would have a mix of appropriations and debt. In some, this debt would be guaranteed by the federal government; in others, it would not. Some would provide loans, loan guarantees, and grants, while others would provide only loans and loan guarantees.

## Advantage Answers

### AT: Economy - Takes Too Long

#### They don't solve fast enough - it would take years for the NIB to even get up and running

Mallett et al 11 William Mallett is a specialist in transportation policy at the CBO. Steven Maguire is a specialist in public finance at the CBO and Kevin Kosar is an analyst in American National Government at the CBO. "National Infrastructure Bank: Overview and

Current Legislation," Dec 14, Available Online

Although a national infrastructure bank might help accelerate projects over the long term, it is unlikely to be able to provide financial assistance immediately upon enactment. In several infrastructure bank proposals (e.g., S. 652 and S. 936), officials must be nominated by the President and approved by the Senate. The bank will also need time to hire staff, write regulations, send out requests for financing proposals, and complete the necessary tasks that a new organization must accomplish. This period is likely to be measured in years, not months. The example of the TIFIA program may be instructive. TIFIA was enacted in June 1998. TIFIA regulations were published June 2000, and the first TIFIA loans were made the same month.45 However, according to DOT, it was not until FY2010 that demand for TIFIA assistance exceeded its budgetary authority.46

#### Little to no benefit of the infrastructure bank by 2017.

Alessi 11 (September 8. Christopher. Staff Writer for the Council on Foreign Relations. “Banking on US Infrastructure Revival” <http://www.cfr.org/economics/banking-us-infrastructure-revival/p25782> Pismarov)

Experts remain divided, too, using historical precedent to bolster competing arguments. The Heritage Foundation's [Ronald D. Utt](http://www.heritage.org/about/staff/u/ronald-utt) wrote in an August 30 [memo](http://www.heritage.org/Research/Reports/2011/08/Using-Infrastructure-Banks-to-Spur-Economic-Recovery) that the [American Recovery and Reinvestment Act (PDF)](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf) of 2009 (ARRA)--the stimulus package--included $48.1 billion for transportation infrastructure development that had a limited effect on the job market and larger economy. "Based on ARRA's dismal and remarkably untimely performance, Obama's infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity," Utt wrote. In a September 6 [entry](http://247wallst.com/2011/09/06/why-an-infrastructure-jobs-bank-won%E2%80%99t-work/) for 24/7 Wall Street, media entrepreneur [Douglas A. McIntyre](http://www.huffingtonpost.com/douglas-a-mcintyre) contended that an infrastructure bank would face the same bureaucratic conditions that rendered the 2008 stimulus ineffective.

#### No benefits for at least a year.

McIntyre 11 (Douglas A. partner at 24/7 Wall St., LLC and has previously been the Editor-in-Chief and Publisher of Financial World Magazine. “Why an Infrastructure Jobs Bank Won’t Work” [http://247wallst.com/2011/09/06/why-an-infrastructure-jobs-bank-won’t-work/](http://247wallst.com/2011/09/06/why-an-infrastructure-jobs-bank-won%27t-work/) Pismarov)

One of the core proposals President Obama will make to Congress this week is the creation of an infrastructure bank that will provide funds to repair tens of thousands of miles of U.S. roads and bridges. It will, like any other large government program that seeks to solve problems nationwide, face the same kind of bureaucracy that made past programs, like the 2008 stimulus and TARP, ineffective or unmeasurable. It is relatively easy to assume that an infrastructure bank would require applications from private construction firms. These companies would need to get permits to work on highways and bridges. The construction also would have to be done to local or federal specifications, which is another part of the chain to initiate a project. Workers can be hired at that point. That process, and the additional job of finding and financing equipment in some cases, could add several more months to job creation. In all, it would not be unfair to assume, the effects of the work of an infrastructure bank may not be felt for more than a year. Unfortunately for the economy, and those out of work, there are 14 million unemployed people in the U.S., and nearly half of those out of work have been so for over half a year. It is impossible to judge how many of these people have the skills needed to work on construction crews. Probably not many. And, training those who are untrained and moving them to the locations where they can work would be challenging.

### AT: Economy - Doesn't Solve (Generic)

#### NIB won't help the economy - projects take too long, are too small, and don't create jobs - empirically proven

Utt 11 Dr. Ronald Utt is Herbert and Joyce Morgan Senior Research Fellow in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation. "Obama’s Peculiar Obsession with Infrastructure Banks Will Not Aid Economic Revival," Aug 30, http://www.heritage.org/research/reports/2011/08/using-infrastructure-banks-to-spur-economic-recovery

The President’s proposal for an infrastructure bank is one idea that he and other progressives have been flogging for the past few years.[1] Although several infrastructure bank proposals have been introduced in Congress,[2] all involve the creation of a new federal bureaucracy that would provide federally funded loans and grants to approved infrastructure proposals submitted to the bank by eligible entities. Funds to provide these loans would either be borrowed by the bank or provided by appropriations, depending on the proposal. But an infrastructure bank would do little to spur the economic recovery—and nothing to create new jobs.

Misplaced Humor

In reviewing these infrastructure plans it is apparent that, as a proposal to jump-start the economy, these banks possess all the liabilities of (but are even more ineffective than) the failed American Revitalization and Investment Act of 2009 (ARRA), which committed $800 billion to stimulus spending, including $48.1 billion for transportation infrastructure. As the President has recently acknowledged, and The Heritage Foundation predicted,[3] the funded projects have been very slow to get underway and have had a limited impact on economic activity.

In a recent meeting with his Jobs Council, Obama noted that “Shovel-ready was not as…uh…shovel-ready as we expected.” The media reported that the “Council [Council on Jobs and Competitiveness ], led by GE’s Jeffrey Immelt, erupted in laughter.”[4] That the President and his business community advisers found this waste of $800 billion and the subsequent loss of hundreds of thousands of jobs a source of humor is emblematic of the Administration’s failed approach to the economy.

Banks Make Loans, Not Grants

Take for example the President’s national infrastructure bank proposal, which was included in his February 2011 highway reauthorization proposal. His bank would be part of the Department of Transportation and would be funded by an appropriation of $5 billion per year in each of the next six years. Obama’s “bank” would be permitted to provide loans, loan guarantees, and grants to eligible transportation infrastructure projects.[5]

As Heritage and others have noted, the common meaning of a “bank” describes a financial intermediary that borrows money at one interest rate and lends it to credit-worthy borrowers at a somewhat higher interest rate to cover the costs incurred in the act of financial intermediation. In this regard, the Obama proposal is not a bank, and it relies entirely on congressional appropriations—thus, on deficit finance and taxpayer bailouts.

Grants are not paid back, prompting “one former member of the National Infrastructure Financing Commission to observe that ‘institutions that give away money without requiring repayment are properly called ‘foundations’ not ‘banks.’”[6] Senator James Inhofe (R–OK), the ranking member of the Senate Environment and Public Works Committee, further noted that:

Banks don’t give out grants; they give out loans. There is also currently a mechanism for giving out federal transportation grants—it is called the highway bill. I don’t believe an infrastructure bank will increase total transportation investment—it will only take money away from what would otherwise go through the existing highway and transit programs.[7]

Bureaucratic Delays

Although Obama has yet to offer any legislation to implement his “bank,” infrastructure bank bills introduced by Senator John Kerry (D–MA) and Representative Rosa DeLauro (D–CT) illustrate the time-consuming nature of creating such a bank, suggesting more than a year or two will pass before the first dollar of a grant or loan is dispersed to finance a project.[8] Both the DeLauro and Kerry bills are—appropriately—concerned with their banks’ bureaucracy, fussing over such things as detailed job descriptions for the new executive team, how board members will 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. Indicative of just how bureaucracy-intensive these “banks” would be, the Obama plan proposes that $270 million be allocated to conduct studies, administer his new bank, and pay the 100 new employees hired to run it.

By way of 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 2011—two and a half years after the enactment of ARRA—38 percent of the transportation funds authorized have yet to be spent and are still sitting in the U.S. Treasury, thereby partly explaining ARRA’s lack of impact.

Infrastructure “Banks” No Source of Economic Growth

The President’s ongoing obsession with an infrastructure bank as a source of salvation from the economic crisis at hand is—to be polite about it—a dangerous distraction and a waste of his time. It is also a proposal that has consistently been rejected by bipartisan majorities in the House and Senate transportation and appropriations committees, and for good reason. Based on the ARRA’s dismal and remarkably untimely performance, Obama’s infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017 while having no measurable impact on job growth or economic activity—a prospect woefully at odds with the economic challenges confronting the nation.

#### A NIB doesn’t work—federal involvement isn’t the best option

deRugy 11 (Veronique, Mercatus Center senior fellow. September 6th, discussion on FBN’s Freedom Watch. <http://www.cato.org/multimedia/video-highlights/veronique-de-rugy-discusses-infrastructure-bank-fbns-freedom-watch>) Cass

It is very vague, and we don’t have much details, but one of the things that we know for sure is that, as you said, this is just, basically, another stimulus repackaged to basically sell it to the American people who said we don’t want more spending, we want spending cuts. And maybe the most important thing is that it should really give taxpayers a pause, because this is the Fannie May model applied to public work, and you and I , we know, how effective that has been with housing. I mean, of course, I mean, it gives the illusion that this is a public-private partnership, like we had with Freddie and Fannie, but the reality is that this debt which will be issued and probably to issue grants and loans to the states, will actually be backed and implicitly guaranteed by the federal government. And if there’s any problem, and we know with infrastructure spending that there’s gigantic cost overruns, waste, fraud, and abuse, that it will cost taxpayers a lot of money. I think, and, as a judge said earlier, it is time to rethink how we think about infrastructure spending, and it is not necessarily the job of the federal government—this function should be devolved to the states or better yet, actually, to the private sector without this guarantee. No, so it doesn’t work this way, but I think we can look at Japan, and in Japan one of the things we know is that they have beautiful roads like Europe has, they have beautiful roads but they have a gigantic amount of debt, and the spending has been highly politicized. And we know, one of the things that we know, is that this is likely to be the case with a Washington-centric type of proposal. So, for instance, instead of actually giving loans to a project that would run a profit or that would be useful, they would be looking at actually a project that could employ people who are unemployed, basically fill gaps for income and equality and all sorts of, actually, goals which aren’t supposed to be the goal that we’re pursuing. We’ve had a horrible job report yet again and lawmakers want to do things, and they’re going to find a way to spend more money and this seems like a way to package it in a way that doesn’t sound like more stimulus. But, you know, and these guys have no ideas—they can’t think outside of the box. They’ve been doing this for three years. Actually, make it 20 years—every president, in each State of the Union and message to the president talking to us about how they are going to create jobs by investing in America—it doesn’t work! Let’s do something else.

#### NIB is doomed to fail—low returns and deficit spending

Utt 11 (Dr. Ronald Utt is Herbert and Joyce Morgan Senior Research Fellow in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation. “UTT: Infrastructure ‘bank’ doomed to fail” September 14, 2011 <http://www.washingtontimes.com/news/2011/sep/14/utt-infrastructure-bank-doomed-to-fail/>) Foster

President Obama remains enamored of an “infrastructure bank,” an idea flogged, in one shape or another, for several years now.¶ All of the proposals floated to date involve creating a new federal bureaucracy that would provide loans and grants for construction or repair projects sought by state or local governments. In some proposals, those funds would be provided via the congressional appropriations process. In others, the bank simply would borrow the money.¶ 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 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.

#### Economic benefits of NIB overstated- can’t increase investment

Pethokoukis 7/14 (James, CNBC contributor, “The CBO just poured cold water on Obama’s idea for a national infrastructure bank”, Ricochet, 7/14/12, <http://ricochet.com/main-feed/The-CBO-just-poured-cold-water-on-Obama-s-idea-for-a-national-infrastructure-bank>)

But a new report from the [Congressional Budget Office](http://www.cbo.gov/sites/default/files/cbofiles/attachments/07-12-12-InfrastructureBanks.pdf) seems skeptical of the idea in practice, at least as it concerns surface transportation projects: “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.” Among the problems, according to CBO: a) most current highway spending is for projects too small to meet the minimum size requirements commonly proposed for an infrastructure bank; and b) an NIB might merely shift projects from being funded by state governments to the federal government, resulting in no net increase in investment.

#### Infrastructure bank unnecessary and wasteful

Harding 11 (Jeff, “The Hoax that is the Infrastructure Bank”, The Daily Capitalist, 9/18/11, <http://dailycapitalist.com/2011/09/18/the-hoax-that-is-the-infrastructure-bank/>) SWOAP

Does anyone seriously believe that the reason we have high unemployment in America is because we have a substandard infrastructure? Apparently the politicians in Washington believe that is so because they are trying to make a case for massive infrastructure spending in order to “create jobs” and to “prepare our economy for the 21st Century.” I was watching that fountain of conventional wisdom, Fareed Zakaria tonight and he seems to buy into this proposition. He interviewed Senator Kay Baily Hutchison about her proposal for an infrastructure bank: The Kerry-Hutchison Bipartisan Infrastructure Bank also known as the BUILD Act. It won’t cost the taxpayers any money, she says, because it is a one-time $10 billion funding of this bank which will lend money for projects. As she says on her web site: “The idea of a national infrastructure bank is an innovative way to [leverage private-public partnerships and maximize private funding](http://www.senate.gov/cgi-bin/exitmsg?url=http%3A//money.cnn.com/2011/03/15/news/economy/infrastructure_bank/index.htm) to address our water, transportation, and energy infrastructure needs. In our current fiscal situation, we must be creative in meeting the needs of our country and spurring economic development and job growth, while protecting taxpayers from new federal spending as much as possible.” This is viewed as a “sensible and business-like approach” to solving this “problem.” When anyone does reporting on this topic you see shots of China’s high speed trains zooming along as well as Brazil’s new super port that will be “the road to China.” We don’t need any of these things because we have an excellent infrastructure despite what the “experts” say. Most of these experts want to cash in on this spending boondoggle. Let me be clear: not one new job will be created by this infrastructure bank. The truth is, we don’t need it. Our freeways, trucks, railroads, and aircraft do just fine getting around delivering people and goods. I’m not arguing that some things need repair, but that is minor compared to what this Infrastructure Bank envisions. As we all know, like all things run by government, they have let some of our bridges, roads, and schools go into disrepair because they manage it incompetently. While I am sure some kids go to run-down government schools, it’s not the buildings that are the problem, it’s the unions. I haven’t heard that our water supply is unsafe or that anyone has been poisoned by drinking out of the tap (spare me the occasional example, please). Our ports are fine despite the longshoremen’s union. We don’t need high speed trains because they are expensive and inefficient and people will fly instead. Please see Bob Poole’s work at the [Reason Foundation](http://reason.org/areas/topic/transportation) if you need confirmation of this fact or on any matter dealing with public transportation.

#### Infrastructure bank funding trades off with future projects and can’t generate revenue

Ehl 12 (Larry, eight years as Federal Relations Manager for the Washington State Department of Transportation, two decades as a government affairs and transportation professional, “The Fantasy Solution of an Infrastructure Bank”, Transportation Issues Daily, 4/16/12, <http://www.transportationissuesdaily.com/the-fantasy-solution-of-an-infrastructure-bank/>)

The problem is that much if not all of the public funds come from existing revenues. That in turn reduces the amount of funds available in the future for other needed maintenance, preservation and capacity improvements. In some cases, the public funds are new, such as tolling revenue. But tolling is an option on very few roads across the country. Further, there is strong opposition to tolling new roads and even stronger opposition to tolling an existing road for expansion and improvements. Aggarwala dissects the dilemma: “Unfortunately, America’s most dire infrastructure problems are . . . like Pennsylvania’s 6,000 structurally deficient bridges. Replacing these won’t create new value, serve new traffic or generate new economic development, so financing has to come from existing income. And that’s a problem not of timing, but of wealth. Even if a replacement bridge can be financed through an infrastructure bank, the debt service on the loan has to be paid back with existing wealth. Worse, most of America’s bridges are untolled, so even if their replacements were to carry more traffic, they wouldn’t yield new direct revenue. At best, through gasoline and other taxes, they would bring money into the federal Highway Trust Fund and into state and local governments. So what’s necessary to unlock financing is funding from increased future allocations from the Highway Trust Fund, or from state and local taxes. But that is the very problem an infrastructure bank tries to avoid.”

#### NIB inefficient and doesn’t increase transportation investment

Mallett et al. 11 (William J. , Specialist in Transportation Policy, and Steven Maguire Specialist in Public Finance, and Kevin R. Kosar Analyst in American National Government, “National Infrastructure Bank: Overview and Current Legislation”, Congressional Research Service,12/14/11, <http://www.cfr.org/united-states/congressional-research-service-national-infrastructure-bank-overview-current-legislation/p26939>)

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

#### Success of a bank is unknown – there are many questions that are unanswered

Utt 11 [Ronald Utt, 10/20/11, “The Limited Benefits of a National Infrastructure Bank”, Heritage Foundation, <http://www.heritage.org/research/testimony/2011/10/the-limited-beneftis-of-a-national-infrastructure-bank>.] Ari Jacobson

For these concerns, **there are questions but not yet any answers**.

**If grants were to be provided by the new bank, how would they be different from—or better than—those already provided through the existing mechanisms in USDOT and the highway program?**

**If current levels of credit availability for existing federal transportation credit programs are deemed to be insufficient by some, why not propose that these existing channels be improved and/or expanded**?

**If spending is thought to be deficient, why not simply provide more grants through the existing mechanism rather than going through the costly and complicated process of setting up and operating a new federal transportation entity, which President Obama’s budget estimates would cost upwards of $270 million to create and staff?****[[4]](http://www.heritage.org/research/testimony/2011/10/the-limited-beneftis-of-a-national-infrastructure-bank%22%20%5Cl%20%22_ftn4)**

**In this era of fiscal austerity and yawning budget deficits, wouldn’t there be better uses for this money than a redundant bureaucracy?**

**Are the banks’ independent status, separate board, funding, and approval process designed to circumvent the existing role that state DOTs and governors have in the allocation of transportation resources?**

**Would its independent status and separate board of directors thwart congressional oversight?**

I don’t think a satisfactory answer has been provided to any of these questions, and certainly none of the existing proposals have addressed them. **But they are certainly valid concerns**, and **Congress should seek answers to them as Members contemplate these many infrastructure bank proposals**.

#### NIB not accountable- causes fraud and waste

Pollack 9 (Ethan, Senior Policy analyst at Economic Policy Institute, formerly worked at Office of Management and Budget and the George Washington Institute of Public Policy, “Street Smart Reforming the Transportation Budget Process”, Economic Policy Institute Briefing Paper, 12/10/09, <http://www.epi.org/page/-/bp254/bp254.pdf>) Swoap

The benefit received from more political independence is not without its cost. Indeed, political independence cannot be achieved without a concomitant loss of accountability. Proposals to create the NIB outside of the DOT and not make it reliant on annual Congressional appropriations (either by allowing it to issue its own debt and/or initial capitalization) would reduce the oversight that the executive and legislative branches could exert on the NIB’s activities. This could invite waste, fraud, and abuse, and the vacuum created by the lack of top-down influence could be filled by other types of influence, such as special interest lobbying or the preferences of the bond market. Accountability and political independence are two sides of the same coin, and assessments on whether more independence and less accountability provides more or less net benefits depends to no small degree on the cynicism one feels toward the political system. Either way, the loss of accountability is a cost that should be weighed against the gross benefits of political independence.

