## Privatization/Financial Incentive CP

Privatization/Financial Incentive CP 1

\*\*Counterplan 2

1NC Tax Credits 3

2NC Tax Credits Solve 5

1NC Build America Bonds 7

2NC BABs Solve Investment 10

2NC BAB’s🡪Investment 12

2NC A2: Econ Decline Hurts BAB’s 20

FYI- BAB’s 22

2NC Solvency Deficit Shield 25

2NC A2: Perm Do CP 27

\*\*Politics NB 31

1NC Politics NB 32

2NC BAB Bipartisan 35

2NC CP Link Shield 38

2NC CP Avoids Appropriations 40

2NC A2: Tax Credits Spend 42

2NC A2: Investments Too Risky 45

2NC A2: Credibility Solvency Deficit 48

\*\*Coercion NB 50

1NC Coercion NB 51

2NC Impact Debate 55

2NC A2: Consequences 59

2NC A2: Util 62

2NC A2: Extinction O/W 66

2NC A2: Morality/Obligation to the other 68

2NC A2: Perm 70

\*\*Crowd-Out NB 74

2NC Link 78

2NC Instability Impact 81

2NC Private Development Key 83

2NC A2: Link Turns 85

\*\*Counterplan Answers 88

2AC- No Solvency 91

\*\*Coercion Answers 93

2AC Coercion 94

1AR Coercion 101

\*\*\*Crowd-Out Answers 103

\*\*Spending DA Answers 106

## \*\*Counterplan

### 1NC Tax Credits

Text: The United States federal government should offer tax credits to any firms willing to \_\_\_\_\_\_ in the United States.

#### **Private funding can fill in and is popular**

Reinhardt ‘11

William Reinhardt, His authoritative publication is read monthly in 15 countries by 3,600 senior executives in the infrastructure project development/construction, finance and facility operations markets, “The Role of Private Investment in Meeting U.S. Transportation Infrastructure Needs,” May 2011

In September 1990, the ARTBA Board of Directors voted unanimously to authorize the formation of a Public- Private Partnerships Division as part of the association’s membership structure. The division’s mission since its inception has been two-fold. First, to develop and help the association move legislative and regulatory recommendations that will help advance P3s in the marketplace as a means to augment, or supplement, traditional public financing mechanisms. And the second, to help educate the association’s members, public-sector officials, legislators and the public-at-large about the value of public-private partnerships in transportation. With the U.S. Congress now developing legislation to reauthorize the federal highway and transit programs, ARTBA believed it was an ideal time to take an objective look at where the P3 market stands today after almost two decades of active promotion and assistance at the federal level. This is particularly important as leaders from both political parties increasingly suggest that private investment must take on a much larger role in replacing public funding for needed transportation projects now and in the years ahead. For example, for the past half-dozen years, many advocates of P3s have claimed that anywhere from “$100 billion to $400 billion in private investment” is available for such use.

### 2NC Tax Credits Solve

#### **Private infrastructure investment is more efficient than public investment- it encourages service provision in highest-need areas**

Miner ‘11

[Andrew Miner](http://objectivistanswers.com/users/23/andrew-miner/), Software Engineer, Mar 30 '11, “[How is privatized infrastructure practical?](http://objectivistanswers.com/questions/2836/how-is-privatized-infrastructure-practical)” http://objectivistanswers.com/questions/2836/how-is-privatized-infrastructure-practical

I think it's helpful to consider this as someone who is interested in starting a company to provide one of these "infrastructure" services in a completely free market. In this case, there's no governmental restrictions on where you can start, or what sort of service you can provide. Instead, you're faced with some much tougher restrictions: what you can afford to build, and who is willing to pay for it. In order to make your business successful, you'll need to come up with good answers to those questions. You'll need to find investors, and in order do that, you'll need to be able to explain to them why your business will be successful. You'll need to describe exactly who will purchase your product, how you're going to acquire the property, rights-of-way, easements, and other property rights you need, and how it is that your subscription charges will cover the expenses. Naturally, this will drive you to either avoid attempting to service areas which are already well covered (where you will have *much* stiffer competition, and it will be *much* harder to obtain the property rights), and will drive you towards providing services in areas which lack them (where there is no competition, and people eager for the services are more willing to grant the necessary property rights). In essence, the natural market forces make it untenable for any company to endlessly duplicate basic infrastructure where no one wants it (or not enough people want it). Instead, the same market forces will drive companies who see an opportunity to replace an existing poor infrastructure with a better one (e.g., the way cell phones have nearly eliminated the costly land-based phone system).

### 1NC Build America Bonds

#### **Text: The United States federal government should reinstate the Build America Bonds program for bonds issued to finance \_\_\_\_\_\_.**

#### **Build America Bonds are effective at attracting private investment**

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

Build America Bonds (BABs) were another highly successful tool to attract additional private capital to finance infrastructure projects. These bonds were used to fund over $180 billion for new public infrastructure such as bridges, transit systems, and hospitals from 2009 through 2010 in all 50 states and the District of Columbia. Reinstatement of the BABs program is proposed in the President’s Budget.

### 2NC BABs Solve Investment

#### BABs successfully attract massive investment- its profitable at all levels and for all parties

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

Build America Bonds (BABs) are an excellent example of a program that has been highly successful at stimulating infrastructure investment. Introduced as part of the Recovery Act, BABs are taxable bonds issued by state and local governmental or public entities. The Federal government pays a 35 percent direct subsidy to the issuer to offset the additional borrowing costs associated with issuing taxable debt. BABs had a very strong reception from both issuers and investors. From the inception of the program in April 2009 to when it expired on December 31, 2010, there were 2,275 separate BABs issues, which supported more than $181 billion of financing for new public capital infrastructure projects. State and local governments saved an estimated $20 billion in borrowing costs, on a net present value basis, from issuing BABs. On average, a Build America Bonds issuer saved 84 basis points on interest costs for 30-year bonds and also received significant savings on shorter maturities, as compared to traditional tax-exempt bonds.31

### 2NC BAB’s🡪Investment

#### **BAB’s stimulate trillions in investment- they tap non-traditional investor markets**

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

BABs were successful for a variety of reasons. Because they are taxable bonds, they broadened the set of investors interested in holding municipal debt to include pension funds and other long- term institutional investors that do not have tax liabilities, as well as middle-class taxpayers who would not receive the full benefit from tax-exempt debt. This is significant as the traditional tax- exempt bond market is approximately $2.8 trillion, while the broader conventional taxable bond market is roughly $30 trillion. Second, BABs are a more efficient way to deliver the existing federal subsidy for state and local government borrowing. The subsidy for traditional tax- exempt bonds is widely considered to be inefficient because federal revenue costs are greater than the benefits that state and local governments receive in lower borrowing costs.32

#### BAB’s lead to massive increases in private investment

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

All 50 states, the District of Columbia, and two territories participated in this voluntary program. One example of a successful project financed by BABs is the expansion of the Parkland Health and Hospital System which is part of the Dallas County Hospital District. Dallas County voters approved a plan in 2008 to replace the current hospital with a new, state-of-the-art facility. When it came time to finance this important project, BABs were a significant source of funding. One analysis found that, “the utilization of BABs as compared to a structure of only tax-exempt bonds is estimated to have resulted in a net present value savings to Dallas County taxpayers of more than $119 million.”33 The issuance was so successful that it was recognized as the Deal of the Year in the Southwest by *The Bond Buyer.*

#### Build America Bonds are high-yielding, making them an attractive investment option

Sherman, 9

Barnet Sherman. Managing partner of Braintree Capital Partner, an asset management firm specializing in tax-exempt securities. “Put the USA in Your IRA”. Forbes Magazine. 5-13-09. <http://www.forbes.com/2009/05/13/stimulus-act-municipals-personal-finance-taxable-bonds.html>

In the 2009 Stimulus Act, there is a particularly nice gift for municipal borrowers and municipal bond investors alike: Build America Bonds**.** Nicknamed "BAB," these are taxable municipal bonds.States and municipalities like them because the federal government reimburses 35% of the interest cost when they borrow for essential public purposes like schools, infrastructure and transportation. It's a boon for investors. Where else can you get a high-quality, taxable, non-callable single-A rated to triple-A rated investment paying as much as 7.50%? Short answer: You can't. Compare that yield on the long maturity bonds (2034) of the recently issued $6.3 billion State of California General Obligation "Build America Bonds." Rated A2/A, California's BAB issue averaged 100 basis points more in yield than similar bonds by AT&T, Walmart and Concoct-Philips (A1/A). Those are fine companies, but the state of California backs their bonds with the full-faith and credit (to say nothing of the taxing power) of arguably the largest and most diverse state economy in the nation--even in these tough times. For those worried about California's credit worthiness, keep in mind that the BAB bonds are yielding more than 300 basis points over the similar maturity Treasury bonds. That's a generous risk premium. But if the "taxable" part of these municipal bonds is giving you pause, consider putting these bonds in your IRA or other retirement plan. It's great for your IRA because not only is the coupon interest tax-deferred until you are likely in a lower tax bracket, but also it can be reinvested, meaning it can compound**.** Plus you get your principal back at maturity. Invest $100,000 in that 25-year California BAB and you have $287,500 when the bonds mature. Compound your returns at even just 3% and that number jumps to nearly $375,000. Moreover, some of these non-callable bonds are coming at shorter maturities, so should you be one of the fortunate few still able to plan for a specific retirement date, look for a bond maturing close to that time. California was the largest borrower to date to offer these bonds. Other borrowers are taking advantage too, such as the University of Virginia ($250 mm--Aaa/AAA, 6.20% due 2039), the New York Metropolitan Transportation Authority ($750 mm--NR/AA, 7.33% due 2039), the New Jersey Turnpike Authority ($1,375 mm--A3/A, 7.414% due 2040) and the Illinois State Toll Road Authority (500 mm-Aa/AA-,6.18% due in 2034). Additionally there has been smaller BAB issuance for local school districts in Kansas and Michigan. Keep in mind, these are new bonds and a new marketplace, so there are still some kinks to be worked out before price levels and yields stabilize. Investor enthusiasm for the initial bonds quickly pushed prices up, nearly 8% in some instances. That's unlikely to persist; as more bonds come from different borrowers and different credit classes, relative yields are likely to remain attractive. And there is more BAB issuance in the pipeline as municipal borrowers across all sectors and credit classes realize the benefits of issuing taxable bonds with a federal subsidy. The legislation also allow for BAB issuance where the bond purchaser gets a tax credit equal to 35% of the total coupon interest payable. Bonds using the tax credit option haven't come to market yet. Some market observers think total BAB issuance may top $100 billion. The Buy America Bonds program closes at the end of 2010. Get 'em while they last.

#### BABs bring investors to bond market

Van Beek ‘11

Steve Van Beek, Chief of Policy and Strategy and Director, LeighFisher, March 11 2011

Kudos to Representative Sander Levin for offering legislation (H.R. 992, the Building American Jobs Act of 2011) to extend the Build America Bonds (BABs) program through 2012. While the subsidy payments would be dropped from the previous 35% to 32% in 2011 and 31% in 2012, the extension would provide state and local governments with another option for governmental bonds (those that qualify as fully tax-exempt). BABs have been one of the few truly innovative, new financing mechnisms to be brought to the transportation industry and, by not relying on providing a set of individuals with tax benefits to establish a market, BABs bring new classes of investors into the municipal bond market. H.R. 992 would exempt tax-exempt bonds, including private activity (or AMT) bonds from the AMTfor 2011. In the period after the passage of The American Recovery and Reinvestment Act (ARRA), it was these two provisions that stimulated new activity in the debt markets and, most importantly, new transportation investments by state and local governments. Economic data validate that these provisions helped promote the economic recovery now underway. While these provisions can be part of the answer for transportation investments in future multi-year surface and aviation authorizations, they are but a small part. In order to encourage additional infrastructure investments, policymakers need to get serious about shoring up the financial states of the Highway Trust Fund and the Airport and Airway Trust Fund, as well as put in place long-term predictability for rail and port investments. While they are at it, they can also chart out clearer rules for public-private partnerships (PPPs) and privatizations to encourage more private money to flow into transportation infrastructure. To do that, they need to look no further than our northerly neighbor, Canada, which is far ahead of us in putting private and public money together on projects.

