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# States CP 1NC

TEXT: The United States Federal Government should devolve transportation infrastructure investment and responsibilities to states and local governments, and eliminate federal grant programs and restrictions. The 50 state governments of the United States of America and all relevant territories should \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_[insert plan mandate].

Infrastructure investment is more effective at the state level—devolution spurs state actions and public-private partnerships that solve the aff—federal investments fail due to inefficiency and misallocation.

**Edwards 11**—Chris is the director of tax policy studies at Cato and editor of www.DownsizingGovernment.org. He is a top expert on federal and state tax and budget issues. Edwards was a senior economist on the congressional Joint Economic Committee, a manager with PricewaterhouseCoopers, and an economist with the Tax Foundation. Edwards has testified to Congress on fiscal issues many times. M.A. in economics, and he was a member of the Fiscal Future Commission of the National Academy of Sciences. “Federal Infrastructure Investment” Joint Economic Committee, United States Congress. 11-16-11 <http://www.cato.org/-publications/congressional-testimony/federal-infrastructure-investment> accessed date: 6-14-12

The U.S. economy needs infrastructure, but state and local governments and the private sector are generally the best places to fund and manage it. The states should be the "laboratories of democracy" for infrastructure, and they should be able to innovate freely with new ways of financing and managing their roads, bridges, airports, seaports, and other facilities.

It is true that — like the federal government — the states can make infrastructure mistakes. But at least state-level mistakes aren't automatically repeated across the country. If we ended federal involvement in high-speed rail, for example, California could continue to move ahead with its own system. Other states could wait and see how California's system was performing before putting their own taxpayers on the hook.

A big step toward devolving infrastructure financing would be to cut or eliminate the federal gasoline tax and allow the states to replace the funds with their own financing sources. President Reagan tried to partly devolve highway funding to the states, and more recent legislation by Rep. Scott Garrett (R-NJ) and Rep. Jeff Flake (R-AZ) would move in that direction.15 Reforms to decentralize highway funding would give states more freedom to innovate with the financing, construction, and management of their systems.16

One option for the states is to move more of their infrastructure financing to the private sector through the use of public-private partnerships (PPP) and privatization. The OECD has issued a new report that takes a favorable view on the global trend towards infrastructure PPPs, and notes the "widespread recognition" of "the need for greater recourse to private sector finance" in infrastructure.17 The value of PPP infrastructure projects has soared over the past 15 years in major industrial countries.18

PPPs differ from traditional government projects by shifting activities such as financing, maintenance, management, and project risks to the private sector. There are different types of PPP projects, each fitting somewhere between traditional government contracting and full privatization. In my view, full privatization is the preferred reform option for infrastructure that can be supported by user fees and other revenue sources in the marketplace.

Transportation is the largest area of PPP investment. A number of projects in Virginia illustrate the options:

*Midtown Tunnel*. Skanska and Macquarie will be building a three-mile tolled tunnel under the Elizabeth River between Norfolk and Portsmouth. Private debt and equity will pay $1.5 billion of the project's $1.9 billion cost.19

*Capital Beltway*. Transurban and Fluor will be building, operating, and maintaining new toll lanes on the I-495. The firms are financing $1.4 billion of the project's $1.9 billion cost.20

*Dulles Greenway*. The Greenway is a privately-owned toll highway in Northern Virginia completed with $350 million of private debt and equity in mid-1990s.21

*Jordan Bridge*. FIGG Engineering Group is constructing, financing, and will own a $100 million toll bridge over the Elizabeth River between Chesapeake and Portsmouth, which is to be completed in 2012.22

About $900 billion of state-owned assets have been sold in OECD countries since 1990, and about 63 percent of the total has been infrastructure assets.23 The OECD notes that "public provision of infrastructure has sometimes failed to deliver efficient investment with misallocation across sectors, regions or time often due to political considerations. Constraints on public finance and recognized limitations on the public sector's effectiveness in managing projects have led to a reconsideration of the role of the state in infrastructure provision."

There has been a large increase in privatization and infrastructure PPPs in many countries, but the OECD notes that the United States "has lagged behind Australia and Europe in privatization of infrastructure such as roads, bridges and tunnels."25 More than one-fifth of infrastructure spending in Britain and Portugal is now through the PPP process, so this is becoming a normal way of doing business in some countries.26

The industry reference guide for infrastructure PPP and privatization is *Public Works Financing*.27 According to this source, only 2 of the top 40 companies doing transportation PPP and privatization around the world are American. Of 733 transportation projects currently listed by *PWF*, only 20 are in the United States. Canada — a country with one-tenth of our population — has more PPP deals than we do. In Canada, PPPs account for 10 to 20 percent of all public infrastructure spending.28

One of the fuels for infrastructure PPP has been growing investment by pension funds.29 In Canada, Australia, and other countries, there is larger pension fund investment in infrastructure than in the United States. In some countries, such as Australia, the growth in pension assets has been driven by the privatization of government retirement programs.30 Thus, there is a virtuous cycle in place — the privatization of savings in some countries has created growing pools of capital available to invest in privatized infrastructure.

There are many advantages of infrastructure PPP and privatization. One advantage is that we are more likely to get funding allocated to high-return investments when private-sector profits are on the line. Of course, businesses can make investment mistakes just as governments do. But unlike governments, businesses have a systematic way of choosing investments to maximize the net returns. And when investment returns are maximized, it stimulates the largest gains to the broader economy.

One reason that privatized infrastructure is efficient is that private companies can freely tap debt and equity markets to build capacity and meet market demands. By contrast, government investment suffers from the politics and uncertainties of the federal budget process. You can see the problems with our air traffic control system, which needs long-term investment but the Federal Aviation Administration can't count on a stable funding stream. For its part, the FAA's management of ATC investment has been poor. The agency has a history of delays and cost overruns on its technology upgrade projects. The solution is to privatize our air traffic control system, as Canada has done with very favorable results.31

A recent Brookings Institution study describes some of the advantages of PPPs. It notes that the usual process for government infrastructure investment decouples the initial construction from the later management, which results in contractors having few incentives to build projects that will minimize operation and maintenance costs.32 PPP solves this problem because the same company will both build and operate projects. "Many advantages of PPP stem from the fact that they bundle construction, operations, and maintenance in a single contract. This provides incentives to minimize life-cycle costs which are typically not present when the project is publicly provided," notes the Brookings' study.33

There are other advantages of infrastructure PPP and privatization. One advantage is the greater efficiency of construction. Extensive British experience shows that PPP projects are more likely to be completed on time than traditional government projects.34 Another advantage is the greater efficiency of operations. Private firms have incentives to reduce excessive operational costs, as illustrated by the labor cost savings from the leasing of the Chicago Skyway.35 Finally, private operators of infrastructure such as toll roads are more likely to charge efficient market rates to users, as illustrated by the leasing of the Indiana Toll Road.36

The Brookings' paper raises some important concerns with PPP, which I share. One is that state officials may lease assets such as toll roads simply to paper over short-term budget deficits. Another concern is that policymakers write poor contracts that assign profits to private parties but risks and possible losses to taxpayers. The Brookings' authors propose approaches to structuring contracts and competitive bidding to ensure efficiency.

For new infrastructure investments, well-structured PPP or full privatization appears to be a winning approach for taxpayers, governments, and the broader economy. Taxpayers win because subsidies to infrastructure users are minimized. Governments win because they get new facilities built. And the economy wins because private investment is more likely to be cost-efficient and well-targeted than traditional government investments.

# Solvency—Generic

Transportation infrastructure investment is state government’s responsibility—devolution results in flexibility and innovation that solves the case and avoids their DA.

**Poole 96**—Robert is the president of the Reason Foundation, an engineering graduate of MIT. He has advised the U.S. and California departments of transportation, the White House, and the President's Commission on Privatization. He was a member of the Caltrans Privatization Advisory Steering Committee and the California Commission on Transportation Investment. “DEFEDERALIZING TRANSPORTATION FUNDING” Policy Study No. 216 <http://reason.org/files/4883e8bd01480c4d96ce788feb1f2e05.pdf> accessed date: 6-14-12 y2k

Airports, highways, and mass transit systems are primarily state and local responsibilities. They are developed and operated by state and local governments (with increasing private-sector involvement) and funded primarily from state and local sources. Yet the federal government, by collecting transportation user taxes and using them to make grants for these systems, both raises the costs and exerts significant control over these state and local activities. Congress should devolve transportation infrastructure funding and responsibilities to cities and states, ending federal grant programs and their accompanying restrictions. Cities and states have been open to privatization, and most would welcome the flexibility and freedom from costly federal regulations which devolution would give them. Devolving transportation funding would lead to more-productive investment, greater intermodalism, more innovation, and new capital from the private sector.

Conventional wisdom suggests that 21 states are net donors to the federal highway program and the rest are net recipients. But this paper's analysis, taking into account the real costs of federal funding and regulations, concludes that 33 states get back less than they contribute in highway taxes and would be better off if the funds were left in their states to begin with. By adding such major states as Illinois, New Jersey, New York, Pennsylvania, and Virginia to the donor-state category, this assessment could change the political dynamics in favor of devolution. Abundant evidence now exists that federal transit programs have stimulated investment in unviable rail systems and have needlessly boosted transit system operating costs. The flexibility created by repeal of federal transit regulations would permit changes (such as competitive contracting of transit operations) that could save enough to offset much of the loss of federal operating subsidies. It would be up to cities and states to decide whether to continue to Ainvest@ in non-cost-effective rail transit.

The only truly federal role in aviation is ensuring safety and facilitating the modernization of the air traffic control system. The latter can best be accomplished by divesting ATC to a user-funded corporation, as 16 other countries have done. Airports should be defederalized; all sizes of commercial airports could make up for the loss of federal grants with modest per-passenger charges. States could decide whether to subsidize unviable general aviation airports.

Overall, the federal government would retain certain coordination and safety-regulation functions in transportation. But it would henceforth leave investment and management decisions to state, city, and private decision makers.