### AT: Economy - Squo Solves

#### NIB not necessary- TIFIA is enough

CCTA 11 (California Construction Trucking Association, “[A National Infrastructure Bank — Do We Need It & Would It Help?](http://calcontrk.org/executive/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help)”, 9/16/11, <http://calcontrk.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help>) SWOAP

“We already have a national infrastructure bank,” Geoffrey Yarema, a partner with the infrastructure-oriented law firm Nossaman LLP, told the public finance newspaper The Bond Buyer following the President’s speech. “It’s called the TIFIA program.” TIFIA, which stands for Transportation Infrastructure Finance and Innovation Act, is a program originally created in 1998 that sets up loan partnerships between the federal government and state and local governments, transit agencies, railroads, special districts or authorities, and private entities to provide financing for transportation projects of regional and national significance. Veteran transportation analyst Ken Orski told Energy and Environment Daily that “there is a widespread sentiment both in the House and Senate, rather than creating a new federal fiscal bureaucracy, we ought to strengthen and expand existing financial instruments, primarily TIFIA.”

#### Private sector is already investing in good infrastructure - NIB isn't necessary

Tamney 11 [John Tamney, 9/11/11, Forbes Staff, I cover the intersection of economics and politics, “Obama's Jobs Plan: He Should Have Stayed On Vacation”, Forbes, <http://www.forbes.com/sites/johntamny/2011/09/11/obamas-jobs-plan-he-should-have-stayed-on-vacation/>.] Ari Jacobson

After that, the whole notion of an infrastructure bank ignores what fellow Forbes contributor Wayne Crews observed last week. Put bluntly, we already have an “infrastructure bank”; as in we have the deepest, most intrepid and most aggressive capital markets in the world ready to fund good ideas that promise a return. In Obama’s case, he wants to use the infrastructure bank to fund the bad ideas that don’t promise a return, and that can’t attract capital from private investors. Hello Solyndra, again. And then eager to get businesses to “create more jobs”, Obama proposes short-term tax cuts on payrolls to make it less expensive for employers to hire. A nice thought at first glance, but there are problems.

### AT: Economy - AT: Jobs I/L

#### NIB can’t create enough jobs

Rodgers 11 (Brad, president of Moreland Property, “National Infrastructure Bank (NIB) - Jobs?”, Moreland Advisors, 6/20/11) Swoap

With that said, I wanted to touch on one glaring problem I have with the NIB discussion - Jobs. Politicians and industry members alike are touting a NIB as a job creator that will help bring the US out of the economic slump we are trudging through. Yes, infrastructure can be a job creator. That much has been well documented in the academic literature. However, the question I see is WHEN will those jobs happen. Theoretically, we have captured most of the low hanging fruit of the "shovel ready" projects with the ARRA Stimulus package. As our President recently quipped, there weren't as many of those projects as we expected. The problem is that infrastructure projects take a long time to come to fruition. In the US, with NEPA requirements, they take a really long time to move forward. If it takes me 2-3 years to get a final Environmental Impact Statement (EIS), which I need to begin the construction stage (when the jobs are created), does that really help me out of today's economic malaise? Those are just the "direct" jobs. When job creation numbers are cited, they are frequently referring to direct and indirect jobs that a project creates. The "indirect" jobs component can represent 75% of the "jobs" that a project creates. The majority of those indirect jobs won't occur until the project is up, running, and available for use. If a new road is going to help employees get to work faster, be more productive and generate more profits which will be used to hire more employees, than the road needs to be operational before those benefits can be realized. That, again, take time. Lots of time. There are some projects that have their EIS' in hand and can move forward quickly. Those, of course, will create jobs sooner than others and those will be very real benefits to the economy. They won't, however, be enough to be a significant driver of a recovery. Even the mighty Hoover Damn project employed a maximum of +/-5,500 workers at any one time. Today's construction projects are better run, more efficient, and can do more with fewer workers. For an economy that needs to create 5 million jobs a year just to maintain the status quo, infrastructure spending is not the Holy Grail of job creation.

#### NIB has no net effect on unemployment - destroys as many jobs as it creates

James 08 (Sallie, policy analyst with Cato's Herbert A. Stiefel Center for Trade Policy Studies. April 22nd. http://www.cato.org/publications/commentary/hurting-rich-important-obama)

The U.S. economy, over the past decade, has created an average net 1.4 million jobs per year. Sometimes other states offer more opportunities, and when the going gets tough, as they say, the tough get going.¶ Like many who fret over global free trade, Obama seems to see manufacturing jobs as the pinnacle of human endeavor.¶ Sen. Obama did admit that "not every job lost is due to trade." (According to the U.S. Council of Economic Advisers, it's about 3 percent.) And he noted that he does not oppose all trade deals. To his credit, Obama voted in favor of the U.S. trade agreement with Oman, and he rightly supports lifting the trade embargo on Cuba.¶ But more broadly, instead of allowing people to buy goods and services from people who want to sell them, Sen. Obama advocates a government-directed program of redistributing wealth through a National Infrastructure Reinvestment Bank that, he claims, would "generate millions of new jobs." It might, indeed, create some new jobs, but only at the expense of jobs the private sector could have created responding to actual consumer demand with the money Obama took.

#### Infrastructure spending has no effect on unemployment - best studies

Markay 11 (July 11. Lachlan. Heritage Foundation. <http://blog.heritage.org/2011/07/11/obama-vs-the-evidence-infrastructure-spending-is-no-job-creator/> Pismarov)

In short, a variety of studies using very different methodologies suggest that infrastructure spending is not an unemployment solution, and may even make the situation worse. So it should have come as little surprise, nearly a year after the president passed his stimulus package, that “a surge in spending on roads and bridges has had no effect on local unemployment and only barely helped the beleaguered construction industry,” as the Associated Press reported. But President Obama continues to cling to the notion that unemployment can be solved by simply spending more federal dollars on construction projects. As long as he continues pursuing policies shown time and again to be ineffective, unemployment will likely remain a problem.

#### NIB can’t solve econ- causes net job loss

Markay 11 ( Lachlan, reporter for the Center for Media and Public Policy, “Obama vs. the Evidence: Infrastructure Spending Is No Job Creator”, The Foundry, 7/11/11, <http://blog.heritage.org/2011/07/11/obama-vs-the-evidence-infrastructure-spending-is-no-job-creator/>) SWOAP

But if the president has learned anything from the apparent failure of his policies to spur job growth, he sure didn’t show it. A central element of his proposed unemployment solution is still the creation of an “infrastructure bank that could put construction workers to work right now rebuilding our roads and our bridges and our vital infrastructure right now.” All of this despite the preponderance of evidence showing that federal infrastructure spending is not the boon for the economy that Obama claims. In fact, the Congressional Budget Office, the Congressional Research Service, and the Government Accountability Office have all concluded that such spending has at best a marginal impact on employment, and may even yield a net loss in jobs.

#### No Solvency – the national infrastructure bank would not solve for Jobs

Greene 11 [Brian Greene, 10/6/11, “Is Obama's National Infrastructure Bank the Answer on Jobs?”, US News, <http://www.usnews.com/news/articles/2011/10/06/is-obamas-national-infrastructure-bank-the-answer-on-jobs>.] Ari Jacobson

Director of the National Economic Council Gene Sperling voiced his support for the National Infrastructure Bank, saying, "There is nothing fiscally disciplined about deferred maintenance." Sperling explained **that investing in infrastructure is not a quick fix for America's economic woes but the start of a continuing strategy to create jobs while improving the country and enticing new businesses to invest in America.** The emphasis on the long-term benefits of the National Infrastructure Bank permeated the discussion on Thursday**. Investment in public works** would put a considerable number of people to work in the coming years, but, as Sen. Mark Warner of Virginia warned, "This **is not a silver bullet**." Rather, supporters of the proposal view it as one of an array of options for how America can improve its dire economic climate.

#### Investment fails to create jobs- Keynesian economics wrong

Harding 11 (Jeff, “The Hoax that is the Infrastructure Bank”, The Daily Capitalist, 9/18/11, <http://dailycapitalist.com/2011/09/18/the-hoax-that-is-the-infrastructure-bank/>) SWOAP

Does anyone seriously believe that the reason we have high unemployment in America is because we have a substandard

Here are some things to think about when the politicians spout this nonsense: 1. Jobs aren’t created by government. That is not to say that government employees or contractors do not work; they do. What it means is that government does not create wealth-creating jobs that are self-sustaining as would a private business. This should be fairly simple to understand. Taxes fund government operations. Only the private sector creates wealth that pay taxes. We can have an argument about whether or not government should provide much of the services that they do. For example, we know that private schools do a far better job at providing an education because they are not controlled by unions who control politicians. But, that is not the topic here. 2. Government spending known as fiscal stimulus, or Keynesian stimulus, as a cure for unemployment is another matter.The idea here is that since consumers aren’t spending all we need to do to revive the economy is to start spending somewhere in the economy and magically things will revive and take off. Unfortunately such stimulus never works to “jump start” the economy. It never has and never will. The American Recovery and Reinvestment Act of 2009 pushed $840 billion into the economy under this theory and it failed. No one (especially our politicians) asks where the money comes from to stimulate the economy. It comes from us, whether through taxes today or taxes tomorrow. And, the more you take out of the private economy, the less capital is available for businesses to create real jobs. Politicians never seem to see this.

#### No solvency, A NIB would only lead to jobs in china – past results prove

Prestowitz 11 [Clyde Prestowitz, 7/11/11, Clyde Prestowitz is the founder and President of the [Economic Strategy Institute](http://en.wikipedia.org/w/index.php?title=Economic_Strategy_Institute&action=edit&redlink=1). 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). He is a Labor economist. Prestowitz has written for [Foreign Affairs](http://en.wikipedia.org/wiki/Foreign_Affairs). “Where the jobs went”, Foreign Policy, <http://prestowitz.foreignpolicy.com/posts/2011/07/11/where_the_jobs_went>.] Ari Jacobson

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

**Think about this in the wake of the** recent New York Times article reporting on **the new Oakland Bay Bridge being made in and**[**imported from China**](http://prestowitz.foreignpolicy.com/posts/2011/06/27/cheap_is_expensive). 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)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.**

### AT: Economy - AT: Multiplier Effect

#### Multiplier effect takes too long- means NIB can’t stimulate the economy.

Kurtzleben 11 (August 22. Danielle. Data Reporter at the US News and World Report. “Are Infrastructure Projects the Answer to America’s Job Problem?” <http://www.usnews.com/news/articles/2011/08/22/are-infrastructure-projects-the-answer-to-americas-jobs-problem> Pismarov)

The theory behind infrastructure spending is the multiplier effect: the idea that every dollar in government expenditures can increase GDP by more than one dollar by starting economic chain reactions: the government pays firms for goods and services and those firms then pay employees who then spend their paychecks. Moody's Analytics estimates that the multiplier effect for increases in government spending is generally larger than the multiplier for tax cuts. Any additional dollar spent on permanent tax cuts adds to GDP by significantly less than a dollar. Making the Bush tax cuts permanent, for example, would add to GDP by $0.29 for every dollar of revenue reduction, according to calculations from Moody's. Infrastructure spending would add by $1.59 for every dollar spent, while extending unemployment insurance and temporarily increasing food stamps would add even more. The mitigating factor, then, is the speed (or lack thereof) with which infrastructure spending works. In past recessions, infrastructure projects have taken so long to get off the ground that their effects were only felt after recovery had begun, says Alan Viard, resident scholar at the American Enterprise Institute, a conservative think tank. "Dollar for dollar, [tax cuts and direct government payments] may not stimulate the economy as much as infrastructure spending, but they can be timed effectively. ... If we expect [economic weakness] to last long enough for new infrastructure spending to come online, we've really got pretty serious problems."

### AT: Economy - AT: Infrastructure Declining

#### Infrastructure is fine now - NIB unnecessary

Calabria 10 (Mark A., director of financial regulation studies at the Cato Institute, and former member of the senior professional staff of the U.S. Senate Committee on Banking, Housing and Urban Affairs. September 9th. “A Fannie Mae for Infrastructure?”. http://www.cato-at-liberty.org/a-fannie-mae-for-intrastructure/)

Like President Bush before him, Obama has a knack for taking the worst ideas of his opponents and making them his own. It is truly bipartisanship in the worst of ways (think Sarbanes-Oxley, the TARP or No Child Left Behind). The newest example is the President’s proposed “infrastructure bank.” A bill along those lines was introduced a few years ago by then Senator Hagel, although the idea is far from new.¶ First, let’s get out of the way the myth that we have been “under-funding” infrastructure. Take the largest, and usually most popular, piece: transportation. Over the last decade, transportation spending at all levels of government has increased over 70 percent. One can debate if that money has been spent wisely, but there’s no doubt we’ve been spending an ever-increasing amount on infrastructure – so there goes one rationale for an infrastructure bank.¶ The real rationale for an infrastructure bank is to transfer the risk of default away from investors, bankers and local/state governments onto the federal taxpayer, but to do so in such a manner that the taxpayer has no idea what they are on the hook for.¶ If there are truly great projects out there that will pay their own way, then they should have no trouble getting private funding.¶ Of course, we will be told that the bank will charge an interest rate sufficient to cover losses and that the taxpayer won’t be on the hook. Again, if it is charging an appropriate rate, then why does the bank need to be chartered (and backed) by the taxpayer? We’ve heard this story before…with Social Security, flood insurance, FHA, Fannie/Freddie…the list goes on, that all of these programs would pay their own way and never cost the taxpayer a dime. If there are truly outstanding infrastructure needs, then appropriate the money and pay for them. An infrastructure bank is just another way to allow Wall Street to line its pockets while leaving the risk with the taxpayer. If bankers aren’t willing to actually take the risks, then why exactly do we need them?

### AT: Economy - Offense

#### Turn - NIB causes inefficient projects - takes money away from growth

Lowrey 10 [Annie Lowrey, 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>.] Ari Jacobson

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 stimulus takes jobs from the private sector

Tanner 11 (Michael, senior fellow at the Cato Institute. September 7th, “Manmade Disasters”. <http://www.nationalreview.com/articles/276426/manmade-disasters-michael-tanner>) Cass

And tomorrow night we can expect President Obama to give a full-throated endorsement of Krugmanomics.¶ The details of the president's job program are being kept under wraps, but the broad details are pretty well known. The president wants more federal infrastructure spending, including an "infrastructure bank." He wants to give states and localities more money to repair and rebuild schools, on the condition that those localities stop laying off employees. He wants to extend unemployment benefits again. And as a sop to those who want tax cuts, he will call for an extension of the payroll-tax cut passed last December, exactly the sort of Keynesian tax cut designed not to spur investment but to put more spending money in people's pockets.¶ But natural disasters do not create economic growth. Hurricanes, earthquakes, and space invasions destroy wealth. The money that people have to spend rebuilding their houses, drying their basements, or buying new cars is money that they can no longer use to go on vacation, send their kid to college, or spend on something else that they want or need. The money that insurance companies must pay out to compensate victims is money that is not otherwise invested in the economy. ¶ And for the same reasons, more government spending will not create more jobs. Government has no money of its own. Therefore, any money that it uses to finance its programs and operations must, of necessity, be extracted from others, either through taxes or borrowing. That means less money for people to spend the way they wish, and — particularly worrisome at a time of slow economic growth and high unemployment — less money available for the private sector to invest, expand, and hire workers Worse, this is not just a question of substituting a dollar of government spending for a dollar of private spending, although obviously every dollar that government spends ultimately means one less dollar of private spending. But private spending and investment decisions are allocated on the basis of economic forces. People seek the best return on their investments or the best deal on their purchases. Governments allocate much if not most of their spending on the basis of politics. The result is that government spending introduces a host of inefficiencies into the economy, as people and businesses spend time, money, and effort either trying to gain government favors or minimize their share of government costs.¶ For the last two years the Obama administration and its critics have been arguing about whether the last six stimulus packages created or saved jobs. Undoubtedly, they have, and some conservatives sound silly arguing otherwise. And hurricanes and earthquakes will create some jobs, too. But that is not the real question. What matters is whether on balance we are better or worse off as a result of such events.¶ And when it comes to government jobs or stimulus programs, what matters is whether those programs created any net jobs after all the negative effects of the spending and debt are taken into account. The question is not "Did we create jobs?" but rather "Might we have created more jobs if we hadn't diverted all those resources to the government in the first place?"¶ There's not much we can do to avoid natural disasters. Hurricanes and earthquakes will always be with us. But manmade disasters we can do something about. With that in mind, we should reject another round of more-of-the-same from the Obama administration.

#### Cutting spending empirically helps the economy—NIB hurts with huge budget

Tanner 11 (Michael D., a senior fellow at the Cato Institute. August 10th. “Unbalanced”. <http://www.cato.org/publications/commentary/unbalanced>) Cass

But the body of evidence from outside the current economic crisis tends to confirm the hypothesis that additional taxes would slow economic growth, making it harder to reduce the debt. For example, a study by Harvard economists Alberto Alesina and Silvia Ardagna looked at more than 100 debt-reduction efforts in 21 countries between 1970 and 2007. They found that a combination of spending cuts and revenue reductions was actually more likely to result in debt reduction than a combination of spending cuts and revenue increases.¶ History shows us that countries as divergent as Canada, Ireland, New Zealand, and Slovenia successfully reduced the size of their governments relative to their economies and lowered their debt burden substantially. They did so by controlling spending, not by raising taxes.¶ In this country, look to the end of World War II. The U.S. government cut spending by nearly two-thirds, from $84 billion in 1945 to just $39 billion in 1946. While the country ran a budget deficit of nearly 21 percent of GDP in 1945, it was running a surplus by 1947. At the time, many economists predicted that cuts of that magnitude would destroy the U.S. economy and bring about Depression-era levels of unemployment. Instead, civilian employment actually grew, and an era of economic expansion began that would last throughout the 1950s.¶ All this implies that we should find a way to cut spending. And that brings us back to President Obama's press briefing. At the end of his [Obama’s] remarks, the president once again laid out his plans for the future, and called for more spending: more spending on education, more spending on unemployment insurance, more spending for an infrastructure bank, more, more, more.¶ Perhaps that, and not a mythical "balance," is what really lies behind his calls for higher taxes.