#### Airports welcome BABs

Principato ‘11

Greg Principato, President, Airports Council International-North America, March 7, 2011

We were pleased to hear Sen. Ron Wyden (D-Ore.) talk about resurrecting the Build American Bonds program for the transportation industry during the Budget Committee’s hearing on Thursday. Airports utilized roughly $2 billion in Build American Bonds for large-scale projects during 2009 and 2010 and would welcome an authorization for the program during 2011. Airports’ use of the Build American Bonds program was limited since these bonds can only be used for projects deemed public purpose. An expansion of the types of infrastructure projects that could be funded by Build American Bonds would also be welcome by the airport community. Airports are increasingly turning to bonds as a means of financing projects; however, in most cases airports use private activity bonds. During 2009 and 2010, these bonds were exempt from the Alternative Minimum Tax (AMT), which significantly lowered the cost of debt. In fact, over the course of the two years, airports sold over $11 billion in such bonds with savings totaling $1 billion. As Senator Wyden and his colleagues look to help the transportation industry leverage bonds, they need to look no further than exempting private activity bonds from the AMT to help build and maintain airport infrastructure.

#### Build America Bonds go directly to transportation infrastructure

The Securities Industry and Financial Markets Association 10 (SIFMA, “What is the Build America Bonds Program?” <http://www.investinginbonds.com/learnmore.asp?catid=8&subcatid=92> 2010 Accessed on 6/26/12)

Build America Bonds are intended to help state and local governments finance capital projects at a lower cost because the federal government is subsidizing the interest paid in the amount of 35 percent, stimulate the economy and create jobs. Government capital projects refer to creating public infrastructure such as public schools, roads, transportation infrastructure such as rail, bridges and ports, public buildings, etc. BABs are only for governmental activity not private activity bonds, that is, the proceeds of such bonds cannot be used by for-profit or not-for-profit organizations. BAB issuers can offer higher interest rate payments than typically they would be able to afford because of the federal government subsidy. This helps state and local government issuers potentially issue bonds that are more attractive to investors which would normally be interested in the corporate bond markets.

#### BAB’s are solid investments

Luxenberg 11/14 (Stan Luxenberg, 11/14/2011, “Build America Bonds Still Attractive” The Street, <http://www.thestreet.com/print/story/11309989.html>, DOA 6/25/12)

In the volatile markets of recent months, Build America Bonds have soared. Representing a small corner of the municipal market, the bonds deliver rich income. During the past year, the Eaton Vance Build America Bond([EBABX](http://www.thestreet.com/quote/EBABX.html)), a mutual fund, returned 18%, outdoing 99% of bond funds and topping the Barclays Capital Aggregate Bond index by 12 percentage points, according to Morningstar. PowerShares Build America Bond([BAB](http://www.thestreet.com/quote/BAB.html)), an ETF, returned 17.1%. Now that the bonds have enjoyed a steep rally, they no longer represent screaming bargains. But the funds are still worth considering for their fat yields. At a time when 10-year Treasuries yield a paltry 2.06%, many Build America Funds yield more than 5% -- a nice payout for a high-quality investment. The bonds were introduced in 2009 as part of the American Recovery and Reinvestment Act, which aimed to help the economy rebound from the financial crisis. While most municipal bonds are tax-free, Build America Bonds are fully taxable. Under the program, the Treasury subsidizes 35% of a municipality's cost of making interest payments on bonds. The aim is to help local and state governments pay for capital projects. Municipalities issued $181 billion worth of the bonds in 2009 and 2010. Since then no more of the bonds have been issued. The Obama administration has sought to continue the program, but Republicans in Congress have balked. Investors have embraced the taxable municipals partly because most Build America Bonds carry top ratings of AA and AAA. Many of the issues are general obligation bonds, which are backed by the full taxing power of municipalities. Other safe issues include bonds that are backed by revenues from essential services, such as water and sewer projects. Many of the Build America Bonds have long maturities of 30 years. Unnerved by debt problems in Europe and the U.S., investors have fled to the safety of Treasuries and other high-quality bonds, including Build America Bonds.

### 2NC A2: Econ Decline Hurts BAB’s

#### Build America Bonds have shown resilience through the recession

Luxemburg, 11Stan Luxemburg. “Build America Bonds Still Attractive”.The Street. 11-14-11. <http://www.thestreet.com/story/11309989/1/build-america-bonds-still-attractive.html>

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Unnerved by debt problems in Europe and the U.S., investors have fled to the safety of Treasuries and other high-quality bonds, including Build America Bonds. That has pushed up prices of high-quality bonds and lowered their yields. Prices of 30-year securities have done particularly well because long bonds tend to enjoy the strongest gains during periods when rates fall. Besides benefitting from falling rates, the Build America Bonds delivered big returns because they tended to be undervalued at first. Wary of the new bonds, investors demanded higher yields to compensate for the uncertainty surrounding unfamiliar issues. During some months, bond prices were depressed because of sudden oversupplies. Faced with the end of the program, many issuers rushed to market in the fourth quarter of 2010 and caused a glut. "Because of the large overhang of supply, deals had to be cheaper in order to attract investors," says Dan Close, portfolio manager of Nuveen Build America Bond([NBB](http://www.thestreet.com/quote/NBB.html)). Seeking to attract buyers late in 2010, the New Jersey Turnpike -- a rock-solid issuer -- had to offer yields that were 262 basis points (2.62 percentage points) more than comparable Treasuries. Since then, spreads have narrowed, and the New Jersey [bond](http://www.thestreet.com/story/11309989/2/build-america-bonds-still-attractive.html)  yielded 170 basis points more than Treasuries. Although yields have declined, they still represent good values compared to corporate bonds and other alternatives. PowerSharesBuild America Bond yields 4.99%, a rich payout for a AA-rated fund.In comparison, iShares iBoxx $ Investment Grade Corporate Bond([LDQ](http://www.thestreet.com/quote/LDQ.html)) yields 3.88% and has an average credit quality of A. To get a higher yield, consider a closed-end fund. Nuveen Build America Bond yields 7.05% and has an average credit quality of A+. BlackRock Build America Bond([BBN](http://www.thestreet.com/quote/BBN.html)[\_](http://www.thestreet.com/quote/BBN.html)) yields 7.7% and has an average credit quality of AA-. While the closed-end funds produce extra yield, they come with more risk because the funds use leverage. To leverage, closed-end funds issue debt and use the proceeds to buy more bonds. Leverage can boost returns in good times -- and hurt results when interest rates rise and markets turn down. But for the next two years, the Federal Reserve plans to hold rates flat. That should help keep bond prices stable and limit the risks of the closed-end funds. What happens if Congress refuses to authorize more Build America Bonds? Over the short-term, the lack of new issuance could prop up prices as investors compete to buy scarce existing bonds. If the scarcity persists, funds could be forced to eventually change their charters, perhaps including other kinds of taxable municipals in their portfolio. BlackRock Build America Bond plans to review its strategy if none of the bonds are issued for two consecutive years after 2011. "We have a couple years to decide what direction the fund should take," says Peter Hayes, who heads BlackRock's municipal department. "My guess is that after the election of 2012 there will be some changes in tax policy, and there will be more clarity about Build America Bonds." Whether or not Congress takes any action,the funds should operate smoothly for at least the next several years, offering a tempting new source of income to yield-starved investors.

### FYI- BAB’s

#### BABs are available to programs that meet tax-exempt financing requirements

(**“Miller Canfield”** **international law offices**, *Build America Bonds*, March 2, **2009**, http://www.millercanfield.com/assets/pdf/clientalert\_550.pdf)

BABs can be issued by any State or local governmental issuer of tax-exempt bonds. The proceeds can be used for any purpose for which tax-exempt financing is generally available. BABs must satisfy all the rules applicable to tax-exempt financing generally, including limits on private use, arbitrage limitations and rebate requirements. In effect, the issuer structures a transaction in the manner of a tax-exempt bond, but elects to exchange the tax-exemption for the tax credits, paid either to the bondholder or the issuer. BABs treatment is not available for any financing which benefits private parties, including 501(c)(3) organizations.

#### Municipal bonds such as BABs can only be for qualified governmental projects

(**Internal Revenue Service** and Tax Exempt and Government Entities, *Tax-Exempt Governmental Bonds*, **2005**, http://www.irs.gov/pub/irs-pdf/p4079.pdf)

The office of Tax Exempt Bonds (TEB), of the Internal Revenue Service (IRS), Tax Exempt and Government Entities division, offers specialized information and services to the municipal finance community. Municipal bonds provide tax-exempt financing for the furtherance of governmental and qualified purposes including the construction of airports, hospitals, recreational and cultural facilities, schools, water infrastructure, road improvements, as well as facilities and equipment used in providing police, fire and rescue services.

### 2NC Solvency Deficit Shield

#### **Federal infrastructure funding is too bureaucratic- it can’t solve**

Quadt and Crooks ‘12

[Ed Crooks and Michelle Quadt](http://gov.aol.com/bloggers/ed-crooks-and-michelle-quadt/), AOL Government, “Rethinking Infrastructure Funding,” April 20, 2012, http://gov.aol.com/2012/04/20/rethinking-infrastructure-funding/

Currently, public funding for infrastructure comes from a maze of programs, each with specific objectives and policies. As a result, it's difficult to finance intermodal projects where transit funding needs to come from the Federal Transit Administration (FTA), airport funding needs to come from the Federal Aviation Administration (FAA), and other funding needs to come from other sources. This maze of rules and policies makes it challenging to combine sources of funding for complex projects. As a consequence, there are currently no public financing mechanisms that look at infrastructure at the regional level or across sectors. A more unified strategic approach to modernizing the nation's infrastructure would allow a public vision of the country's infrastructure and its competitiveness as a whole, taking advantage of potential economies of scale. Other deep-seated issues that need to be addressed to fully reform the U.S. infrastructure sector include the fact that project development is hampered by a long permitting process and the regulatory uncertainty it creates, which can discourage private investment. In addition, the current funding system is underpinned by red tape in the form of unnecessary tax regulations to fund trust funds and state and federal programs that give preferential treatment to some investment vehicles.

### 2NC A2: Perm Do CP

#### **Perm do the counterplan is severance:**

#### **A.) “Increase”- the plan has to mandate that money is given to infrastructure, the counterplan only result in more money if private companies invest- allowing any plan that leads to more money being given uncaps the topic and is a voter**

#### **B.) “Its”- the federal government has to be the one actually giving the money- the counterplan has 3rd parties give money- that makes virtually anything topical**

#### **Private investment is not a mechanism for infrastructure investment that is commonly used now**

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

However, not every infrastructure project is worth the investment. Investing wisely in infrastructure is critically important, as is facilitating private financing for public infrastructure. Traditional funding methods limit the flexibility and cost-effectiveness of infrastructure financing. For example, there is currently very little direct private investment in our nation’s highway and transit systems due to the current method of funding infrastructure, which lacks effective mechanisms to attract and repay direct private investment in these types of infrastructure projects.

#### Formula grants are normal means-they’re the most common funding mechanism

Quadt and Crooks ‘12

[Ed Crooks and Michelle Quadt](http://gov.aol.com/bloggers/ed-crooks-and-michelle-quadt/), AOL Government, “Rethinking Infrastructure Funding,” April 20, 2012, http://gov.aol.com/2012/04/20/rethinking-infrastructure-funding/

Formula grants distributed through the Highway Trust Fund have long been the preferred way to fund infrastructure. But the inefficiency of earmarks and the decrease in revenues from the gas tax are posing significant challenges for this funding model.