# Solvency—State Infrastructure Bank

State Infrastructure Bank is the normal means—solves the aff.

**Puentes 11**—Robert is a senior fellow with the Brookings Institution’s Metropolitan Policy He was the director of infrastructure programs at the Intelligent Transportation Society of America. He is an affiliated professor with Georgetown University's Public Policy Institute.He serves on a variety of boards and committees including, most recently, the Northern Virginia Transportation Authority, the Tysons Corner Tomorrow Advisory Task Force, and the Falls Church, Virginia Planning Commission. “Project on State and Metropolitan Innovation State Transportation Reform: Cut to Invest in Transportation to Deliver the Next Economy” 2-22-11 <http://www.brookings.edu/~/media/research/files/papers/2011/2/22%20infrastructure%20puentes/0222_infrastructure_puentes.pdf> accessed date: 6-19-12 y2k

To finance the kind of major investments necessary to support the Next Economy, such as high-functioning global ports and gateways, or infrastructure that supports electric vehicles or clean technologies, states should establish a state infrastructure bank (SIB) or enhance it if one is already in place.

Beginning in 1998, when the federal government provided $150 million in seed funding for initial capitalization, SIBs have become an attractive financing tool for states. Since then, 33 states have established SIBs to finance transportation projects. Most of this support comes in the form of belowmarket revolving loans and loan guarantees. States are able to capitalize their accounts with federal transportation dollars but are then subject to federal regulations over how the funds are spent. Others, including Kansas, Ohio, Georgia, and Florida, capitalize their accounts with a variety of state funds and are not bound by the federal oversight which they feel helps accelerate project delivery. Other states—such as Virginia, Texas, and New York—are also examining ways to recapitalize their SIBs with state funds.

But rather than bringing a tough, merit-based approach to funding, many SIBs are simply used to pay for the projects selected from the state’s wish list of transportation improvements, without filtering projects through a competitive application process. A better approach would be for states to use their infrastructure banks more strategically, focusing on those transportation projects that will facilitate the flow of exports or connect workers to jobs. The projects should be evaluated according to strict return on investment criteria, not selected with an eye towards spreading funding evenly across the state. (Such an approach is analogous for how the federal government should establish a national infrastructure bank.)

States should also think beyond just transportation and create true infrastructure and economic development banks to finance not just roads and rails, but also energy and water infrastructure, perhaps even school and manufacturing development. California’s Infrastructure and Economic Development Bank (“I-Bank”) provides a compelling model. After its initial capitalization of $181 million in 1999, the I-Bank has funded itself on interest earnings, loan repayments, and other fees, and has supported over $400 million in loans.

Then, either as part of the augmented SIB or separate, states should help broker the often complex infrastructure partnerships between the public and private sectors. A poll by the financial advisory firm Lazard shows strong willingness for states to consider private investments rather than increasing taxes, cutting budgets, or taking on more debt.

However, the private sector is now seeking more legislative certainty prior to bidding on projects and has little appetite for negotiating transactions that are subject to legislative or other major political approvals. While half of the states have enacted enabling statutes for public/private partnerships (PPPs), the wide differences between them makes it time consuming and costly for private partners wishing to engage in PPPs in multiple states to handle the different procurement and management processes.

States should therefore move to enact comprehensive PPP legislation that is accountable, transparent, and permanent. They should also push the federal government to play a helpful role with its state and metropolitan partners by creating standards and providing technical advice to be considered in PPPs. The GAO recently noted that the federal government has done much to promote the benefits of PPPs but it needs to do more to assist states and metro areas in this way.

# Solvency—Highways

State governments solve—natural competition and utilization of public private partnership.

**Poole 2K**—Robert is the president of the Reason Foundation, an engineering graduate of MIT. He has advised the U.S. and California departments of transportation, the White House, and the President's Commission on Privatization. He was a member of the Caltrans Privatization Advisory Steering Committee and the California Commission on Transportation Investment. “Bringing Market Forces Into America's Highway System” 11-1-00 <http://reason.org/news/show/bringing-market-forces-into-am> accessed date: 6-14-12 y2k

Consider the Case for Defederalization: With the completion of the Interstate system, the Federal Highway Administration has lost its principal rationale for its current size and scope. While research and national standardization (e.g., of overpass dimensions, weight limits, ETC compatibility standards, etc.) continue to be national issues, it is not clear that a continued federal tax-collection-and-redistribution system is needed in order to continue to have a high-quality national highway system. And if the new model calls for shifting major responsibility from government to commercialized highway providers (whether public or private), state and metro-area governmental units would appear to be the obvious public-sector partners, not the federal government. There is also the question of whether progress toward this new model for highways would occur more rapidly under federal leadership or via natural competition among the states, functioning as the "laboratories of democracy." In fact, significantly greater use of public-private partnerships has been made by the states, acting on their own, over the past decade, while there has been almost no utilization of the federal ISTEA public-private partnership provisions

Federal highway investment fails—no cost-benefit analysis.

**Kahn and Levinson 11**—Matthew is Professor of Economics, UCLA Institute of the Environment and Sustainability. David is Richard P. Braun/CTS Chair in Transportation @ University of Minnesota. “Fix It First, Expand It Second, Reward It Third: A New Strategy for America’s Highways” <http://www.brookings.edu/~/media/research/files/papers/2011/2/-highway%20infrastructure%20kahn%20levinson/02_highway_infrastructure_kahn_levinson_brief.pdf> accessed date: 6-14-12 y2k

The way the federal government allocates money for transportation infrastructure investments is one reason why the United States is experiencing a maintenance shortfall and falling returns on new investment. Federal highway infrastructure spending is allocated based on a series of subjective criteria that typically do not require any stringent analysis of expected benefits versus costs. Because there is often public pressure to build new projects using scarce funds, adding capacity often comes at the expense of supporting and enhancing existing infrastructure. To continue to enjoy the level of network performance that Americans often take for granted, maintenance, preservation, and enhancement of this existing system is urgently needed.

Only state-based action solves for need-based investment.

**Glaeser 12**—Edward L. is a professor of economics at Harvard. He directs Harvard's Taubman Center for State and Local Government and the Rappaport Institute for Greater Boston. He is also a senior fellow at the Manhattan Institute and a contributing editor to City Journal. He got his Ph.D. from the University of Chicago. “Spending Won’t Fix What Ails U.S. Infrastructure” <http://www.bloomberg.com/news/2012-02-14/spending-won-t-fix-what-ails-u-s-transport-commentary-by-edward-glaeser.html?wpisrc=nl_wonk> accessed date: 6-14-12 y2k

DE-FEDERALIZE TRANSPORT SPENDING: Most forms of transport infrastructure overwhelmingly serve the residents of a single state. Yet the federal government has played an outsized role in funding transportation for 50 years. Whenever the person paying isn’t the person who benefits, there will always be a push for more largesse and little check on spending efficiency. Would Detroit’s People Mover have ever been built if the people of Detroit had to pay for it? We should move toward a system in which states and localities take more responsibility for the infrastructure that serves their citizens.

The federal government does have a role. It should ensure coordination in nationwide networks. It can embrace smart policies, such as the Education Department’s Race to the Top initiative, that provide incentives for innovation and reform, and the president’s budget seems to move in that direction. The government must go beyond just being the big spender cutting checks. Our current approach has produced a highway system in which, as the Office of Management and Budget once noted, “funding is not based on need or performance and has been heavily earmarked.” The House’s new highway bill may be earmark-free, but it does little to tie spending to need or performance.

Federal intervention kills innovation—that’s vital to highways developments.

**Roth 10**—Gabriel is a civil engineer and transportation economist. He is a research fellow at the Independent Institute. During his 20 years with the World Bank, he was involved with transportation projects on five continents. “Federal Highway Funding” <http://www.downsizinggovernment.org/transportation/highway-funding> accessed date: 6-13-12 y2k

Following the lead of the private sector, California's public sector implemented a similar project on Route I-15 north of San Diego. It has also proven popular. The rates charged on the I-15 lanes are varied automatically in real time to respond to traffic conditions. HOT lanes have also been implemented in Denver and Minneapolis, and are planned for the Washington, D.C., area. Payments for the use of roads can now be made as easily as payments for the use of telephones, without vehicles having to stop. Such changes in payment methods can have profound effects on the management and financing of roads.

If the federal government removed itself from highway financing, direct payments for road use could be made directly to state governments through tolls. These sorts of tolls are already in place in New York and New Jersey. An even better solution would be payment of tolls for road use directly to private highway companies, which would cut out government financing completely. This is now technically feasible.

Following the success of the HOT lanes in Southern California, many other projects are being pursued across the country. One project is in Northern Virginia. Fluor-Transurban is building and providing most of the funding for HOT lanes on a 14-mile stretch of the Capital Beltway. Drivers will pay to use the lanes with electronic tolling, which will recoup the company's roughly $1 billion investment.

HOT lane projects are attractive to governments because they can make use of existing capacity and because the tolls can pay for all or most of the costs.[41](http://www.downsizinggovernment.org/transportation/highway-funding%22%20%5Cl%20%22_edn41%22%20%5Co%20%22) Such networks offer congestion-free expressways for those wanting to pay a premium price, in addition to reducing congestion on other roads and creating faster bus services.

There are many exciting technological developments in highways, and ending federal intervention would make state governments more likely to seek innovative solutions. Technological advances—such as electronic tolling—have made paying for road services as simple as paying for other sorts of goods. In a world where a fuel tax that is levied on gasoline is an imperfect measure of the wear-and-tear each driver puts on roads, it is vital to explore better ways to finance highways.

# Solvency—High Speed Rails

State governments should build High-Speed railways.