#### Economists agree that stimulus spending hurts the economy—it’s empirically proven

Reynolds 10 (Neil, Canadian journalist: Editor-at-Large of three daily newspapers owned by Brunswick News Inc, including the Telegraph-Journal. June 29th. “The Bad Economics Behind Stimulus Spending” <http://www.theglobeandmail.com/report-on-business/rob-commentary/the-bad-economics-behind-stimulus-spending/article4323174/>) Cass

Economist John Taylor (Stanford University) says government intervention caused the market meltdown of 2008 and that "short-run government spending" has only made matters worse. He dismisses the theory that stimulus spending can jump-start an economy as an "old-fashioned" Keynesian illusion.¶ Economist John Cochrane (University of Chicago) says the Keynesian theory of stimulus spending to end recessions is so wrong that it is now taught "only for its fallacies."¶ Economist Greg Mankiw (Harvard University) says the Keynesian economic model "pretty much ensures" the conclusions that Keynesian practitioners guarantee - among them, the astonishing multiplier effect that transforms every borrowed dollar into an increase in GDP of $1.57.¶ Economist Robert Barro (Harvard University) says Keynesian assumptions have been thoroughly disproven. "Just because an economy is in crisis," he says, "it doesn't invalidate everything we have learned about macroeconomics since 1936."¶ These eminent economists (and many others) affirm celebrated Nobel Prize economist Milton Friedman's conclusion about New Deal stimulus spending in the Great Depression: "It hampered economic recovery, prolonged unemployment and set the stage for ever more intrusive and costly government."¶ In developing his own $60-billion economic stimulus package, Finance Minister Jim Flaherty placed his bet on Keynesian theory as fashionably renovated for U.S. President Barack Obama by a new crew of super-optimistic macroeconomists. The doctrine is politically powerful. Who wouldn't go another dollar into debt if the transaction guaranteed a return of $1.57? And, at first glance, Mr. Flaherty appears to have won his wager. Canada's economic numbers are positive. GDP is up. Unemployment is down. The markets are down but not ominously so. John Maynard Keynes still looks good.¶ Across the border, though, Mr. Obama appears to have lost the bet. The markets are downright skeptical. Unemployment remains high. In May, the U.S. economy generated 400,000 government jobs, but only 40,000 private sector jobs. Many Americans now think their President has assumed massive debt for precious little gain; for these folk, as one economist expressed it, "stimulus has become a dirty word."¶ Why the cross-border difference? It could be that Canada, one way and another, did a better job than the U.S. in managing its stimulus spending. Or it could be luck. Or, it could be that Canada didn't actually need any stimulus spending at all - as Mr. Flaherty himself originally suspected.¶ This is the more probable explanation. The United States, after all, out-borrowed and out-spent Canada by a factor of four. This wasn't stimulus. It was a temporary government takeover. But Stanford University's Prof. Taylor, for one, wasn't surprised that it didn't work. Indeed, he anticipated it. In a Wall Street Journal essay last year, Prof. Taylor explained why: Short-term income gains do not increase consumption - the essential assertion of Keynesian doctrine. He cited, as an example, the big one-time tax rebates (household average: $500 U.S.) that the U.S. government mailed to taxpayers in 2008. Rather than increase consumption, the rebates precipitated a national retreat from consumption.¶ One problem with stimulus programs, Prof. Taylor argues, is that they are deliberatively designed as "temporary, targeted and timely." To increase consumption, they would need to be "permanent, pervasive and predictable." The only stimulus programs that meet these three criteria are permanent tax cuts - a definition, for what it's worth, for 20 per cent (or $3.2-billion Canadian) of Mr. Flaherty's $19-billion stimulus program for this year. In contrast, the U.S. increased taxes.¶ Prof. Taylor is an internationally recognized economist. He served as a senior Treasury Department official in three White House administrations (Ford, Bush 1 and Bush 2). He devised the "Taylor rule," a formula used by central banks to determine short-term interest rates. (For every percentage point increase in inflation, the Taylor rule specifies a 1.5-point increase in interest rates; for every percentage-point decline in GDP, it specifies a half-point drop in interest rates.)¶ Last year, Prof. Taylor published a provocative 59-page minibook: Getting Off Track: How Government Actions and Interventions Caused, Prolonged and Worsened the Financial Crisis. What went wrong? Prof. Taylor says the Federal Reserve kept interest rates far too low for far too long, giving people access to an enormous supply of cheap money. He blames Fed chairmen Alan Greenspan and Ben Bernanke for imposing an interest rate policy "with little or no basis in economic theory."¶ Prof. Taylor argues that there never was a significant "liquidity problem" in the U.S. financial system; there was only this cheap money hiding the subsequent rise in risk as lending practices got progressively looser. This error, he says, cost the global economy $12-trillion (U.S.) in lost financial assets.¶ Here at home, Liberal Leader Michael Ignatieff and NDP Leader Jack Layton are calling on the Conservative government not to reduce the corporate tax rate next year - and to use this saving (perhaps $8-billion) to finance more stimulus spending. This would waste as much money as eight G8-G20 summits. Mr. Flaherty should stand firm, as he undoubtedly will.

#### Keynesian-style stimulus spending empirically fails—only government withdrawal can help the economy

Taylor & Vedder 10 (Jason E., professor of economics at Central Michigan University; Richard K., distinguished professor of economics at Ohio University and adjunct scholar at the American Enterprise Institute. May/June. Cato Policy Report. ‘Stimulus by Spending Cuts: Lessons from 1946’. <http://www.cato.org/pubs/policy_report/v32n3/cp32n3-1.html>) Cass

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.

#### Short-run stimulus spending hurts the economy

Edwards 08 (Chris, Director of Tax Policy Studies at the Cato Institute. December. Cato Institute Tax and Budget Bulletin No. 51. “10 Reasons to Oppose a Stimulus Package for the States”. <http://www.cato.org/pubs/tbb/tbb_1208-51.pdf>) Cass

Economists in the Keynesian tradition believe that federal¶ spending expands aggregate demand and spurs short-run¶ economic growth. Economists in the monetarist tradition¶ believe that any such positive effects would be short lived,¶ and economic output would soon fall back to its prestimulus¶ level. Economists in the rational expectations¶ tradition argue that a Keynesian stimulus would have no¶ effect on output, even in the short run. The reason is that¶ the private sector would take actions to nullify the stimulus. For example, businesses might cut their investment in response to increased government spending.¶ Despite confident claims by some economists advising the government about how to fix the recession, the reality is that economists do not have an accurate model of the short-run economy, and their advice is often in error. Policymakers should be more humble about their ability to control the short-term ups and downs in the economy. Their actions, which are usually based on faulty or incomplete information, are just as likely to destabilize the economy as to improve it.¶ Further, government actions to fix short-term problems often create long-term damage, such as by putting the nation further into debt. Besides, a recession is a needed adjustment process for the economy after a shock or bubble. Policy interventions may interfere with that process by distorting market signals and slowing the movement back toward economic equilibrium.¶ All that said, economists do know a lot about policies that foster long-run growth, and that is the proper focus of government policymaking. Long-run growth comes from work, investment, entrepreneurship, and innovation. To expand the supply of those items, governments should focus on microeconomic policy reforms.

#### Big government spending hurts the economy

Mitchell 9 (Daniel J., Senior Fellow at the Cato Institute. February. Cato Institute Tax and Budget Bulletin No. 53. “Spending Is Not Stimulus: Bigger Government Did Not Work for Bush, and It Will Not Work for Obama”. <http://www.cato.org/pubs/tbb/tbb_0209-53.pdf>) Cass

Many factors influence economic performance. Monetary policy, trade policy, taxation, labor markets, property rights, and competitive markets all have some impact on an economy’s performance. But one of the key variables is government spending. Once government expands beyond the level of providing core public goods such as the rule of law, there tends to be an inverse relationship between the size of government and economic growth. This is why reducing the size and scope of government is one of the best ways to improve economic performance. Unfortunately, policy moved in the wrong direction during the Bush years, and proposals for so-called stimulus indicate a continuation of those failed policies during the Obama years.

### AT: Economy - No Impact

#### Economic decline doesn't cause war - the recession disproves their impact

Barnett, PhD in Political Science from Harvard and Distinguished Scholar @ the Howard Baker Center for Public Policy and Former Senior Strategic Researcer and Professor @ the US Naval War College, 9 (Thomas, " The New Rules: Security Remains Stable Amid Financial Crisis," 8/25, http://www.aprodex.com/the-new-rules--security-remains-stable-amid-financial-crisis-398-bl.aspx)

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

#### History proves

Ferguson, Laurence A. Tisch Professor of History @ Harvard, 6 (Niall, Professor of History – Harvard University, Foreign Affairs, 85(5), September / October, Lexis)

Nor can economic crises explain the bloodshed. What may be the most familiar causal chain in modern historiography links the Great Depression to the rise of fascism and the outbreak of World War II. But that simple story leaves too much out. Nazi Germany started the war in Europe only after its economy had recovered. Not all the countries affected by the Great Depression were taken over by fascist regimes, nor did all such regimes start wars of aggression. In fact, no general relationship between economics and conflict is discernible for the century as a whole. Some wars came after periods of growth, others were the causes rather than the consequences of economic catastrophe, and some severe economic crises were not followed by wars.

#### Economy's resilient and there's no war impact

Zakaria 9—PhD in pol sci from Harvard. Editor of Newsweek, BA from Yale,. He serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. Named "one of the 21 most important people of the 21st Century" (Fareed, The Secrets of Stability, 12 December 2009, http://www.fareedzakaria.com/articles/articles.html)

One year ago, the world seemed as if it might be coming apart. The global financial system, which had fueled a great expansion of capitalism and trade across the world, was crumbling. All the certainties of the age of globalization—about the virtues of free markets, trade, and technology—were being called into question. Faith in the American model had collapsed. The financial industry had crumbled. Once-roaring emerging markets like China, India, and Brazil were sinking. Worldwide trade was shrinking to a degree not seen since the 1930s. Pundits whose bearishness had been vindicated predicted we were doomed to a long, painful bust, with cascading failures in sector after sector, country after country. In a widely cited essay that appeared in The Atlantic this May, Simon Johnson, former chief economist of the International Monetary Fund, wrote: "The conventional wisdom among the elite is still that the current slump 'cannot be as bad as the Great Depression.' This view is wrong. What we face now could, in fact, be worse than the Great Depression." Others predicted that these economic shocks would lead to political instability and violence in the worst-hit countries. At his confirmation hearing in February, the new U.S. director of national intelligence, Adm. Dennis Blair, cautioned the Senate that "the financial crisis and global recession are likely to produce a wave of economic crises in emerging-market nations over the next year." Hillary Clinton endorsed this grim view. And she was hardly alone. Foreign Policy ran a cover story predicting serious unrest in several emerging markets. Of one thing everyone was sure: nothing would ever be the same again. Not the financial industry, not capitalism, not globalization. One year later, how much has the world really changed? Well, Wall Street is home to two fewer investment banks (three, if you count Merrill Lynch). Some regional banks have gone bust. There was some turmoil in Moldova and (entirely unrelated to the financial crisis) in Iran. Severe problems remain, like high unemployment in the West, and we face new problems caused by responses to the crisis—soaring debt and fears of inflation. But overall, things look nothing like they did in the 1930s. The predictions of economic and political collapse have not materialized at all. A key measure of fear and fragility is the ability of poor and unstable countries to borrow money on the debt markets. So consider this: the sovereign bonds of tottering Pakistan have returned 168 percent so far this year. All this doesn't add up to a recovery yet, but it does reflect a return to some level of normalcy. And that rebound has been so rapid that even the shrewdest observers remain puzzled. "The question I have at the back of my head is 'Is that it?' " says Charles Kaye, the co-head of Warburg Pincus. "We had this huge crisis, and now we're back to business as usual?" This revival did not happen because markets managed to stabilize themselves on their own. Rather, governments, having learned the lessons of the Great Depression, were determined not to repeat the same mistakes once this crisis hit. By massively expanding state support for the economy—through central banks and national treasuries—they buffered the worst of the damage. (Whether they made new mistakes in the process remains to be seen.) The extensive social safety nets that have been established across the industrialized world also cushioned the pain felt by many. Times are still tough, but things are nowhere near as bad as in the 1930s, when governments played a tiny role in national economies. It's true that the massive state interventions of the past year may be fueling some new bubbles: the cheap cash and government guarantees provided to banks, companies, and consumers have fueled some irrational exuberance in stock and bond markets. Yet these rallies also demonstrate the return of confidence, and confidence is a very powerful economic force. When John Maynard Keynes described his own prescriptions for economic growth, he believed government action could provide only a temporary fix until the real motor of the economy started cranking again—the animal spirits of investors, consumers, and companies seeking risk and profit. Beyond all this, though, I believe there's a fundamental reason why we have not faced global collapse in the last year. It is the same reason that we weathered the stock-market crash of 1987, the recession of 1992, the Asian crisis of 1997, the Russian default of 1998, and the tech-bubble collapse of 2000. The current global economic system is inherently more resilient than we think. The world today is characterized by three major forces for stability, each reinforcing the other and each historical in nature.

#### 93 past economic crises disprove their impact

Miller 2k (Morris, Economist, Adjunct Professor in the Faculty of Administration – University of Ottawa, Former Executive Director and Senior Economist – World Bank, “Poverty as a Cause of Wars?”, Interdisciplinary Science Reviews, Winter, p. 273)

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

### AT: NIB Self-Sufficient Funding

#### NIB won’t be self-sufficient- interest rates too low and no private investment

Mallett et al. 11 (William J. , Specialist in Transportation Policy, and Steven Maguire Specialist in Public Finance, and Kevin R. Kosar Analyst in American National Government, “National Infrastructure Bank: Overview and Current Legislation”, Congressional Research Service,12/14/11, <http://www.cfr.org/united-states/congressional-research-service-national-infrastructure-bank-overview-current-legislation/p26939>)

 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.

### AT: Solvency

#### NIB won't be effective at promoting infrastructure growth - Japan proves

Gregory 11 Paul Gregory is a contributor to Forbes and a research fellow at the Hoover Institute. "Why We Don't Need An Infrastructure Bank? Japan Is Why," 8/21, http://www.forbes.com/sites/paulroderickgregory/2011/08/21/why-we-dont-need-an-infrastructure-bank-japan-is-why/

A president who preaches internationalism must look to the experiences of other countries. Japan is a mega model for state infrastructure banks. Its Japanese Postal Bank (JPB), with its 25,000 branches, is the world’s largest bank. JPB attracts about one out of every three yen of household savings. It is the world’s largest holder of personal savings with household deposits of some $3.3 trillion. Japan has the JPB. It also has high speed trains. The model looks like a good fit for us. Right?

It so happens that JPN is also the world’s largest political slush fund. Politicians at all levels direct its funds to voters, constituents, friends, and relatives for infrastructure, construction, and business loans. They basically use it to buy votes, curry favor, and get rich. They waste depositor money for political gain. If there are losses, we have enough reserves to cover them.

The result: Japan’s economy has one of the world’s highest investment rates and one of the world’s slowest growth rates. Rates of return on invested capital are only a small fraction of that in the U.S. Over time, we get moderate to high rates of growth from a small amount of capital. Japan gets zero or slow growth from huge amounts of capital.

Japanese politicians understand what is going on, but they like JPN’s business as usual.

Japan’s best prime minister of recent history, Junichiro Koizumi, ran on a platform of privatizing JPN. With its huge depositor base, private investors salivated over the prospect of buying it up. Koizumi understood that private owners would use JPN for economic gain, and Japan could restart economic growth.

Koizumi risked a special parliamentary election to push JPN’s privatization, and in October 2005 parliament passed a bill to privatize JPN by 2007. 2007 came and went. Koizumi retired his popularity intact. It is now 2011. JPB is still owned by the government!

Koizumi’s successors blocked JPN privatization, warning of closures of post offices and job losses, but they really did not want to lose their slush fund. As the current Financial Services Minister says: “When the borrower is in trouble, we will grant them a reprieve on their loans. That is the natural thing to do,” In other words, a politician/bureaucrat decides who gets loans, who repays, and who is forgiven. This power brings in votes, bribes, and other shenanigans, but it is only “business as usual.”

Of course, this would not happen in the United States with a state infrastructure bank. As John Kerry assures us: “The bank will finance economically viable projects without political influence.”

Anyone who believes this would be a good candidate to buy the Brooklyn Bridge.

#### NIB can’t solve funding issues

Little 12 (Richard, Senior Fellow, Price School of Public Policy, University of Southern California, “New funding bureaucracy is pointless”, Financial Times, 2/27/12, <http://www.ft.com/intl/cms/s/0/c838d4b2-5bf2-11e1-bbc4-00144feabdc0.html#axzz1nmvwcvBN>) Swoap

Sir, Despite the obvious passion of Felix Rohatyn and Rodney Slater, their call for a US National Infrastructure Bank as the solution to the nation’s chronic underfunding of infrastructure is a bit of a red herring (“[America needs its own infrastructure bank](http://www.ft.com/cms/s/0/c61b2084-5bb3-11e1-a447-00144feabdc0.html#axzz1nXIr3z3s)”, February 20). What our highways, ports and waterways desperately need are more revenue, not a new financing bureaucracy. The proposals put forward for an infrastructure bank implicitly assume that it would be capitalised with long-term Treasury debt, but details on how, when and if the funds would be repaid are somewhat sketchy. And given Congress’s rather spotty history with spending the proceeds of the Highway Trust Fund, handing them another piggy bank from which to fund projects “of regional and national significance” seems unwise. The unspoken reality of US infrastructure investment is that the users and beneficiaries of these systems (all of us) will have to pay a bit more for the privilege through taxes or tolls, regardless of whether the public or private sectors provide the financing. Until elected officials in the White House and on Capitol Hill muster the courage to share that fact with the American people, we will continue to have these interesting but quite pointless, conversations about the merits of an unneeded institution.

#### There aren’t enough projects to justify a NIB

Rodriguez 12 (Natalie. July 13th, “CBO Says Not Enough Projects To Justify Infrastructure Bank”. Law360, New York).

The Congressional Budget Office said Thursday that there are likely not enough projects to justify a federal infrastructure bank, despite recent interest by senators from both political parties.¶ Over the last two years, politicians and lobbyists have called for a federally funded and controlled national infrastructure bank that would support large-scale transportation, energy and water projects with funds offered at lower than market rates. But given the current makeup of project proposals and existing government initiatives, the resources needed to put together an infrastructure bank would outweigh potential benefits, according to a study released Thursday by the CBO’s Budget Analysis Division.¶ “In principle, such a bank has advantages ... But the number of projects that would be good candidates to receive a loan from a federal infrastructure bank as envisioned in recent proposals is probably limited, at least in the short term,” the CBO said.¶ From 2008 to 2011, governmental spending on surface transportation infrastructure totaled $200 billion a year, and at least $13 billion more per year is needed just to maintain current highways, bridges and railways, according to the CBO.¶ In February, President Barack Obama renewed his support for a bank, and senators last year introduced two bills that would create a $5 billion to $10 billion fund to set up an infrastructure bank, prompting the CBO to look into the matter.¶ The agency noted, however, that several of the infrastructure bank proposals that have popped up in recent years would set a minimum project cost benchmark of $25 million for rural projects and $100 million for other developments. But most current highway spending is not for the construction of new roads and bridges; rather, it's for smaller road repair, safety improvement or other projects that would fall under this benchmark, it said.¶ Further, “the support that would be offered by most proposed infrastructure banks would not differ substantially from the loans and loan guarantees already offered through an existing program run by the Department of Transportation,” the CBO said.¶ Notably, it pointed to the Transportation Infrastructure Finance and Innovation Act, or TIFIA, which is a program that offers direct loans, loan guarantees and lines of credit, which can be used to cover up to one-third of a project's total costs. Earlier this month, the first multiyear federal transportation bill to pass since 2005 upped the amount of federal funds allocated to TIFIA from $122 million to $1 billion, meaning funds will now be available to even more projects that offer national or regional economic benefits.¶ Under an infrastructure bank, states, local governments and even private entities could apply for loans for projects with similar benefits, allowing users to be charged directly so that little federal assistance would be needed to cover a project's costs, according to the CBO. Repayments would then be financed through tolls, taxes or some other dedicated revenue stream.¶ But current law restricts the collecting of tolls on existing federally funded highways, the office noted. “Lifting that restriction would probably increase the number of suitable projects and could have the added benefit, if tolls were established, of encouraging drivers to use existing road capacity more efficiently,” its report said.