## \*\*Politics NB

### 1NC Politics NB

#### **BAB’s were popular last time and have support**

Johnson ‘11

By [**Fawn Johnson**](http://transportation.nationaljournal.com/contributors/fawn-johnson.php)**,** Correspondent, National Journal, March 7, 2011, “[Build America Bonds for Transportation](http://transportation.nationaljournal.com/2011/03/build-america-bonds-for-transp.php),” http://transportation.nationaljournal.com/2011/03/build-america-bonds-for-transp.php

You've got to give Sen. **Ron** Wyden, D-Ore., credit for trying. He wants to revive the administration's popular Build America Bonds program, which gave bond issuers generous tax credits and federal subsidies for infrastructure investments before it expired last year. Wyden has proposed limiting the bonds to transportation investments, thinking that a narrowly tailored program would garner bipartisan support and ease the pain of paying for a six-year surface transportation bill. He's gotten some interest from Sen. **John Thune**, R-S.D. Transportation Secretary Ray LaHood has said he will advocate for such a program with the administration.

#### CP avoids political controversy and legislative trade-offs

Pozen, 6

(JD-Yale Law School, “Remapping the Charitable Deduction”, 39 Conn. L. Rev. 531)

Subjectively, although certain Americans may be especially displeased by the subsidization of foreign contributions, many others may be especially happy to free-ride off this brand of altruism. Some international causes are among the least objectionable and most morally compelling that exist-famine and disaster relief, for example. The low political support in the United States for (direct) governmental foreign aid does not necessarily transfer over to the realm of indirect tax subsidy. Even if it does, Weisbrod's median voter theory n218 suggests that deductions may have an especially important role to play in augmenting foreign giving to meet inframarginal demand. Objectively, all Americans stand to benefit from foreign charity that helps abate interspatial negative externalities: the environmental pollutants, infectious diseases, and destructive ideologies that spread increasingly easily beyond borders. These are paradigmatic social harms that the free market cannot be expected to rectify on its own, and that governments may be handicapped from addressing in full because of political and institutional constraints-most notably, the legislator pressure to overweight short-term threats relative to long-term threats, the complexities of multilateral cooperation, and the difficulties of sustaining coordinated responses over changing administrations. By contrast, the benefits of domestic contributions often accrue to highly concentrated groups of clients and supporters; remember that the Code makes no effort to link deductibility to an organization's ability to generate collective benefits or its need for subsidy. Compared to contributions to the local church or arts organization, contributions to causes such as environmental protection and human rights, two mainstays of INGO activity, n219 are much more diffuse in their benefits.

### 2NC BAB Bipartisan

#### **Counterplan doesn’t link to politics- it’s the GoP’s compromise on infrastructure spending**

Khimm ‘11

[Suzy Khimm](http://www.washingtonpost.com/suzy-khimm/2011/07/28/gIQAsXtSfI_page.html)**,** 10/18/2011, Wonkblog, “Three infrastructure ideas that already have bipartisan support,” http://www.washingtonpost.com/blogs/ezra-klein/post/three-infrastructure-ideas-that-already-have-bipartisan-support/2011/10/18/gIQAW6ozuL\_blog.html

Bipartisan cooperation may be a scarce commodity on Capitol Hill. But infrastructure is still one area where there’s a long history of support across the aisle — enthusiasm that’s continued even in the current political environment. Here are three such proposals that legislators are currently pushing, all of which have bipartisan backing — in the Senate, at least. 1) State-issued transportation bonds: Sen. Ron Wyden (D-Ore.) is pushing a [proposal](http://wyden.senate.gov/issues/issue/?id=dc854fc4-9c46-4050-b341-e886a6c16b31#how%20trip%20bonds%20work) that would provide $50 billion in new funding for transportation infrastructure through bonds issued by state-level infrastructure banks. Called “Transportation and Regional Project Bonds” (TRIPs), the proposal has already attracted the support of Republican Sen. John Hoeven (R-N.D.), a co-sponsor of the bill. TRIPs won’t require the creation of a new federal decision-making entity — a key Republican objection to the national infrastructure bank that Obama has supported. “TRIP Bonds represent a cost-effective, efficient way to leverage private-sector dollars to build the infrastructure so necessary to growing America’s economy and creating jobs,” Hoeven [said](http://wyden.senate.gov/newsroom/press/release/?id=08388e7a-59b8-48eb-8990-6ffbd46e7313) in a July statement. The proposal bears some similarity to “Build America Bonds” initiative in the 2009 stimulus that reduced borrowing costs for state and local governments, but it places more caps and restrictions on the bond issues.

#### **Reauthorization of BAB is popular**

CCAS ‘9

Cape Coral Accounting Service, LLC, Accurate Accounting for Small Business, 2009, http://www.capecoralaccounting.com/newsletters.htm

The $18 billion job creation package, the Hiring Incentives to Restore Employment (HIRE) Act (H.R. 2847), is now law.  President Obama signed this first major tax bill of 2010 on March 18.  The Seante approved the HIRE Act on March 17, 2010, by a bi-partisan 68-29 vote, following House passage on March 4, 2010, by 217 to 201.  The new Law provideds incentives for hiring and retaining workers, along with a one-year extension of enhanced COde Sec. 179 expensing and changes to Build American Bonds

### 2NC CP Link Shield

#### Tax credits are uncontroversial and limit government intervention

-Pass costs to hidden areas

-Remove pork fights

-Less veto points

Rigby ‘9 (Elizabeth, Professor of Political Science – University of Houston, “[Tax Credits vs. Spending: Why Progressives Should Care How the Stimulus is Delivered](http://www.huffingtonpost.com/elizabeth-rigby/tax-credits-vs-spending-w_b_155389.html)”, Huffington Post, 1-5, http://www.huffingtonpost.com/elizabeth-rigby/tax-credits-vs-spending-w\_b\_155389.html)

Considering these features, it is likely that Obama's use of tax expenditures for nearly half of the stimulus package is likely to ease enactment of the program by making bipartisan agreement easier due to the hidden costs (#1), the potential for quick and efficient implementation due to the automatic nature of program (#4), the lack of government administration (#5), and the ability to enact a tax expenditure package without opening up the door to earmarks and pork that would raise the overall price tag (#3). In essence, this is as "small" as "big government" can be. As a result, the part of the stimulus delivered this way is likely to be less controversial and more efficiently administered.

### 2NC CP Avoids Appropriations

#### And, tax incentives bypass appropriations- eliminates waste and budget battles

Rigby ‘9 (Elizabeth, Professor of Political Science – University of Houston, “[Tax Credits vs. Spending: Why Progressives Should Care How the Stimulus is Delivered](http://www.huffingtonpost.com/elizabeth-rigby/tax-credits-vs-spending-w_b_155389.html)”, Huffington Post, 1-5, http://www.huffingtonpost.com/elizabeth-rigby/tax-credits-vs-spending-w\_b\_155389.html)

Unlike spending programs which must be first authorized and then go through appropriations to receive actual funding, tax expenditures are created and funded by the same committee in each chamber of Congress. This cuts in half the number of veto points (times that an organized opposition can kill a proposed bill) and makes tax expenditures easier to pass. Further, the absence of an annual appropriations requirement produces a virtual entitlement program in which all eligible tax filers who claim the credit receive the benefit without the waiting lists or capped spending seen in most spending programs. And finally, by avoiding the appropriations stage, tax expenditure proposals pass through the Congressional process avoiding most of the earmarking that produces the "legislative pork" abhorred by most Americans. Since tax expenditures are typically legislated by formula rather than earmark, they remain "cleaner" with less waste.

### 2NC A2: Tax Credits Spend

#### Tax credits legally aren’t spending which is our link.

Business Insider ‘11 (April 10, “Tax credits are not Government Spending?” http://www.businessinsider.com/tax-credits-are-not-government-spending-2011-4)

The current case, Arizona Christian School Tuition Organization v. Winn et al*.,* involves not direct government spending on an unconstitutional activity but rather a tax credit that serves the same purpose as a spending program. Arizona allows taxpayers to claim a non-refundable credit of $500 a year ($1,000 for couples) for donations to qualified school tuition organizations (STOs), which then use the funds to support tuition payments to private schools. The original suit claimed that STOs violated the First Amendment’s prohibition of government activities promoting the “establishment of religion” because tuition payments could go to parochial schools. In a 5-4 decision, the Court ruled that the challenged tax credit was not government spending and therefore the claimants lacked the standing to sue allowed in Flast. Unlike spending, the majority argued, tax expenditures do not necessarily affect the tax bills of others; that is, the government won’t necessarily raise taxes to cover the revenue cost of a tax credit. In fact, the opinion claimed, “the purpose of many governmental … tax benefits is ‘to spur economic activity, which in turn increases government revenues.’” And further, private school tuition assistance might induce some students to switch from public to private schools, thus reducing government costs. Since tax expenditures thus don’t necessarily harm taxpayers, they have no right to sue.

#### **The tax credits just offset other existing tax credits**

Geman 10

Ben Geman. 07/21/10 http://thehill.com/blogs/e2-wire/677-e2-wire/110003-senate-looks-to-debate-something-on-energy-

“The Senate bill could include more than $20B in tax credits for renewable energy and efficiency. Because Congressional rules require tax incentives to be ‘paid for’ with increases in revenue, Democrats expect to rescind existing incentives for the oil and gas industry to offset the cost,” FBR notes.

### 2NC A2: Investments Too Risky

#### **The counterplan reduces risk instability-tax credits provide a hedge against losses**

Chan and Gemayel ‘4

Kitty K. Chan and Edward R. Gemayel, International Monetary Fund, “Risk Instability and the Pattern of Foreign Direct Investment in the Middle East and North Africa Region,” 2004, Economic Research Service at the United States Department of Agriculture

We conclude that for developed countries, such as members of the European Union (EU), Canada, and the United States, which have relatively lower investment risk, instability associated with investment risk is not as critical a determinant of foreign investment as it is for the MENA countries. Policies created to decrease instability associated with investment risk would help countries in the MENA region in general to attract FDI. We recommend gradual implementation of policies with long-term benefits to lower the degree of risk instability for MENA countries.

#### Companies will just use risk capital to do the counterplan- mitigates potential losses

Tatum ‘12

Malcolm Tatum, Conjecture Corporation, 2012, “What is risk capital?” http://www.wisegeek.com/what-is-risk-capital.htm

Sometimes referred to as speculative capital, risk capital is the money that is set aside for investing in financial opportunities that carry a higher degree of risk. Funds of this type may be used to invest in [futures](http://www.wisegeek.com/what-are-futures.htm) that have the potential to earn a high return over time. Risk capital may also be used to invest in new businesses that are about to launch, or existing businesses that are preparing to expand. The capital may also be used to invest in any type of real [estate](http://www.wisegeek.com/what-is-an-estate.htm) deal where there is some speculation that the property will rapidly increase in value within a short period of time. One of the characteristics of risk capital is that the money can be lost without creating a great deal of financial hardship for the investor. For example, if an investor purchases a piece of property because there is speculation that developers will soon want the land for a new shopping mall, and this anticipated deal never materializes, the investor may not be able to sell the land and recover his or her original cost. If the investor was not counting on the resale of the land to provide capital for other obligations, then he or she can stand to incur the loss and still enjoy the same standard of living. The same general concept applies when considering the possibility of becoming an [angel investor](http://www.wisegeek.com/what-is-an-angel-investor.htm) with a new startup company. Essentially, angel investors contribute a certain amount of risk capital to help the business launch and sustain the operation until it can begin to turn a profit. If the business does reach that point, then the investor begins to realize a return on the investment. Should the business fail to build a viable customer base and ultimately folds, the investor may receive only a portion of that original investment, or possibly nothing at all. Since the funds invested were not needed for other obligations, the impact on the overall financial stability of the investor is minimal at best.