**DeHaven 10**—Ted is a budget analyst on federal and state budget issues for the Cato Institute. Previously he was a deputy director of the Indiana Office of Management and Budget. DeHaven also worked as a budget policy advisor to Senators Jeff Sessions (R-AL) and Tom Coburn (R-OK). In 2010, he was named to Florida Governor Rick Scott's Economic Advisory Council. “High-Speed Federalism Fight” 11-26-10. <http://www.cato-at-liberty.org/high-speed-federalism-fight/> accessed date: 6-21-12 y2k

In October, I speculated that the upcoming elections could be the [nail in the coffin](http://www.downsizinggovernment.org/november-nail-rail-coffin) for the Obama administration’s plan for a nationwide system of high-speed rail. Indeed, some notable gubernatorial candidates who ran, in part, on opposition to federal subsidies for HSR in their states proceeded to win. However, Transportation Secretary Ray LaHood made it clear [in a recent speech to HSR supporters](http://www.washingtonpost.com/wp-dyn/content/article/2010/11/15/AR2010111507164.html) that the administration intends to push ahead.

LaHood’s message was targeted specifically to incoming governors John Kasich in Ohio and Scott Walker in Wisconsin, who argued that HSR doesn’t make any economic or practical sense for their states.

LaHood said that states rejecting federal HSR subsidies won’t be able to reroute the money to other uses, such as roads. Instead, LaHood said the rejected money will redistributed “in a professional way in places where the money can be well spent” — i.e., other states. And sure enough, other governors were quick to belly up to the Department of Transportation’s bar in order to grab Ohio and Wisconsin’s share.

From the [Columbus-Dispatch](http://www.dispatch.com/live/content/local_news/stories/2010/11/21/copy/dc2.html):

New York Gov.-elect Andrew Cuomo has said he would be happy to take Ohio’s money. Last week, California Democratic Sens. Barbara Boxer and Dianne Feinstein wrote LaHood saying that California stands ready to take some, too, noting that several states that elected GOP governors this month have said they no longer want to use the rail money for that purpose.

“It has come to our attention that several states plan to cancel their high-speed rail projects. We ask that you withdraw the federal grants to these states and award the funds to states that have made a strong financial commitment to these very important infrastructure projects,” Boxer and Feinstein said in their letter to LaHood.

This is a textbook example of why the [Department of Transportation](http://www.downsizinggovernment.org/transportation) should be eliminated and responsibility for transportation infrastructure returned to state and local governments. If California wishes to pursue a high-speed rail boondoggle, it should do so with its own state taxpayers’ money. Instead, Ohio and Wisconsin taxpayers now face the prospect of being taxed to fund high-speed rail projects in other states.

If California’s beleaguered taxpayers were asked to bear the full cost of financing HSR in their state, they would likely reject it. High-speed rail proponents know this, which is why they agitate to foist a big chunk of the burden onto federal taxpayers. The proponents pretend that HSR is in “the national interest,” but as a Cato essay on [high-speed rail](http://www.downsizinggovernment.org/transportation/high-speed-rail) explains, “high-speed rail would not likely capture more than about 1 percent of the nation’s market for passenger travel.”

# Solvency—Federal Investment Bad

Federal infrastructure investment fails—multiple reasons.

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There are calls today for more federal spending on infrastructure, but advocates seem to overlook the downsides of past federal efforts. Certainly, there have been federal infrastructure successes, but there has also been a history of pork barrel politics and bureaucratic bungling in federal investment spending. A substantial portion of federal infrastructure spending has gone to low-value and dubious activities.

I've examined spending by the two oldest federal infrastructure agencies — the Army Corps of Engineers and the Bureau of Reclamation.7 While both of those agencies constructed some impressive projects, they have also been known for proceeding with uneconomic boondoggles, fudging the analyses of proposed projects, and spending on activities that serve private interests rather than the general public interest. (I am referring to the Civil Works part of the Corps here).

Federal infrastructure projects have often suffered from large cost overruns. Highway projects, energy projects, airport projects, and air traffic control projects have ended up costing far more than originally promised. Cost overruns can happen on both public and private infrastructure projects, but the problem is exacerbated when multiple levels of government are involved in a project because there is less accountability. Boston's Big Dig — which exploded in cost to five times the original estimate — is a classic example of mismanagement in a federal-state project.

Perhaps the biggest problem with federal involvement in infrastructure is that when Washington makes mistakes it replicates those mistakes across the nation. Federal efforts to build massive public housing projects in dozens of cities during the 20th century had very negative economic and social effects. Or consider the distortions caused by current federal subsidies for urban light-rail systems. These subsidies bias cities across the country to opt for light rail, yet rail systems are generally less efficient and flexible than bus systems, and they saddle cities with higher operating and maintenance costs down the road.

When the federal government subsidizes certain types of infrastructure, the states want to grab a share of the funding and they often don't worry about long-term efficiency. High-speed rail is a rare example where some states are rejecting the "free" dollars from Washington because the economics of high-speed rail seem to be so poor.11 The Obama administration is trying to impose its rail vision on the nation, but the escalating costs of California's system will hopefully warn other states not to go down that path.12

Even if federal officials were expert at choosing the best types of infrastructure to fund, politics usually intrudes on the efficient allocation of dollars. Passenger rail investment through Amtrak, for example, gets spread around to low-population areas where passenger rail makes no economic sense. Indeed, most of Amtrak's financial loses come from long-distance routes through rural areas that account for only a small fraction of all riders.13 Every lawmaker wants an Amtrak route through their state, and the result is that investment gets misallocated away from where it is really needed, such as the Northeast corridor.

Another problem is that federal infrastructure spending comes with piles of regulations. Davis-Bacon rules and other federal regulations raise the cost of building infrastructure. Regulations also impose one-size-fits-all solutions on the states, even though the states have diverse needs. The former 55-mph speed limit, which used to be tied to federal highway funds, is a good example. Today, federal highway funds come with requirements for the states to spend money on activities such as bicycle paths, which state policymakers may think are extraneous.1

Earmarks coupled with regulatory process create massive delays—kill investment process—vote negative on presumption.

**AGC 11**—Associated General Contractors of America. “THE CASE FOR INFRASTRUCTURE & REFORM” 5-19-11 <http://www.agc.org/galleries/news/Case-for-Infrastructure-Reform.pdf> accessed date: 6-14-12 y2k

While earmarks still account for a relatively small portion of the total amount invested in transportation projects nationwide, they have become a significant and debilitating problem when it comes to flood control, levy and lock and dam projects funded by the Army Corps of Engineers. The Corps and Bureau of Reclamation both conduct comprehensive reviews with merit-based criteria and public participation, and usually require local cost-sharing. Yet the Congressional practice of earmarking Corps and Bureau funds for projects favored by certain elected officials means that many vital projects languish, despite the fact they have already been vetted and are needed to protect communities or facilitate maritime commerce. These earmarks have done little to reassure taxpayers of the federal government’s ability to make wise infrastructure investment decisions.

Even when their money isn’t being diverted to earmarked projects or unrelated programs, many taxpayers have become jaded by a federal regulatory process that takes years to make basic decisions about whether new projects can proceed. Worse, that inefficient regulatory process also adds tremendous costs in delays and new paperwork requirements. The review process has become so out of control that the average highway project, for example, now takes 13 years to go from concept to completion. Some water and flood protection projects can take up to 20 years to complete, meanwhile, primarily because of the substantial regulatory burdens and the slow pace of funding

Federal government limits innovation and experimentation—can’t support state level problem-solving.

**Katz 12**—Bruce is a vice president at the Brookings Institution and founding Director of the Brookings Metropolitan Policy Program Katz regularly advises federal, state, regional and municipal leaders on policy reforms that advance the competitiveness of metropolitan areas. Bruce co-led the housing and urban transition team for the Obama administration and served as a senior advisor to new Secretary of Housing and Urban Development, Secretary Shaun Donovan, for the first 100 days of the Administration. Katz is a visiting Professor at the London School of Economics. He received the Heinz Award in Public Policy.

“Remaking Federalism to Remake the American Economy” 2-16-12 <http://www.brookings.edu/research/papers/2012/02/16-federalism-katz> accessed date: 6-19-12 y2k

The current federal agencies are siloed and stove-piped, highly compartmentalized and specialized, allergic to risk in the face of challenges that are multi-dimensional and multi-layered. Most federal structures, policies, programs and rules are prescriptive and technocratic, narrowly defined, poorly coordinated and, in general, ill-suited to support creative state and metropolitan problem-solving. The proliferation of federal programs is alarming. The Simpson-Bowles Commission, for example, found that there are over 44 job training programs across nine different federal agencies, and 105 programs meant to encourage STEM education.
Throughout the federal government, an inspector-general culture prevails, stifling innovation and limiting latitude for invention and experimentation. Despite the diversity of the country, a “one size fits all” categorical approach drives national investment, enticing different regions to compete for discrete federal funds whether they need them or not.

# A2: No Funding/State Econ DA

CP solves—removing federal infrastructure regulation gives new funding sources to states.

**Thomasson 12**—Scott is president of NewBuild Strategies LLC, an energy and infrastructure consulting firm in Washington, DC. He most recently served as a policy director at a nonprofit think tank and has testified before Congress about current proposals for financing infrastructure. “Encouraging U.S. Infrastructure Investment” Policy Innovation Memorandum No. 17. Council on Foreign Relations. <http://www.cfr.org/infrastructure/encouraging-us-infrastructure-investment/p27771> accessed date: 6-14-12 y2k

States are already looking at new ways to finance infrastructure as federal funding becomes uncertain and their own budgets are strained. More states rely on PPPs to share the costs and risks of new projects, and they are finding new sources of nontax revenues to fund investments, like tolling and higher utility rates. But at the same time, federal regulations and tax laws often prevent states from taking advantage of creative methods to finance projects. Federal programs designed to facilitate innovative state financing are underfunded, backlogged, or saddled with dysfunctional application processes. Many of these obstacles can be removed by adjusting regulations and tax rules to empower states to use the tools already available to them, and by better managing federal credit programs that have become so popular with states and private investors.

