# \*\*\*GN NIB POLITICS LINKS\*\*\*

### Plan Unpopular

#### Comparisons to Fannie Mae and Freddie Mac ensure massive backlash to the plan

Johnson 2011 (Robert, director of the Global Finance Project at the Roosevelt Institute, Market Incentives Gone Wrong: A Paradox of Risk Aversion, http://www.challengemagazine.com/extra/038\_055.pdf)

Second, the U.S. government could intermediate and buy riskier ¶ assets or make direct investments with the proceeds of its bond ¶ sales to the surplus countries. This would be somewhat difficult to ¶ achieve, given the American aversion to belief in the ability of the ¶ government to allocate capital efficiently. Though an infrastructure ¶ bank could be developed with a private sector board and experienced ¶ financiers to provide the needed risk-transformation services, it ¶ would likely face steep opposition from those who are enraged by ¶ the coexistence of the government-sponsored enterprises Freddie ¶ Mac and Fannie Mae in the aftermath of the housing-related crisis. ¶ Setting up new government institutions to intermediate credit is ¶ likely to be a difficult task when the losses on the balance sheet of ¶ Freddie and Fannie become more and more evident to the public in ¶ the coming months.¶ 18

#### Previous votes prove no support- GOP will treat it like the stimulus

Carollo 3/5/2012 (George, Research Assistant at the Collaboratory for Research on Global Projects, Stanford University, A National Infrastructure Bank: Why or Why Not?, http://crgp.stanford.edu/news/global\_projects\_a\_national\_infrastructure\_bank\_why\_or\_why\_not.html)

President Barack Obama included the formation of a National Infrastructure Bank in his most recent 2013 budget proposal. Obama first proposed the bank last fall but could not find enough support for it on Capitol Hill. The issue is still a divisive one in the House and Senate. According to Democratic Representative John Yarmuth, "It puts American workers back on the job building our roads and bridges, and it opens the door for public-private partnerships by creating an infrastructure bank." Yet Senate Minority Leader Mitch McConnell calls it "bad for job creation, bad for seniors, and...will make the economy worse." This being a presidential election year, the political stakes are high for all Congress people as well as the President. In this brief post, I first present some basic info on infrastructure banks and then consider the pros and cons...

#### Plan costs capital- GOP opposition, perceived as stealing Congressional authority

WSJ 2011 (Plan for Highway Bank Faces Uphill Battle, Wall Street Journal, August 15, http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html)

Some Republicans say that such a bank would simply add a new bureaucracy in Washington and shift decision-making from Congress to the executive branch.¶ "How this project would be funded, what it would fund and how those funds would be repaid are critical questions the Obama administration has not answered yet," said Kevin Smith, a spokesman for House Speaker John Boehner (R., Ohio). "If this is more of the same 'stimulus' spending, we won't support it."

#### Years of fighting proves no support, and GOP will backlash

Fox Business 2011 (Infrastructure Bank May Boost Size of Obama Jobs Bill, 9/12, http://www.foxbusiness.com/industries/2011/09/12/infrastructure-bank-may-boost-cost-obama-jobs-bill/)

Government infrastructure banks exist in other countries. In the U.S., supporters have been lobbying Congress for years to create one. They have pressed their case as state and municipal budgets, like the federal, have tightened, and as the nation’s infrastructure has crumbled and rebuilding it has lagged. Earlier this year, the U.S. Chamber of Commerce joined forces with the AFL-CIO to win backing for a bank.¶ But critics have attacked infrastructure banks, like similar government-backed financing entities, as potentially costly to taxpayers housing insurance giants Fannie Mae and Freddie Mac have required about a $150 billion bailout as well as of questionable value in jumpstarting job creation.¶ An infrastructure bank would do little to spur the economic recoveryand nothing to create new jobs, Ronald Utt, a senior economics research fellow at the Heritage Foundation, wrote in August.¶ Utt said the time-consuming nature of creating such a bank would mean more than a year or two will pass before the first dollar of a grant or loan is dispersed to finance a project. He also criticized the billions in direct federal infrastructure spending in the Presidents 2009 stimulus plan as ineffective.¶ The bank proposal faces an uphill fight in Congress, where some top Republicans oppose it. On Monday, House Republican Leader Eric Cantor (R-VA) called it a Fannie and Freddie for roads and bridges."

#### Even if there’s support- opposition outweighs- net loss for Obama

Christman and Riordan December 2011 (Anastasia and Christine, Senior Policy Analyst and Policy Analyst at the National Employment Law Project, State Infrastructure Banks: ¶ Old Idea Yields New Opportunities for Job Creation, http://nelp.3cdn.net/fadb21502631e6cb79\_vom6b8ccu.pdf)

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

#### House Republicans HATE infrastructure banks. The last hearing ended in a massive bashing session.

Zwilich 11’ [Todd, reporter who has covered science and health care politics and policy since 1996 for ¶ publications including Reuters and Science Magazine, “Infrastructure Bank Likely to Return as a Political Weapon”, 10/12/11, <http://transportationnation.org/2011/10/12/infrastructure-bank-likely-to-return-as-a-political-weapon/>]

House Republicans are not seeing it yet, at least on the infrastructure spending issue. A transportation subcommittee hearing on the topic quickly turned into a bashing session on the idea of an infrastructure bank, even though it enjoys bipartisan support in the Senate. Republicans repeated their charge that the bank would create a new level of federal bureaucracy where loans and grants are already too slow to filter to states planning projects. Their primary concern: thirty-three states already have their own infrastructure banks funded under the federal Transportation Infrastructure Finance and Innovation Act.

#### NIB’s not bipartisan. Swept under spending and COC issues.

WSJ 11’ [Wall Street Journal, August 15, 2011, <http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html>]

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."