### 2NC A2: Credibility Solvency Deficit

#### **Tax credits limit potential for mismanagement that undercuts credibility- only a risk the plan causes that perception**

Rigby 9 (Elizabeth, Professor of Political Science – University of Houston, “[Tax Credits vs. Spending: Why Progressives Should Care How the Stimulus is Delivered](http://www.huffingtonpost.com/elizabeth-rigby/tax-credits-vs-spending-w_b_155389.html)”, Huffington Post, 1-5, http://www.huffingtonpost.com/elizabeth-rigby/tax-credits-vs-spending-w\_b\_155389.html)

Similarly, since even successful tax expenditures are rarely perceived as governmental assistance, it is the spending programs in the stimulus that will determine public perceptions regarding the capability of government to address a crisis and put us back on the right track. The bureaucratic bungling of a billion dollar package could damn our hopes of large-scale reform for decades, while a careful and competent set of spending priorities enacted without waste and corruption could help rebuild support for public programs that will pay dividends later on. The use of tax expenditures to distribute nearly half of the aid, can actually make it easier for the federal government to spend enough money to stimulate our economy while also cutting in half the size of spending programs that must be carefully administered devoid of waste, fraud, and abuse that would limit later efforts to build on the initial investment.

## \*\*Coercion NB

### 1NC Coercion NB

#### **The plan is unethical –your plan is part and parcel of coercive taxation**

Rozeff ’05, Michael S. Rozeff, professor of finance, 6-29-2005, “How the Power to Tax Destroys”, <http://mises.org/daily/1853>, DKreus Harmful Incentives Of The Power To Tax

Rulers, being human, have wants that they wish to fulfill, items like doing good (as they see it), power, glory, money, ego-satisfaction, pride, respect, adulation, security of office, aiding the poor or the rich, ending capitalism, spreading democracy, etc. However, what rulers want is not what subjects want. Individuals have widely varying ideas about what is desirable, as evidenced by the many ways they live. Obviously, rulers are unable to choose actions that satisfy every subject's individual preferences, even if they know them; but also no ruler knows what the subjects want now or ten minutes from now. Since rulers absorb taxpayer resources and spend them on projects that cannot satisfy their subjects' preferences, it follows that rulers destroy the happiness of those they tax. When constrained to employ their personal resources, rulers have a disincentive to spend. The power to tax removes that disincentive, that is, provides them an incentive to fulfill their aims. Consequently, they are encouraged to such things as wars to end all wars, wars to further democracy, great leaps forward, wars on poverty and drugs and terror, genocides, disruptive programs, territorial expansions, subsidies and guarantees, lavish parties, entertainments, airplanes and limousines, volumes of regulations that kill off markets, etc. While some "subjects" gain from these depredations and lobby for them, thereby becoming rulers, most do not. They can only vote, gripe or write letters, highly imperfect means of affecting ruling actions. Votes are on representatives, not projects; and they occur only at infrequent intervals during which the rulers create numerous faits accomplis. No voter can unilaterally withdraw support from the war on drugs or the war on terror or the social security program or any other state program. Getting their way is but the first of the bad incentives that accompany the rulers' power to tax. The second is to increase the taxes levied, which is undesirable because it supports more misguided actions by the rulers. Tax increases are predictable because the rulers gain from them as long as the cost in lost votes is not excessive. The incentive structure inherent in the power to tax is incredibly malign because the rulers control the amount of the incentive! They can raise taxes at will, subject only to the loss of some votes, which they have many stratagems to forestall. Third, taxation provides a powerful incentive to raise funds by borrowing. Without taxes to pay interest and principal, a state cannot issue large amounts of debt.[7] With that power, the state can borrow and expand, thereby mortgaging future taxpayers. Future generations must pay the debt out of their savings, which harms them. Furthermore, having issued debt, the state has an incentive to pay it off with cheaper dollars. The power to tax leads the state to replace private money by the state's currency and thence to the many ills attendant upon the inflation of that currency. Fourth, the power to tax provides the rulers with an incentive to institute programs that distribute wealth and create dependency. Distributionist schemes grew enormously in the U.S. only after the state gained the power to tax incomes. These harmful programs benefit rulers. They create state support among dependents who fear losing their handouts from the state, and that support greatly complicates any effort to reduce the state's power. Fifth, the power to tax is the power to to sell or exchange tax relief for favors or donations, as well as the power to extort money so as to prevent taxes from being imposed. Corruption of political officials is encouraged. Additionally, these activities create differential taxation and costly economic inefficiencies. Sixth, rulers have an incentive to camouflage their levies so that the subjects do not even know how much tax they are paying. They diffuse the tax pain widely so that it is more bearable. This is why rulers institute withholding taxes, social security taxes, gasoline taxes, payroll taxes, sales taxes, value added taxes, etc. Additionally, they make the tax code so impossibly complex that even tax collectors do not understand it. After a while, public attention settles on the complexity of the tax code rather than the taxes. Those who debate tax code simplification often assert that their proposals will lower taxes. They may, and pigs may some day colonize Mars; for the rulers have no incentive to adopt tax simplification unless they expect a gain – in revenue, in power or some other benefit.[8] Seventh, in order to persuade taxpayers that they spend taxes carefully on good causes, rulers have an incentive to lie about the benefits and costs of their projects and to report them in distorted and confusing ways. If a war occurs, no one will be able to ascertain its cost without doing a master's thesis on the subject. NASA will assert that the benefits of the space shuttle program "can be found just about everywhere!" or that "... it continues to give the American people tremendous value for their tax dollar" while avoiding any mention of the program's estimated $173 billion cost.[9] Truth is a casualty of the power to tax. Eighth, the power to tax encourages rulers to adopt measures that work badly. Put another way, they have a diminished incentive to do well with tax monies raised because they do not personally bear the full cost of error. They can always raise more money by taxes. Hence, all programs funded by taxes will be less efficiently run than comparable private sector provision of the same services.[10] Finally, the rulers have a ninth incentive, to maintain indefinitely the power to tax. At least three destructive activities result. One is continually to manufacture propaganda to justify taxes. Rulers are forever raising a hue and cry about imminent dangers and problems. They publicize desperate "needs" that are essential to survival: poverty programs to forestall disunity, riot or crime, drug prohibition to prevent threats to the nation's health, subsidies to prevent failure of the food supply or loss of the family farmers who are the nation's backbone, and central banking to prevent catastrophic banking failures. Basically, rulers appeal to their subjects' fears, insecurities and deep nationalistic, patriotic, religious and other desires in order to justify their actions. Second, rulers recruit a corps of propagandists, in government and out, who tout the party line, and in return receive money, favors, access, or other emoluments that they value, including power and feelings of importance. The perverse consequence is a corruption of society's information processes. A third means of keeping the power to tax is to diminish effective criticism of the rulers. Were rebellious anti-tax voices to gain influence, the rulers would be worse off. Hence, they try to halt and suppress such criticism.[11] Sadly, free speech and the power to tax are incompatible, and the rulers will curtail free speech wherever possible and under whatever clever guises they can manufacture.

#### Causes genocide and war

Browne ‘95

Browne, former Libertarian presidential candidate, 1995 (Harry, executive director of public policy at American Liberty Foundation, editor of Liberty Magazine, financial advisor and economist, *Why Government Doesn’t Work*, pg 66-67)

The reformers of the Cambodian revolution claimed to be building a better world. They forced people into reeducation programs to make them better citizens. Then they used force to regulate every aspect of commercial life. Then they forced office workers and intellectuals to give up their jobs and harvest rice, to round out their education. When people resisted having their lives turned upside down, the reformers had to use more and more force. By the time they were done, *they had killed a third of the country’s population*, destroyed the lives of almost everyone still alive, and devastated a nation. It all began with using force for the best of intentions—to create a better world. The Soviet leaders used coercion to provide economic security and to build a “New Man”—a human being who would put his fellow man ahead of himself. At least 10 million people died to help build the New Man and the Workers’ Paradise. But human nature never changed—and the workers’ lives were always Hell, not Paradise. In the 1930s many Germans gladly traded civil liberties for the economic revival and national pride Adolf Hitler promised them. But like every other grand dream to improve society by force, it ended in a nightmare of devastation and death. Professor R.J. Rummel has calculated that 119 million people have been killed *by their own governments* in this century. Were these people criminals? No, they were people who simply didn’t fit into the New Order—people who preferred their own dreams to those of the reformers. Every time you allow government to use force to make society better, you move another step closer to the nightmares of Cambodia, the Soviet Union, and Nazi Germany. We’ve already moved so far that our own government can perform with impunity the outrages described in the preceding chapters. These examples aren’t cases of government gone wrong; they are examples of government—period. They are what governments do—just as chasing cats is what dogs do. They are the natural consequence of letting government use force to bring about a drug-free nation, to tax someone else to better your life, to guarantee your economic security, to assure that no one can mistreat you or hurt your feelings, and to cover up the damage of all the failed government programs that came before.

#### That’s incredibly immoral

Petro ‘74

Petro, Wake Forest Professor in Toledo Law Review, 1974 (Sylvester, Spring, page 480)

However, one may still insist, echoing Ernest Hemingway - "I believe in only one thing: liberty." And it is always well to bear in mind David Hume's observation: "It is seldom that liberty of any kind is lost all at once." Thus, it is unacceptable to say that the invasion of one aspect of freedom is of no import because there have been invasions of so many other aspects. That road leads to chaos, tyranny, despotism, and the end of all human aspiration. Ask Solzhenitsyn. Ask Milovan Dijas. In sum, if one believed in freedom as a supreme value and the proper ordering principle for any society aiming to maximize spiritual and material welfare, then every invasion of freedom must be emphatically identified and resisted with undying spirit.

### 2NC Impact Debate

#### Self ownership is the only consistent moral principle – taking the fruits of someone else’s labor by force is the same thing as slavery. Any ethic requires self-ownership because you have need agency to make moral decisions.

#### No value to life under coercion

Raz ‘86

Raz, Philosopher, 1986 (Joseph, *The Morality of Freedom*, page 307)

One way to test the thesis of the primacy of action reasons is to think of a person who is entirely passive and is continuously led, cleaned, and pumped full with hash, so that he is perpetually content, and wants nothing but to stay in the same condition. It’s a familiar imaginary horror. How do we rank the success of such a life? It is not the worst life one can have. It is simply not a life at all. It lacks activity, it lacks goals. To the extent that one is tempted to judge it more harshly than that and to regard it as a ‘negative life’ this is because of the wasted potentiality. It is a life which could have been and was not. We can isolate this feature by imagining that the human being concerned is mentally and physically effected in a way which rules out the possibility of a life with any kind of meaningful pursuit in it. Now it is just not really a life at all. This does not preclude one from saying that it is better than human life. It is simply sufficiently unlike human life in the respects that matter that we regard it as only a degenerate case of human life. But clearly not being alive can be better than that life.