The problem is mismanagement and misallocation, not the amount of investment spent on infrastructure—privatization overcomes their DA and solvency deficit—only a risk of deficit under federal action.

**Edwards 11**—Chris is the director of tax policy studies at Cato and editor of www.DownsizingGovernment.org. He is a top expert on federal and state tax and budget issues. Edwards was a senior economist on the congressional Joint Economic Committee, a manager with PricewaterhouseCoopers, and an economist with the Tax Foundation. Edwards has testified to Congress on fiscal issues many times. M.A. in economics, and he was a member of the Fiscal Future Commission of the National Academy of Sciences. “Federal Infrastructure Investment” Joint Economic Committee, United States Congress. 11-16-11 <http://www.cato.org/-publications/congressional-testimony/federal-infrastructure-investment> accessed date: 6-14-12

In its report on the state of U.S. infrastructure, the American Society of Civil Engineers gives America a grade of "D."37 However, the ASCE report mainly focuses on infrastructure provided by governments, so if you believe that this low grade is correct, then it is mainly due to government failures. The ASCE lobbies for more federal spending, but OECD data shows that public-sector spending on infrastructure is about the same in this country as in other high-income nations.

Some of the infrastructure shortcomings in the United States stem from mismanagement and misallocation by the federal government, rather than a lack of taxpayer support. So part of the solution is to decentralize infrastructure financing, management, and ownership as much as possible. State and local governments and the private sector are more likely to make sound investment decisions without the federal subsidies and regulations that distort their decisionmaking.

This committee's description of today's hearing noted: "Transportation infrastructure is especially important to the manufacturing sector, which relies on various modes of transportation to obtain raw materials and to transport end products to the marketplace." That is certainly true, and I think transportation privatization is part of the answer to improve America's competitiveness in global markets. For example, nearly all airports and seaports in this country are owned by governments, but many airports and seaports abroad have been partly or fully privatized. The World Economic Forum rates America's seaports only 23rd in the world, but the first- and third-best seaports in the world, according to the WEF, are private — Singapore and Hong Kong.38

The federal government cannot afford to expand its infrastructure spending because of today's massive deficits. Many states are also in a budget squeeze. Fortunately, the global trend is toward partly or fully privatizing the financing and ownership of infrastructure. U.S. policymakers should study the recent innovations in infrastructure investment, and then start unloading the financing and ownership of our infrastructure to the private sector.

# A2: Perm—Do Both

Mutually exclusive—the cp fiats eliminating all federal transportation investments and regulation.

Federal financing undermines privatization and decentralized transportation policy—no solvency.

**Roth 10**—Gabriel is a civil engineer and transportation economist. He is a research fellow at the Independent Institute. During his 20 years with the World Bank, he was involved with transportation projects on five continents. “Federal Highway Funding” <http://www.downsizinggovernment.org/transportation/highway-funding> accessed date: 6-13-12 y2k

By subsidizing the states to provide seemingly "free" highways, federal financing discourages the construction and operation of privately financed highways. A key problem is that users of private highways are forced to pay both the tolls for those private facilities and the fuel taxes that support the government highways. Another problem is that private highway companies have to pay taxes, including property taxes and income taxes, while government agencies do not. Furthermore, private highways face higher borrowing costs because they must issue taxable bonds, whereas public agencies can issue tax-exempt bonds.

The Dulles Greenway is a privately financed and operated highway in Northern Virginia, which cost investors about $350 million to build.[37](http://www.downsizinggovernment.org/transportation/highway-funding%22%20%5Cl%20%22_edn37%22%20%5Co%20%22) The Greenway must compete against nearby "free" state highways. It has been tough going, but the Greenway has survived for 15 years. Typical users of the Greenway pay 36 cents in federal and state gasoline taxes per gallon to support the government highways, plus they pay Greenway tolls, which range from $2.25 to $4.15 per trip for automobiles using electronic tolling.[38](http://www.downsizinggovernment.org/transportation/highway-funding%22%20%5Cl%20%22_edn38%22%20%5Co%20%22)

If the Greenway and other private highways were credited the amounts paid into state and federal highway funds, their tolls could be lowered and more traffic would be attracted to them. That would make better use of private capacity as it could develop in coming years and relieve congestion on other roads.

Unfortunately, the proposed version of new highway legislation by the chairman of the House Committee on Transportation and Infrastructure would add new federal regulatory barriers to toll roads in the states.[39](http://www.downsizinggovernment.org/transportation/highway-funding%22%20%5Cl%20%22_edn39%22%20%5Co%20%22)Section 1204 of the bill would create a federal "Office of Public Benefit" to ensure "protection of the public interest in relation to highway toll projects and public-private partnership agreements on federal-aid highways." This new office would be tasked with reviewing and approving or disapproving proposed toll rate increases on these projects, among other interventionist activities. This would completely flip around the idea of road tolling as a decentralized market-based mechanism and turn it into a central planning mechanism.

# \*\*\* Net-Benefit \*\*\*

# Federalism 1NC

Central transportation investment collapses federalism.

**Horowitz 12**— Horowitz received Juris Doctor (J.D.) from Southwestern University School of Law in Los Angeles, California. He is a Certified Specialist in Criminal Law (the State Bar of California Board of Legal Specialization). “Devolve Transportation Spending to States” January 19th, 2012, <http://www.redstate.com/dhorowitz3/2012/01/19/devolve-transportation-spending-to-states/> KL

One of the numerous legislative deadlines that Congress will be forced to confront this session is the expiration of the 8th short-term extension of the 2005 surface transportation authorization law (SAFETEA-LU). With federal transportation spending growing beyond its revenue source, an imbalance between donor and recipient states, inefficient and superfluous construction projects popping up all over the country, and burdensome mass transit mandates on states, it is time to inject some federalism into transportation spending. Throughout the presidential campaign, many of the candidates have expressed broad views of state’s rights, while decrying the expansion of the federal government. In doing so, some of the candidates have expressed the conviction that states have the right to implement tyranny or pick winners and losers, as long as the federal government stays out of it. Romneycare and state subsidies for green energy are good examples. The reality is that states don’t have rights; they certainly don’t have the power to impose tyranny on citizens by forcing them to buy health insurance or regulating the water in their toilet bowels – to name a few. They do, however, reserve powers under our federalist system of governance to implement legitimate functions of government. A quintessential example of such a legitimate power is control over transportation and infrastructure spending. The Highway Trust Fund was established in 1956 to fund the Interstate Highway System (IHS). The fund, which is administered by the DOT’s Federal Highway Administration, has been purveyed by the federal gasoline tax, which now stands at 18.4 cents per gallon (24.4 for diesel fuel). Beginning in 1983, Congress began siphoning off some of the gas tax revenue for the great liberal sacred cow; the urban mass transit system. Today, mass transit receives $10.2 billion in annual appropriations, accounting for a whopping 20% of transportation spending. Additionally, the DOT mandates that states use as much as 10% of their funding for all sorts of local pork projects, such as bike paths and roadside flowers. As a result of the inefficiencies and wasteful mandates of our top-down approach to transportation spending, trust fund outlays have exceeded its revenue source by an average of $12 billion per year, even though the IHS – the catalyst for the gasoline tax – has been completed for 20 years. In 2008, the phantom trust fund was bailed out with $35 billion in general revenue, and has been running a deficit for the past few years. Congress has not passed a 6-year reauthorization bill since 2005, relying on a slew of short-term extensions, the last of which is scheduled to expire on March 31. Short-term funding is no way to plan for long-term infrastructure projects. In their alacrity to gobble up the short-term money before it runs out, state and local governments tend to use the funds on small time and indivisible projects, such as incessant road repaving, instead of better planned long-term projects. It’s time for a long-term solution, one which will inject much-needed federalism and free-market solutions into our inefficient and expensive transportation policy. It is time to abolish the Highway Trust Fund and its accompanying federal gasoline tax. Twenty years after the completion of the IHS, we must devolve all transportation authority to the states, with the exception of projects that are national in scope. Each state should be responsible for its own projects, including maintenance for its share of the IHS. Free of the burden of shouldering special interest pork projects of other states, each state would levy its own state gas tax to purvey its own transportation needs. If a state wants a robust mass transit system or pervasive bike lanes, let the residents of that state decide whether they want to pay for it. That is true federalism in action. The most prudent legislation that would transition responsibility for transportation spending back to the states is Rep. Scott Garrett’s STATE Act (HR 1737). Under this legislation, all states would have the option to opt out of the federal transportation system and keep 16.4 cents of their federal gasoline tax contribution. States would have the ability to use that money to raise their state gasoline tax and direct those funds more efficiently for their own needs. States would be free to use the funds for vital needs, instead of incessant repaving projects that are engendered by short-term federal stimulus grants, and which cause unnecessary traffic juggernauts. States could then experiment with new innovations and free-market solutions that open up infrastructure projects to the private sector. The Tenth Amendment is not just a flag-waving principle; it works in the real world. It takes a lot of impudence on the part of the President to blame Republicans for crumbling infrastructure. It is his support for a failed central government system that is stifling the requisite innovations that are needed to deal with state and local problems. There is no issue that is more appropriate for state solutions than transportation spending. Every Republican member should co-sponsor the STATE ACT so we can put an end to three decades of flushing transportation down the toilet. Also, with the news that Rick Perry will head up Newt Gingrich’s Tenth Amendment initiatives, this might be a good time to advocate for federalist solutions in transportation and infrastructure. When Obama starts ascribing blame for our “crumbling infrastructure” during his State of the Union Address, Perry and Gingrich should use their megaphone to pin the blame on the donkey’s stranglehold over the transportation needs of states.