#### A NIB is not the solution to America’s infrastructure problems

O’Toole 11 (Randal, a Cato Institute Senior Fellow working on urban growth, public land, and transportation issues. May 23rd, “Transportation: Top Down or Bottom Up?”. <http://www.cato-at-liberty.org/transportation-top-down-or-bottom-up/>) Cass

The real problem with America’s transportation system is not a lack of vision but too many people with visions trying to impose them on everyone else through lengthy and expensive planning processes. A bridge or road that once might have taken five years to plan and build now takes twenty or more, if it ever gets built at all, thanks to all these visions. (Of course, when it comes to expensive rail transit projects, Puentes thinks Congress should waive environmental impact statements and other expensive planning processes.)¶ The real solution is not more top-down planning but a bottom-up system that responds to actual user needs rather than to inside-the-beltway visions. That means funding transportation out of user fees and not out of infrastructure banks, which–no matter how “merit-based” in intent–will alway end up being politically driven.¶ In a bottom-up system, individual transit and highway agencies (or better yet transit and highway companies) would be funded by their users, so they would have incentives to provide and expand service where needed by those users. Such a system would be far more likely to relieve congestion, save energy, and meet Puentes’ other goals.¶ Thanks to our heavily planned and heavily subsidized transit industry, the average urban transit bus uses 80 percent more energy per passenger mile than Amtrak. But that’s not because Amtrak is energy-efficient: the average Amtrak train uses 60 percent more energy per passenger mile than intercity buses. Unlike both Amtrak and urban transit buses, private intercity buses aim to meet market demand, not political demand, so they tend to fill about two-thirds of their seats while Amtrak fills only half and transit buses less than a quarter.¶ Achieving a bottom-up transportation system means getting the federal government out of transportation decision-making. One way would be to have states take over federal gas taxes as proposed by New Jersey Representative Scott Garrett.¶ To the extent that the federal government distributes any transportation funds to states at all, they should be distributed using formulas, not grants, because formulas are much harder to politically manipulate. Ideally, the formulas should give heavy weight to the user fees collected by each state to reinforce, rather than distract from, the bottom-up process.¶ Puentes’ top-down vision will waste hundreds of billions of dollars on little-needed transportation projects while it does little to relieve congestion, save energy, or reduce auto emissions. A bottom-up process will save taxpayers money and increase mobility, which should be the real goals of any transportation policy.

#### A NIB will spend federal money unwisely—user fees are more effective—highways are an empirical example

O’Toole 10 (Randal, a Cato Institute Senior Fellow working on urban growth, public land, and transportation issues September 21st. “"Trannie Mae" and Special Interests”. <http://www.cato.org/publications/commentary/trannie-mae-special-interests>) Cass

President Obama's proposal for a transportation infrastructure bank has been lauded as a way to bring "rationality" to federal transportation spending. In fact, such a bank — call it "Trannie Mae" — will just increase the politicization and reduce the effectiveness of transportation dollars.¶ A real bank lends money for projects that are likely to cover their costs and repay the loans. Many of the projects Mr. Obama wants the new "bank" to fund, including high-speed rail and rail transit, will not see a single dime; they won't cover their operating costs, much less the capital costs of the projects. So much of Trannie Mae's money will have to be in the form of grants, not loans.¶ The White House says the money will be distributed using "clear, analytical measures of performance" that "will produce the greatest return for American taxpayers." That sounds great. But in actual practice, any performance measures — other than the ability of a project to recover its costs — will be vague and conflicting.¶ For example, the Federal Transit Administration's (FTA) New Starts program gives out billions of dollars each year to rail-transit projects using supposedly clear, analytical criteria. Those criteria include "cost effectiveness" and "mobility improvement" ratings. However, the FTA does not require transit agencies to compare the added efficiency of rail transit with alternatives, such as bus-rapid transit or simply building new highway lanes.¶ As a result, decisions about New Starts funding are highly subjective and subject to meddling by lawmakers. If powerful members of Congress find that a favored project is rated low by one or more criteria, they simply exempt the project from those criteria.¶ Most federal transportation dollars, the White House notes, are distributed using formula-based grants and earmarks. The White House sneers that such funds are "allocated more by geography and politics than demonstrated value."¶ These formulas take into account such things as land area, population, road mileage and transit ridership. Such funds are far less politicized than New Starts: When all transportation funds were distributed by formula, Congress debated the formulas every six years but otherwise wrote few earmarks and made no attempts to override the formulas during the intervening years. Now that New Starts and other supposedly objective grant-making programs claim a large share of federal dollars, earmarks and overrides are rampant.¶ Trannie Mae will simply become one more source of pork and social engineering and a way for special-interest groups to override real transportation needs based on what people are willing to pay for transportation. We wouldn't need such a bank if we eliminated transportation subsidies and paid for all transportation out of user fees.¶ For example, a recent report from the Reason Foundation on the state of the nation's highways finds that "the overall condition of the state-owned highway system has never been in better shape." Meanwhile, the FTA says the nation's transit systems suffer from a $78 billion maintenance backlog, and transit agencies aren't even spending enough money to keep systems in their current state of poor repair.¶ What's the difference between state highways and mass transit? One is funded almost entirely out of user fees, and the other mostly out of taxes, appropriations, earmarks and other non-user fees. That means transit decisions are made more to please politicians who want to cut ribbons, while highway decisions are made more to serve the users who actually pay the costs of those highways.¶ Trannie Mae will be no different. If we really want to depoliticize transportation spending and ensure that such spending is worthwhile, Congress should return to formula-based grants.¶ Moreover, the formula should be rewritten to emphasize user fees, so states and metropolitan areas that fund their transportation programs largely out of fees, rather than taxes, would claim the largest share of federal dollars. Such a user-fee-driven system would be more efficient and more responsive to the needs of transportation consumers and taxpayers.

#### NIB only funds pet infrastructure projects like the bridge no nowhere - means it doesn't solve

Chin 11 (Curtis S. Chin served as U.S. ambassador to the Asian Development Bank from 2007 to 2010 under Presidents Barack Obama and George W. Bush. “CHIN: Obama’s infrastructure bank won’t create real jobs” October 17, 2011 <http://www.washingtontimes.com/news/2011/oct/17/obamas-infrastructure-bank-wont-create-real-jobs/?page=all#pagebreak>) Foster

With U.S. unemployment persistently and unacceptably high, President Obama and others from all political persuasions have voiced support once again for establishment of a new government-created institution that would provide loans and guarantees to finance U.S. infrastructure. They note Asia’s continued economic growth and cite the region’s - and particularly China’s - tremendous investments in showcase infrastructure projects as reason enough to support greater government financing of infrastructure and development - and the jobs that come with such spending.¶ 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’s recent 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 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 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 borrows a few billion dollars annually from the World Bank and the 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 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?¶ Policymakers around the world need a more balanced approach to infrastructure, one that better embraces civil society and the private sector, including new forms of investment and ownership. We also need to think more seriously about models for better funding operations and maintenance, including public-private partnerships.¶ In brief, this means a new attitude toward infrastructure, driven by a couple basic principles:¶ First, we need to stop thinking of and selling infrastructure investment simply as a direct provider of short-term employment when times are bad. To do so risks not just bridges, but roads, rails and airports to nowhere. It also risks a decline in long-term support for critical infrastructure investment when promised jobs do not materialize.¶ Second, we need to prioritize limited government resources on projects that will have more meaningful and sustainable economic results. We need to weed out what does not work and not be afraid to innovate.¶ And third, we need to ensure the climate improves for private investment in infrastructure and its operations and maintenance. That means also ensuring that a welcoming business climate exists for the private enterprises and entrepreneurs that are the real drivers of job creation in any economy.¶ 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 isn't effective for the vast majority of infrastructure needs

Kile 11 (Joseph, Assistant Director of the Microeconomic Studies Division at the Congressional Budget Office, following 16 years in various positions at the Government Accountability Office. Testimony before the Senate Committee on Finance on May 17th, 2011. <http://dallasmobility.org/Reports/USSenateFinanceTestimony.pdf>)

Regardless of how it was constituted, however, an infrastructure bank would be unlikely to supplant the established methods of distributing most federal infrastructure funds. One limitation is that few surface transportation projects are good candidate for bank funding because they mostly do not involve toll collections or other mechanisms for charging users directly to repay construction loans. Furthermore, about three-quarters of current federal funds spent on surface transportation are used to maintain existing infrastructure. Those projects are not good candidates for funding from an infrastructure bank because, in general, they would not generate revenue that could be used to repay loans.

#### Infrastructure bank wasteful and unnecessary

Campbell 11 (K. E., writer for American Thinker, “Infrastructure Bank a Bad Idea”, American Thinker, 9/4/11, <http://www.americanthinker.com/blog/2011/09/infrastructure_bank_a_bad_idea.html>)

In theory, the concept has certain merits, but the reality, especially in the grips of big government ideologues, would be something different. To call for such an entity is to admit governments' past failures and improvidence in this critical area, highlighting the untold amounts squandered on non-critical if not wasteful, even unconstitutional, expenditures. Recall that the massive, $800 billion "stimulus" bill in 2009 was sold largely on the premise of funding much-needed infrastructure improvements and repairs. For centuries, this country has financed most of its local, state and federal infrastructure through our existing governmental bodies and taxing authorities--without an infrastructure bank--via regular appropriations, municipal bond markets, and other means. Ronald Utt, Ph.D, of the [Heritage Foundation](http://www.heritage.org/Research/Reports/2011/08/Using-Infrastructure-Banks-to-Spur-Economic-Recovery) thinks the idea of an infrastructure bank is "a dangerous distraction and a waste of [Obama's] time." Paul Roderick Gregory of [Forbes](http://www.forbes.com/sites/paulroderickgregory/2011/08/21/why-we-dont-need-an-infrastructure-bank-japan-is-why/) believes such an institution "would simply be a political slush fund and encourage wasteful spending by political cronies." Conn Carroll of the [Washington Examiner](http://washingtonexaminer.com/opinion/columnists/2011/08/conn-carroll-infrastructure-bank-just-another-stimulus-boondoggle) describes the proposed bureaucracy as "just another stimulus boondoggle." House Republicans [are suspicious](http://www.newgeography.com/content/002408-infrastructure-bank-losing-favor-with-white-house) that such a bank "is nothing more than a vehicle for more stimulus spending, disguised as "capital investment."" Picture a kind of TARP/stimulus/Fannie Mae Frankenstein.

#### NIB would be an ineffective tool abused by politicians

Campbell 11 (K. E., writer for American Thinker, “Infrastructure Bank a Bad Idea”, American Thinker, 9/4/11, <http://www.americanthinker.com/blog/2011/09/infrastructure_bank_a_bad_idea.html>)

Big, federally directed and funded infrastructure projects are currently viewed by many on the American left as a panacea to the ailing economy and to their guy's re-election chances. That belief, writes [Chris Edwards](http://www.cato-at-liberty.org/federal-infrastructure-spending-how-about-this-boondoggle/) of Cato Institute, is a "liberal fairy tale, detached from the actual experience of most federal agencies over the last century." As Carroll [put it](http://washingtonexaminer.com/opinion/columnists/2011/08/conn-carroll-infrastructure-bank-just-another-stimulus-boondoggle#ixzz1WpkD4srJ), "When [infrastructure spending] decisions are made at the federal level, politics, not cost-benefit analysis, dictates what gets funded." The track records of our country's existing governmental "banks," like the Federal Reserve, Fannie Mae, and Freddie Mac, don't bode well for a national infrastructure bank. Like most "public-private partnerships," the associated risks would be borne solely or disproportionately by the public. Further, granting decision-making authority to unelected bureaucrats rather than elected officials is a bad idea (though neither is perfect). A national infrastructure bank would be an embodiment of statism, central authority, deficit spending, and social engineering (think "green jobs" and union favoritism) in the form of a new, eternal and ever-expanding federal bureaucracy. It is exactly what we don't need.

#### No project is ever shovel-ready.

Laing 11 (October 12. Keith. National Political Journalist. “House Republicans: White House Plan for Infrastructure Bank ‘Dead on Arrival’” <http://thehill.com/blogs/transportation-report/highways-bridges-and-roads/187049-gop-infrastructure-bank-dead-on-arrival-in-the-house-> Pismarov)

But Republicans on the House subcommittee weren’t buying it Wednesday. “ ‘Shovel-ready’ has become a national joke, because we don’t have projects that are shovel-ready,” Mica said. The infrastructure bank is joined by $50 billion in infrastructure spending in Obama’s jobs act proposal. The complete jobs act bill was voted down Tuesday night in the Senate on a mostly party-line vote.

#### NIB stimulus spending has huge costs, and doesn’t affect the public’s living standards

Powell 10 (Jim, senior Fellow at the Cato Institute. September 9th, “Just Another Government Pyramid”. <http://www.cato.org/publications/commentary/just-another-government-pyramid>.) Cass

Since President Obama pushed his first "stimulus" bill through Congress a year and a half ago, private sector employment went down, and government employment went up by 214,000.¶ Now Obama wants to spend another $50 billion of taxpayers' money, so that even more people will be on public payrolls. That's his idea of "stimulus."¶ Obama envisions a government-run "infrastructure bank" to overhaul America's transportation networks. This sounds like the kind of grandiose project politicians love to brag about — the modern equivalent of pyramids. They cost a fortune, they look great, they increase the number of government employees but do little if anything for living standards.

#### Federal infrastructure spending fails

DeHaven 09 (Tad, budget analyst on federal and state budget issues for the Cato Institute, former deputy director of the Indiana Office of Management and Budget. December 9th, ‘Spending Our Way Into More Debt’. <http://www.cato-at-liberty.org/spending-our-way-into-more-debt/>) Cass

Huge deficit spending, a supposed stimulus bill, and financial bailouts by the Bush administration failed to stave off a deep recession. President Obama continued his predecessor’s policies with an even bigger stimulus, which helped push the deficit over the unimaginable trillion dollar mark. Prosperity hasn’t returned, but the president is persistent in his interventionist beliefs. In his speech yesterday, he told the country that we must “spend our way out of this recession.”¶ While a dedicated segment of the intelligentsia continues to believe in simplistic Kindergarten Keynesianism, average Americans are increasingly leery. Businesses and entrepreneurs are hesitant to invest and hire because of the uncertainty surrounding the President’s agenda for higher taxes, higher energy costs, health care mandates, and greater regulation. The economy will eventually recover despite the government’s intervention, but as the debt mounts, today’s profligacy will more likely do long-term damage to the nation’s prosperity.¶ Some leaders in Congress want a new round of stimulus spending of $150 billion or more. The following are some of the ways that money might be spent from the president’s speech:¶ Extend unemployment insurance. When you subsidize something you get more it, so increasing unemployment benefits will push up the unemployment rate, as Alan Reynolds notes.”¶ More infrastructure spending. This will lead to misallocation of resources since only markets can allocate resources efficiently. Governments allocate capital on the basis of politics instead of economics.¶ “Cash for Caulkers.” This would be like Cash for Clunkers except people would get tax credits to make their homes more energy efficient. Any program modeled off “the dumbest government program ever” should be put back on the shelf.