#### Current price-tag thinking is insufficient- we have to make the tough decisions that incorporate individual rights instead of trying to spare laypeople from difficult decisionmaking

Hélène Hermansson ‘07, Division of Philosophy, Department of Philosophy and the History of Technology Royal Institute of Technology (KTH), “Rights at Risk: Ethical Issues in Risk Management” Stockholm 2007 p 5-7

As choices like these seem to become more common, i.e., choices between risk alternatives presented in terms of probability estimates, it is not surprising if people in general feel more and more insecure despite the fact that we lead longer and healthier lives now than we did a couple of centuries ago. The solution, however, is **not** to spare lay people from making risk decisions or letting experts make the decisions for them. In this thesis it is argued that the risk-exposed should be included in the decision procedure. Moreover, this procedure should be open to **other** aspects than those that a **narrow technical framing** allows for. Respecting a variety of aspects may not make risk decisions easier to make, but as these decisions are in fact seldom easily made, being honest about that may relieve some of the feelings of anxiety and distrust among the general public. Background and aim of thesis Risk management is frequently described as a practice in crisis. Critics point to investigations analysing several countries’ risk expenditures which have shown large variations in the cost per statistical life saved in different social sectors. The differences are said to be the result of arbitrary decisions. Furthermore, it is argued that if societal resources were used in a more effective and rational way, these differences could be levelled out and more lives be saved for the same amount of money. Therefore, demands for a consistent risk management have repeatedly been called for in the risk literature (See e.g. Morone & Woodhouse, 1986; Morrall, 1986; Viscousi, 1996; Breyer, 1999; Sjöberg 1999; Sunstein, 2002). In technical discussions about risk it has been maintained that risks should be managed in accordance with scientific data in order to avoid the irrational fears of the public, whose focus is on sensational risks, while the real, but more ordinary risks, go unnoticed. Risk management should be a rational, neutral, and scientific area beyond the influence of emotions, ideologies and values. One such approach is the Standard Model that is discussed in this thesis (see especially articles I and II). According to this model a risk is defined as the probability of a negative event multiplied by the damage resulting from it, for instance expected fatalities. The number representing the risk is weighed against the possible benefit that could be gained from accepting it. If total benefit exceeds total cost (risk), then the risk can be accepted. In this thesis I argue that scientific and **technological reasoning is not enough** for analysing or managing risks. Even though the Standard Model contributes to a systematic way to make risk decisions, it is too narrow a perspective on risk management. Such a narrow perspective may allow for risk exposure that **violates the rights of the individual**. While I agree that consistency in risk decisions is valuable and worth striving for, I question the standard approach to how this should be done and maintain that a new and wider perspective on how to understand consistency in risk management needs to be developed. Above all, it is argued that the current **“price-tag thinking**” (i.e., that consistency in risk management is exclusively about costs for different kinds of risk reductions) is **insufficient**.

### 2NC A2: Consequences

#### Cause-and-effect claims require a coherent theory of human behavior – their advantages are epistemologically unacceptable or we make unending violence inevitable

Rockwell ‘8

Rockwell Jr., president of the Ludwig von Mises Institute, 5/19/2008 (Llewellyn, “Everything You Love You Owe to Capitalism,” http://mises.org/story/2982)

Not even an event as spectacular as the spontaneous meltdown of a superpower and all its client states was enough to impart the message of economic freedom. And the truth is that it was not necessary. The whole of our world is covered with lessons about the merit of economic liberty over central planning. Our everyday lives are dominated by the glorious products of the market, which we all gladly take for granted. We can open up our web browsers and tour an electronic civilization that the market created, and note that government never did anything useful at all by comparison. We are also inundated daily by the failures of the state. We complain constantly that the educational system is broken, that the medical sector is oddly distorted, that the post office is unaccountable, that the police abuse their power, that the politicians have lied to us, that **tax dollars are stolen**, that whatever bureaucracy we have to deal with is inhumanly unresponsive. We note all this. But far fewer are somehow able to connect the dots and see the myriad ways in which daily life confirms that the market radicals like Mises, Hayek, Hazlitt, and Rothbard were correct in their judgments. What's more, this is not a new phenomenon that we can observe in our lifetimes only. We can look at any country in any period and note that every bit of wealth ever created in the history of mankind has been generated through some kind of market activity, and never by governments. Free people create; states destroy. It was true in the ancient world. It was true in the first millennium after Christ. It was true in the Middle Ages and the Renaissance. And with the birth of complex structures of production and the increasing division of labor in those years, we see how the accumulation of capital led to what might be called a productive miracle. The world's population soared. We saw the creation of the middle class. We saw the poor improve their plight and change their own class identification. **The** empirical truth has never been hard to come by. What matters are **the** theoretical eyes **that see**. This is what dictates the lesson we draw from events. Marx and Bastiat were writing at the same time. The former said capitalism was creating a calamity and that abolition of ownership was the solution. Bastiat saw that statism was creating a calamity and that the abolition of state plunder was the solution. What was the difference between them? They saw the same facts, but they saw them in very different ways. They had a different perception of cause and effect. I suggest to you that there is an important lesson here as regards the methodology of the social sciences, as well as an agenda and strategy for the future. Concerning method, we need to recognize that Mises was precisely right concerning the relationship between facts and economic truth. If we have a solid theory in mind, the facts on the ground provide excellent illustrative material. They inform us about the application of theory in the world in which we live. They provided excellent anecdotes and revealing stories of how economic theory is confirmed in practice. **But** absent that theory of economics, facts **alone** are nothing **but facts**. They do not convey **any information about** cause and effect, and they do not point a way forward. Think of it this way. Let's say you have a bag of marbles that is turned upside down on the ground. Ask two people their impressions. The first one understands what numbers mean, what shapes mean, and what colors mean. This person can give a detailed account of what he sees: how many marbles, what kinds, how big they are, and this person can explain what he sees in different ways potentially for hours. But now consider the second person, who, we can suppose, has absolutely no understanding of numbers, not even that they exist as abstract ideas. This person has no comprehension of either shape or color. He sees the same scene as the other person but cannot provide anything like an explanation of any patterns. He has very little to say. All he sees is a series of random objects. Both these people see the same facts. But they understand them in very different ways, owing to the abstract notions of meaning that they carry in their minds. This is why positivism as pure science, a method of assembling a potentially infinite series of data points, is a fruitless undertaking. Data points on their own convey no theory, suggest no conclusions, and offer no truths. To arrive at truth requires the most important step that we as human beings can ever take: thinking. Through this thinking, and with good teaching and reading, we can put together a coherent theoretical apparatus that helps us understand. Now, we have a hard time conjuring up in our minds the likes of a man [person] who has no comprehension of numbers, colors, or shapes. And yet I suggest to you that this is precisely what we are facing when we encounter a person who has never thought about economic theory and never studied the implications of the science at all. The facts of the world look quite random to this person. He sees two societies next to each other, one free and prosperous and the other unfree and poor. He looks at this and concludes nothing important about economic systems because he has never thought hard about the relationship between economic systems and prosperity and freedom. He merely accepts the existence of wealth in one place and poverty in the other as a given, the same way the socialists at a lunch table assumed that the luxurious surroundings and food just happened to be there. Perhaps they will reach for an explanation of some sort, but absent economic education, it is not likely to be the correct one. Equally as dangerous as having no theory is having a bad theory that is assembled not by means of logic but by an incorrect view of cause and effect. This is the case with notions such as the Phillips Curve, which posits a tradeoff relationship between inflation and unemployment. The idea is that you can drive unemployment down very low if you are willing to tolerate high inflation; or it can work the other way around: you can stabilize prices provided you are willing to put up with high unemployment. Now, of course this makes no sense on the microeconomic level. When inflation is soaring, businesses don't suddenly say, hey, let's hire a bunch of new people! Nor do they say, you know, the prices we pay for inventory have not gone up or have fallen. Let's fire some workers! This much is true about macroeconomics: It is commonly treated like a subject completely devoid of any connection to microeconomics or even human decision making. It is as if we enter into a video game featuring fearsome creatures called Aggregates that battle it out to the death. So you have one creature called Unemployment, one called Inflation, one called Capital, one called Labor, and so on until you can construct a fun game that is sheer fantasy. Another example of this came to me just the other day. A recent study claimed that labor unions increase the productivity of firms. How did the researchers discern this? They found that unionized companies tend to be larger with more overall output than nonunionized companies. Well, let's think about this. Is it likely that if you close a labor pool to all competition, give that restrictive labor pool the right to use violence to enforce its cartel, permit that cartel to extract higher-than-market wages from the company and set its own terms concerning work rules and vacations and benefits — is it likely that this will be good for the company in the long run? You have to take leave of your senses to believe this. In fact, what we have here is a simple mix-up of cause and effect. Bigger companies tend to be more likely to attract a kind of unpreventable unionization than smaller ones. The unions target them, with federal aid. It is no more or less complicated than that. It is for the same reason that developed economies have larger welfare states. The parasites prefer bigger hosts; that's all. We would be making a big mistake to assume that the welfare state causes the developed economy. That would be as much a fallacy as to believe that wearing $2,000 suits causes people to become rich. I'm convinced that Mises was right: the most important step economists or economic institutions can take is in the direction of public education in economic logic. There is another important factor here. The state thrives on an economically ignorant public. This is the only way it can get away with blaming inflation or recession on consumers, or claiming that the government's fiscal problems are due to our paying too little in taxes. It is economic ignorance that permits the regulatory agencies to claim that they are protecting us as versus denying us choice. It is only by keeping us all in the dark that it can continue to start war after war — **violating rights abroad and smashing liberties at home** — in the name of spreading freedom. There is only one force that can put an end to the successes of the state, and that is an economically and morally informed public. Otherwise, the state can continue to spread its malicious and destructive policies.

### 2NC A2: Util

#### Violation of freedom negates the value of human existence and represents the greatest threat to human survival

Ayn **Rand**, Philosopher, July **1989**, “*The Virtue of Selfishness: A New Concept of Egoism*,” p. 145

A society that robs an individual of the product of his effort, or enslaves him, or attempts to limit the freedom of his mind, or compels him to act against his own rational judgment, a society that sets up a conflict between it’s ethics and the requirements of man’s nature – is not, strictly speaking, a society, but a mob held together by institutionalized gang-rule. Such a society destroys all values of human coexistence, has no possible justification, and represents, not a source of benefits, but the deadliest threat to man’s survival. Life on desert island is safer than and incomparably preferable than existence in Soviet Russia or Nazi Germany.

#### Utilitarianism doesn’t trump the impact of coercion—individuals can’t be reduced to units of value.

Machan, 95 Professor of philosophy, Auburn University, 1995 (Tibor, PRIVATE RIGHTS AND PUBLIC ILLUSIONS, 1995, p. 129)

The essential point to note at this juncture is how the idea of the worth and rights of the individual simply cannot find a place in the standard utilitarian cost-benefit analysis favored by many economists. Benefits, according to this approach, are to be measured by what people prefer (or would prefer, if properly informed), while costs are reducible to what people would prefer to do without or avoid if they were properly informed. The kind of value (or worth) individuals have, however, is not just one benefit competing among other benefits...Consider the case where some people are injured or harmed by others. "Since the costs of injury are borne by its victims," Kelman contends, "while its benefits are escaped by its perpetrators, simple cost-benefit calculations may be less important than more abstract conceptions of justice, fairness, and human dignity. Developing this theme more fully, Kelman writes as follows: *We would not condone a rape even if it could be demonstrated that the rapist derived enormous pleasure from his actions, while the victim suffered in only small ways*. Behind the conception of "rights" is the notion that some concept of justice, fairness or human dignity demands that individuals ought to be able to perform certain acts, despite the harm of others, and ought to be protected against certain acts, despite the loss this causes to the would-be perpetrator. Thus we undertake no cost-benefit analysis of the effects of freedom of speech or trial by jury before allowing them to continue.