Federalism ensures global modeling and solves conflict, trade, and the economy

**Calabresi 95—**Stephen, Associate Professor, Northwestern University School of Law. B.A. 1980, J.D. 1983, Yale, “Reflections on United States v. Lopez: "A GOVERNMENT OF LIMITED AND ENUMERATED POWERS": IN DEFENSE OF UNITED STATES v. LOPEZ,” 94 Mich. L. Rev. 752, Michigan Law Review, December, 1995

First, the rules of constitutional federalism should be enforced because federalism is a good thing, and it is the best and most important structural feature of the U.S. Constitution. Second, the political branches cannot be relied upon to enforce constitutional federalism, notwithstanding the contrary writings of Professor Jesse Choper. Third, the Supreme Court is institutionally competent to enforce constitutional federalism. Fourth, the Court is at least as qualified to act in this area as it is in the Fourteenth Amendment area. And, fifth, the doctrine of stare  [\*831]  decisis does not pose a barrier to the creation of any new, prospectively applicable Commerce Clause case law. The conventional wisdom is that Lopez is nothing more than a flash in the pan. [232](http://www.lexis.com/research/retrieve?_m=0d1c8d1124ab6925bcdf86700c8d74fb&docnum=1&_fmtstr=FULL&_startdoc=1&wchp=dGLzVlz-zSkAz&_md5=2951dc93bccdcd0c83bda23a9b84b050&focBudTerms=The%20prevailing%20wisdom%20is%20that%20the%20Supreme%20Court%20should%20&focBudSel=all#n232) Elite opinion holds that the future of American constitutional law will involve the continuing elaboration of the Court's national codes on matters like abortion regulation, pornography, rules on holiday displays, and rules on how the states should conduct their own criminal investigations and trials. Public choice theory suggests many reasons why it is likely that the Court will continue to pick on the states and give Congress a free ride. But, it would be a very good thing for this country if the Court decided to surprise us and continued on its way down the Lopez path. Those of us who comment on the Court's work, whether in the law reviews or in the newspapers, should encourage the Court to follow the path on which it has now embarked. The country and the world would be a better place if it did. We have seen that a desire for both international and devolutionary federalism has swept across the world in recent years. To a significant extent, this is due to **global fascination with and emulation of** our own American federalism success story. The global trend toward federalism is an **enormously positive development that greatly increases the likelihood of future peace, free trade, economic growth**, respect for social and cultural diversity, and protection of individual human rights. It **depends for its success** on the willingness of sovereign nations to strike federalism deals in the belief that those deals will be kept. [233](http://www.lexis.com/research/retrieve?_m=0d1c8d1124ab6925bcdf86700c8d74fb&docnum=1&_fmtstr=FULL&_startdoc=1&wchp=dGLzVlz-zSkAz&_md5=2951dc93bccdcd0c83bda23a9b84b050&focBudTerms=The%20prevailing%20wisdom%20is%20that%20the%20Supreme%20Court%20should%20&focBudSel=all#n233) The U.S. Supreme Court can do its part to encourage the future striking of such deals by enforcing vigorously our own American federalism deal. Lopez could be a first step in that process, if only the Justices and the legal academy would wake up to the importance of what is at stake.

# Uniqueness: Federalism Now

Federalism sustainable now- more key

**Harkness ’12** (“What Brand of Federalism Is Next?” PETER HARKNESS | JANUARY 2012, founder and publisher emeritus of GOVERNING, now serves as a co-writer of the Potomac Chronicle column. He launched GOVERNING in 1987 after serving as editor and deputy publisher of the Congressional Quarterly news service.http://www.governing.com/columns/potomac-chronicle/gov-col-what-brand-of-federalism-is-next.html

In this atmosphere, the Obama administration has pursued a very unique mixture of collaborative and coercive strategies in dealing with states and localities, making it hard to define just what kind of federalism we’re seeing. The health-care, education and financial regulation reform bills, the climate change proposal and the massive financial stimulus bill all represented an aggressive use of federal power, some of it unprecedented and some pre-empting state regulations. But there was a difference: Collaboration and sensitivity to state prerogatives was built into the mix. In an analysis in the publication Publius by political scientists Paul Posner and Tim Conlan of George Mason University, the authors noted that “the most significant feature of Obama’s approach to intergovernmental relations thus far may be his hybrid model of federal policy innovation and leadership, which mixes money, mandates and flexibility in new and distinctive ways.” Under this “nuanced federalism,” plenty of carrots are mixed in with the sticks. Even with the health-care reform plan, they noted, progressive states were allowed to exceed minimum federal standards and conservative ones could avoid participating in almost any facet of the system, using the feds as a backstop. By most accounts, both from the federal officials who ran it and the state and local officials they worked with, the massive Recovery Act stimulus effort was an extraordinarily successful collaboration between all three levels of government. States enjoyed unusual flexibility in how they spent much of the billions in funding the act provided, and Washington was able to rely on a state and local infrastructure to get the cash out the door fast. So what brand of federalism will we see next? Will it be the kind John Herbers foresaw as Governing was launched? Or will a mixture of this crippling recession, massive cutbacks in discretionary federal spending, and continued political dysfunction at the national and state levels render the system paralyzed? I’m hoping for the former, but can’t say that I’m too optimistic.

States fight for dominant role in transportation policy- solves case

**Dilger ’11** (“Federalism Issues in Surface Transportation Policy: Past and Present”, Robert Jay Dilger

Senior Specialist in American National Government January 5, 2011, http://www.fas.org/sgp/crs/misc/R40431.pdf

American federalism, which shapes the roles, responsibilities, and interactions among and between the federal government, the states, and local governments, is continuously evolving, adapting to changes in American society and American political institutions. The nature of federalism relationships in surface transportation policy has also evolved over time, with the federal government’s role becoming increasingly influential, especially since the Federal-Aid to Highway Act of 1956 which authorized the interstate highway system. In recent years, state and local government officials, through their public interest groups (especially the National Governors Association, National Conference of State Legislatures, National Association of Counties, National League of Cities, U.S. Conference of Mayors, and American Association of State Highway and Transportation Officials) have lobbied for increased federal assistance for surface transportation grants and increased flexibility in the use of those funds. They contend that they are better able to identify surface transportation needs in their states than federal officials and are capable of administering federal grant funds with relatively minimal federal oversight. They also argue that states have a long history of learning from one another. In their view, providing states flexibility in the use of federal funds results in better surface transportation policy because it enables states to experiment with innovative solutions to surface transportation problems and then share their experiences with other states. Others argue that the federal government has a responsibility to ensure that federal funds are used in the most efficient and effective manner possible to promote the national interest in expanding national economic growth and protecting the environment. In their view, providing states increased flexibility in the use of federal funds diminishes the federal government’s ability to ensure that national needs are met. Still others have argued for a fundamental restructuring of federal and state government responsibilities in surface transportation policy, with some responsibilities devolved to states and others remaining with the federal government.

Federalism is on the brink

**Roarty ’12** (“The Final Frontier”, Alex Roarty, June 11, 2012, http://www.nationaljournal.com/magazine/federalism-be-damned-20120607

The way conservatives tell it, President Obama’s White House tenure has resulted in a near-death experience for federalism. A tidal wave of Obama-inspired federal regulation has turned autonomous states into captives of the national bureaucracy, a perversion, they say, of the Constitution and the Founders’ vision of the “laboratories of democracy.”

# Uniqueness: Now Key/Infrastructure Reform Key

Current economic crisis makes reviving federalism uniquely key—devolution to states rebuilds federalism.

**Katz 12**—Bruce is a vice president at the Brookings Institution and founding Director of the Brookings Metropolitan Policy Program Katz regularly advises federal, state, regional and municipal leaders on policy reforms that advance the competitiveness of metropolitan areas. Bruce co-led the housing and urban transition team for the Obama administration and served as a senior advisor to new Secretary of Housing and Urban Development, Secretary Shaun Donovan, for the first 100 days of the Administration. Katz is a visiting Professor at the London School of Economics. He received the Heinz Award in Public Policy.

“Remaking Federalism to Remake the American Economy” 2-16-12 <http://www.brookings.edu/research/papers/2012/02/16-federalism-katz> accessed date: 6-19-12 y2k

At the most basic level, the U.S. needs more jobs— 12.1 million by one estimate—to recover the jobs lost during the downturn and keep pace with population growth and labor market dynamics. Beyond pure job growth, the U.S. needs better jobs, to grow wages and incomes for lower- and middle-class workers and reverse the troubling decades-long rise in inequality.

To achieve these twin goals, the U.S. needs to restructure the economy from one focused inward and characterized by excessive consumption and debt, to one globally engaged and driven by production and innovation. It must do so while contending with a new cadre of global competitors that aim to best the United States in the next industrial revolution and while leveraging the distinctive assets and advantages of different parts of the country, particularly the major cities and metropolitan areas that are the engines of national prosperity.
This is the tallest of economic orders and it is well beyond the scope of exclusive federal solutions, the traditional focus of presidential candidates in both political parties. Rather, the next President must look beyond Washington and enlist states and metropolitan areas as active co-partners in the restructuring of the national economy.
Remaking the economy, in essence, requires a remaking of federalism so that governments at all levels “collaborate to compete” and work closely with each other and the private and civic sectors to burnish American competitiveness in the new global economic order.
The time for remaking federalism could not be more propitious. With Washington mired in partisan gridlock, the states and metropolitan areas are once again playing their traditional roles as “laboratories of democracy” and centers of economic and policy innovation. An enormous opportunity exists for the next president to mobilize these federalist partners in a focused campaign for national economic renewal.

Federalism is not a gift that Washington bestows on state houses and city halls. Rather, it is a special, often dormant, vehicle for galvanizing and unleashing the talents and energies of an entrepreneurial nation. The president has an historic opportunity to usher in a new era of pragmatic, collaborative federalism that capitalizes on the economic power of metros and the policy creativity of state and local leaders. Remaking federalism is the path toward an economy that is productive, sustainable and inclusive. More broadly, it can be a vehicle for economic prosperity, fiscal solvency and political comity—if the next president is willing to take it.

# Links: Federal Investment

Federal transportation planning destroys civil liberties and autonomies of state governments—collapses federalism.