#### Massive spending government infrastructure programs fail—monopolies, corruption ensue—empirically proven by the TVA

Powell 09 (Jim, Senior Fellow at the Cato Institute. March 2nd, ‘How Big Government Infrastructure Projects Go Wrong’. <http://www.cato.org/publications/commentary/how-big-government-infrastructure-projects-go-wrong>) Cass

The recently enacted $787 billion "stimulus" program appears to be the down payment on a sweeping "new New Deal" that will include many other ambitious government programs—including the possible nationalization of health care.¶ Given the size and scope of such interventions into the economy, it's important to remember that big government programs often have results that are very different than what was intended. We can gain particular perspective by reflecting on the experience of President Franklin D. Roosevelt's most ambitious infrastructure program, the Tennessee Valley Authority (TVA).¶ It was heralded as a program to build dams that would control floods, facilitate navigation, lift people out of poverty, and help America recover from the Great Depression. Yet the reality is that the TVA probably flooded more land than it protected; much of the navigation it has facilitated involves barges of coal for coal-fired power plants; people receiving TVA-subsidized electricity have increasingly lagged behind neighbors who did not; and the TVA's impact on the Great Depression was negligible. The TVA morphed into America's biggest monopoly, dominating an 80,000 square mile region with 8.8 million people—for all practical purposes, it is a bureaucratic kingdom subject to neither public nor private controls.¶ Back in 1933, David Lilienthal, one of the founding directors of the TVA, vowed, "The Tennessee Valley Authority power program is not a taxpayers' subsidy. It is a business undertaking." In fact, for more than 60 years, Congress appropriated funds to cover the TVA's losses.¶ Although the TVA no longer receives congressional appropriations, it continues to receive large subsidies. The TVA pays none of the federal, state, and local taxes that private businesses pay. A 1993 study by Putnam, Hayes & Bartlett, a consulting firm retained by investor-owned utilities, estimated that annual cost-of-capital subsidies exceeded $1.2 billion, including the taxes that the TVA avoided. As a government-backed entity similar to Fannie Mae and Freddie Mac, the TVA can borrow money cheaper than private businesses. Currently, the TVA has about $26 billion of debt.¶ Moreover, the TVA doesn't have to incur the costs of complying with myriad federal, state, and local laws. Energy consultant Dick Munson reported that the TVA is exempt from 137 federal laws, such as workplace safety and hydroelectric licensing. The TVA can set electricity rates without oversight by the Federal Energy Regulatory Commission, which has jurisdiction over private utilities. The Securities & Exchange Commission has only limited jurisdiction to oversee the TVA. On top of that, the TVA is exempt from federal antitrust laws and many federal environmental regulations. It's also exempt from some 165 laws and regulations in Alabama and hundreds more laws and regulations in other states in which it operates. When the TVA wants to acquire more assets, it doesn't have to haggle, because unlike private businesses, it has the power of eminent domain. More than 15,000 people were expelled from their property to make way for the TVA.¶ Established by President Roosevelt in May 1933 as part of his first 100 Days, the TVA's roots actually go back to 1918 when President Woodrow Wilson decided that the federal government should get into the gunpowder business after German submarines sank several ships bringing nitrates from Chile. At the same time, E.I. du Pont de Nemours, the world's most experienced gunpowder manufacturer, wanted to build a gunpowder manufacturing facility at Muscle Shoals, Alabama, on the banks of the Tennessee River, and his company proposed building a hydroelectric plant to provide the power that was needed.¶ "Progressive" politicians were wary that du Pont might make money on the deal, so the decision was to have two gunpowder manufacturing facilities: one built by du Pont and the other by the federal government. The du Pont facility was finished for $129.5 million and produced 35 million pounds of canon powder before the Armistice (November 1918), while the government's facility produced nothing at all. Wilson's Muscle Shoals project became the starting point for the TVA.¶ It's run by three directors, each appointed by the president to staggered nine-year terms. Although the directors are sure to be political supporters, the unusual length of their terms gives them considerable independence, and they're not subject to constraints by investors, customers, or voters.¶ As a remedy for the Great Depression, the TVA didn't work. It created no new wealth and, through taxation, transferred resources from the 98 percent of Americans who didn't live in the Tennessee Valley to the two percent who did. Any spending that happened in the Tennessee Valley therefore was offset by the spending that didn't happen elsewhere. Those taxes reduced net incomes.¶ Much like any other complex public works project, it took an inordinate amount of time to build the TVA. Only three TVA dams were completed during the 1930s. The dams themselves were small—with less than one-twentieth the power-generating capacity of big western dams like Grand Coulee. Although the building process provided work for engineers and skilled construction workers—who earned above-average incomes—the dams simply came too late to have much impact on most people in the Tennessee Valley during the Great Depression.¶ To the degree that the TVA had any impact, it appears to be negative. The most important study of the effects of the TVA, conducted by energy economist William Chandler, estimated that in the half-century after the TVA was launched, economic growth in the Tennessee Valley increasingly lagged behind non-TVA southern markets. Chandler concluded, "Among the nine states of the southeastern U.S., there has been an inverse relationship between income per capita and the extent to which the state was served by the TVA...Watershed counties in the seven TVA states, moreover, are poorer than the non-TVA counties in these states."¶ In the non-TVA southern markets, there was a greater exodus of people out of subsistence farming into manufacturing and services, which offered higher incomes. Ironically, electricity consumption has grown faster in the non-TVA southern markets, because it tends to correlate with income. Subsistence farmers might be able to afford light bulbs, but they could not afford the electrical appliances that people in non-TVA southern markets were buying. Furthermore, despite the vast sums spent building TVA dams, water usage grew faster in the non-TVA southern markets.¶ In any case, it was a delusion to believe that there was one "key" (such as TVA-subsidized electricity) to eradicating poverty. Subsistence farmers needed equipment such as tractors, trucks, and hay bailers (which are powered by diesel fuel, not electricity). They needed to develop more skills, more sophisticated farming practices, and so on.¶ Backed by the power of the federal government, the TVA promoted electricity for home heating--even when oil and natural gas were cheaper. To the extent the TVA's home heating campaign was successful, it still squandered resources.¶ As for flood control, the TVA has flooded an estimated 730,000 acres—more land than the entire state of Rhode Island. Most directly affected by TVA flooding were the thousands of people forced out of their homes. And while farm owners received cash settlements for their condemned property, black tenant farmers received nothing.¶ As one might expect with a government monopoly that can ignore so many laws, there have been frequent reports of waste and possible corruption. According to TVA's own inspector general, these include lucrative executive perks, cozy consulting contracts, costly building leases, and much more. The TVA spent $15 billion building nine nuclear power plants—and none of them worked. The TVA hired a former Navy admiral to fix them, but he was charged with cronyism and bad judgment. Congressional investigations followed.¶ Although the TVA was established to build dams, it has expanded relentlessly (as bureaucracies do) to include 11 coal-fired power plants and three nuclear power plants as well as 49 dams—apparently with ambitions to expand the TVA's power-generating monopoly beyond the Tennessee Valley. Among other things, this has raised environmental concerns. Ralph Nader charged that the TVA "has the poorest safety record with [nuclear] reactors." On December 22, 2008, at the TVA's Kingston, Tennessee coal-fired plant, the dike of a 40-acre holding pond broke, spilling as much as a billion gallons of coal sludge with elevated levels of arsenic. The sludge covered some 300 acres up to six feet deep, damaging homes and wrecking a train. This spill reportedly was much bigger than the oil spill from the Exxon Valdez tanker that went aground in Alaska.¶ As the TVA's long record illustrates, voters rarely receive what they signed-off on when it comes to massive government programs. Despite all of the harm it has done, the TVA has grown into a powerful and politically unstoppable special interest that has done a grave disservice to the Tennessee Valley. Too bad today's advocates of a new New Deal seem determined not to learn from their predecessors' mistakes.

## States CP

### States CP Solvency

#### States can do the aff better - 33 states already have IB's and they're more adaptable

Laing 11 (Keith, writer for “The Hill”, a congressional newspaper “Mica opposes Obama’s call for national infrastructure bank” 9/8/2011 <http://thehill.com/blogs/transportation-report/highways-bridges-and-roads/180481-gop-chairman-opposes-obamas-call-for-national-infrastructure-bank>) Foster

The Republican chairman of the House Transportation and Infrastructure Committee said Thursday evening that he is opposed to the call for a national infrastructure bank President Obama made in his speech to a joint session of Congress. ¶ Rep. John Mica (Fla.) said he thought Congress should encourage individual states to create their own infrastructure banks, arguing as he has in the past that it would give them more flexibility to design transportation projects that fit their own needs. ¶ “While the President reconfirmed that our highways are clogged and our skies are congested, his well delivered address provided only one specific recommendation for building our nation’s infrastructure,” Mica said in a news release. “Unfortunately, a National Infrastructure Bank run by Washington bureaucrats requiring Washington approval and Washington red tape is moving in the wrong direction. A better plan to improve infrastructure is to empower our states, 33 of which already have state infrastructure banks.”¶ Obama called Thursday for Congress to approve a proposal for a federal infrastructure bank that has been pushed for by Sens. John Kerry (D-Mass.) and Kay Bailey Hutchison (R-Texas).

#### State infrastructure banks would work – the funds exist – past examples prove

FHWA 10, [Federal Highway Administration, 2010, “State Infrastructure Banks”, Federal Highway Administration, <http://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_credit_assistance/sibs/index.htm>.] Ari Jacobson

State Infrastructure Banks are revolving infrastructure investment funds for surface transportation that are established and administered by states. A SIB, much like a private bank, can offer a range of loans and credit assistance enhancement products to public and private sponsors of Title 23 highway construction projects or Title 49 transit capital projects. The requirements of Titles 23 and 49 apply to SIB repayments from Federal and non-Federal sources. All repayments are considered to be Federal funds. SIBs give states the capacity to increase make more efficient use of its transportation funds and significantly leverage Federal resources by attracting non-Federal public and private investment. Alternatively, SIB capital can be used as collateral to borrow in the bond market or to establish a guaranteed reserve fund. Loan demand, timing of needs, and debt financing considerations are factors to be weighed by states in evaluating a leveraged SIB approach. SIBs are capitalized with Federal-aid surface transportation funds and matching State funds. (Several states have established SIBs or separate SIB accounts capitalized solely with state funds.) As loans or other credit assistance forms are repaid to the SIB, its initial capital is replenished and can be used to support a new cycle of projects.

#### SIBs are better – they already exist and are functioning

Salam 12 [Reihan Salam, 1/4/12, “Yonah Freemark on State Infrastructure Banks”, National Review, <http://www.nationalreview.com/agenda/287217/yonah-freemark-state-infrastructure-banks-reihan-salam>.] Ari Jacobson

Yonah Freemark asks whether [state infrastructure banks might succeed](http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/) where efforts to create a national infrastructure bank have failed. Sen. Ron Wyden, one of the most innovative Democratic policymakers, has called for federal grants to promote the establishment of state infrastructure banks, perhaps as an acknowledgment of the virtues of decentralization. Yonah, who instinctively favors national solutions, seems somewhat skeptical after profiling the modest achievements of five existing state infrastructure banks.

I am increasingly convinced that state-based rather than federal approaches to improving the quality of infrastructure are the right way to go, but that this should flow from a revival of competitive rather than cartel (or cooperative) federalism. That is, instead of offering federal grants for the establishment of state infrastructure banks, let’s do something more drastic, e.g., either nationalize Medicaid or block grant the program, thus containing a crippling cost driver for state governments, and then allow states to pursue a wide range of different economic development strategies, some of which will be infrastructure-centric, others of which will be more human-capital-centric, etc. This is, of course, an oversimplification of very complex issues.

#### States are WAY better than the federal government, and they can work together with spillover benefits

Netzer 92 (Dick, worked in urban public finance and urban economics as a researcher, teacher, consultant, and public official. Journal of the American Planning Association; Spring92, Vol. 58 Issue 2, p139. “Do we really need a national infrastructural policy?”. <http://www.tandfonline.com/doi/pdf/10.1080/01944369208975789>)

To the extent that the state-local public capital stock really is "crumbling" or "rotting," at first blush the problem would seem to be a local, rather than a national, one. Infrastructure, after all, must be place-specific: The condition of sewer mains in different cities, built at very different times and subject to different stresses, must vary widely and, besides, the poor state of, say, 120-year-old brick sewers in Brooklyn has no consequences whatever for Tucson or even for Nassau County, New York. Like most of the issues with which planners deal, the condition of infrastructure poses problems almost every place, but the problems differ from place to place and their impact is localized. We have common local problems, but not a national one, any more than the development densities permissible at given sites are national problems, rather than local ones common to all places.¶ There is an obvious rejoinder to this dismissal of the national interest in local infrastructure: Some of the public capital for which state and local governments are responsible does provide benefits that spill over the boundaries of the government entity responsible for service provision, notably in the case of environmental and transportation facilities. Taxpayers in other jurisdictions benefit from adequate water treatment and proper solid waste management in a given city and there are nonresident users of virtually every transportation facility. (It is a lot more difficult to visualize the benefits that spill over from city halls, police stations, and firehouses.) However, the spillovers mostly are to adjacent jurisdictions, and are not national in scope. Except for airports, the overwhelming majority of trips on publicly provided transportation facilities are very local indeed. For the most part, action by a single state government or by two or three states in concert would be sufficient to internalize the spillover benefits from infrastructure investment.¶ Within the past few years, there has been serious attention paid to a different type of external benefit from infrastructure investment, one that is nonspatial: It has been proposed that the rate of growth in the public capital stock has strong effects on the state of the economy. No one argues that the U.S. is like a developing country with very incomplete infrastructure networks, where infrastructure improvements are central to economic development strategy. In developing countries, a relatively small investment in transportation can make a huge difference in accessibility; for example, improving an Andean road to convert a four-hour thirty-kilometer trip to the market town to a forty-five-minute one. In the U.S., in contrast, rather large investments in highway capacity make only small differences in accessibility, simply because we have so much accessibility to begin with.¶ However, some scholars have suggested that the slowdown in infrastructure spending since the early 1970s explains a good deal of the slowdown in U.S. economic growth since then; others have made a similar connection between regional differences in the public capital stock in the U.S. and regional differences in economic growth rates. There is a good deal of dispute about the validity of these relationships and their policy implications (see Munnell 1990, for a full report on the state of the debate). The evidence does seem strong with regard to the regional differences, but is this then a national problem? If a state government thinks that it can steal a march on competing states by investing heavily in infrastructure, why should the rest of us feel obliged to assist in the effort?

#### Federal NIB's have tons of barriers - states are preferable

Mallett 11 (William J., specialist in transportation policy at the Congressional Research Service. “National Infrastructure Bank: Overview and Legislation. December 14th. <http://www.fas.org/sgp/crs/misc/R42115.pdf>) Cass

The three bills would locate the proposed infrastructure banks within the federal government and¶ establish executive branch direction over them through presidential appointments (Table 1). Each¶ bill would have the President appoint the board of the infrastructure bank, and S. 652 would have¶ the chief executive officer be presidentially appointed rather than chosen by the board.59¶ An organization’s institutional structure can affect its accountability to Congress and the¶ President. The more tightly yoked to legislative and executive branch authorities an organization¶ is, the more accountable and responsive to those authorities the organization can be expected to¶ be. Hence, if organizations are considered as existing on a spectrum—with a wholly¶ governmental agency on one end and a wholly private firm on the other—the former would tend¶ to be the most accountable and responsive to federal oversight, while the latter the least.60¶ This organizational responsiveness to federal oversight comes through a number of means, such¶ as executive and legislative involvement in the appointment of the organization’s leadership, the¶ organization’s location within or outside the government, and the organization’s reliance on¶ appropriated funding.61¶ However, with accountability can come sensitivity to competing stakeholder demands. An agency¶ charged with national responsibilities that feels the imperative to satisfy the demands of diverse¶ overseers might not allocate all its efforts toward pursuit of its national objectives. It may¶ apportion some resources to activities intended to satisfy overseers and stakeholders.¶ The infrastructure banks contemplated in the legislation discussed here all would be closely¶ yoked to the federal government—especially S. 936, which would use appropriations to create a¶ fund within the Department of Transportation. Each bill would have the President appoint the¶ boards of the infrastructure banks, and S. 652 would have the CEO be presidentially appointed¶ (rather than chosen by the board).62 S. 936 would create an organization funded solely by¶ appropriations, while S. 652 and H.R. 402 would reduce this dependency some degree by¶ authorizing the infrastructure bank to seek funds from other sources, such as fees and bond¶ issuance.¶ However, each bill also would require its infrastructure bank to pursue financial self-sufficiency¶ as a private firm would. S. 652 and H.R. 402 both would establish government corporations,¶ entities explicitly designed to be both governmental and partially motivated by the prospect of¶ financial gain. S. 936 would require the “fund” to maintain a highly rated infrastructure¶ investment portfolio.¶ The imperative to be self-supporting could possibly counter-balance the distributive political¶ pressures. A number of government corporations (e.g., Government National Mortgage¶ Corporation, (12 U.S.C. 1717)) and other self-supporting federal entities (e.g., Patent &¶ Trademark Office (35 U.S.C. 1)) have long records of operating independently. Yet, successful¶ self-supporting federal entities often operate as monopolists; for example, only the Patent &¶ Trademark Office may issue patents. Hence, it can be difficult to disentangle the positive¶ organizational effects of the imperative to be self-sufficient from the advantages of being a¶ monopolist. The infrastructure banks currently proposed would not be monopolists, as many other¶ sources of infrastructure funding exist.¶ A fundamental policy tradeoff underlies the merits of a national infrastructure bank or similar¶ entity. The desire for an equitable distribution of federal investment in infrastructure must be¶ balanced against the often competing goal of an efficient allocation of federal resources. An¶ infrastructure bank that finances projects yielding the highest public benefit (as measured from¶ the national perspective) may yield an unsatisfactory redistribution of federal resources based on¶ a subjective measure of equity. Further, current budget constraints, both federal and nonfederal,¶ may limit public interest in new spending initiatives without accompanying spending reductions¶ on other programs or higher taxes. Ultimately, the anticipated higher productivity and thus greater¶ consumption in the future made possible by infrastructure investment today is not certain.

#### State infrastructure banks solve- can fund more projects

Slone 11 (Sean, CSG Senior Transportation Policy Analyst, “State Infrastructure Banks”, Council of State Governments, 7/5/11, <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>) Swoap

State infrastructure banks can help states stretch their state and federal dollars and meet the demands of financing large, impactful, long-term infrastructure projects. When government agencies and authorities must seek yearly grants and allocations to finance projects, the completion of those projects can be delayed for months or years. State infrastructure banks can identify, promote and lend money to creditworthy transportation projects to ensure they’re built within a reasonable timeframe and in a financially sustainable way. And because these banks act as a “revolving fund,” more projects can ultimately be financed. When bonding is used to finance a project, the bonds are usually one of two types: revenue or general obligation. Revenue bonds often are used to finance infrastructure projects that have the ability to produce revenue through their operations; for example, new highway lanes that can be tolled or public transit facilities on which fares can be collected. These types of bonds are typically guaranteed by the project revenues, but not by the full faith and credit of a state, city or county. General obligation bonds, on the other hand, are backed by the full faith and credit of the issuing authority. These are used to finance projects that rely on government’s general revenues, such as income, sales and property tax revenue. Cities, counties and states pledge these revenues to issue the bonds and repay them. But the revolving fund aspect of a state infrastructure bank means states can lend funds for projects and receive loan repayments, which can be returned to the system for more project loans. The funding also can be turned into much larger credit lines, multiplying transportation investment capacity.

#### Empirics examples prove states are far better than the federal government at infrastructure investment

Edwards 11 (Chris, former senior economist on the congressional Joint Economic Committee, “Infrastructure Projects to Fix the Economy? Don't Bank on It.”, The Washington Post, 10/21/11, <http://www.cato.org/publications/commentary/infrastructure-projects-fix-economy-dont-bank-it>)

For plenty of examples of the downside of federal infrastructure, look at the two oldest infrastructure agencies — the Army Corps of Engineers and the Bureau of Reclamation. Their histories show that the federal government shouldn't be in the infrastructure business. Rather, state governments and the private sector are best equipped to provide it. The Corps of Engineers has been building levees, canals and other civilian water infrastructure for more than 200 years — and it has made missteps the entire time. In the post-Civil War era, for example, there were widespread complaints about the Corps' wastefulness and mismanagement. A 1971 book by Arthur Morgan, a distinguished engineer and former chairman of the Tennessee Valley Authority, concluded: "There have been over the past 100 years consistent and disastrous failures by the Corps in public works areas ... resulting in enormous and unnecessary costs to ecology [and] the taxpayer." Some of the highest-profile failures include the Great Mississippi Flood of 1927. That disaster dramatically proved the shortcomings of the Corps' approach to flood control, which it had stubbornly defended despite outside criticism. Hurricane Katrina in 2005 was like a dreadful repeat. The flooding was in large part a man-made disaster stemming from poor engineering by the Corps and misdirected funding by Congress. Meanwhile, the Bureau of Reclamation has been building economically dubious and environmentally harmful dams since 1902. Right from the start, "every Senator ... wanted a project in his state; every Congressman wanted one in his district; they didn't care whether they made economic sense or not," concluded Marc Reisner in his classic history of the agency,Cadillac Desert. The dam-building pork barrel went on for decades, until the agency ran out of rivers into which it could pour concrete.