#### Violating rights in the name of survival causes social paralysis and destroys the value to life.

Callahan ‘73, institute of Society and Ethics, (Daniel Callahan, institute of Society and Ethics, 1973, *The Tyranny of Survival,* pp. 91-93)

The value of survival could not be so readily abused were it not for its evocative power. But abused it has been. In the name of survival, all manner of social and political evils have been committed against the rights of individuals, including the right to life. The purported threat of Communist domination has for over two decades fueled the drive of militarists for ever-larger defense budgets, no matter what the cost to other social needs. During World War II, native Japanese-Americans were herded, without due process of law, to detention camps. This policy was later upheld by the Supreme Court in Korematsu *v. United States* (1944) in the general context that a threat to national security can justify acts otherwise blatantly unjustifiable. The survival of the Aryan race was one of the official legitimations of Nazism. Under the banner of survival, the government of South Africa imposes a ruthless apartheid, heedless of the most elementary human rights. The Vietnamese war has seen one of the greatest of the many absurdities tolerated in the name of survival: the destruction of villages in order to save them. But it is not only in a political setting that survival has been evoked as a final and unarguable value. The main rationale B. F. Skinner offers in *Beyond Freedom and Dignity* for the controlled and conditioned society is the need for survival. For Jacques Monod, in *Chance and Necessity*, survival requires that we overthrow almost every known religious, ethical and political system. In genetics, the survival of the gene pool has been put forward as sufficient grounds for a forceful prohibition of bearers of offensive genetic traits from marrying and bearing children. Some have even suggested that we do the cause of survival no good by our misguided medical efforts to find means by which those suffering from such common genetically based diseases as diabetes can live a normal life, and thus procreate even more diabetics. In the field of population and environment, one can do no better than to cite Paul Ehrlich, whose works have shown a high dedication to survival, and in its holy name a willingness to contemplate governmentally enforced abortions and a denial of food to surviving populations of nations which have not enacted population-control policies. For all these reasons it is possible to counterpoise over against the need for survival a "tyranny of survival." There seems to be no imaginable evil which some group is not willing to inflict on another for sake of survival, no rights, liberties or dignities which it is not ready to suppress. It is easy, of course, to recognize the danger when survival is falsely and manipulatively invoked. Dictators never talk about their aggressions, but only about the need to defend the fatherland to save it from destruction at the hands of its enemies. But my point goes deeper than that. It is directed even at a legitimate concern for survival, when that concern is allowed to reach an intensity which would ignore, suppress or destroy other fundamental human rights and values. The potential tyranny survival as value is that it is capable, if not treated sanely, of wiping out all other values. Survival can become an obsession and a disease, provoking a destructive singlemindedness that will stop at nothing. We come here to the fundamental moral dilemma. If, both biologically and psychologically, the need for survival is basic to man, and if survival is the precondition for any and all human achievements, and if no other rights make much sense without the premise of a right to life—then how will it be possible to honor and act upon the need for survival without, in the process, destroying everything in human beings which makes them worthy of survival. To put it more strongly, if the price of survival is human degradation, then there is no moral reason why an effort should be made to ensure that survival. It would be the Pyrrhic victory to end all Pyrrhic victories.

### 2NC A2: Extinction O/W

#### Extinction is justified to protect liberty

Shue, 89 – Professor of Ethics and Public Life at Princeton University (Henry, Nuclear Deterrence and Moral Restraint, p. 64-5)

The issue raises interesting problems about obligations among generations. What obligations do we owe to future generations whose very existence will be affected by our risks? A crude utilitarian calculation would suggest that since the pleasures of future generations may last infi­nitely (or until the sun burns out), no risk that we take to assure certain values for our generation can compare with almost infinite value in the future. Thus we have no right to take such risks. In effect, such an approach would establish a dictatorship of future generations over the present one. The only permissible role for our genera­tion would be biological procreation. If we care about other values in addition to survival, this crude utilitarian approach produces intolerable consequences for the current generation. Moreover, utility is too crude a concept to support such a calculation. We have little idea of what utility will mean to generations very distant from ours. We think we know something about our children, and perhaps our grandchil­dren, but what will people value 8,000 years from now? If we do not know, then there is the ironic prospect that something we deny ourselves now for the sake of a future generation may be of little value to them. A more defensible approach to the issue of justice among generations is the principle of equal access. Each generation should have roughly equal access to important values. We must admit that we shall not be certain of the detailed prefer­ences of increasingly distant generations, but we can as­sume that they will wish equal chances of survival. On the other hand, there is no reason to assume that they would want survival as a sole value any more than the current generation does. On the contrary, if they would wish equal access to other values that give meaning to life, we could infer that they might wish us to take some risks of species extinction in order to provide them equal access to those values. If we have benefited from "life, liberty and the pursuit of happiness," why should we as­sume that the next generation would want only life?

### 2NC A2: Morality/Obligation to the other

#### The claim that we are obligated to provide for the other is coercive – only negative rights can be universal, by definition

Palmer ‘96

Palmer, senior fellow at the Cato Institute, Sept/Oct 1996 (Tom G., “Myths of Individualism,” Cato Policy Report, http://www.cato.org/pubs/policy\_report/cpr-18n5-1.html)

What distinguishes libertarianism from other views of political morality is principally its theory of enforceable obligations. Some obligations, such as the obligation to write a thank-you note to one's host after a dinner party, are not normally enforceable by force. Others, such as the obligation not to punch a disagreeable critic in the nose or to pay for a pair of shoes before walking out of the store in them, are. Obligations may be universal or particular. Individuals, whoever and wherever they may be (i.e., in abstraction from particular circumstances), have an enforceable obligation to all other persons: not to harm them in their lives, liberties, health, or possessions. In John Locke's terms, "Being all equal and independent, no one ought to harm another in his life, health, liberty, or possessions." All individuals have the right that others not harm them in their enjoyment of those goods. The rights and the obligations are correlative and, being both universal and **"**negative" in character, are capableunder normal circumstances of being enjoyed by all simultaneously. It is the universality of the human right not to be killed, injured, or robbed that is at the base of the libertarian view, and one need not posit an "abstract individual" to assert the universality of that right. It is his veneration, not his contempt, for the "immortal spark in his fellow men" that leads the libertarian to defend individual rights. Those obligations are universal, but what about "particular" obligations? As I write this, I am sitting in a coffee house and have just ordered another coffee. I have freely undertaken the particular obligation to pay for the coffee: I have transferred a property right to a certain amount of my money to the owner of the coffee shop, and she has transferred the property right to the cup of coffee to me. Libertarians typically argue that particular obligations, at least under normal circumstances, must be created by consent; they cannot be unilaterally imposed by others. Equality of rights means that some people cannot simply impose obligations on others, for the moral agency and rights of those others would then be violated. Communitarians, on the other hand, argue that we all are born with many particular obligations, such as to give to this body of persons--called a state or, more nebulously, a nation, community, or folk--so much money, so much obedience, or even one's life. And they argue that those particular obligations can be coercively enforced. In fact, according to communitarians such as Taylor and Sandel, I am actually constituted as a person, not only by the facts of my upbringing and my experiences, but by a set of very particular unchosen obligations. To repeat, communitarians maintain that we are constituted as persons by our particular obligations, and therefore those obligations cannot be a matter of choice. Yet that is a mere assertion and cannot substitute for an argument that one is obligated to others; it is no justification for coercion. One might well ask, If an individual is born with the obligation to obey, who is born with the right to command? If one wants a coherent theory of obligations, there must be someone, whether an individual or a group, with the right to the fulfillment of the obligation. If I am constituted as a person by my obligation to obey, who is constituted as a person by the right to obedience? Such a theory of obligation may have been coherent in an age of God-kings, but it seems rather out of place in the modern world. To sum up, no reasonable person believes in the existence of abstract individuals, and the true dispute between libertarians and communitarians is not about individualism as such but about the source of particular obligations, whether imposed or freely assumed.

### 2NC A2: Perm

#### Links to coercion- government aid itself centralizes power and converts tax-payer labor into gain for the state, without asking the people- that violates the principle of self-ownership over labor and alienates the worker from the product of their efforts- that applies to the plan itself- severance destroys stable ground

#### **Waste DA-**

#### Joint action limits flexibility and encourages waste

Little ‘10

(Senior Fellow at the Hudson Institute and Deputy Director of the Center for Global Prosperity, 42 N.Y.U. J. Int'l L. & Pol. 1091, Summer)

The proponents of increased harmonization of aid, such as the U.S. government, claim it will result in greater aid effectiveness. In reality, however, many of these efforts rely on exogenous mechanisms such as regulations, working groups, coordinating councils, and targeted campaigns for efforts like famine relief. Consequently, they attempt to force burgeoning and innovative private and public-private development efforts back into existing development paradigms. This has the potential to limit the most promising aspects of private development assistance: its flexibility and ability to experiment, its grassroots nature, and its inherent competitiveness. This, in turn, will limit the effectiveness of private aid and encourage waste.

#### Wasteful spending forces taxpayers to foot the bill for bureaucracy- that’s coercive

Mitchell ‘11

[Dan Mitchell](http://danieljmitchell.wordpress.com/author/danieljmitchell/), “Per Dollar Spent, OECD Subsidies May Be the Most Destructively Wasteful Part of the Federal Budget,” November 11, 2011, http://danieljmitchell.wordpress.com/2011/11/11/per-dollar-spent-oecd-subsidies-may-be-the-most-destructively-wasteful-part-of-the-federal-budget/

Needless to say, it is outrageous that the politicians in Washington are sending more than $100 million to Paris every year to subsidize this bureaucracy. For all intents and purposes, we are being coerced into paying for a bunch of European bureaucrats so [they can then advocate even bigger government in the United States](http://danieljmitchell.wordpress.com/2009/09/10/hypocrisy-alert-international-bureaucrats-seek-to-create-global-tax-cartel-yet-they-get-tax-free-salaries/). And those [bureaucrats get tax-free salaries](http://danieljmitchell.wordpress.com/2011/05/27/international-bureaucrats-riding-the-gravy-train-at-taxpayer-expense/) why pushing for higher taxes for the rest of us! Can anyone think of a more destructive item in the federal budget, at least when measured on a per-dollar-spent basis? I can’t. That’s why I’ve been [fighting the OECD for years](http://danieljmitchell.wordpress.com/2010/12/14/if-we-value-liberty-and-prosperity-we-better-defend-tax-competition-and-fight-for-fiscal-sovereignty/), even to the point that the [bureaucrats threatened to put me in a Mexican jail](http://danieljmitchell.wordpress.com/2009/09/01/who-will-bail-me-out-of-a-mexican-jail/) for the “crime” of standing in the public lobby of a public hotel.

## \*\*Crowd-Out NB

#### **Infrastructure spending crowds out private investment and creates deflationary pressure on the economy**

Everson Dodge ‘9

Everson Dodge, Capital Market Investment Firm, “Global Crisis: Fiscal Stimulus Packages and *Crowding-Out*,” 2009

Reactions from developing countries have included measures like the following. Policy rates were lowered in response to weakening economic prospects, although less aggressively than in mature markets in view of concerns about pressure on the external accounts from a reversal in capital flows.7 And more directly, national authorities have worldwide announced fiscal stimulus packages consisting of a one-time cash handouts to poor households, increased infrastructure spending, tax cuts, interest subsidies for working capital credits, and credit guarantees for loans to small- and medium-size enterprises, among other fiscal easing to support demand. All in all, approaches to deal with global deflationary pressures and collapsing external demand and weakening domestic economic activities. Helped by multilateral funding, authorities in many countries are implementing social programs and cash transfers to assist those most in need, as well as other actions in order to answer urgent social and economic requirements. “Where possible, policymakers have responded quickly with expansionary monetary and fiscal policies, including fiscal stimulus packages, although in most cases these measures will only mitigate, not overcome, the contradictary forces operating on their economies”, the World Bank concluded.8 The authorities in most countries in the region have also moved to alleviate the shortage of trade financing. But in most countries, the Bank said in April 2009, fiscal stimulus packages can only partially offset the negative impact of the crisis on growth.9. In short, “the road taken”: a remarkable increase in government spending, with the consequent crowding out.