**Roth 10**—Gabriel is a civil engineer and transportation economist. He is a research fellow at the Independent Institute. During his 20 years with the World Bank, he was involved with transportation projects on five continents. “Federal Highway Funding” <http://www.downsizinggovernment.org/transportation/highway-funding> accessed date: 6-13-12 y2k

The federal government plays a large role in transportation policy through subsidy programs for state governments and a growing array of regulatory mandates. Modern federal highway aid to the states began in 1916. Then the interstate highway system was launched in 1956 and federal involvement in transportation has been growing ever since.

Today, the interstate highway system is long complete and federal financing has become an increasingly inefficient way to modernize America's highways. Federal spending is often misallocated to low-value activities, and the regulations that go hand-in-hand with federal aid stifle innovation and boost highway costs.

The Department of Transportation's Federal Highway Administration will spend about $52 billion in fiscal 2010, of which about $11 billion is from the 2009 economic stimulus bill.[1](http://www.downsizinggovernment.org/transportation/highway-funding%22%20%5Cl%20%22_edn1%22%20%5Co%20%22) FHWA's budget mainly consists of grants to state governments, and FHWA programs are primarily funded from taxes on gasoline and other fuels.[2](http://www.downsizinggovernment.org/transportation/highway-funding%22%20%5Cl%20%22_edn2%22%20%5Co%20%22)

Congress implements highway policy through multi-year authorization bills. The last of these was passed in 2005 as the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Congress will likely be reauthorizing highway programs in 2011, and it is currently pursuing many misguided policy directions in designing that legislation.

One damaging policy direction involves efforts to reduce individual automobile travel, which will harm the economy and undermine mobility choice. Another damaging policy direction is the imposition of federal "livability" standards in transportation planning. Such standards would federalize land-use planning and pose a serious threat to civil liberties and the autonomy of local communities. Finally, ongoing federal mandates to reduce fuel consumption have the serious side effect of making road travel more dangerous. The federal government pursues these misguided goals by use of its fiscal powers and regulatory controls, and by diverting dedicated vehicle fuel taxes into less efficient forms of transportation.

This essay reviews the history of federal involvement in highways, describing the evolution from simple highway funding to today's attempts to centrally plan the transportation sector. It describes why federal intervention reduces innovation, creates inefficiencies in state highway systems, and damages society by reducing individual freedom and increasing highway fatalities.

Taxpayers and transportation users would be better off if federal highway spending, fuel taxes, and related regulations were eliminated. State and local governments can tackle transportation without federal intervention. They should move toward market pricing for transportation usage and expand the private sector's role in the funding and operation of highways.

States need to have control over transportation decision-making and projects—even with federal action.

**Puentes 11**—Robert is a senior fellow with the Brookings Institution’s Metropolitan Policy He was the director of infrastructure programs at the Intelligent Transportation Society of America. He is an affiliated professor with Georgetown University's Public Policy Institute.He serves on a variety of boards and committees including, most recently, the Northern Virginia Transportation Authority, the Tysons Corner Tomorrow Advisory Task Force, and the Falls Church, Virginia Planning Commission. “Project on State and Metropolitan Innovation State Transportation Reform: Cut to Invest in Transportation to Deliver the Next Economy” 2-22-11 <http://www.brookings.edu/~/media/research/files/papers/2011/2/22%20infrastructure%20puentes/0222_infrastructure_puentes.pdf> accessed date: 6-19-12 y2k

Our nation’s transportation decisions will have enormous implications for the health of our metropolitan environment, the quality of our communities, and the vitality and prosperity of our economy.

Yet states are not in this alone. The federal government also needs to reform and invest in transportation. Under a deficit-neutral approach, the existing transportation law should be reauthorized (not simply extended), for two full years at its current funding level, to provide stability for transportation planning—including hiring workers. But even though the level of funds should remain the same, there must be reforms in how those funds are spent. These reforms include: federal performance measures in safety and system-wide asset management; a new partnership with metro areas that raise their own revenue that reduces bureaucracy and accelerates project delivery; better coordination of existing federal credit assistance programs such as TIFIA; and a permanent authorization of the so-called TIGER grants to encourage state and metropolitan innovation. These critical reforms set the stage for a truly transformative six-year bill in 2013.

Other initiatives like the high speed rail program represent a very different model from the late 20th century federalism in transportation with the federal government providing resources that rain down unencumbered to the state and metropolitan level. The new 21st century model of competitive award funding demands that our nation’s state and metropolitan leaders develop innovative approaches to pressing transportation problems, and contribute their own funds to see the projects through. Deep commitments from a broad range of stakeholders—public/private, state/local, legislative/executive—is essential. For projects that extend beyond individual state borders, close coordination—both formal and informal—with neighboring states is essential. More than just backroom deals, these are lengthy relationships that bear real fruit in the form of finalized plans, environmental reviews, and dedicated shared funding agreements. The challenge with this model comes, as the 2010 election has shown, when new governors decide that the federal government’s offer of funding is comparable to an offer of a free puppy: the on-going maintenance demands are more than they want to bear.

The recent dust-up over high speed rail proves an important point: States and governors are still in the driver’s seat when it comes to transportation decisionmaking and project selection. So even with robust federal action, and a framework that puts transportation policy in the service of an American economy driven by exports, powered by low carbon, fuelled by innovation, an rich with opportunity, it is still incumbent upon the states to carry it out.

# Links: Port Funding

State governments have authority over ports.

**Frittelli 5**—John is Specialist in Transportation Resources, Science, and Industry Division. “Port and Maritime Security: Background and Issues for Congress” <http://www.fas.org/sgp/crs/homesec/RL31733.pdf> accessed date: 6-15-12 y2k

In considering how to enhance seaport security, it is important to know how they are governed and operated. The governing structure of ports varies from place to place. While the federal government has jurisdiction over interstate and foreign commerce and designated federal waterway channels, state or local governments have ownership over ports. There are ports which are part of state government and others which are part of city government. The Port Authority of New York and New Jersey and the Delaware River Port Authority are examples of bi-state or regional port agencies.

Ports can be a subsidiary of a public agency but may be structured to act as a private sector corporation. Most ports are “landlord ports,” which means the port provides the basic services and infrastructure but the tenant, such as a terminal operator, performs most of the activity. “Operating ports” both generate and carry out most of the activity at the port. In addition to city law enforcement personnel, some port authorities also have their own police forces.

Depending on how they are structured, ports finance infrastructure improvements through a variety of means. Some may levy taxes, if they are granted this authority. Ports may also pay for infrastructure with the general funds they receive from the governments they are a part of, from operating revenues, general obligation bonds, revenue bonds, trust fund monies, or loan guarantees. Most ports generally break even or are minimally profitable.

AND- federal investment kills federalism.

**Luberoff and Walder 2K**—David, Associate Director of Taubman Center for State and Local Government, Kennedy School of Government @ Harvard. Jay is lecturer in public policy at Kennedy School of Government @ Harvard. “U.S. Ports and the Funding of Intermodal Facilities: An Overview of Key Issues” 3-28-00 <http://utc.mit.edu/uploads/files/USPorts-Luberoff1.pdf> accessed date: 6-21-12 y2k

Second, defenders of the current funding system may contend that it is impossible to secure private-sector investment in desired facilities. Port advocates may further contend that because of intense competition among ports, it is impossible for a single port (or its political overseers) to use the funding mechanisms we have described in this paper because carriers would respond by moving their operations to ports that still were using funding strategies that have the public sector, not private firms, bearing the bulk of project risk. One solution to the problem would be for the federal government to mandate changes in the port funding system. Such an effort, however, not only would be difficult to put in place but would also go against the grain of American federalism, which gives states and localities great freedom in pursuing their economic development strategies. More narrowly and perhaps more plausibly, federal policymakers might consider changing tax laws to end ports’ exemption from restrictions that in many other areas limit the use of tax-exempt debt for projects that benefit only a few private firms. 49

# Links: Spillover

CP changes the dynamic in transportation policies that spills-over to broad decentralization strategy.

**Heritage 10**—“Solutions for America: Re-embracing Federalism” 8-17-10 <http://www.heritage.org/research/reports/2010/08/re-embracing-federalism> accessed date: 6-19-12 y2k

THE ISSUE: In the American plan of constitutional government, the national government was never supposed to have all of the power or make all of the decisions. Indeed, most powers of government were located, and the decisions that affect citizens’ day-to-day lives were to be made, at the state level. This relationship was turned on its head over the course of the 20th century. Ever-increasing amounts of regulations and laws emanating from the federal government have centralized and bureaucratized political rule in America, undermining the balance of federalism and threatening self-government.

THE FACTS:

A Nation of States. Federalism is a crucial component of our system of government and part of the very infra­structure that makes our political liberty possible. It is evident throughout our history and our laws: the mirror image of the limited authority and extent of the federal government’s powers in the United States Constitution. The clearest statement of this relationship is found in the Tenth Amendment: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

Growth of the Federal Government. The relative size of the various levels of government has changed dramatically since 1900. Then, almost 60% of government spending took place at the state and local levels. Today, the federal government spends more than twice as much as all other levels of government combined.

Centralization of Administration. Over the course of the 20th century, the administration of government has been increasingly centralized under the federal government, gathering particular momentum with the expansion of the regulatory state in the 1960s. The *Federal Register*, which contains the text of new federal regulations, notices, and decisions, ran to 22,877 pages in 1960; it was 68,598 pages in 2009.

Subsuming of States Under National Programs. Today, states increasingly administer policies and programs emanating from Washington, making them for the most part agents of a national administrative government that, in theory if not in fact, is unlimited and all-encompassing. As a result, states often act like supplicants seeking relief from the federal government.

A Renewed Threat. The policies of the current Administration and Congress—from massive spending to the takeover of whole industries to new regulatory initiatives and the resulting explosion of debt—have been especially threatening to and destructive of the idea and structural integrity of federalism.