#### States solve better - insulate any mistakes from national replication

Edwards 11 (Chris, former senior economist on the congressional Joint Economic Committee, “Infrastructure Projects to Fix the Economy? Don't Bank on It.”, The Washington Post, 10/21/11, <http://www.cato.org/publications/commentary/infrastructure-projects-fix-economy-dont-bank-it>)

When the federal government is paying for infrastructure, state officials and members of Congress fight for their shares of the funding, without worrying too much about efficiency, environmental issues or other longer-term factors. The solution is to move as much infrastructure funding as we can to the state, local and private levels. That would limit the misallocation of projects by Congress, while encouraging states to experiment with lower-cost solutions. It's true that the states make infrastructure mistakes as well, as California appears to be doing by subsidizing high-speed rail. But at least state-level mistakes aren't automatically repeated across the country. The states should be the laboratories for infrastructure. We should further encourage their experiments by bringing in private-sector financing. If we need more highway investment, we should take notes from Virginia, which raised a significant amount of private money to widen the Beltway. If we need to upgrade our air-traffic-control system, we should copy the Canadian approach and privatize it so that upgrades are paid for by fees on aviation users. If Amtrak were privatized, it would focus its investment where it is most needed — the densely populated Northeast.

#### State infrastructure banks solve better for local infrastructure

Christman and Riordan 11 (Anastasia and Christine, Senior Policy Analyst and Professor of Management at Denver respectively, “State Infrastructure Banks:

Old Idea Yields New Opportunities for Job Creation”, National Employment Law Project, December 2011, <http://www.nelp.org/page/-/Job_Creation/State_Infrastructure_Banks.pdf?nocdn=1>) Swoap

Many lawmakers and economists in Washington, D.C. have advocated the creation of a national infrastructure bank (NIB) to kick-start investments in the country’s aging roads, bridges, water systems, transit systems, airports and other infrastructure. This NIB, as proposed in the Senate and by the White House, would provide financial assistance to infrastructure projects that contributed to regional or national economic growth, demonstrated a clear public benefit, led to job creation, offered value to taxpayers, and mitigated environmental concerns. 1 The federal assistance would be used to leverage private investment, and would be paid back through user fees or other dedicated revenue sources. Supported by parties as diverse as the Chamber of Commerce and the AFL-CIO, the idea has nevertheless become politically charged in Washington. 2 Getting stalled-out in D.C. doesn’t mean advocates for better financing for infrastructure have to sit on their hands. Indeed, in state houses across the country, lawmakers are having robust debates about infrastructure projects, and several cities have taken bold moves to identify innovative infrastructure funding mechanisms. 3 The fact is that infrastructure is a profoundly local issue and is a key determinant of a community’s standard of living. 4 As former Pennsylvania Governor Ed Rendell noted in a U.S. Congressional hearing on infrastructure, “Visible or not, properly functioning infrastructure provides us with the reliability and predictability that we as Americans have come to expect from modern daily life.” 5 Everyday Americans feel the effects of deteriorating physical assets close to home in the form of traffic delays, unsafe drinking water, inadequate public transportation and unpredictable electrical power. Local lawmakers recognize this: in a 2011 survey, morethan three-quarters of U.S. mayors identified the need to prioritize maintenance of current roads and streets over building new highways, and almost half indicated a need to grow public transit capacity. 6 State and local governments and their constituents already carry much of the burden of funding these critical resources. Nationally, “transportation” is typically the third-largest state expenditure after “education” and “public welfare.” 7 Since the Cold War era, local governments have invested more than $1.25 trillion in water and sewer investments. 8 As the National Conference of State Legislatures has pointed out, “Local governments—including counties, townships and municipalities—provide approximately 30 percent of total surface transportation funding and own 77 percent of the nation’s roadway miles.”

9Yet, federal funding streams through the National Surface Transportation Act or the Federal Highway Trust Fund send money to the states without requirements to consider the infrastructure needs of cities and metropolitan areas. As a 2008 policy brief from the National Conference of Mayors noted, “[O]f the more than $42 billion annually flowing to states for surface transportation investment, only six percent of available funds are directed to decision-makers in the nation’s metropolitan areas.” 10 Unfortunately, traditional sources of state funding aren’t doing the job. Through 2010, nineteen U.S. states cut transportation funding, 11 and in 2011 another six states followed suit. 12 To truly address the infrastructure shortcomings that affect our communities most acutely, we need state-level solutions that include input from local lawmakers and local constituents. Even in the absence of an NIB, two-thirds of state legislatures have already embraced the concept of the infrastructure bank. Since the 1990s, various federal bills have authorized states to create their own state infrastructure banks (SIBs) to finance priority projects. In this brief, we will elaborate on the different types of SIBs that exist today, share some interesting projects that have been funded with SIBs, and posit some best practices that advocates in any state could be urging lawmakers to adopt. An SIB, if designed with enough flexibility in applicable projects and with opportunities for local advocates and lawmakers to weigh in on priorities, can be an effective tool for repairing the ill effects of decades of neglect to our communities’ transportation networks, water systems and power

grids.

#### Federal investment not key- it drives up costs and delay. States can work with the private sector.

Furchtgott-Roth 11 (May 26. Diana. Contributing Editor of RealClear Markets, Senior Fellow at the Manhattan Institute, and writer for the Examiner. “Let’s Leave Our Roads to the States” <http://www.realclearmarkets.com/articles/2011/05/26/lets_leave_our_roads_to_the_states_99043.html> Pismarov)

Mr. Kerry envisages the infrastructure bank as independent, with governors appointed by the president. Loaned funds would be repaid, with interest, so the bank would supposedly make a profit. Similar promises were made for Amtrak, when it was established in 1971. Testifying at the Senate Finance Committee hearings was former Pennsylvania Governor Edward Rendell, now co-chair of Building America's Future, a non-profit coalition of state and local officials where he serves without compensation. He told the committee that the infrastructure bank was the only way to channel funds into the states, and that private organizations would not lend for infrastructure projects because the returns are too low. Mr. Rendell called for changes in laws that would make it easier for the private sector to invest in transportation infrastructure-changes that would obviate the need for federal involvement. "Lift the cap on tolling," he said. Currently states need special waivers to place tolls on federally-funded projects. If they were allowed more extensive use of tolls, private users could pay for maintenance. As governor, Mr. Rendell wanted to place tolls on Interstate 80, raising $450 million a year, but the U.S. Department of Transportation in 2010 rejected his request because part of the revenues would have gone to repair other Pennsylvania highways and bridges. In 2008, Mr. Rendell tried to lease the Pennsylvania Turnpike for $12.8 billion to a consortium of Citibank and the Spanish firm Abertis Infraestructuras, but the state legislature did not pass the proposal. The committee hearings gave Mr. Rendell a chance to say "I told you so," because it's now obvious that both proposals would have benefited Pennsylvania residents. Senator Hatch (R-UT), ranking member on the committee, said that states should have more flexibility to raise revenue. Just because someone gives you a car, he said, it doesn't mean that the donor has to pay for the tune-ups. In the same way, just because the federal government funds a road, it should allow states flexibility in funding for maintenance. Another witness, Gabriel Roth, disagreed with Mr. Rendell about the need for a government-funded infrastructure bank. (Full disclosure: Gabriel Roth, who has considerable experience in the transportation field, is my father.) He testified that even with existing funding systems, transportation finance could be provided by the states in partnership with the private sector, rather than by the federal government. Mr. Roth pointed out that other federal laws, such as Davis Bacon, project labor agreements, high-road contracting, and "Buy America" provisions, slow down infrastructure and raise costs. Environmental impact statements can take two years. States are forced to spend money on mass transit, even where there are few users. There are many examples of private sector investments in roads. A road in the suburbs of Washington, the Dulles Greenway, and California's electronically-tolled express lanes on Route 91 were conceived, designed, financed, and built by private sector consortia. The Macquarie Infrastructure Group is operating and managing the Indiana Toll Road and the Chicago Skyway. The private sector is also operating other formerly-public infrastructure, such as garbage collection, water systems, and wastewater treatment plants. With state budgets in difficulties, bringing in the private sector saves crucial dollars. The same can happen for roads. Sohail Bengali, Managing Director of Stone and Youngberg, a financial services company, told me in a telephone conversation, "I think that for certain targeted infrastructure projects, the private sector can be very effective." A federal infrastructure bank, although ostensibly independent, would be swayed by political criteria and would be tempted to invest in low-return projects, such as roads to nowhere. Mr. Rendell admitted that the bank was needed because the returns to the projects were so low that the private sector would not want to invest in them. Yet if the projects have such low returns, why should they be funded by taxpayers? Congress has a choice of how to proceed to provide highways in America. On the one hand is the proposal of a new federally-controlled infrastructure bank which would require even more federal control over highways and the resources to support them. On the other are proposals for individual states to raise their own funds through new technologies and solve their own transportation problems. This Memorial Day, as we sit in traffic jams, the choice is clear.

#### State infrastructure banks solve better- return on investment and flexibility for states

Mica 11 (John, U.S. Representative for Florida's 7th congressional district, “States Will Have More Flexibility Without a National Infrastructure Bank”, Roll Call, 7/21/11, <http://www.rollcall.com/features/Transportation-2011_Policy-Briefing/policy_briefings/John-Mica-National-Infrastructure-Bank-207562-1.html>) SWOAP

By leveraging limited funds more effectively, the level of infrastructure investment is increased. But a national infrastructure bank is not the best way to achieve this leverage. The Federal Highway Administration estimates that for every federal dollar invested in state infrastructure banks, $9.45 in loans for transportation projects can be issued. To encourage states to better utilize SIBs, the Republican proposal increases the percentage of federal highway funding that a state can dedicate to a SIB from 10 percent to 15 percent, and states will receive a specific amount of funding that can be used only to fund SIBs. Many states currently have infrastructure banks. The proposal builds upon this existing SIB structure rather than increasing the size of the bloated federal bureaucracy, as some advocate, by creating a national infrastructure bank. States will have more flexibility to make project decisions. The proposal also expands the successful Transportation Infrastructure Finance and Innovation Act program. By dedicating $6 billion to TIFIA, $60 billion in low-interest loans to fund at least $120 billion in transportation projects will be generated. Additional TIFIA funding will help meet demand for credit assistance for projects, enabling increased leveraging of Highway Trust Fund dollars with state, local and private-sector investment. The new fiscally responsible initiative streamlines the federal bureaucracy in other ways as well. There are more than 100 federal surface transportation programs, many of which are duplicative or do not serve a national interest. An unprecedented consolidation and elimination of about 70 of these programs under this proposal will decrease the size of the federal bureaucracy, freeing up funds that can be invested in infrastructure instead of siphoned off to maintain unnecessary programs. States are provided more authority and flexibility to address their most critical infrastructure needs. However, new performance measures and transparency requirements will hold states accountable for their spending decisions.

#### States and localities have already begun investing in infrastructure

Puentes 12 (Robert, a senior fellow at the Metropolitan Policy Program. “New Approaches for Infrastructure Finance: State and Local Perspective” April 11, 2012 http://www.brookings.edu/research/testimony/2012/04/11-infrastructure-finance-puentes)

This vision is made up of transformative investments that have to the power to change our economic trajectory through modern ports and gateways, intelligent transportation, renewable energy and cleantech installations, advanced telecommunications systems, and new, technologically-driven forms of economic development. Investing in infrastructure has the added benefit of providing much-needed jobs, especially in the construction industry where unemployment rates stubbornly remain twice the national average.[2]¶ The challenge is that the nation's economic recession and tense new focus on austerity means public resources for infrastructure are strained. As financial markets have contracted all actors are suffering under tightened credit supplies. Stretched budgets at all levels of government have led to a larger gap between infrastructure costs and revenues. As a result, meeting the nation's great needs for funding and financing infrastructure requires an "all of the above" strategy. This is especially true for state and local governments and elected officials, as I will explain. I firmly believe there is a clear need for a national infrastructure bank to finance multi-jurisdictional projects of national significance.[3]¶ However, in the absence of congressional action, states and localities are stepping in to finance the kind of major investments necessary to support the next economy. States and municipalities retain primary authority over selection, design, and control of the vast majority of infrastructure projects. How choices are made about which to fund is exceedingly complex and depends on funding sources, jurisdictional concerns, and political negotiations. Federal dollars for transportation and water mostly flow to the states who then work with their municipal counterparts to decide on specific investments. For transportation, this is also done in partnership with other entities on the metropolitan level such as the 400 metropolitan planning organizations and the multitude of special purpose bodies such as sea, airport, and toll road authorities and public transit agencies. Other areas of infrastructure, such as energy, telecommunications, and freight rail investments, are dominated by the private sector typically with federal and state regulatory oversight (see figure.) Public and Private Shares of Spending on Infrastructure, 2007[4]¶ Increasingly, public infrastructure investment is taking place through innovative finance tools, revolving loan funds, trusts, and so-called "banks." Most of these offer direct loans at low interest rates to public and private entities, while some also offer grants, loan guarantees, bonds, and other financial instruments. According to forthcoming Brookings research, since 1995 thirty-three states have used infrastructure banks and funds to invest nearly $7 billion in over 900 different projects. These projects range from local road maintenance and highway construction to emergency relief for damaged infrastructure. The structure of the banks and projects in which they invest reflect the diversity of needs and resources across the U.S.[5]¶ On the local level, Mayor Rahm Emanuel recently announced the creation of the Chicago Infrastructure Trust (CIT) as a market-oriented institution that attracts private capital interested in steady returns and makes investment decisions based on merit and evidence rather than politics. Like California's I-Bank it cuts across different types of infrastructure such as transportation and telecommunications, and like Connecticut's Green Bank it emphasizes the generation, transmission, and adoption of alternative energy. The CIT will be capitalized through direct investments from private financing organizations some of which have already expressed interest that could reach $1 billion or more in total investment capacity. The Chicago plan highlights an important point with respect to differences among states and municipalities in the U.S. today. While some states and cities are ambitiously pursuing innovative sources of infrastructure finance-such as partnerships with private and foreign investors-many others are not. For example, only 24 states undertook at least one public/private partnership (PPP) transportation project since 1989. Florida, California, Texas, Colorado, and Virginia alone were responsible for 56 percent of the total amount of all U.S. transportation PPP projects during this time.[6]¶

#### A NIB has too much bureaucracy and red tape - states are better

Lockridge 11 (Deborah. Editor in Chief at Heavy Duty Trucking Magazine, writing about transportation for 19 years. “What will become of Obama’s Infrastructure Bank Proposal?” <http://www.truckinginfo.com/all-thats-trucking/news-detail.asp?news_id=74673&news_category_id=132> Pismarov)

Is an infrastructure bank a "Fannie and Freddie for roads and bridges," or a silver bullet to fix the nation's crumbling roads and bridges and create jobs? Well, obviously the answer is somewhere in between, but look for rhetoric at both ends of the spectrum in the wake of President Obama's "American Jobs Act" proposal unveiled last week, which includes a $10 billion national infrastructure bank. Thursday night, President Obama outlined his job-creation proposal in an early-evening address to a joint session of Congress. An "infrastructure bank" that would stimulate construction spending was a key factor in his plan, which also featured $50 billion in immediate investments for roads, rails and bridges. Also in the proposal were tax cuts for both employees and employers, a tax credit for business that hire people out of work, and money to prevent layoffs of local teachers and police. The White House put the price tag of Obama's plan at $447 billion, with about $253 billion in tax cuts and $194 billion in federal spending. Yet he didn't go into a lot of details about how it was going to be paid for, other than calling for the newly formed supercommittee crafting a deficit-reduction package to add it to its list. Obama said he plans to send over a detailed proposal to the super committee a week from today. The White House also wouldn't say how many jobs they expect the package to create. Mark Zandi, chief economist for Moody's Analytics and one of the economists the White House asked to evaluate the proposal, said it would add 1.9 million jobs, reduce the unemployment rate by 1 percentage point, and add 2 percentage points to real GDP growth. Of course, that's if it were passed, and that's a big "if." The Obama administration hopes a national infrastructure bank, at a cost of $10 billion, could attract several times that in private capital. Some Republicans like the idea of an infrastructure bank. Others are suspicious of how the funds would be spent**.** Transportation and Infrastructure Committee Chairman John L. Mica (R-FL) said a national infrastructure bank is "moving in the wrong direction." "While the president reconfirmed that our highways are clogged and our skies are congested, his well-delivered address provided only one specific recommendation for building our nation's infrastructure," Mica said in a statement. "Unfortunately, a National Infrastructure Bank run by Washington bureaucrats requiring Washington approval and Washington red tape is moving in the wrong direction. A better plan to improve infrastructure is to empower our states, 33 of which already have state infrastructure banks." House Majority Leader Eric Cantor (R-Va.) said while he believes in infrastructure spending, he's wary of an infrastructure bank. "I am one who agrees with the notion that an infrastructure bank is almost like creating a Fanny and Freddie for roads and bridges." (Fannie Mae and Freddie Mac, of course, are the government-sponsored enterprises widely regarded to be part of the reason for the housing bubble whose bursting helped trigger the Great Recession.) Another concern is that an infrastructure bank would not provide much immediate stimulus for the economy. Janet Kavinoky, executive director of transportation and infrastructure for the U.S. Chamber of Commerce, predicts it could take three years. Mica's Democratic counterpart on the House transportation committee, West Virginia's Nick Rahall, called for Republicans on the panel to be receptive to Obama's proposals. "The nation's roads and bridges and water systems are needs that even Americans of vastly different political leanings agree deserve greater Federal investment - not less," Rahall said in a statement. "After all, the jobs created by such investment are not Republican jobs or Democratic jobs - they are American jobs." "Later this month, our nation's surface transportation programs will expire," Rahall said. "We simply cannot afford to allow petty partisan bickering to prevent renewing these programs; that could jeopardize nearly 1 million private-sector jobs over the next year."