#### **That crushes developing economies- private capital is their only hope**

Everson Dodge ‘9

Everson Dodge, Capital Market Investment Firm, “Global Crisis: Fiscal Stimulus Packages and *Crowding-Out*,” 2009

The World Bank depicted the emerged EMEs scenarios concluding that the impact of the crisis in the advanced countries was transmitted to developing economies with unusual speed. In most EMEs, the Bank stated, the initial global financial turbulence was marked by sudden reversals of capital flows in the middle-income economies, rapidly declining equity market prices, a sharp increase in the price of external private capital, a shortage of dollar liquidity, and in some cases, a depreciating currency. With aggregate global demand falling precipitously, declines in exports and industrial production are triggering widespread factory closures, rising unemployment, and lower real wages, with disproportionate effects on the poor and near-poor.3 And looking forward, net capital flows to emerging and developing economies are still projected to remain subdued for many years as global deleveraging continues.4 Foreign Direct Investment in EMEs is set by IMF to slow significantly, given diminished appetite from private equity firms, the lack of credit available to finance acquisitions, and sharply deteriorating cyclical growth prospects in emerging markets. On balance, emerging markets will likely see net private capital outflows in 2009, with slim chances of a recovery in 2010 and 2011, the IMF concluded.5

#### This creates a back-stop that prevents global conflict

Gwartney 5 - \*Professor of Economics @ FSU

James, et. al. “Economic Freedom of the World: 2005 Annual Report,” CATO Publications

Economic freedom is almost 50 times more effective than democracy in restraining nations from going to war. In new research published in this year’s report, Erik Gartzke, a political scientist from Columbia University, compares the impact of economic freedom on peace to that of democracy. When measures of both economic freedom and democracy are included in a statistical study, economic freedom is about 50 times more effective than democracy in diminishing violent conflict. The impact of **economic freedom** on whether states fight or have a military dispute is **highly significant** while democracy is not a statistically significant predictor of conflict.

### 2NC Link

#### **Counterplan is the only way to avoid capital flight- the aff causes centralization of economic policy**

Everson Dodge ‘9

Everson Dodge, Capital Market Investment Firm, “Global Crisis: Fiscal Stimulus Packages and *Crowding-Out*,” 2009

And now, when we might be exiting the “worst days” and keeping in mind the crowding-out it provoked, the remaining question is all about the necessary reforms in banking systems and capital markets to recapture the confidence of private investors, who have “flown to quality”. What is happening with decentralization, privatization and outsourcing, all critically important for sub-national infrastructure financing, must be one of the inevitable questions. Apparently the process during the crisis has been the opposite, increasingly centralized around the fiscal and multilateral funds and public banks, almost all managed from the central authorities. Consequently, further inquiry should be: getting out of this situation, is it possible to develop models based on municipal initiatives, operational independence, decentralized responsibilities and, above all, market-oriented activities?

#### The key question is perception- is infrastructure a government project or a private industry project

Everson Dodge ‘9

Everson Dodge, Capital Market Investment Firm, “Global Crisis: Fiscal Stimulus Packages and *Crowding-Out*,” 2009

In order to build sustainable development beyond the monetary policies and fiscal stimulus packages taken during urgent stages, EMEs have to analyze the aftermaths, looking forward to the required conditions to develop market-oriented models. Accordingly, EMEs have to pay attention to topics like the trends and implications of private sector perseptions in the levels of corruption, as well as the impacts of the crisis over the market share of state-owned enterprises and the expectations about the processes of privatization and outsourcing; predictable openness of financial markets to private participation; specific consequences of the crowding-out fueled by the growing presence of government spending and multinational investment in national and sub-national infrastructure projects; likely progress in the decentralization process and in particular, in the adjustment of the legal/regulatory frameworks related to sub-national infrastructure financing; and, more general, sustainability of the public incentives and risks of macroeconomic destabilization based on the eventual presence of the twin deficits: fiscal and external sector.

### 2NC Instability Impact

#### Key to post-conflict stability and solves civil war

--boosts infrastructure

--facilitates interdependence

--solves aid dependency

--removes incentives for backsliding into conflict

Igbokwe et al 10 - \*PhD in foreign investment arbitration from Osgoode Hall Law School of York University, Toronto, Canada, in-house counsel at Shell Petroleum Development Company of Nigeria Limited, Port Harcourt in the early 90s. He obtained his LL.B from the University of Benin, Nigeria

Virtus, “Foreign Direct Investment in Post-Conflict Countries,” http://www.adonisandabbey.com/book\_detail.php?bookid=148

Countries recovering from conflicts face economic and institutional devastation of vital infrastructure such as schools, factories, communication networks, roads, railways, and water systems, as well as diminished human resources, a very weak legal structure and governmental institutions. In this context, policymakers are faced with the task of creating an integrated and comprehensive approach to post-conflict reconstruction with a view to sustainable economic development, political stability and peace consolidation. In trying to meet these objectives, foreign direct investment (FDI) can complement internally generated revenue and foreign aid and bring added advantages, both tangible and intangible. FDI helps to create job opportunities, which are so desperately needed for post-conflict countries to achieve long-term economic stability. It transfers new skills and technologies, provides private capital to increase the productive capacity of the host economy, and facilitates access to international markets - helping countries to move from aid-dependent to investment-driven reconstruction. By providing legitimate economic activities, FDI helps to reintegrate former combatants into the society, thus **removing the incentives of the war economy**.

### 2NC Private Development Key

#### **Private capital is key to sustainable development**

Everson Dodge ‘9

Everson Dodge, Capital Market Investment Firm, “Global Crisis: Fiscal Stimulus Packages and *Crowding-Out*,” 2009

In short, facing the aftermaths of the first global financial rrisis in the 21st century, Emerging Market Economies have a new opportunity to decide on the road to be taken looking forward to a more balanced sustainable development. As well as before and during the crisis, EDI will continue advovating the advantages of its models, since they offer the best guarantee to investors (real gains) and issuers (lower costs) of making certain the availability of the cash flows can be sustained to insure more balanced sustainable development and improvement in the standards of living for many people arounf the world.

### 2NC A2: Link Turns

#### Public infrastructure investment always is suboptimal- it will limit productive growth potential

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

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

#### **The majority of field research proves the crowd-out effect- newest data goes neg**

Payne ‘9

A. Abigail Payne, McMaster University, Does Government Funding Change Behavior? An Empirical Analysis of Crowd‐Out, 2009, National Bureau of Economic Research

When governments introduce programs or funding for initiatives that are par- tially provided by lower levels of governments or in the private or third sectors, should the government be concerned about whether its efforts are crowded out by changes in behavior by individuals and institutions participating in the pro- vision of this good or service? The bulk of the theoretical literature suggests that crowd‐out is an issue. The (historic) bulk of the empirical literature, however, has failed to find a measurable crowd‐out effect. With better data and more sophisticated empirical techniques, there is a burgeoning literature that shows that crowd‐out exists. The purpose of this paper is to examine the recent litera- ture that studies the issue of crowd‐out across a variety of venues to under- stand better the empirical estimation issues as well as the institutional details that can lead to a better understanding of the effects of government programs on individuals and organizations.

## \*\*Counterplan Answers

#### **Private funding is an example of infrastructure investment- tax credits are a potential mechanism of the plan**

Reinhardt ‘11

William Reinhardt, His authoritative publication is read monthly in 15 countries by 3,600 senior executives in the infrastructure project development/construction, finance and facility operations markets, “The Role of Private Investment in Meeting U.S. Transportation Infrastructure Needs,” May 2011

Over the past 22 years, the Congress and the federal government have proactively supported development and implementation of public-private partnerships to finance and build transportation projects in many significant ways. These include: A statutory framework that allows the use of federal funds on P3 projects; Two pilot programs. The first, from the 1998 federal surface transportation authorization law, the “Transportation Equity Act for the 21st Century” (TEA-21), permits toll finance to reconstruct three existing Interstates. The second, from the 2005 law, the “Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users” (SAFETEA-LU), permits toll finance to pay for three new Interstates; Encouraging the establishment of state infrastructure banks (SIBs); Providing substantive assistance from the Federal Highway Administration’s (FHWA) Office of Innovative Program Delivery; FHWA’s “Special Experimental Project”(SEP-15) program to promote new P3 approaches to project delivery; Private activity bonds (PABs); and the The “Transportation Infrastructure Finance & Innovation Act” (TIFIA) federal credit assistance program.

#### Here’s evidence that uses all the words in the topic- we’re right

Reinhardt ‘11

William Reinhardt, His authoritative publication is read monthly in 15 countries by 3,600 senior executives in the infrastructure project development/construction, finance and facility operations markets, “The Role of Private Investment in Meeting U.S. Transportation Infrastructure Needs,” May 2011

The P3 market share of total U.S. capital investment in highways by all levels of government since 2008 is about 2 percent. A number of large P3 contracts have been signed since 2008 and, together, these account for about 11 percent of total national capital investment in new highway capacity in 2011. These new projects are mostly express lanes that can be tolled, built next to existing freeways in heavily congested urban areas.

### 2AC- No Solvency

#### Bond’s won’t raise investment capital- three reasons

Quadt and Crooks ‘12

[Ed Crooks and Michelle Quadt](http://gov.aol.com/bloggers/ed-crooks-and-michelle-quadt/), AOL Government, “Rethinking Infrastructure Funding,” April 20, 2012, http://gov.aol.com/2012/04/20/rethinking-infrastructure-funding/

At the same time, cities and states have assumed a growing role in infrastructure funding but are now getting squeezed with the financial crisis. Bond issuances, once a boon for raising plentiful funding infrastructure have seen a sharp decline recently due to three main factors: restrictions on new debt for hard-pressed municipalities, credit rating downgrades which have increased the cost of borrowing, and the collapse in 2009 of the monoline bond insurers which have made bonds both riskier for investors and more expensive for issuers. Further funding pressure will come from a growing population, changes in [technology](http://gov.aol.com/category/technology/) and the need to remain competitive in the global economy.

## \*\*Coercion Answers

### 2AC Coercion

#### Doesn’t make sense in the context of the aff- alt doesn’t ban taxation or else it causes total government collapse which makes heg an impact turn

#### Ethic of consequences is the best middle ground- freedom and collective responsibility

Williams ‘5

(Michael, Professor of International Politics at the University of Wales—Aberystwyth, The Realist Tradition and the Limits of International Relations, p. 174-176)

A commitment to an ethic of consequences reflects a deeper ethic of criticism, of ‘self-clarification’, and thus of reflection upon the values adopted by an individual or a collectivity. It is part of an attempt to make critical evaluation an intrinsic element of responsibility. Responsibility to this more fundamental ethic gives the ethic of consequences meaning. Consequentialism and responsibility are here drawn into what Schluchter, in terms that will be familiar to anyone conversant with constructivism in International Relations, has called a ‘reflexive principle’. In the wilful Realist vision, scepticism and consequentialism are linked in an attempt to construct not just a more substantial vision of political responsibility, but also the kinds of actors who might adopt it, and the kinds of social structures that might support it. A consequentialist ethic is not simply a choice adopted by actors: it is a means of trying to foster particular kinds of selfcritical individuals and societies, and in so doing to encourage a means by which one can justify and foster a politics of responsibility. The ethic of responsibility in wilful Realism thus involves a commitment to both autonomy and limitation, to freedom and restraint, to an acceptance of limits and the criticism of limits. Responsibility clearly involves prudence and an accounting for current structures and their historical evolution; but it is not limited to this, for it seeks ultimately the creation of responsible subjects within a philosophy of limits. Seen in this light, the Realist commitment to objectivity appears quite differently. Objectivity in terms of consequentialist analysis does not simply take the actor or action as given, it is a political practice — an attempt to foster a responsible self, undertaken by an analyst with a commitment to objectivity which is itself based in a desire to foster a politics of responsibility. Objectivity in the sense of coming to terms with the ‘reality’ of contextual conditions and likely outcomes of action is not only necessary for success, it is vital for selfreflection, for sustained engagement with the practical and ethical adequacy of one’s views. The blithe, self-serving, and uncritical stances of abstract moralism or rationalist objectivism avoid self-criticism by refusing to engage with the intractability of the world ‘as it is’. Reducing the world to an expression of their theoretical models, political platforms, or ideological programmes, they fail to engage with this reality, and thus avoid the process of self-reflection at the heart of responsibility. By contrast, Realist objectivity takes an engagement with this intractable ‘object’ that is not reducible to one’s wishes or will as a necessary condition of ethical engagement, self-reflection, and self-creation.7 Objectivity is not a naïve naturalism in the sense of scientific laws or rationalist calculation; it is a necessary engagement with a world that eludes one’s will. A recognition of the limits imposed by ‘reality’ is a condition for a recognition of one’s own limits — that the world is not simply an extension of one’s own will. But it is also a challenge to use that intractability as a source of possibility, as providing a set of openings within which a suitably chastened and yet paradoxically energised will to action can responsibly be pursued. In the wilful Realist tradition, the essential opacity of both the self and the world are taken as limiting principles. Limits upon understanding provide chastening parameters for claims about the world and actions within it. But they also provide challenging and creative openings within which diverse forms of life can be developed: the limited unity of the self and the political order is the precondition for freedom. The ultimate opacity of the world is not to be despaired of: it is a condition of possibility for the wilful, creative construction of selves and social orders which embrace the diverse human potentialities which this lack of essential or intrinsic order makes possible.8 But it is also to be aware of the less salutary possibilities this involves. Indeterminacy is not synonymous with absolute freedom — it is both a condition of, and imperative toward, responsibility.