THE SOLUTIONS:

Changing the Dynamic. The best path toward achieving the goal of decentralizing government power starts with practical but significant reforms that will change the dynamic in key policy matters. There are several areas that in recent decades have become federal government concerns but are better dealt with at the state and local levels of government. Five areas are especially ripe for this kind of reform.

Health Care. A centralized approach to health care cannot possibly produce a system that will work efficiently everywhere in the United States, given the country’s diversity and also the complexity of health care. The federal government should instead create the conditions for states to take the lead in discovering the best ways to achieve affordable health care for their citizens. To do this the federal government must end the bias in the tax code against individuals who purchase health coverage on their own, in order to help foster market innovation. It must promote interstate commerce in health insurance. And it should provide states with waivers from the statutes governing such programs as Medicaid and Medicare—not just the regulations—to spur state experimentation.

Education. We must restore the preeminent role of the states in establishing the education priorities that are best suited to their own citizens’ needs. States should have the freedom to opt out of federal education programs and assume full responsibility, free of stifling federal mandates, to direct their education funding and policy. States should be able to consolidate federal funding and direct it to any educational purpose that is lawful under state statute. In exchange for freedom from federal mandates, states should provide increased transparency about performance standards and be able to show results in terms of student achievement over time.

Transportation. States should control and establish the priorities for their highway and other transportation-related programs rather than be beholden to the one-size-fits-all, lobbyist-driven mandates now entrenched in federal law. This includes control of their share of federal money allocated to them from the highway trust fund. States that want to opt out of the federal highway program altogether and retain all of the federal fuel tax revenues raised within the state should be able to do so.

Homeland Security. State and local governments include far more individuals involved in domestic security than the federal government has, and policies should reflect that dynamic. Homeland security grants have become pork-barrel legislation and should be scrapped and replaced by cooperative agreements between the federal government and the states. Not every natural disaster is a national disaster, so federal law should be changed to prevent the federal takeover of every natural disaster and allow more effective state responses. In general, despite the enormous growth of the federal government, states maintain the flexibility to develop innovative solutions to America’s toughest challenges. Congress should help the states by amending federal laws—for example, in the area of immigration—to clearly permit the states to experiment with reform efforts.

Overcriminalization. The power to make laws and decisions about the enforcement of those laws should generally reside as close as possible to those who will be most affected. Yet Congress has criminalized broad swaths of American life that have no clear connection to legitimate federal interests or to the Constitution. This over-federalization of crime undermines state and local accountability for law enforcement, undermines cooperative and creative efforts to fight crime, and injures America’s federalist system of government. To stop this over-federalization, Congress should require written analysis and justification of every new or modified federal criminal offense or penalty, including (1) a direct statement of the express constitutional provision authorizing the new criminalization, (2) an analysis of whether the criminalization is consistent with both constitutional and prudential considerations of federalism, and (3) a discussion of any overlap between the proposed criminalization and existing state law criminalizing the same conduct.

# Impact: Freedom

Centralized power results in police state—kills individual liberty.

**Vance 12**—Laurence is a policy advisor for the Future of Freedom Foundation. “The Regulatory State Gone Wild” <http://www.fff.org/comment/com1204k.asp> accessed date: 6-21-12 y2k

Since when is the federal government authorized under the Constitution to issue the overwhelming majority of its regulations in the first place? Republicans and conservatives say they revere the Constitution, yet they rarely if ever draw attention to the absence of constitutional authority for the federal government to issue most regulations in the first place.

And since when is it a legitimate function of the federal government to issue such regulations? The only legitimate purpose of government is to protect the life, liberty, and property of its citizens from the violence or fraud of others. The principles of limited government and federalism that Republicans and conservatives say they hold dear are thrown out the window when it comes to the federal regulatory state.

In the preview to the new [Republican budget](http://budget.house.gov/UploadedFiles/Pathtoprosperity2013.pdf) recently issued by House Budget Committee Chairman Paul Ryan, the call is made for “reasonable and predictable regulations.” How is that any different from Obama’s proposal in his State of the Union Address that “we need smart regulations to prevent irresponsible behavior”?

In the end, it is Republican or Democratic government bureaucrats who will decide what regulations are “reasonable” or “smart,” instead of the Constitution and the principles of limited government and federalism.

The whole issue of government regulations is really not that difficult. Consider the cases of three new federal regulations relating to [swimming pools](http://cnsnews.com/news/article/government-s-new-swimming-pool-rules-are-harsh-and-unyielding-hotel-industry-says), [airline tickets](http://blog.heritage.org/2012/02/04/podcast-spirit-airlines-ceo-ben-baldanza-fights-federal-regulations), and[housing](http://www.publicnewsservice.org/index.php?/content/article/25456-1)

American hotel operators say President Obama’s Justice Department is socking them with an “overly burdensome” interpretation of the Americans With Disabilities Act (ADA), by requiring hotels and other lodgings to make swimming pools and spas handicap-accessible.

The U.S. Department of Transportation imposed new regulations on airlines Jan. 24 that were supposed to benefit consumers. The rules require all government taxes and fees to be included in advertised fares and allow passengers to withhold payment for 24 hours after making a reservation, if it’s one week before the flight’s departure.

New federal regulations are designed to protect the gay, lesbian, bisexual and transgender community from housing discrimination. The U.S. Department of Housing and Urban Development is offering protections similar to the race and religion protections in the Fair Housing Act in federally funded housing projects or federally backed mortgages.

The federal government is not authorized, by the Constitution or otherwise, to regulate swimming pools or hotels or to pass legislation that mandates how businesses treat the handicapped.

The federal government is not authorized, by the Constitution or otherwise, to regulate airline tickets, airlines, advertising, or payment procedures.

The federal government is not authorized, by the Constitution or otherwise, to regulate housing, to pass anti-discrimination legislation, or even to have a Department of Housing and Urban Development.

It’s that simple. None of those regulations should exist. And it doesn’t matter whether they are “reasonable” or “smart.”

A regulatory state always leads to an army of bureaucrats and regulators, then to a nanny state to micro-manage the behavior of its citizens, and then to a police state to enforce the regulations. The regulatory state should be rejected, root and branch, as inimical to a free society.

Economic freedom is key to human survival—recognition of private rights is necessary to prevent governmental coercion and corruption—central planning kills it.

**Dorn 5**—James is vice president for academic affairs at the Cato Institute. “Why Freedom Matters: Liberty Leads to Prosperity”

July 2005 • Volume: 55 • Issue: 6. <http://www.thefreemanonline.org/features/why-freedom-matters/> accessed date: 6-14-12 y2k

The future of civilization depends on preserving and spreading freedom. As a moral principle, freedom means we ought to respect private property rights, broadly understood as the rights to life, liberty, and property. As a practical matter, when private property rights are protected by law, individuals will be free to trade for mutual gain and be held responsible for their behavior. Social and economic coordination—or what F. A. Hayek called “spontaneous order”—emerges from the voluntary decisions of millions of free people under limited government and the rule of law.

Those nations that have failed to adopt freedom as a first principle have also failed to realize the benefits of freedom. They have ignored the great liberal idea, as articulated in The Law by Frederic Bastiat in the mid-nineteenth century, that “the solution of the social problem lies in liberty.”

By “social problem” Bastiat meant the problem of coordination that confronts every society—that is, the problem of satisfying people’s wants for goods and services without central planning. The beauty of the market system, based on private property rights and freedom of contract, is that it allows individuals to continuously adjust to new information about wants, resources, and technology, and to engage in mutually beneficial exchanges. Economic freedom increases the range of choices and thus the wealth of nations.

Those countries with greater economic freedom have higher standards of living than those with less freedom (figure 1). Moreover, countries that have liberalized more quickly—as measured by the index of economic freedom—have tended to grow faster than countries that have failed to liberalize or that have liberalized more slowly (figure 2). Economists James Gwartney and Robert Lawson, the authors of the Fraser Institute’s annual Economic Freedom of the World report, find that “long-term differences in economic freedom explain approximately two-thirds of the variation in cross-country per capita GDP.” It is no secret that countries that have opened to the forces of international trade and have restrained the growth of government have prospered, while those countries that have limited the scope of the market have stagnated.

Hong Kong’s consistent adherence to market-liberal principles has resulted in long-run prosperity and the world’s freest economy since 1970. In its 2005 Index of Economic Freedom, the Heritage Foundation and the Wall Street Journal once again ranked Hong Kong number one. On hearing the good news, Financial Secretary Henry Tang remarked, “I am pleased virtues we have been upholding to keep Hong Kong flourishing as a free market economy have once again been reaffirmed by the international community.”

Those virtues include credibility and reliability, prudence and thrift, entrepreneurial alertness, personal responsibility, respect for others, and tolerance. They are fostered by private property rights, the rule of law, freedom of contract, open trade, low tax rates, and limited government. Nations that have not followed the virtues of Hong Kong have not reaped the long-run benefits of economic freedom. North Korea, Cuba, Sudan, Iraq, and Haiti are but a few examples.

The lesson is that the virtues of the market require constant practice if they are to survive and flourish. Government policy must be market-friendly and transparent; it cannot be muddled. Markets discount future effects of current policy changes. If those changes are in the direction of greater economic freedom, they will be immediately rewarded and wealth created. Illiberal trade policies, higher tax rates, increased government spending, erratic monetary policy, and wage-price controls undermine private property rights, send negative signals to the global capital markets, and destroy the wealth of nations.

The failure of central planning in the Soviet Union and China has moved those countries in the direction of greater economic freedom, but the ghost of communism still haunts Russia, while the Chinese Communist Party has yet to abandon its monopoly on power.

Leaders of emerging market economies need to recognize that economic freedom is an important component of personal freedom, that free-market prices and profits provide useful information and incentives to allocate resources to where consumers (not politicians or planners) deem them most valuable, and that markets extend the range of choice and increase human welfare. Most important, leaders must understand that ultimately economic liberalization requires limited government and constitutionally protected rights.