#### States can create infrastructure banks without any USFG action

Puentes 11 (February. Robert. Senior Fellow with the Brookings Institution Metropolitan Policy Program. “State Transportation Reform: Cut to Invest in Transportation to Deliver the Next Economy” <http://www.brookings.edu/~/media/research/files/papers/2011/2/22%20infrastructure%20puentes/0222_infrastructure_puentes.pdf> Pismarov)

Create new public/private institutions. **To finance the kind of major investments necessary to support the Next Economy**, such as high-functioning global ports and gateways, or infrastructure that supports electric vehicles or clean technologies, **states should establish a state infrastructure bank (SIB) or enhance it if one is already in place**. Beginning in 1998, when the federal government provided $150 million in seed funding for initial capitalization, SIBs have become an attractive financing tool for states. Since then, 33 states have established SIBs to finance transportation projects. Most of this support comes in the form of below- market revolving loans and loan guarantees. **States are able to capitalize their accounts with federal transportation dollars but are then subject to federal regulations over how the funds are spent. Others, including Kansas, Ohio, Georgia, and Florida, capitalize their accounts with a variety of state funds and are not bound by the federal oversight which they feel helps accelerate project delivery. Other states—such as Virginia, Texas, and New York—are also examining ways to recapitalize their SIBs with state funds.**

#### The states can do NIB better than the USFG—Canada proves

Flemming 12(Brian, Canadian international lawyer, writer, public policy advisor, former senior aide to the Canadian prime minister Trudeau. University of Calgary: The School of Public Policy, Vol. 5, Iss. 18, June 2012. <http://policyschool.ucalgary.ca/sites/default/files/research/flemming-transportation.pdf>)

There is no reason either why new [infrastructure banks] iBanks must be federal creations. Provinces, either¶ individually or jointly, could create iBanks and use them for investments not only in their own¶ provinces, but across Canada. Alberta’s Heritage Fund has provided financing for Alberta and¶ other provinces in the past — why not for infrastructure projects in the future?¶ If any of these new iBanks were to be created as public-private institutions for which capital¶ came from both the public purse and from private sources — like pension funds or private¶ investors — then much more sophisticated structures could be established. The iBanks could¶ then become much-needed vehicles for retirement funds of Canadians in a country that is¶ aging. Even a Crown corporation structure, or an equivalent PPP institution, could allow¶ private investment vehicles like bonds, preference shares and mortgage-backed securities to be¶ issued to create capital and to pay back investors as the objects of its investments repaid the¶ capital borrowed. Governments might even consider guaranteeing all or some of these¶ securities.¶ Any Canadian iBank would face some of the same questions as National Roads Funds (see¶ previous section). First and foremost, how would the political will to create and support such¶ new institutions be generated? Would the federal government, as the level of government¶ responsible for fiscal and tax policy, have to lead the movement towards these banks? If that¶ federal leadership did not emerge, could larger provinces, either alone or in concert with¶ pension funds, motivate the public to agree to the establishment of these banks?¶ It might even make sense to try to go for broke by combining the ideas for creating national¶ infrastructure funds with those for setting up infrastructure banks. The debate should include¶ considering the idea that any new iBank or roads fund should be kept at the same arms-length¶ distance from politicians that the recent defense procurement process was.

#### State infrastructure banks are better – we don’t want to deficit spend – state infrastructure banks are bipartisan – states can handle it

Freemark 12 [Yonah Freemark, 1/2/2012, “How to Pay for America's Infrastructure”, The Atlantic Cities,

 <http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/>] Ari Jacobson

America's transportation infrastructure is in desperate need of [an update](http://www.infrastructurereportcard.org/), and most politicians would agree that more funding should be dedicated the nation’s highways and mass transit systems. Yet **there is little consensus about where to find** those **new funds** and Democrats and Republicans disagree stridently over whether Washington should increase its role.

**One** potentially fertile **place for compromise may be in the form of**[**state infrastructure banks**](http://www.fhwa.dot.gov/safetealu/factsheets/sibs.htm), **which have gained support from both the left and right in recent months. These public agencies**, provided some government funds, **would be designed to encourage significant private investment**. **And** they **would do so with little interference from the national government.**

"**I-banks" could lend states, municipalities, and perhaps even private sector agencies a significant portion of project funds that would later be paid back through user fees, public-private partnerships, or dedicated taxes.**

**The idea is to get more transportation projects under construction** withoutsignificantly expanding the national deficit**.** And the idea is not particularly new: Infrastructure banks have been on the radar [since 1995](http://www.transportation-finance.org/funding_financing/financing/credit_assistance/state_infrastructure_banks.aspx), when state banks were initially authorized to receive federal funds. **Now, more than thirty states have them in operation.**

#### State infrastructure funding would work – this would solve out problems

Stringer 11 [Scott M. Stringer, Spring 2011, “Banking on The future”, Manhattan Borough, <http://www.baruch.cuny.edu/realestate/pdf/H7656_BaruchBankingFutureWhtPaper.pdf>.] Ari Jacobson

It is clear that the **United States must begin a period of sustained infrastructure investment in order to kick start the national economy, maintain global competitiveness and keep existing infrastructure in good working order**. National, regional and **state infrastructure banks can afford the opportunity to achieve this goal in cooperation with private sector partners**. By leveraging the private sector with public funds, **infrastructure banks will allow for the greatest possible growth and shared responsibility across private and public spheres**. Profitability is also a critical factor that can be successfully realized. This is a concept whose time has come and which deserves serious consideration. Completed applications of the concept in other regions of the country is further proof to consider. At stake is the vitality of the nation, the region, the state and the city.

#### State Infrastructure Banks are much more feasible than a NIB

Slone 11 (Sean, Senior Transportation Policy Analyst at the Council of State Governments. July 5th, “State Infrastructure Banks”. <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>) Cass

State infrastructure banks can help states stretch their state and federal dollars and meet the demands of financing large, impactful, long-term infrastructure projects. When government agencies and authorities must seek yearly grants and allocations to finance projects, the completion of those projects can be delayed for months or years. State infrastructure banks can identify, promote and lend money to creditworthy transportation projects to ensure they’re built within a reasonable timeframe and in a financially sustainable way. And because these banks act as a “revolving fund,” more projects can ultimately be financed.¶ ¶ When bonding is used to finance a project, the bonds are usually one of two types: revenue or general obligation. Revenue bonds often are used to finance infrastructure projects that have the ability to produce revenue through their operations; for example, new highway lanes that can be tolled or public transit facilities on which fares can be collected. These types of bonds are typically guaranteed by the project revenues, but not by the full faith and credit of a state, city or county. General obligation bonds, on the other hand, are backed by the full faith and credit of the issuing authority. These are used to finance projects that rely on government’s general revenues, such as income, sales and property tax revenue. Cities, counties and states pledge these revenues to issue the bonds and repay them.¶ ¶ But the revolving fund aspect of a state infrastructure bank means states can lend funds for projects and receive loan repayments, which can be returned to the system for more project loans. The funding also can be turned into much larger credit lines, multiplying transportation investment capacity.¶ ¶ When transportation projects are financed in a traditional way, funds from a state department of transportation or the federal Highway Trust Fund are spent and two types of risk are assumed. Projects are at risk of delay as state officials wait for the state or federal funds to become available, which may increase the costs and delay the project’s benefits. Secondly, states face the risk that a poorly selected project will fail to produce social or economic benefits and tie up scarce capital resources that could have gone to other potentially more successful projects.¶ ¶ Both of those risks are diminished with state infrastructure bank financing. First, projects don’t have to wait for funding and delays and cost overruns are avoided. Secondly, a state infrastructure bank has a built-in project evaluation process. Projects are assessed based on their financial viability, which provides a level of economic discipline that is not always present with traditional state project funding. Better, more benefit-producing projects can be the result.4

#### State infrastructure banks have been empirically successful and are a good alternative to a NIB

Slone 11 (Sean, Senior Transportation Policy Analyst at the Council of State Governments. July 5th, “State Infrastructure Banks”. <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>) Cass

Although many states have experienced some degree of success in employing state infrastructure banks to help fund their infrastructure projects, observers say not all such banks have reached their full potential, especially when it comes to using capital from federal sources. In a 2010 analysis done for the Virginia Department of Transportation, George Mason University’s Jonathan Gifford writes that “although state (departments of transportation) can allocate up to 10 percent of the federal highway funds apportioned under the National Highway System, Surface Transportation, Highway Bridge and Equity Bonus programs, full utilization of such resources is not commonplace.”¶ ¶ Gifford said the accessibility to existing credit options available through the municipal bond market may be a reason for the underutilization. The introduction of the Build America Bonds program in 2009 in particular may have limited use. It may also be difficult to identify revenue streams for smaller scale projects that are locally sponsored. Finally, it may be that the size of project backlogs in many states requires state departments of transportation to fully allocate core federal highway program dollars before seeking other project financing.19¶ ¶ A variety of proposals have circulated in Washington, D.C., in recent years to establish a national infrastructure bank as well. Sens. John Kerry, D-Mass., Mark Warner, D-Va., Kay Bailey Hutchison, R-Texas, and Lindsey Graham, R-S.C., have proposed legislation to create a self-sustaining bank funded at $10 billion that would leverage an estimated $600 billion¶ in private investment for transportation, energy, water and telecommunications projects and would not give grants.¶ ¶ Rep. Rosa DeLauro, D-Conn., has filed legislation in the House that would create a more expanded version of the bank that would have the ability to issue bonds.20 Sens. Jay Rockefeller, D-W.Va., and Frank Lautenberg, D-N.J., proposed a $5 billion national infrastructure fund that would encourage private investment in transportation infrastructure through loans, loan guarantees and grants. Although it would be set up within the U.S. Department of Transportation, the senators say the program could be extended to include telecommunications, water resources and energy projects.21 The Rockefeller-Lautenberg proposal would allocate $600 million a year for grants.22¶ ¶ Others in Congress and in state capitals would like to see an expanded version of the aforementioned Transportation Infrastructure Finance and Innovation Act program. Originally created in 1998, that program sets up loan partnerships between the federal government and eligible applicants, including state and local governments, transit agencies, railroads, special districts or authorities and private entities, to provide financing for transportation projects of regional and national significance.¶ ¶ And Obama administration officials have said they would like to see an expanded Transportation Investment Generating Economic Recovery program. That’s the competitive grant program created by the 2009 American Recovery and Reinvestment Act to fund multimodal and multijurisdictional projects that promise significant economic and environmental benefits.23¶ ¶ The future of these federal programs is likely dependent on what emerges from the next surface transportation authorization still under debate in Washington. The kinds of federal funding and financing resources that will be available to states going forward may go a long way in determining whether state infrastructure banks continue to grow in popularity. If uncertainty about the future of the federal highway program continues, the role of the state infrastructure bank could grow in the years ahead as states seek additional tools to help them¶ meet their infrastructure needs. But state infrastructure banks already have clearly proven their worth in helping to finance key transportation projects around the country.

#### State Infrastructure Banks are better than a NIB: don’t increase national deficit and have a bipartisan consensus

Freemark 12 (Yonah, writes on cities and transportation at The Transport Politic. January 2nd, “How to Pay for America's Infrastructure”. <http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/>) Cass

America's transportation infrastructure is in desperate need of an update, and most politicians would agree that more funding should be dedicated the nation’s highways and mass transit systems. Yet there is little consensus about where to find those new funds and Democrats and Republicans disagree stridently over whether Washington should increase its role.¶ One potentially fertile place for compromise may be in the form of state infrastructure banks, which have gained support from both the left and right in recent months. These public agencies, provided some government funds, would be designed to encourage significant private investment. And they would do so with little interference from the national government.¶ "I-banks" could lend states, municipalities, and perhaps even private sector agencies a significant portion of project funds that would later be paid back through user fees, public-private partnerships, or dedicated taxes.¶ The idea is to get more transportation projects under construction without significantly expanding the national deficit. And the idea is not particularly new: Infrastructure banks have been on the radar since 1995, when state banks were initially authorized to receive federal funds. Now, more than thirty states have them in operation.¶ But most operate on a small scale, and are unprepared to fund large-scale projects. They are also strongly tilted toward highway infrastructure, not multimodal needs.¶ Yet recent proposals have been much more ambitious. President Obama has made the case strongly throughout his first term that a national bank run by the U.S. Department of Transportation would be most effective, since it would be staffed by experts and backed by the federal government. A proposal announced by the White House earlier this year would put $10 billion in the coffers of such an agency.¶ Democrats in the Congress introduced a bill to fund such an organization in October, but John Mica (R-FL), chairman of the Committee on Transportation and Infrastructure, has said that he would refuse to endorse such a concept. Mica suggests that states are up to the task and that Washington’s involvement would get in the way. Some Democrats have articulated a compromise. Senator Ron Wyden (D-OR), for instance, introduced a bill that would pass one billion dollars to each state to set up their own infrastructure banks.¶ A review of the current work of state infrastructure banks, though, raises the question of whether state governments are ready to significantly expand their infrastructure banks.¶ Consider the experience of five state infrastructure banks in Florida, Ohio, Oregon, Pennsylvania, and Texas. Total investments have ranged from $60 million in Oregon to $1.1 billion in Florida, which are about a decade old on average. In the case of Pennsylvania, which has had a bank since 1998 and loaned a total of $132 million in 13 years, a $1 billion allocation from Washington such as has been suggested by Senator Wyden would represent a rapid eight-fold increase in spending.¶ The limited funding from state infrastructure banks thus far results from a confluence of supply and demand. One example - Pennsylvania’s bank currently receives up to $30 million annually from the state budget, according to the agency. Hugh McGowan, the manager of the state bank, says that "it is a very popular program" but that annual applications had never reached $30 million.¶ In most states studied, the vast majority of infrastructure bank funds has gone to roads projects, indicating that the commitment of the federal government to multi-modality - 20 percent of federal surface transportation spending generally goes to public transit - has not been followed through in the states. Texas has loaned virtually none of its $477 million total to transit, while Ohio, Oregon, and Pennsylvania have devoted just two to four percent of their funding to bus and rail improvement projects. Only Florida stands out, with 11 percent of its loans going to transit, thanks to major investments in projects like the SunRail commuter line.¶ McGowan, of the Pennsylvania bank, said that "there are no maximums or minimums" for the types of projects approved, one problem might be that few transit agencies apply for aid. In Ohio, Ohio Department of Transportation Press Secretary Steve Faulkner agreed. "Any type of transportation project is eligible for state infrastructure bank funding" he says. "So, the number of transit loans is a direct result of the corresponding number of transit applications received."¶ The state infrastructure banks are making sound financial choices when it comes to the projects they sponsor. Kane, of Florida, told me that the state’s program had never "experienced any default on repayments." Ohio’s Faulkner said "all loans - with the exception of two - were repaid." In both cases, the defaulter was a private developer.¶ Though this sample of infrastructure banks does not profess to represent the sum of experience on the subject, the five considered are large states with a mix of urban, suburban, and rural environments, and a mix of Democratic and Republican constituents. Thus their involvement with infrastructure banks would likely to be followed in other states if Washington were to choose to invest more in them. Yet the mixed outcomes - responsible management but a general focus on small roads projects in most states - suggests that increased funding for state infrastructure banks will hardly provide a panacea for resolving national infrastructure woes.

### States AT: Perm

#### Permutation fails - the federal NIB will destroy state infrastructure investment - independently this is a solvency deficit to the case because the plan only results in failed investments

Yost 11 (Keith, columnist for ‘The Tech’, the Massachusetts Institute of Technology newspaper. “Opinion: No national infrastructure investment bank” <http://tech.mit.edu/V131/N38/yost.html> September 20, 2011) Foster

Last week, President Obama unveiled a $447 billion spending plan. Notice I say “spending plan,” rather than “stimulus plan” or “jobs plan,” because there is a difference. None of the plan’s components, which consist of roughly $250 billion in payroll tax cuts, $60 billion in unemployment insurance, and $140 billion to fund infrastructure (most of it going to a national infrastructure investment bank), can be considered significantly stimulative, and without stimulus, we’re unlikely to see many new jobs.¶ The plan’s unemployment benefits and tax cuts are largely extensions of existing measures — our economic situation would be much worse if the cuts and benefits were allowed to expire, but these half-measures are not going to push us out of our current, miserable trajectory. And the infrastructure bank promises very little spending in the short term; it’s not an institution tasked with finding shovel-ready, stimulative projects, even if such things existed. This is quite plainly a spending plan in which Obama has tied a pet project that he thinks deserves money (the infrastructure bank) to something that Republicans find fairly unobjectionable.¶ As a political matter, the future of the plan seems pretty straightforward: Republicans will strip out the infrastructure bits and pass the rest, judging (correctly) that the American public isn’t going to assign blame for the whole economy to the GOP just because they blocked one of Obama’s minor economic proposals. The president probably even prefers it this way because an actual infrastructure bank wouldn’t do much in the short term to help Obama keep his job, but the idea of an infrastructure bank could prove useful on the campaign trail.¶ That leaves just one question: who is right here? Is an infrastructure bank an idea whose time has come, or is it a dud?¶ At first glance, a national campaign to invest in infrastructure isn’t a bad proposition. The returns to investment on infrastructure aren’t very impressive, but with the government able to borrow money at two percent interest, and with labor and materials costs at extreme lows, it doesn’t take a very high return to justify infrastructure spending.¶ On deeper inspection however, a national infrastructure bank is a fatally flawed idea, for one simple reason: forcing the citizens of Texas to pay for a high speed rail line from San Diego to Sacramento is bad government. It invites corruption, pork barrel politics, and misallocation of our society’s resources.¶ The citizens of, say, Ohio are and will always be in a better position to decide whether it is worth the money to repair a bridge or school in their state. Offering to let them pay for their projects with someone else’s money is not going to lead to better decision-making— instead, it will lead states to cut their own infrastructure spending and turn their beggars cup to the federal government. It will incentivize states to represent their infrastructure as worse than it actually is, and pretend that solutions are cheaper than they actually are. And because it isn’t their money at stake, states will have even less inclination than usual to make sure that the projects are managed correctly. The real key to a state’s economic success won’t be the wise decision-making of its leaders, it will be its ability to lobby the federal government for special treatment and trade favors with the party in power.¶ Perhaps in a few instances, investment in infrastructure at the national level makes sense. Air traffic control, or an interstate network make sense as matters for the national government to manage. But bridges, schools, high speed rail lines, and the vast majority of the projects Obama touts as within the purview of his national infrastructure campaign are best managed at the state or local level. It’s a conclusion so obvious that the idea of national control raises immediate suspicion. Does Obama plan to use the bank to bestow patronage on his supporters (particularly labor unions)? Or did he really manage to forget that state governments already have the power to levy taxes and make repairs?¶ Democratic activists are thrilled with Obama’s supposedly new “toughness.” But getting tough is only a good strategy if you’ve got an idea that’s actually worth fighting for. Two weeks from now, every leading Republican is going to have worked out the obvious counter-argument to a national infrastructure bank, and two weeks after that they’re going to have integrated the bank into their stump speeches as yet another example of intellectually bankrupt federal overreach.