#### Unchecked individual and economic freedom leads to genocide- excessive egoism

Aasland ‘9,

(Dag, Prof. of Economics @ U of Agder, Norway, Ethics and Economy: After Levinas, pgs. 64-65)

“Each thing in so far as it is in itself endeavours to persist in its own being”. This is one of the basic propositions of Spinoza’s *Ethics* (1997: 98). It applies to all unliving, such as a stone, and it applies to all living, such as a human. It can be applied also to physical and biological systems. The human body is composed of cells possessing as their most important aspect a ‘drive’ to continue to exist; they have through evolution developed the ability to maintain both themselves and the part of their environment on which they depend to keep living, that is, other cells, and their ‘host’, the body. Thus, the body does what ‘it’ can to continue to be. Spinoza’s proposition may also be applied to the human as a mental being (neurophysiologists will certainly see a connection here): *I will continue to be me*. This will to preserve oneself Spinoza called (in Latin) *conatus essendi*. Violence and murder are to Levinas (1985: 86) extreme cases of the *conatus*. The need for economic freedom and the economic knowledge supporting this need is also an implication of the conatus. But Spinoza’s idea of a large ‘we’ as an all-encompassing, harmonious deity is not found in the works of Levinas, and this became even clearer to Levinas after the Holocaust. According to Zygmunt Bauman (1989) the Holocaust was a natural consequence of modernity. The time was mature when it became technologically and organizationally possible. Levinas went deeper: the Holocaust was an expression of the human *conatus*. In his struggle for freedom, autonomy and happiness, ~~man~~ has to – as I have described earlier in this book – *conceive* his surroundings, including his fellow ~~men~~. In my own ‘project of being’, consisting primarily in obtaining and exercising individual freedom and achieving a good life, I also involve others. This project is driven by a will to ‘totalise’ the world, within a conceivable knowledge. Economic freedom presumes a self-centred understanding of reality (Burggraeve, 2003: 57).

#### **Perm do both**

#### Life trump freedom – it shouldn’t be evaluated as a core deontological good.

Locke ‘5

(Robert, writer for The American Conservative. March 14, “Marxism of the Right” http://www.amconmag.com/2005\_03\_14/article1.html)

The most fundamental problem with libertarianism is very simple: freedom, though a good thing, is simply not the only good thing in life. Simple physical security, which even a prisoner can possess, is not freedom, but one cannot live without it. Prosperity is connected to freedom, in that it makes us free to consume, but it is not the same thing, in that one can be rich but as unfree as a Victorian tycoon’s wife. A family is in fact one of the least free things imaginable, as the emotional satisfactions of it derive from relations that we are either born into without choice or, once they are chosen, entail obligations that we cannot walk away from with ease or justice. But security, prosperity, and family are in fact the bulk of happiness for most real people and the principal issues that concern governments.

#### Objectivism means no transportation infrastructure and it’s morally bankrupt and selfish

Hillegas ‘11

James V. Hillegas, “[Is Ayn Rand's Objectivist philosophy anything more than cynical and intellectually shallow misanthropy?](http://wwwhistoricalthreads.blogspot.com/2011/11/is-ayn-rands-objectivist-philosophy.html)” November 14, 2011, http://wwwhistoricalthreads.blogspot.com/2011/11/is-ayn-rands-objectivist-philosophy.html

Particularly after listening to the NPR segment, Objectivism seems to be a deeply cynical approach to governance that justifies the perpetuation of political and economic inequality and ignores the necessary and fundamental contributions that broader society and functioning governmental services provide to the general welfare (i.e., transportation & communications infrastructure, sanitation, public health, security, etc.). Objectivism ignores the fact that individual achievement is tied-up in complex ways with the strengths and weaknesses of broad society, and focuses instead on the fiction that fulling distinct individuals could possibly exist in a fully laissez faire system. For these reasons, it's no surprise that the a significant slice of people with money and power (and their toadies) who are detached from daily knowledge of the complex iceberg upon which their money and power stands have the audacity and myopia necessary to advocate strongly for the dissolution of the very system that enables their success. From my vantage, Objectivism seems both intellectually and morally bankrupt, and it's rather frightening to me that so much of our current political debate is driven by advocates of this philosophy.

#### Objectivism eschews any public infrastructure- if the counterplan allows any in, it links to the net benefit. And, Objectivism is evil.

Monbiot ‘12

George Monbiot, the Guardian 6th March 2012, “A Manifesto for Psychopaths,” <http://www.monbiot.com/2012/03/05/a-manifesto-for-psychopaths/>

Ayn Rand’s ideas have become the Marxism of the new right. It has a fair claim to be the ugliest philosophy the post-war world has produced. Selfishness, it contends, is good, altruism evil, empathy and compassion are irrational and destructive. The poor deserve to die; the rich deserve unmediated power. It has already been tested, and has failed spectacularly and catastrophically. Yet the belief system constructed by Ayn Rand, who died 30 years ago today, has never been more popular or influential. Rand was a Russian from a prosperous family who emigrated to the United States. Through her novels (such as Atlas Shrugged) and her non-fiction (such as The Virtue of Selfishness([1](http://tfasinternational.org/ila/Ayn_Rand-The_Virtue_of_Selfishness.pdf))) she explained a philosophy she called Objectivism. This holds that the only moral course is pure self-interest. We owe nothing, she insists, to anyone, even to members of our own families. She described the poor and weak as “refuse” and “parasites”, and excoriated anyone seeking to assist them. Apart from the police, the courts and the armed forces, there should be no role for government: no social security, no public health or education, no public infrastructure or transport, no fire service, no regulations, no income tax. Atlas Shrugged, published in 1957, depicts a United States crippled by government intervention, in which heroic millionaires struggle against a nation of spongers. The millionaires, whom she portrays as Atlas holding the world aloft, withdraw their labour, with the result that the nation collapses. It is rescued, through unregulated greed and selfishness, by one of the heroic plutocrats, John Galt. The poor die like flies as a result of government programmes and their own sloth and fecklessness. Those who try to help them are gassed. In a notorious passage, she argues that all the passengers in a train filled with poisoned fumes deserved their fate(2,3). One, for example, was a teacher who taught children to be team players; one was a mother married to a civil servant, who cared for her children; one was a housewife “who believed that she had the right to elect politicians, of whom she knew nothing”. Rand’s is the philosophy of the psychopath, a misanthropic fantasy of cruelty, revenge and greed. Yet, as Gary Weiss shows in his new book Ayn Rand Nation, she has become to the new right what Karl Marx once was to the left: a demi-god at the head of a chiliastic cult(4). Almost one-third of Americans, according to a recent poll, have read Atlas Shrugged(5), and it now sells hundreds of thousands of copies every year.

### 1AR Coercion

#### Their framework leads to rampant egoism that causes genocide- only consequentialism can negotiate competing rights claims to produce a balance between freedom and public responsibility

Elfstrom ‘90

Gerard Elfstrom, PhD and professor of philosophy at the Auburn University. Ethics for a Shrinking World. 1990. p. 21-22.

But if utilitarianism and rights-based theories are similar, why choose the utilitarian? Utilitarianism has a bad name, and rights theories have strong rhetorical advantages. In recent history the language of rights has continually been used to press the claims of the oppressed and needy. Following the horrors of the Second World War, it was natural for the United Nations to formulate its highest goals and values in terms of rights. It has long been recognized that those who wish to press their claims in the strongest possible fashion will cloak them in the language of rights. There are, nonetheless, several good reasons for returning to embattled yet perennial utilitarian theory. Utilitarianism has parsimony on its side for one thing. It need not rely on difficult ideas of autonomy, personhood, or human dignity. It can get essentially the same results without them. A related advantage is that utilitarian theories do not drift off on ideas like autonomy, freedom, or democracy without asking why anyone should care about them. It is useful for demythologizing obscure ideas. Does `freedom' mean, for example, anything more than the ability to choose and act on one's choices? If not, why should anyone worry about it? Another abstract and obscure concept important for rights theorists is that of autonomy. They construct various arguments founded on claims that people are autonomous and that autonomy should be respected. The difficulty is that people display varying levels of autonomy, and it is stretching things to claim that some people in some situations are autonomous at all. The degree of autonomy enjoyed by the common soldier in the heat of battle and the experienced physician is totally different. The physician has expertise, is used to making judgments and acting upon them, can gain some detachment from his or her situation, and enjoys the respect and deference of others. The physician comes close to exemplifying what philosophers have in mind when they talk about autonomous being. The common soldier enjoys none of these qualities. Most people are arranged between the physician and the soldier in their possession of them. When analyzing moral responsibility, it is unrealistic at best to argue blandly that human beings are autonomous and to proceed from there. Moral responsibility is better served if it is asked in concrete terms what people can be expected to do and what kinds of institutions can he constructed to support a sense of responsibility. Utilitarianism is more amenable to bringing moral concepts down to earth and giving them concrete meaning than are rights theories. The other practical advantages of utilitarianism are more widely appreciated. It is very difficult for rights-based theories to explain what must be done when rights conflict or must be overridden. There is no room for compromise or negotiation when rights are at stake. Rights theorists are prone to think of this inflexibility as a benefit, a safeguard against the loss of rights. In real-world conflicts where opposing claims are at stake, however, conflict can easily harden into protracted, bitter struggle if there is common insistence on rights. Where opposing parties are convinced they have immutable rights, they are unlikely to compromise and likely to insist on their due to the bitter end. Utilitarian theories can accommodate these conflicts in ways very difficult for rights theories to match

## \*\*\*Crowd-Out Answers

#### **Public infrastructure investment causes increased private investment- it doesn’t crowd out**

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

Many studies have found evidence of large private sector productivity gains from public infrastructure investments, in many cases with higher returns than private capital investment. Research has shown that well-designed infrastructure investments can raise economic growth, productivity, and land values, while also providing significant positive spillovers to areas such as economic development, energy efficiency, public health, and manufacturing.

#### Obama’s already proposed transportation investment- now’s a key time to expand, we’re in a unique window where it will improve the economy

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

President Obama’s FY 2013 Budget proposes a bold plan to renew and expand America’s infrastructure. The plan includes a $50 billion up-front investment connected to a $476 billion six-year reauthorization of the surface transportation program and the creation of a National Infrastructure Bank. In support of this commitment, the Department of the Treasury, with the Council of Economic Advisers, has updated our analysis of the economic effects of infrastructure investment. The new data and analyses confirm and strengthen our finding that now is an ideal time to increase our investment in infrastructure for the following four key reasons:  Well-designed infrastructure investments have long-term economic benefits and create jobs in the short run;  This economic activity and job creation is especially timely as there is currently a high level of underutilized resources that can be used to improve and expand our infrastructure;  Middle-class Americans would benefit disproportionately from this investment through both the creation of middle-class jobs and by lowering transportation costs for American households; and  There is strong demand by the public and businesses for additional transportation infrastructure capacity.

## \*\*Spending DA Answers

#### Failure to invest in transportation causes massive congestion and wasted fuel costs that crush productivity

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

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

CEA ‘12

Council of Economic Advisers, “A new economic analysis of infrastructure investment,” March 23, 2012, Department of the Treasury

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