Emerging market economies, especially in Asia, have discovered the magic of the market; they have also found that chaos emerges when the institutional infrastructure necessary for free markets is weakened by excessive government. When politics trumps markets, coercion and corruption follow.

# \*\*\* Aff Answers \*\*\*

# Permutation

Permutation solves—cooperation ensures strong infrastructure.

**AASHO, No Date**—American Association of State Highways and Transportation Officials. “Transportation: invest in our Future” <http://www.transportationvision.org/docs/TIFBrochure.pdf> accessed date: 6-19-12 y2k

America’s transportation network of highways, transit and rail and ports is poised on the threshold of an unprecedented period of innovation. Investing in our future will change the lives of our children and grandchildren—for the better. Envision a future with more transportation choices and efficiency than ever before. The stranglehold of congestion will be loosened by driving shorter distances, riding transit, and better utilizing our highways. Strategic investment in new lanes, new corridors and new capacity for all modes will remove bottlenecks and connect America and the world. Today’s tragic toll of 43,000 people dying on our highways will be a distant memory as we continue to reduce fatalities by more than 1,000 each year.

Freight will move so fluidly that on-time arrival is taken for granted. America will continue to lead the world in the efficient flow of goods from factory to store shelf and front door. Rail and truck corridors will interconnect allowing guaranteed delivery with predefined arrival times scheduled at shipment.

New materials, construction techniques and designs will enable us to maintain, repair and replace the network faster, cheaper and with longer lasting life spans.

Working together, Federal, state and local governments, business and the general public will ensure that America’s transportation network will be a sustainable system, the envy of the world.

# Federal Government Key

Federal action is key—state governments have strained budget.

**DOT 12**—The Department of the Treasury. “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT” <http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf> accessed date: 6-19-12 y2k

Our analysis indicates that further infrastructure investments would be highly beneficial for the U.S. economy in both the short and long term. First, estimates of economically justifiable investment indicate that American transportation infrastructure is not keeping pace with the needs of our economy. Second, because of high unemployment in sectors such as construction that were especially hard hit by the bursting of the housing bubble, there are underutilized resources that can be used to build infrastructure. Moreover, states and municipalities typically fund a significant portion of infrastructure spending, but are currently strapped for cash; the Federal government has a constructive role to play by stepping up to address the anticipated shortfall and providing more efficient financing mechanisms, such as Build America Bonds. The third key finding is that investing in infrastructure benefits the middle class most of all. Finally, there is considerable support for greater infrastructure investment among American consumers and businesses.

Finally, it is important to consider the economic situation facing state and local governments who are significant partners in funding public infrastructure. During recessions, it is common for state and local governments to cut back on capital projects – such as building schools, roads, and parks – in order to meet balanced budget requirements. At the beginning of the most recent recession, tax receipts at the state and local level contracted for four straight quarters; receipts are still below pre-recession levels. Past research has found that expenditures on capital projects are more than four times as sensitive to year-to-year fluctuations in state income as is state spending in general.

However, the need for improved and expanded infrastructure is just as great during a downturn as it is during a boom. Providing immediate additional federal support for transportation infrastructure investment would be prudent given the ongoing budgetary constraints facing state and local governments, the upcoming reduction in federal infrastructure investment as Recovery Act funds are depleted, and the strong benefits associated with public investment.

# Port=Federal Authority

The federal government has an explicit authority over maritime commerce and ports AND perm solves.

**Transportation Institute, No Date**—“Second to None on Environment and Safety Compliance” <http://www.trans-inst.org/environmental-values.html> accessed date: 6-15-12 y2k

The United States Coast Guard is the nation’s primary at-sea law enforcement agency and its statutory authority requires it to both improve maritime safety and facilitate maritime commerce.  It accomplishes its mission in preserving the marine environment with a myriad of other federal agencies, including the National Fish and Wildlife service, the National Oceanic and Atmospheric Administration (NOAA), Environmental Protection Agency (EPA), and the Department of Defense.  Close cooperation with state and local governments, private industry, non-governmental organizations, (NGOs), and other private organizations have also contributed to the success our nation has had in reducing the threat of pollution.  Much of the federal authority of oil spill regulation is granted in the Ports and Waterways Safety Act of 1972 (PWSA) and the Oil Pollution Act of 1990 (OPA).

Particularly since the 1989 T/S EXXON VALDEZ debacle, there is an ever-expanding and pervasive movement by interest groups and individual state governments to seek a confusing patchwork of laws regulating in the area of maritime commerce and shipping.  Given the altering global and interstate patterns of shipping, the maritime industry has long argued for oversight to be left to a comprehensive federal regulatory system and national and international efforts to maintain uniformity in shipping standards.  A number of cases concerning the matter of federal preemption have reached the Supreme Court. The Court determined that it is for Congress and the Coast Guard to determine the sufficiency of federal regulations to deal with prevention of environmental risk and harm. While states may regulate in matters particular to state waters, a state may not attempt to supplement existing federal statutes without compromising the uniformity of the federal scheme. Furthermore, regardless of the individual states' significant interest in preventing oil spills, in matters of federal preemption, it is not the sufficiency of the regulations that is at issue but the question of political responsibility between federal and state governments.

# States Fail

States governments fail at investment—they are already providing investments to wasteful projects—federal government is key to ensure stable funding.

**Freemark 12**—Yonah is an independent researcher currently working in France on comparative urban development as part of a Gordon Grand Fellowship from Yale University. He writes for The Transport Politic and The Infrastructurist. “Clearing it Up on Federal Transportation Expenditures” 2-16-12 <http://www.thetransportpolitic.com/2012/02/16/clearing-it-up-on-federal-transportation-expenditures/accessed> date: 6-21-12 y2k

Here’s the thing: The large majority of decisions on transportation spending with federal dollars is already made at the state and local levels. And state and local governments already contribute huge sums to the operation, maintenance, and expansion of their transportation programs.

Once the federal government collects tax revenue, it distributes funding to the states based on formulas agreed upon by members of Congress. For the most part, the money goes back to the states and to metropolitan areas, which then fund projects based on the priority lists that they generate. It is true that Washington allocates some money for transit and some for highways, but within those categories, states and local governments generally have power to pay for the projects they want.

Washington does run very competitive grant programs — exactly the type of performance-based financing Mr. Glaeser demands — for transit investment projects and for programs like TIGER (and, indeed, for the much-hated high-speed rail program). Federal guidelines require most of these projects (unlike those funded by formula) to meet cost-effectiveness and ridership standards. This was not true at the time of the Detroit People Mover (a project I admit I abhor), but it is certainly true now.\*\*\* While earmarks (now out of the equation entirely) got a lot of attention as being wasteful, even at the [height of the process](http://www.washingtonpost.com/wp-srv/politics/special/highway/stories/hwy040198.htm) they only accounted for about 5% of transportation spending from Washington.

I can think of plenty of [expensive](http://www.thetransportpolitic.com/2010/03/22/with-modest-expectations-austin-opens-rail-line-after-years-of-delays/) and [arguably](http://www.rtarelaxandride.com/Middle-TN-RTA-homepage.asp) [inappropriate](http://www.thetransportpolitic.com/2009/11/16/northstar-commuter-rail-opens-for-service-in-minneapolis/) transit projects paid for by local governments that would not meet the guidelines to be funded by the federal government under its competitive programs. Should we hail Mr. Katz’s “laboratories of democracy” that produced these? Would Mr. Glaeser have these federal grant programs dismantled so states or localities could fund underperforming transit?

Meanwhile, states and local governments are contributing massively to transportation funding already, just as Ms. Schweitzer asks them to. I [studied Oregon and Illinois a year and a half ago and found](http://www.thetransportpolitic.com/2010/06/08/asserting-state-responsibility-over-transportation-financing/) that only about a quarter of Oregon’s Department of Transportation budget comes from Washington; about a third of Illinois’ comes from the national capital.

What about those profligate transit agencies that are egged on by the federal government’s wasteful spending? Their operations spending comes from local, state, and fare revenues — not Washington. And expansion projects — especially the big ones — are mostly financed by local revenues, like dedicated sales taxes that voters across the country have approved repeatedly over the past twenty years. The six largest transit expansion projects [currently receiving or proposed to receive funding from the Obama Administration](http://www.thetransportpolitic.com/2012/02/14/the-presidents-budget-full-of-ambition-short-on-congressional-support/) this year each rely on the federal government to contribute less than 43% of total costs. Perhaps Detroit would have paid for the People Mover even if it had had to use its own revenues to do so.

Now, even if we were to recognize the high level of devolution of power and funds that currently does exist in the U.S., some might still argue that the federal government exercises too much power. Its distribution formula for fuel tax revenues results in certain states getting more money than their drivers contributed (“donor” states) and certain states getting less (“donee” states). Why not simply allow states to collect their own revenues and spend money as they wish? Why should Washington be engaged in this discussion at all?

For one, as I have noted above, states and municipalities have no clear record of choosing to invest in better projects when they are fully in charge of collecting the revenues to do so. States have too often proven a complete disregard for public transportation investments when they’re left fully in charge — see [state infrastructure banks as evidence for that fact](http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/). While federal investments in transportation have been far from perfect, they have nonetheless provided for the [significant expansion in transit offerings we’re now seeing](http://www.thetransportpolitic.com/2012/01/02/opening-and-construction-starts-planned-for-2012/).

From the 1980s on, the Congress has maintained a steady stream of funding for transit from the fuel tax revenues it collects. How many states, which collect a huge amount of fuel tax revenues themselves, can say the same?

But the most important role of the federal government in transportation financing is to ensure that funding is maintained during economic downturns. The Obama Administration actually increased spending on roads and transit projects following the 2008 recession, despite a decline in federal fuel tax revenues, because it was able to use its power of deficit spending (an authority state and local governments do not have\*\*) to maintain investments when the country needed them. Devolution is overrated.