#### Solely state-funded SIBs serve the population better

Christman & Riordan 11 (Anastasia, Senior policy analyst at the National Employment Law Project; Christine, policy analyst at the National Employment Law Project, specializing in Labor Market Research and Unemployment Insurance. December, National Employment Law Project Briefing Paper, “State Infrastructure Banks: Old Idea Yields New Opportunities for Job Creation” <http://www.nelp.org/page/-/Job_Creation/State_Infrastructure_Banks.pdf?nocdn=1>) Cass

Several states—Kansas, Ohio, Georgia, Florida and Virginia—have established SIBs using only state funds. This also allows them to do projects “off the highway,” including helping local governments pay for 100-percent local projects. For example, Ohio’s state-funded SIB is authorized to fund “any public or private transportation project as determined by the director of transportation,” including public transit, aviation, rail, tunnels or parkways.30 Kansas found that its federally-funded SIB couldn’t fund the projects that its rural population needed. “We can cover huge projects or a small community,” said the manager of the state-funded Kansas Transportation Revolving Fund.31 The Ohio state-funded SIB manager notes that her institution “has assisted every transportation mode except a water project since its creation.”32 However, even with a state-funded SIB, selection criteria or requirements for local matching dollars can stunt interest in the financing program; for example, Georgia’s requirement that only projects that can be funded by the motor fuels tax can qualify33 means that in the spring of 2011, three years after establishing its SIB, Georgia had made only one loan and had more than $30 million in transportation funds sitting idle.34 In order for a state-funded SIB to consider the greatest number of projects, advocates may want to recommend enabling legislation that blends a variety of funding sources to ensure flexibility.¶

### States AT: Links to Politics

#### State infrastructure banks popular with Republicans- avoids the link to politics

Goldman 11 (Ben, city planner who served as Interim Editor of Streetsblog Capitol Hill , “McCaskill-Collins: Tax Cuts With a Side of Infrastructure, but Hold the Transit”, DC Streets Blog, <http://dc.streetsblog.org/2011/12/13/mccaskill-collins-tax-cuts-with-a-side-of-infrastructure-but-hold-the-transit/#more-271199>) SWOAP

By promoting state infrastructure banks, McCaskill and Collins are throwing their weight behind the Republican vision for infrastructure spending and against the President’s. [The President](http://www.whitehouse.gov/blog/2011/11/03/five-facts-about-national-infrastructure-bank) and a number of[other](http://www.bafuture.org/news/press-release/building-america%E2%80%99s-future-co-chair-ed-rendell-testifies-senate-finance-committee) [prominent](http://kerry.senate.gov/work/issues/issue/?id=f0a4612d-382a-46fb-9d31-73e949167108) [figures](http://www.huffingtonpost.com/michael-likosky/bipartisanship-postlabor-_b_939966.html) have advocated [to no avail](http://dc.streetsblog.org/category/issues-campaigns/national-infrastructure-bank/) for the creation of a National Infrastructure Bank, and Politico [reports](http://www.politico.com/morningtransportation/1211/morningtransportation40.html) that they’ll try again next year—to the familiar tune of $10 billion. Meanwhile, House Transportation Committee Chair John Mica has [included](http://transportation.house.gov/news/PRArticle.aspx?NewsID=1421) support for state infrastructure banks—not a national one—in his [reauthorization bill](http://dc.streetsblog.org/2011/07/08/mica-the-focus-of-the-bill-is-on-the-national-highway-system/). The senators opted for state I-banks in this case because they are an existing program that could be expanded, while “there is no consensus yet on how to address a National Infrastructure Bank,” according to Senator McCaskill’s press secretary, John LaBombard.

#### Avoids the link to politics- states already with infrastructure banks receive political support.

Freemark 12 (January 2. Yonah. Writer on cities and transportation at The Transport Policies. “How to Pay for America’s Infrastructure” <http://www.theatlanticcities.com/authors/yonah-freemark/> Pismarov)

America's transportation infrastructure is in desperate need of [an update](http://www.infrastructurereportcard.org/), and most politicians would agree that more funding should be dedicated the nation’s highways and mass transit systems. Yet there is little consensus about where to find those new funds and Democrats and Republicans disagree stridently over whether Washington should increase its role. One potentially fertile place for compromise may be in the form of [state infrastructure banks](http://www.fhwa.dot.gov/safetealu/factsheets/sibs.htm), which have gained support from both the left and right in recent months. These public agencies, provided some government funds, would be designed to encourage significant private investment. And they would do so with little interference from the national government. "I-banks" could lend states, municipalities, and perhaps even private sector agencies a significant portion of project funds that would later be paid back through user fees, public-private partnerships, or dedicated taxes.

### Federalism Link

#### Stimulus spending hurts federalism

Edwards 08 (Chris, Director of Tax Policy Studies at the Cato Institute. December. Cato Institute Tax and Budget Bulletin No. 51. “10 Reasons to Oppose a Stimulus Package for the States”. <http://www.cato.org/pubs/tbb/tbb_1208-51.pdf>) Cass

Nearly all the states have statutory or constitutional restrictions on budget deficits and government debt levels. Many of those restrictions were put in place a century ago so that politicians would live within the “allowance” that taxpayers provided them with. A federal bailout of the states goes against the spirit of those state fiscal traditions, which were designed to encourage restraint.¶ Another tradition that the states should heed is their historic policy independence from the federal government. President-elect Obama met with the governors to discuss a bailout in Philadelphia’s historic Congress Hall. But the once proud and self-governed states that sent representatives to Philadelphia in the 1790s have become so smothered by federal subsidies and regulations that they are becoming little more than regional divisions of Big Government in Washington these days.¶ 7. A Bailout Would Delay State Reforms. Many states have short-term budget gaps, but face a larger fiscal crisis from long-term spending promises. State and local governments have unfunded obligations in their pension and retiree health care plans of at least $2 trillion, as a result of often gold-plated benefit packages for workers.4 Adding to state fiscal woes is rapidly rising Medicaid spending, which has been fueled by the expansion of benefits in many states. A federal bailout would likely encourage state policymakers to delay needed restructuring in Medicaid, retirement plans, and other spending areas.¶

### Possible Alternative Mechanism

#### NIB is a bad idea, but there are plenty of alternatives

Deshpande & Elmendorf 08 (Manasi, Senior Research Assistant at The Hamilton Project; Douglas W., Senior Fellow of Economic Studies at the Brookings Institution. July, An Economic Strategy for

Investing in America’s Infrastructure. <http://dspace.cigilibrary.org/jspui/bitstream/123456789/25399/1/An%20Economic%20Strategy%20for%20Investing%20in%20Infrastructure.pdf?1>)

Other observers seek to improve infrastructure decisions through a national infrastructure bank or central commission to oversee the evaluation and funding of infrastructure projects.3 We understand the appeal of¶ insulating infrastructure decisions from the political process, since such insulation might reduce earmarking and promote decisions based on cost-effectiveness. However, we are unsure that these proposals would actually achieve political insulation. As the history of the Federal Reserve demonstrates, institutional independence and credibility require time, experience, and careful design. Moreover, it is not clear that centralizing decisionmaking in a federal body would produce better results than helping states and metropolitan areas improve the way in which they make decisions, given that these areas are likely to have a better understanding of their own infrastructure needs.¶ Indeed, we think that the quality of infrastructure decisionmaking can be improved considerably through at least three other mechanisms. First, responsibility for each aspect of infrastructure should be assigned to the level of government that best corresponds to the breadth of benefits and costs for that part of infrastructure. For example, mitigation of greenhouse gases from transportation should be part of a federal decisionmaking process because climate change extends beyond state and local boundaries. But decisionmaking regarding traffic congestion should be split among different levels of government because it affects both local productivity and national priorities such as interstate freight. Second, the federal government should remove the distortions it imposes on decisionmaking by state and local governments. For example, as we discuss in detail in Section 3, the federal government should equalize the subsidy rate for highway and mass transit projects rather than favoring the former, as is done today. Third, the federal government should use the leverage that comes with its financial contribution to infrastructure investment to hold state and local governments accountable for effective decisionmaking, especially on issues of national interest.¶ Another issue regarding the government’s role in infrastructure investment is the appropriate interaction between the public and private sectors. As noted in the introduction, this answer will necessarily be different for telecommunications infrastructure, which is largely privately funded, than for physical infrastructure, which is largely publicly funded. With appropriate incentives and regulations, the private sector may be quite effective at making efficient decisions, enhancing projects’ cost effectiveness, and providing high-quality services. For example, public-private partnerships have become more common with physical infrastructure during the past decade. Such partnerships have the potential to share risk, improve service, and depoliticize decisions (GAO 2008). However, they also raise questions about the effect of private monopolies on consumers and about the appropriate rate of return for private companies.¶ In addition to public-private partnerships, another method of private sector involvement is through government incentives to accomplish specific public goals. For example, Peha (2008) recommends government incentives to private companies to continue the build-out of broadband access. Still, the government needs to decide if and how to regulate firms that effectively become monopoly providers in rural areas.

## Privatization CP

### Privates Solve Better

#### Federal transportation investment causes misallocation of funds - private sector is preferable

Edwards 11 (Chris, director of tax policy studies at Cato, top expert on federal and state tax and budget issues, former senior economist on the congressional Joint Economic Committee. September 9th. “Obama’s Job Speech Full of Bad Ideas”. <http://www.cato-at-liberty.org/obamas-job-speech-full-of-bad-ideas/>) Cass

I note on National Review today that President Obama’s “jobs” package is full of bad ideas, including:¶ A temporary payroll tax cut. This is not a tax cut at all because the president would “pay for it” with tax hikes later on. And if it’s temporary, it won’t encourage businesses to hire additional workers anyway.¶ More federal infrastructure. When the federal government spends on infrastructure, it often misallocates the funds. The list of federal infrastructure boondoggles and cost overruns is endless — in public housing, dam-building, Corps of Engineers projects, bridges to nowhere, high-speed rail, etc. Instead, what we need is higher-quality infrastructure spending financed and built by the private sector. We need private airports, private air-traffic control, and private toll highways.¶ A federal infrastructure bank. Such a financial scheme would reduce transparency in federal spending, which would go directly against a key Obama promise of increased budget transparency.¶ Federal jobs training programs. Since the 1960s, federal jobs-training programs simply haven’t worked.¶ New business tax credits. New tax credits for hiring will distort business decision-making and, by making the tax code more complicated, such credits would encourage more tax cheating. They would be the exact sort of tax loophole that Obama claims to hate.¶ Crony capitalism. When Obama talks about “government and business working side-by-side,” it sounds to me like an invitation to corruption.¶ Extending unemployment insurance. Such subsidies would help keep the unemployment rate high.

#### We should privatize – otherwise, it destroys capitalism

Crews 11 [Wayne Crews, VP for policy at CEI, covering technology and regulation, 9/7/11, “Obama's Jobs Agenda: An Infrastructure Bank that Robs You”, Forbes, <http://www.forbes.com/sites/waynecrews/2011/09/07/obamas-jobs-agenda-an-infrastructure-bank-that-robs-you/>.] Ari Jacobson

Infrastructutre banking is appropriate if we’re talking about the high turns at a NASCAR superspeedway; but even those should be privately funded.

[Stimulus is a bit of a dirty word now](http://thehill.com/homenews/house/179623-pelosi-drops-the-word-stimulus), deservedly so. Still, “investment” in un-shovel-ready, politically favored projects while leaving 19th Century infrastructure and antitrust regulation intact is primitive jobs policy.

Adding to what in reality is an anti-jobs agenda are 21st century anti-infrastructure abominations like net neutrality proposals on communications networks, and green energy handouts.

The speech time would be infinitely better spent cataloging the ways government interferes with private infrastructure, and how to quit doing that. We’ll talk about how.

Normally, America urges developing nations to reject government-steering philosphies for enterprises like growing wheat, making shoes or for microchip fabrication. But we fall all apart and accept government oversight of advanced commerce, networks and construction as normal.

It’s as if the recent debate over Fannie and Freddie, and the wreckage fostered by government sponsored enterprises hadn’t even happened.

It’s bad enough to tolerate a politician talking about a jobs package in the first place. Government has its hands completely full tending to the knitting of allowing those who do assemble job packages to proceed without interference.

At the very least, recovery requires that policymakers not tee up un-removable enterprises to generate the economic distortions of tomorrow.

But the infrastructure bank gets considerable Republican applause, like endorsements from former Sen. Chuck Hagel and retiring Sen. Kay Bailey Hutchison.

The idea that our economy depends on a proposed $10 billion  federal start-up infusion is astounding. [Nor will the result likely be an actual bank, in the sense of sustainably lending money that gets profitably paid back](http://reason.org/news/show/a-national-infrastructure-bank), as the Reason Foundation’s Bob Poole noted.

I don’t think we can overstate the importance of not buying into the federal bank notion; it goes to the very core of what capitalism even is. The capital markets already are our “infrastructure bank.” Our GDP, in spite of it all, is $14 trillion;  Of the top 100 global firms ranked by market capitalization, the smallest at the moment is $60 billion (Kraft Foods).

Government money is a trap, with labor and environmental strings attached. It promises to crowd out, reduce and degrade American infrastructure.

America  does desperately need “infrastructure wealth”; we need it just as we need financial wealth, real estate wealth, manufacturing and service wealth, and health-care wealth. But like all wealth creation, the root  is enterprise and property rights.

Corporations already conduct projects of astounding national and regional significance. As society becomes wealthier, infrastructure creation becomes easier, not harder.  The America of 100 years ago that built overlapping tangled infrastructure with a paltry developing-world GDP can build today’s, if allowed to. Energy infrastructure, communications infrastructure, electricity infrastructure–all would benefit far more from a sustained deregulation and liberalization campaign than spending.

Instead, government artificially restrains private infrastructure with mandates like net neutrality and cybersecurity proposals, bans in the name of environmental protection, and antitrust blockage. A jobs agenda requires removing these accumulated barriers and banning new ones.

The path to infrastructure wealth–-and jobs and customer benefits besides—is to remove the impediments to private infrastructure and go home and watch a movie or something.

## TIFIA Reform CP

### 1NC

#### The United States Federal Government should substantially increase credit assistance given out by the Transportation Infrastructure Finance and Innovation Act.

#### A NIB isn't necessary - substantially increasing TIFIA allocations is sufficient

CCTA 11 (California Construction Trucking Association, “[A National Infrastructure Bank — Do We Need It & Would It Help?](http://calcontrk.org/executive/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help)”, 9/16/11, <http://calcontrk.org/news/executive-director/1057-september-2011/1659-a-national-infrastructure-bank--do-we-need-it-a-would-it-help>) SWOAP

“We already have a national infrastructure bank,” Geoffrey Yarema, a partner with the infrastructure-oriented law firm Nossaman LLP, told the public finance newspaper The Bond Buyer following the President’s speech. “It’s called the TIFIA program.” TIFIA, which stands for Transportation Infrastructure Finance and Innovation Act, is a program originally created in 1998 that sets up loan partnerships between the federal government and state and local governments, transit agencies, railroads, special districts or authorities, and private entities to provide financing for transportation projects of regional and national significance. Veteran transportation analyst Ken Orski told Energy and Environment Daily that “there is a widespread sentiment both in the House and Senate, rather than creating a new federal fiscal bureaucracy, we ought to strengthen and expand existing financial instruments, primarily TIFIA.”

#### And it solves the link the politics

Snyder 11 (Tanya, Streetsblog's Capitol Hill editor, “Why Create an Infrastructure Bank When We Could Just Expand TIFIA?”, DC Streets Blog, 10/28/11, <http://dc.streetsblog.org/2011/10/28/why-create-an-infrastructure-bank-when-we-could-just-expand-tifia/>) Swoap

Nevertheless, Congressional Republicans have thrown their full support behind the program, mainly as a counterweight to the president’s proposed infrastructure bank. Consistent with their desire to limit the growth of the federal bureaucracy, they resist the idea of creating an entirely new entity, even though the bank would be independent from the government, a la the [Export-Import Bank](http://dc.streetsblog.org/2011/10/07/does-the-infrastructure-bank-of-our-dreams-already-exist/). There are two competing infrastructure bank bills in the Senate and a new one [introduced earlier this week](http://www.govtrack.us/congress/bill.xpd?bill=h112-3259)in the House. The Senate is planning to [vote next week](http://thehill.com/homenews/senate/190369-infrastructure-legislation-on-agenda-despite-boxers-doubts) on a bill to spend $50 billion on infrastructure with another $10 billion in seed money for a bank – pieces of President Obama’s jobs bill, which has been dismembered for separate votes. Next week’s bill isn’t expected to pass. Indeed, many members think TIFIA is the way to go. At a House Transportation Committee hearing earlier this month, nearly every Republican present spoke out in favor of expanding TIFIA instead of creating a new bank. Chair John Mica asked why a bank was needed when “we have a successful example” in TIFIA.

### 2NC Solvency/Ptix Net Benefit

#### TIFIA solves better- makes money and doesn’t compete with other infrastructure

Snyder 11 (Tanya, Streetsblog's Capitol Hill editor, “Why Create an Infrastructure Bank When We Could Just Expand TIFIA?”, DC Streets Blog, 10/28/11, <http://dc.streetsblog.org/2011/10/28/why-create-an-infrastructure-bank-when-we-could-just-expand-tifia/>) Swoap

Geoffrey Yarema of Nossaman LLP (a law firm specializing in public-private partnerships for infrastructure projects) told Duncan TIFIA wasn’t perfect but that it did have 12 years of solid experience. He suggested it be “right-sized” by adding staff and he wants to “change it from a discretionary decision-making process that has the potential for being politicized – and some would say the reality of being politicized – to a first-come-first-served program.” That change, however, would eliminate the part of TIFIA reformers like most: The fact that it has the power to encourage innovation and goal-oriented, performance-based strategic transportation planning. Yarema also noted that the Treasury “has actually made money off the TIFIA program,” as opposed to many other federal programs that end up costing taxpayers. He’s all in favor of casting off the idea of an infrastructure bank. “We already have a national infrastructure bank for transportation,” he said. “It’s called TIFIA.” One thing he and other transportation advocates like about TIFIA is that it’s only for transportation. While the Rockefeller-Lautenberg infrastructure bank proposal in the Senate is transportation-only (at least at first), the dominant I-bank proposal is the Kerry-Hutchison version, which would include other forms of infrastructure like energy and water treatment. Yarema admitted that some may see the breadth of scope as a strength of the bank concept, but he was concerned that “transportation would be in there competing for loans, not just with other transportation projects, but with dams and levees and ports and all kinds of infrastructure.”

#### TIFIA popular and effective- provides more funding

Duncan 11 (John, Republican representative for TN, Statement in the congressional hearing “NATIONAL INFRASTRUCTURE BANK WOULD CREATE MORE RED TAPE & FEDERAL BUREAUCRACY”, Transportation and Infrastructure Committee, <http://transportation.house.gov/news/PRArticle.aspx?NewsID=1421>) Swoap

I, for one, do not support setting up a new bureaucracy in Washington where political appointees would decide which transportation projects are the most worthy to receive a Federal loan,” said U.S. Rep. John J. Duncan, Jr. (R-TN), Chairman of the Highways and Transit Subcommittee. “That is why Congress already established the State Infrastructure Bank program. Current law allows a state to use their Federal-aid funding to capitalize a State Infrastructure Bank and provide loans and loan guarantees to appropriate transportation projects that the state deems most important. “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 it received 14 times the amount of project funding requests in FY11 than the program has available to distribute. “Why not give these established programs more funding in order for them to reach their full potential? “This proposal is simply just another distraction as Congress pushes for a long-term surface transportation reauthorization bill. The Administration should be focused on helping Congress pass this much overdue legislation and give the states some long-term funding certainty that a National Infrastructure Bank would most certainly not accomplish.”

### Description of TIFIA

#### TIFIA gives out federal credit assistance to transportation projects nationally - it solves

US Department of Transportation, No Date ("TIFIA," Accessed 7/23/2012, http://www.fhwa.dot.gov/ipd/tifia/)

The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides Federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets for similar instruments. TIFIA can help advance qualified, large-scale projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues. Many surface transportation projects - highway, transit, railroad, intermodal freight, and port access - are eligible for assistance. Each dollar of Federal funds can provide up to $10 in TIFIA credit assistance - and leverage $30 in transportation infrastructure investment.